Stock Code:8114

Posiflex Technology, Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

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

The independent auditors' 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.

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of Posiflex Technology, Inc. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Posiflex Technology, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Posiflex Technology, Inc.
Chairman: Kuo Chien-Cheng
Date: March 5, 2026

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 kpmg.com/tw

Independent Auditors' Report

To the Board of Directors
Posiflex Technology, Inc.:

Opinion

We have audited the consolidated financial statements of Posiflex Technology, Inc.and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

Impairment of Goodwill

For the impairment assessment of Goodwill, please refer to Note 4(13) "Intangible assets", Note 4(14) " Impairment of nonfinancial assets", Note 5 " Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(14) "Description of Significant Accounts－Goodwill" to the consolidated financial statements.

Description of key audit matters:

Due to the complexity of the impairment assessment process in goodwill and the involvement of significant management judgment regarding assumptions used, we considered this to be a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting items with material amount to obtain the report of impairment assessment from external specialists; assessing the appropriateness of the valuation model used, impairment indications, and the assumption of future financial information to assess whether the goodwill impairment by the management was based on the accounting policies.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we and predecessor auditor have issued an unmodified opinion with other matters paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 with the IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 5, 2026

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

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 5,752,224	29	3,813,326	22
1110	Financial assets at fair value through profit or loss－current (note 6(2))	193	-	-	-
1136	Financial assets at amortized cost－current (notes 6(2) and 8)	601,831	3	93,532	1
1150	Notes receivable (note 6(2))	2,590	-	748	-
1170	Accounts receivable, net (note 6(2))	1,878,051	9	2,602,263	15
1180	Accounts receivable－related parties (notes 6(2) and 7)	11,838	-	21,805	-
1210	Other receivables－related parties (note 7)	3,363	-	2,906	-
1310	Inventories (note 6(3))	2,673,613	14	2,909,062	16
1476	Other financial assets－current (notes 6(7) and 8)	35,191	-	26,882	-
1479	Other current assets (note 6(9))	164,181	1	174,408	1
	Total current assets	11,123,075	56	9,644,932	55
	Non-current assets:				
1510	Financial assets at fair value through profit or loss－non-current (note 6(2))	137,789	1	31,427	-
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	70,443	-	119,262	1
1535	Financial assets at amortized cost－non-current (notes 6(2) and 8)	473,060	2	493,674	3
1550	Investments accounted for using equity method (note 6(4))	214,490	1	235,552	1
1600	Property, plant and equipment (notes 6(10) and 8)	3,875,069	20	3,283,352	19
1755	Right-of-use assets (note 6(11))	245,066	1	293,962	2
1760	Investment property (note 6(12))	47,529	-	47,712	-
1805	Goodwill (note 6(14))	1,985,991	10	1,949,929	11
1821	Intangible assets (note 6(15))	870,478	5	815,163	5
1840	Deferred tax assets (note 6(23))	692,057	4	588,737	3
1975	Net defined benefit asset－non-current (note 6(22))	56,196	-	49,290	-
1980	Other financial assets－non-current (notes 6(7) and 8)	29,004	-	23,226	-
1990	Other non-current assets (notes 6(9) and 8)	53,917	-	68,547	-
	Total non-current assets	8,751,089	44	7,999,833	45
	Total assets	**$ 19,874,164**	**100**	**17,644,765**	**100**

		December 31, 2025		December 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(16) and 8)	$ 371,660	2	850,875	6
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	1,620	-	1,852	-
2130	Contract liabilities－current (note 6(27))	373,529	2	302,157	2
2150	Notes payable	12,332	-	12,441	-
2170	Accounts payable	881,607	4	1,236,812	7
2180	Payables to related parties (note 7)	21,979	-	17,854	-
2200	Other payables (note 6(17))	1,577,280	8	1,255,179	7
2230	Current tax liabilities	614,106	3	383,609	2
2250	Provisions－current (note 6(18))	366,722	2	168,059	1
2280	Lease liabilities－current (note 6(19))	75,205	-	79,742	1
2320	Current portion of long-term liabilities (notes 6(20) and 8)	7,729	-	9,305	-
2399	Other current liabilities	34,341	-	50,758	-
	Total current liabilities	4,338,110	21	4,368,643	26
	Non-current liabilities:				
2527	Contract liabilities－non-current (note 6(27))	62,029	-	87,600	-
2540	Long-term borrowings (notes 6(20) and 8)	58,642	-	62,854	-
2570	Deferred tax liabilities (notes 6(23))	106,863	1	119,527	1
2580	Lease liabilities－non-current (note 6(19))	340,423	2	390,888	2
2635	Preference share liabilities－non-current (note 6(21))	-	-	4,595,089	26
2640	Net defined benefit liability－non-current (note 6(22))	27,109	-	25,274	-
2645	Guarantee deposits received (notes 7 and 9)	105,830	1	142,277	1
2650	Credit balance of investments accounted for using equity method (note 6(4))	27	-	275	-
	Total non-current liabilities	700,923	4	5,423,784	30
	Total liabilities	5,039,033	25	9,792,427	56
	Equity (notes 6(24) and (25)):				
	Equity attributable to parent company shareholders:				
3110	Ordinary share	764,188	4	762,378	4
3120	Preference share	311,531	2	-	-
3140	Advance receipts for share capital	-	-	570	-
3200	Capital surplus	5,152,787	26	837,467	5
3300	Retained earnings	4,214,219	21	2,904,187	16
3400	Other equity	(123,213)	(1)	20,557	-
	Total equity attributable to parent company shareholders	10,319,512	52	4,525,159	25
36XX	Non-controlling interests	4,515,619	23	3,327,179	19
	Total equity	14,835,131	75	7,852,338	44
	Total liabilities and equity	**$ 19,874,164**	**100**	**17,644,765**	**100**

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

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

		For the years ended December 31,			
		2025		2024	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(27) and 7)	$ 18,149,121	100	13,888,925	100
5000	**Operating costs** (notes 6(3), (22), (25), (28), 7 and 12)	9,361,461	52	7,641,565	55
5900	**Gross profit**	8,787,660	48	6,247,360	45
5910	Unrealized (gain) loss from sales	3	-	(3)	-
5900	**Realized gross profit**	8,787,663	48	6,247,357	45
6000	**Operating expenses** (notes 6(2), (22), (25), (28), 7 and 12):				
6100	Selling expenses	1,588,238	9	1,455,806	10
6200	Administrative expenses	1,425,988	8	1,249,498	9
6300	Research and development expenses	1,163,081	6	967,976	7
6450	Expected credit loss	9,019	-	8,070	-
	Total operating expenses	4,186,326	23	3,681,350	26
6900	**Net operating income**	4,601,337	25	2,566,007	19
7000	**Non-operating income and expenses** (notes 6(29) and 7):				
7100	Interest income	122,508	-	90,323	1
7010	Other income	24,037	-	22,172	-
7020	Other gains and losses	(25,101)	-	109,242	1
7050	Finance costs	(42,502)	-	(201,209)	(2)
7060	Share of profit (loss) of associates accounted for using equity method (note 6(4))	(14,918)	-	(9,088)	-
	Total non-operating income and expenses	64,024	-	11,440	-
7900	**Income before income tax**	4,665,361	25	2,577,447	19
7950	**Income tax expenses** (note 6(23))	1,105,007	6	650,334	5
8200	**Net income**	3,560,354	19	1,927,113	14
8300	**Other comprehensive income (loss):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	2,631	-	9,022	-
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(48,818)	-	(7,826)	-
8320	Shares of other comprehensive income of associates accounted for using equity method	(3,182)	-	(1,524)	-
8349	Less: Income tax related to items that will not be reclassified subsequently (note 6(23))	526	-	1,804	-
	Total items that will not be reclassified subsequently to profit or loss	(49,895)	-	(2,132)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(210,029)	(1)	341,735	3
8370	Shares of other comprehensive income of associates accounted for using equity method	(2,676)	-	3,434	-
8399	Less: Income tax related to items that may be reclassified subsequently (note 6(23))	(41,827)	-	69,957	1
	Total items that may be reclassified subsequently to profit or loss	(170,878)	(1)	275,212	2
8300	**Other comprehensive income, net**	(220,773)	(1)	273,080	2
8500	**Total comprehensive income**	**$ 3,339,581**	**18**	**2,200,193**	**16**
	Profit attributable to:				
	Owners of parent	$ 1,988,960	10	1,039,834	8
	Non-controlling interests	1,571,394	9	887,279	6
		$ 3,560,354	**19**	**1,927,113**	**14**
	Comprehensive income attributable to:				
	Owners of parent	$ 1,847,585	10	1,242,275	9
	Non-controlling interests	1,491,996	8	957,918	7
		$ 3,339,581	**18**	**2,200,193**	**16**
	Earnings per share (New Taiwan Dollars) (note 6(26))				
9750	Basic earnings per share	**$ 18.50**		**12.55**	
9850	Diluted earnings per share	**$ 18.21**		**10.25**	

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owner of parent													
					Retained earnings				Other equity					
	Ordinary share capital	Preference 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, 2024	$ 755,958	-	-	777,122	885,227	164,268	1,208,749	2,258,244	(115,061)	(59,800)	(174,861)	3,616,463	2,713,399	6,329,862
Net income for the period	-	-	-	-	-	-	1,039,834	1,039,834	-	-	-	1,039,834	887,279	1,927,113
Other comprehensive income for the period	-	-	-	-	-	-	7,023	7,023	204,573	(9,155)	195,418	202,441	70,639	273,080
Total comprehensive income for the period	-	-	-	-	-	-	1,046,857	1,046,857	204,573	(9,155)	195,418	1,242,275	957,918	2,200,193
Appropriation and distribution of retained earnings:														
Appropriation for legal reserve	-	-	-	-	41,928	-	(41,928)	-	-	-	-	-	-	-
Appropriation for special reserve	-	-	-	-	-	10,593	(10,593)	-	-	-	-	-	-	-
Cash dividends distributed to common shareholders	-	-	-	-	-	-	(355,300)	(355,300)	-	-	-	(355,300)	-	(355,300)
Other changes in capital surplus:														
Difference between consideration and carrying amount of subsidiaries shareholding acquired or disposed	-	-	-	(9,966)	-	-	(45,614)	(45,614)	-	-	-	(55,580)	(83,341)	(138,921)
Changes in ownership interests in subsidiaries	-	-	-	14,217	-	-	-	-	-	-	-	14,217	413	14,630
Share-based payment transactions	-	-	-	2,712	-	-	-	-	-	-	-	2,712	4,229	6,941
Exercise of employee stock options	6,420	-	570	53,382	-	-	-	-	-	-	-	60,372	-	60,372
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(265,439)	(265,439)
Balance as of December 31, 2024	762,378	-	570	837,467	927,155	174,861	1,802,171	2,904,187	89,512	(68,955)	20,557	4,525,159	3,327,179	7,852,338
Net income for the period	-	-	-	-	-	-	1,988,960	1,988,960	-	-	-	1,988,960	1,571,394	3,560,354
Other comprehensive income for the period	-	-	-	-	-	-	3,050	3,050	(112,667)	(31,758)	(144,425)	(141,375)	(79,398)	(220,773)
Total comprehensive income for the period	-	-	-	-	-	-	1,992,010	1,992,010	(112,667)	(31,758)	(144,425)	1,847,585	1,491,996	3,339,581
Appropriation and distribution of retained earnings:														
Appropriation for legal reserve	-	-	-	-	100,124	-	(100,124)	-	-	-	-	-	-	-
Cash dividends distributed to common shareholders	-	-	-	-	-	-	(593,043)	(593,043)	-	-	-	(593,043)	-	(593,043)
Cash dividends distributed to preference shareholders	-	-	-	-	-	-	(88,280)	(88,280)	-	-	-	(88,280)	-	(88,280)
Reversal of special reserve	-	-	-	-	-	(174,861)	174,861	-	-	-	-	-	-	-
Convertible Preferred Stock converted to Common Stock	-	311,531	-	4,283,558	-	-	-	-	-	-	-	4,595,089	-	4,595,089
Share-based payment transactions	-	-	-	21,608	-	-	-	-	-	-	-	21,608	136	21,744
Changes in non-controlling interests	-	-	-	-	-	-	(655)	(655)	-	655	655	-	-	-
Exercise of employee stock options	1,810	-	(570)	9,154	-	-	-	-	-	-	-	10,394	-	10,394
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	270,606	270,606
Other changes in capital surplus	-	-	-	1,000	-	-	-	-	-	-	-	1,000	819	1,819
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(575,117)	(575,117)
Balance as of December 31, 2025	**$ 764,188**	**311,531**	**-**	**5,152,787**	**1,027,279**	**-**	**3,186,940**	**4,214,219**	**(23,155)**	**(100,058)**	**(123,213)**	**10,319,512**	**4,515,619**	**14,835,131**

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,	
		2025	**2024**
Cash flows from operating activities:			
Income before income tax	$	4,665,361	2,577,447
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation expenses		272,229	254,221
Amortization expenses		18,211	69,956
Expected credit loss		9,019	8,070
Net (gain) loss on financial assets and liabilities at fair value through profit or loss		(18,270)	9,595
Interest expense		42,502	201,209
Interest income		(122,508)	(90,323)
Dividend income		(982)	(15)
Compensation cost arising from share-based payment transactions		21,744	14,630
Shares of loss (gain) of associates accounted for using equity method		14,918	9,088
Gains on disposal of property, plant and equipment		(1,288)	(1,792)
Provisions for inventory devaluation and obsolescence loss and inventory scrap loss		209,146	240,680
Adjustment for other non-cash-related profit, net		(17,673)	(6,627)
Total adjustments to reconcile profit (loss)		427,048	708,692
Changes in operating assets and liabilities:			
Notes receivable		(1,842)	997
Accounts receivable (including related parties)		751,428	(1,276,453)
Inventories		107,488	(625,798)
Other operating assets		18,470	(63,857)
Contract liabilities		51,979	(25,427)
Notes payable		(1,938)	6,166
Accounts payable (including related parties)		(401,394)	494,758
Other payables		462,671	548,412
Net defined benefit assets/liabilities		(2,737)	(3,089)
Other operating liabilities		207,338	91,405
Total changes in operating assets and liabilities		1,191,463	(852,886)
Total adjustments		1,618,511	(144,194)
Cash flows generated from operations		6,283,872	2,433,253
Interest received		115,894	85,805
Interest paid (including preferred stock dividends)		(196,323)	(195,581)
Income taxes paid		(990,127)	(551,831)
Net cash flows from operating activities		5,213,316	1,771,646

(Continued)

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the Years Ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2025	2024
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	59	-
Increase in financial assets at amortized cost	(508,443)	(3,536)
Acquisition of financial assets at fair value through profit or loss	(70,915)	(31,320)
Acquisition of investments accounted for using equity method	-	(138,921)
Net cash flow from acquisition of subsidiaries	-	(474)
Acquisition of property, plant and equipment	(724,291)	(192,958)
Proceeds from disposal of property, plant and equipment	1,500	2,495
Acquisition of intangible assets	(12,998)	(15,654)
(Increase) decrease in other financial assets	(5,253)	994
Increase in other non-current assets	(41,499)	(3,245)
Net cash outflow from acquisition of subsidiaries	(21,692)	-
Dividends received	981	15
Net cash flows used in investing activities	(1,382,551)	(382,604)
Cash flows from financing activities:		
Increase in short-term borrowings	835,780	1,454,484
Decrease in short-term borrowings	(1,301,495)	(1,576,187)
Proceeds from long-term borrowings	3,983	9,618
Repayments of long-term borrowings	(6,797)	(26,937)
Decrease in guarantee deposits received	(29,511)	(169)
Repayment of the principal portion of lease liabilities	(81,151)	(77,488)
Cash dividends paid	(681,323)	(355,300)
Capital increase in cash by subsiary	-	6,941
Exercise of employee share options	10,394	60,372
Payments of non-controlling cash dividends	(575,117)	(265,439)
Expired and uncollected dividends turn into capital surplus	1,819	-
Net cash flows used in financing activities	(1,823,418)	(770,105)
Effect of exchange rate changes on cash and cash equivalents	(68,449)	96,820
Net increase in cash and cash equivalents	1,938,898	715,757
Cash and cash equivalents at beginning of period	3,813,326	3,097,569
Cash and cash equivalents at end of period	$ **5,752,224**	**3,813,326**

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

**(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 March 5, 2026.

3. New Standards, Amendments and Interpretations Adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 "Lack of Exchangeability"

(b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

4. Summary of Material Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarized as follows. The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as "TIFRSs").

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(a) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value;

(b) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(17).

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Group's functional currency. Unless otherwise noted, all financial information presented in NTD has been rounded to the nearest thousand.

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

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and the entities controlled by the Company (its subsidiaries). The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

B. 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 December 31, 2025	Percentage of Ownership December 31, 2024	Note
The Company	Portwell Inc. (PORTWELL)	Research and development, manufacture, and sale of industrial computers and peripheral equipment, and related software services	55 %	55 %	
The Company	Posiflex Business Machines, Inc. (PBM)	Import and export of Posiflex brand-name products	100 %	100 %	Note 1
The Company	Posiflex GmbH (PG)	Import and export of Posiflex brand-name products	100 %	100 %	
The Company	Posiflex International Co., Ltd. (PIC)	Import and export of Posiflex brand-name products	100 %	100 %	
The Company	Posiflex Business Machines Sdn. Bhd. (PBMM)	Import and export of Posiflex brand-name products	83.46 %	83.46 %	
The Company	Posiflex Technologies South Cone (PTSC)	Import and export of Posiflex brand-name products	100 %	100 %	

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

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2025	Percentage of Ownership December 31, 2024	Note
The Company	Posiflex Technology (India) Pvt Ltd. (PTIL)	Import and export of Posiflex brand-name products	51 %	51 %	
The Company	Posiflex Technology Pte. Ltd. (PTPL)	Import and export of Posiflex brand-name products	100 %	100 %	
The Company	Posiflex Technology Japan (PJ)	Import and export of Posiflex brand-name products	100 %	100 %	
The Company	KOMING Technology Inc. (KOMING)	Import and export and software services	100 %	100 %	
The Company	ONK Cloud Computing Technology Inc. (ONK Cloud)	Software services	99.90 %	99.90 %	
The Company	Penetek Technology Inc. (PENETEK)	Manufacture and sale of computers and peripheral equipment	61.52 %	61.52 %	
The Company	KIOSK Integrated Solutions, Inc. (KIOSKTW)	Software services	100 %	100 %	Note 2
PIC	Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Import and export of Posiflex brand-name products	100 %	100 %	
PTIL	Mustek Technologies Pvt Ltd. (Mustek)	Import and export of Posiflex brand-name products	82 %	82 %	Note 3
PTIL	Quinta Systems Pvt Ltd. (QUINTA)	Import and export of Posiflex brand-name products	70 %	70 %	
ONK Cloud	ONK Clouding International Ltd. (ONK International)	Investment and holding activity	100 %	100 %	
ONK International	ONK Clouding Shanghai (ONK Shanghai)	Software services	100 %	100 %	
PBM	KIS Acquisition Corp. (KIA)	Investment and holding activity	82 %	82 %	
PBM	Posiflex Business Machines, LLC (PBMLC)	Investment and holding activity	100 %	- %	Note 4
KIA	KIOSK Information Systems, Inc. (KIOSK)	Development, manufacture and sale of self-service equipment and software(kiosk)	100 %	100 %	
PORTWELL	American Portwell Technology, Inc. (APT)	Research and development, manufacture, and sale of industrial computers and peripheral equipment, and related software services	100 %	100 %	

(Continued)

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

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2025	Percentage of Ownership December 31, 2024	Note
PORTWELL	Portwell Japan, Inc. (PJI)	Manufacture and sale of industrial computers and peripheral equipmentt, andrelated software services	99 %	99 %	
PORTWELL	Portwell Development Co., Ltd. (DEVELOPMENT)	Investment and holding activity	100 %	100 %	
PORTWELL	European Portwell Technology B.V. (EPT)	Sale of industrial computers and peripheral equipment, and related software services	100 %	100 %	
PORTWELL	Portwell India Technology Private Limited (PIT)	Manufacture and sale of industrial computers and peripheral equipment	51 %	51 %	
PORTWELL	Portwell Korea, Inc. (PKI)	Sale of industrial computers and peripheral equipment, and related software services	100 %	100 %	
PORTWELL	GANLOT, Inc. (GANLOT)	Sale of industrial computers and peripheral equipment, and related software services	100 %	100 %	
PORTWELL	Holdwel Co., Ltd. (HOLDWEL)	Investment and holding activity	100 %	100 %	Note 5
PORTWELL	WINCOMM CORPORATION (WCC)	Manufacture and sale of computers and peripheral equipment	41 %	- %	Note 6
APT	KIS Acquisition Corp. (KIA)	Investment and holding activity	18 %	18 %	
HOLDWEL	MEDWEL, Inc. (MEDWEL)	Sale of computers andperipheral equipment	100 %	100 %	
DEVELOPMENT	Portwell Holding Ltd. (HOLDING)	Investment and holding activity	100 %	100 %	
EPT	Portwell (UK) Ltd. (PUK)	Sale of industrial computers and peripheral equipment	100 %	100 %	
EPT	KIOSK Embedded Systems GmbH (KES)	Manufacture and sale ofself-service equipment and software	100 %	100 %	
EPT	Kiosk Embedded Systems Srl (KESI)	Sale of industrial computers and peripheral equipment	100 %	100 %	
HOLDING	Welink Technology Co., Ltd. (WELINK)	Sale of industrial computers and peripheral equipment, and related software services	100 %	100 %	
WINCOMM	Wincomm Corporation (USA)	Sale of computers and peripheral equipment	100 %	- %	Note 6
WINCOMM	Wincomm Japan Corporation	Sale of computers and peripheral equipment	100 %	- %	Note 6

(Continued)

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

Note 1: On May 8, 2025, PBM resolved at the board meeting to conduct a cash capital increase in the amount of USD $25,000 thousand, which has been fully subscribed by the Group; of which $20,100 thousand (NTD $603,224 thousand) has been paid as of December 31, 2025.

Note 2: In March 2025, KIOSKTW increase its capital by cash, which was fully subscribed by the Group.

Note 3: Mustek Automation Pvt Ltd. was renamed as Mustek Technologies Pvt Ltd. in January 2024. In November 2024, Muskek increased its capital by cash which were not subscribed by Group, resulting in its shareholding ratio decrease from 100% to 82%. Please refer to note 6(6) for related information.

Note 4: In April 2025, the Group established a new subsidiary, PBMLC, for the purpose of purchasing real estate. As of December 31, 2025, the registration process has been completed, with the capital stock of USD$20,100 thousand (NTD $631,462 thousand).

Note 5: In May 2024, the Group acquired 16.67% shares of HOLDWEL, resulting in its shareholding ratio to increase from 83.33% to 100%. Please refer to note 6(6) for related information.

Note 6: In addition to acquiring a 41% equity interest in WINCOMM CORPORATION for NT$299,239 thousand on December 30, 2025. Moreover, the Group also entered into a written agreement, which became effective upon the closing date, with the shareholders of WINCOMM CORPORATION on October 1, 2025, resulting in the Group to obtain a majority of the voting rights in WINCOMM CORPORATION, who, together with its subsidiaries, became subsidiaries of the Group thereafter; and thus, have been included in the consolidated financial statements beginning December 30, 2025.

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

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising from retranslation are recognized in profit or loss except for the differences in equity instruments at FVOCI, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

(Continued)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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

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

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

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

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

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

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

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

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

(6) Cash and cash equivalents

Cash comprise cash, cash in bank and checking deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are initially measured at the transaction price.

(Continued)

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost and FVOCI.

The Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(Continued)

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 24-month ECL:

· debt securities that are determined to have low credit risk at the reporting date；and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due and the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

24-month ECLs are the portion of ECLs that result from default events that are possible within the 24 months after the reporting date (or a shorter period if the expected life of the instrument is less than 24 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group' s procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instruments

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

(Continued)

(c) Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognized as interest expense in profit or loss as accrued.

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible preference shares that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations has been discharged or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(Continued)

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

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Investment in associates

Associates are those entities over which the Group has a significant influence and the authority to participate in the financial and operating policy decisions of the investees but not to the extent of controlling or joint controlling over those policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’ s share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate. When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

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

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group’s ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group’s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(10) Investment property

Investment property is property held either to earn rental income or for capital appreciation, or for both, but not for use in the normal operating activities. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(11) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(Continued)

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 3 to 50 years

(b) Machinery and equipment: 2 to 18 years

(c) Other equipment: 1 to 15 years

(d) Buildings constitute mainly of buildings, with useful life of 20 to 50 years; mechanical and electrical engineering, as well as fire protection engineering – 5 to 50 years; and decoration engineering – 3 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(12) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments (including in-substance fixed payments);

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Group will exercise an extension or a termination option; or

(e) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its official vehicles, which qualify as short-term leases, as well as its printers, which qualify as low-value asset leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'

(13) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets (including customer relationships, acquired specific technology and computer software) that are acquired by the Group and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and trademarks, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

(i) Customer relationships: 7 to 10 years

(ii) Acquired specific technology: 4 to 10 years

(iii) Computer software: 1 to 10 years

(iv) Other intangible assets: 3 to 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(14) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(15) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for warranties and advertising are recognized when the underlying products are sold. The provisions are based on historical data.

(Continued)

(16) Recognition of revenue

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

A. Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group' s obligation to provide a refund for faulty product under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(18).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

B. Rendering of services

The Group provides warranty and management services, including warranty services, remote monitoring and long-term maintenance service contracts. The customers simultaneously receive and consume the benefits provided by the Group's performance in the contract period, and therefore, the Group gradually fulfills the obligations and recognizes revenue over time. The Group additionally provides the general maintenance services, wherein the revenue is recognized in the accounting period in which the services are rendered.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

(Continued)

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

C. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the thennet defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Shortterm employee benefits

Shortterm employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

(18) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between the expected and the actual outcomes.

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

A. The entity has the legal right to settle tax assets and liabilities on a net basis; and

B. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

(a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the carry forward of unused tax credits losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves

(20) Business combinations

The consideration transferred in the acquisition is measured at fair value, as are identifiable net assets acquired. Goodwill is measured as the excess of the aggregate of the fair value of consideration transferred and the amount of any non-controlling interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred and the amount of any non-controlling interests in the acquiree, after reassessing all of the assets acquired and all of the liabilities assumed being properly identified, the difference is recognized in profit or loss as a gain on bargain purchase.

Acquisition-related costs are expensed as incurred, except that the costs are related to the issue of debt or equity instruments.

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured, on a caseby-case basis, at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree' s net identifiable assets. All other components of noncontrolling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs.

Any contingent consideration included in the consideration transferred is recognized at fair value at the date of acquisition. Subsequent changes to the fair value of the contingent consideration during the measurement period shall adjust to the cost of the acquisition and the resulting goodwill retrospectively. An adjustment made during the measurement period is to reflect additional information obtained by the Company about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date. The accounting treatment for those changes to the fair value of the contingent consideration that are not measurement period adjustments is depending on the classification of the contingent consideration. If the contingent consideration is classified as equity, it is not remeasured and the subsequent settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value are recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting has not yet completed are reported in financial statements. During the measurement period, the provisional amounts are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition date, the provisional amounts are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Subsequent changes in the fair value of contingent consideration classified as an asset or a liability are recognized in profit or loss or other comprehensive income in accordance with IFRS 9. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

(21) Earnings per share

The Group discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible preference share liabilities, employee stock options and employee remuneration through the issuance of shares.

(22) Operating segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(Continued)

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

Judgment of whether the Group has substantive control over its investees
The Group holds 18.86%, 25% and 35% 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify the CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs. Refer to note 6(14) for further description of the impairment of goodwill.

The Group's accounting policies and disclosures include the fair value measurement for financial assets and liabilities. The Group determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Group evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the assumption used in fair value measurement, please refer to note 6(30) of the financial instruments.

6. Description of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	$ 1,308	1,501
Cash in bank and checking deposits	5,675,962	3,205,786
Time deposits	74,954	606,039
	$ 5,752,224	**3,813,326**

Please refer to note 6(30) for the disclosure of currency risk of the financial assets and liabilities.

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

(2) Financial assets and liabilities

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

		December 31, 2025	December 31, 2024
Current:			
Domestic listed companies	$	487	517
Domestic emerging market shares		26,402	68,052
Domestic unlisted shares		27,016	27,203
Foreign unlisted shares		16,538	23,490
	$	**70,443**	**119,262**

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

		December 31, 2025	December 31, 2024
Cash in bank (restricted)	$	-	15,000
Time deposits (restricted)		1,831	76,532
Time deposits (more than three months)		600,000	2,000
	$	**601,831**	**93,532**
Non-current:			
Time deposits (restricted)	**$**	**473,060**	**493,674**

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(30).

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):

		December 31, 2025	December 31, 2024
Notes receivable	$	2,590	748
Accounts receivable		1,943,596	2,664,982
Accounts receivable－related parties		11,838	21,805
		1,958,024	2,687,535
Less: loss allowance		(65,545)	(62,719)
	$	**1,892,479**	**2,624,816**

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

The Group applies the simplified approach to provide for its loss allowance used for expected credit loss (ECL), which permits the use of lifetime expected loss provision for its receivables. To measure the ECL, receivables (including related parties) 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:

	December 31, 2025			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	1,462,573	0.32%	4,700
1 to 60 days past due		415,319	1.33%	5,504
61 to 180 days past due		23,436	34.54%	8,095
More than 181 days past due		44,005	78.53%	34,555
	$	**1,945,333**		**52,854**

	December 31, 2024			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	1,948,124	0.46%	8,904
1 to 60 days past due		650,824	1.23%	8,038
61 to 180 days past due		24,814	27.89%	6,920
More than 181 days past due		50,786	50.94%	25,870
	$	**2,674,548**		**49,732**

Note: As of December 31, 2025 and 2024, the outstanding balance of the Group's receivables amounted to $12,691 thousand and $12,987 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 years ended December 31,	
	2025	**2024**
Beginning balance	$ 62,719	59,821
Impairment loss recognized (reversed)	9,019	8,070
Amounts written off	(3,488)	(7,787)
Effect of exchange rate changes	(2,705)	2,615
Ending balance	**$ 65,545**	**62,719**

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

	December 31, 2025	**December 31, 2024**
Financial liabilities mandatorily measured at fair value through profit or loss－current:		
Non-hedge derivative financial instruments		
Forward exchange contracts	**$ 193**	**-**
Financial liabilities mandatorily measured at fair value through profit or loss－current:		
Non-derivative financial instruments		
Forward exchange contracts	**$ 1,620**	**1,852**
Financial assets mandatorily measured at fair value through loss－non-current:		
Non-derivative financial assets		
Convertible promissory note	**$ 137,789**	**31,427**

For long-term investments strategies, the Group subscribed to the 2-year zero-coupon convertible promissory notes issued by Banyan Hills Technologies, Inc. in January 2024 for US$ $1,000 thousand (NTD $31,320 thousand) and by Bluechip Infotech Pty Ltd in October 2025 for AUD $3,525 thousand (NTD $70,915 thousand), respectively, wherein the company has the right to convert them into preferred shares before maturity.

For the net gain or loss on fair value on financial instruments at FVTPL, please refer to note 6(30).

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

Derivatives:

The Group holds derivative financial instruments to hedge the foreign exchange rate risk the Group is exposed to, arising from its operating activities. The following derivatives instruments, without the application of hedge accounting, were classified as financial assets and liabilities mandatorily measured at fair value through profit or loss:

	December 31, 2025			
	Amount (thousand)		Currency	Maturity Dates
Forward exchange	USD	10,060	USD to NTD	2026.1.6~2026.3.27

	December 31, 2024			
	Amount (thousand)		Currency	Maturity Dates
Forward exchange	USD	2,500	USD to NTD	2025.1.10~2025.3.7

(3) Inventories

	December 31, 2025	December 31, 2024
Raw materials	$ 914,441	1,302,411
Work-in-process and semi-finished products	277,408	513,301
Finished goods	1,481,764	1,093,350
	$ 2,673,613	2,909,062

The details of operating costs were as follows:

	For the years ended December 31,	
	2025	2024
Cost of goods sold	$ 9,152,315	7,400,885
Inventory devaluation and obsolescence loss and inventory scrap loss	209,146	240,680
	$ 9,361,461	7,641,565

As of December 31, 2025 and 2024, 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:

	December 31, 2025	December 31, 2024
Associates	$ 214,490	235,552
Credit balance of investments accounted for using equity method-associate	$ (27)	(275)

A. Associates

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

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 years ended December 31, 2025	For the years ended December 31, 2024
Attributable to the Group:		
Net loss for the period	$ (14,918)	(9,088)
Other comprehensive income	(2,083)	(918)
Total comprehensive income (loss)	$ (17,001)	(10,006)

B. Collateral

As of December 31, 2025 and 2024, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(5) Business combinations

On December 30, 2025, the Group acquired 41% equity interest in WINCOMM CORPORATION for a consideration of NT$299,239 thousand, resulting in the Group to obtain control over WINCOMM CORPORATION, who specializes in the research and development of medical, industrial, and touch panel computers. The company concentrates on artificial intelligence, imaging technologies, and industrial-grade rugged touch computers, dedicated to providing complete solution offerings.

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

The main categories of consideration transferred, identifiable assets acquired, liabilities assumed at the acquisition date, and the amounts recognized as goodwill, are as follows:

A. Identifiable assets acquired and liabilities assumed

The following table summarized the fair value of identifiable assets acquired and liabilities assumed recognized at the acquisition date:

Cash and cash equivalents	$ 277,547
Accounts receivable	53,094
Inventories	110,138
Other receivables	2,841
Other current assets	9,540
Property, plant and equipment	13,264
Right-of-use assets	6,488
Intangible assets – computer software	509
Intangible assets – acquired specific technology	21,772
Intangible assets – customer relationships	66,126
Other non-current assets	7,989
Notes and accounts payable	(60,079)
Other payables	(19,170)
Other current liabilities	(5,044)
Deferred income tax liabilities	(18,403)
Lease liabilities	(6,607)
Other non-current liabilities	(1,351)
Fair value of identifiable net assets	**$ 458,654**

The Company will continue to review the aforesaid matters during the measurement period. However, if new information obtained within one year from the acquisition date regarding facts and circumstances that existed as of the acquisition date which leads to an adjustment to the above provisional amounts, or any additional provisions as at the acquisition date, the accounting for the acquisition will be revised.

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

B. Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	$	299,239
Add: Non-controlling interests (measured at the proportionate share of the identifiable net assets)		270,606
Add: Fair value of previously held equity interest in the acquiree		(458,654)
Goodwill	**$**	**111,191**

C. Intangible assets

Intangible assets (such as acquired specific technology and customer relationships) are amortized on a straight-line basis over their estimated economic useful lives of 5 years and 8 years, respectively. The goodwill primarily arises from the profitability of WINCOMM CORPORATION and its subsidiaries in the medical touch computer industry, as well as from merger synergies and the value of their employees. These benefits are expected to be realized through the intergration of Portwell, Inc. and WINCOMM CORPORATION to strengthen strategic coperation, expand market presence, and enhance competitiveness.

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

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

In November 2024, Muskek increased its capital by cash which were not subscribed by Group, resulting in its shareholding ratio to decrease from 100% to 82%.The effect of the change in equity attributable to parent company was an increase in capital surplus of $2,712 thousand.

(7) Other financial assets

		December 31, 2025	**December 31, 2024**
Current			
Lease receivables (note 6(10))	$	5	1,492
Other receivables		35,186	24,238
Other		-	1,152
	$	**35,191**	**26,882**
Non-current:			
Lease receivables (note 6(10))	$	-	5
Guarantee deposits paid		29,004	23,221
	$	**29,004**	**23,226**

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

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

(8) Material non-controlling interests of subsidiaries

Subsidiaries	Main operation place	Precentage of noncontrolling interests December 31, 2025	December 31, 2024
Portwell Inc.	Taiwan	45 %	45 %

The following information of the aforementioned subsidiary has been prepared in accordance with the IFRSs endorsed by the FSC. Included in this information is the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group and its subsidiary as at the acquisition date. Intra group transactions were not eliminated in this information:

PORTWELL's summarized financial information:

	December 31, 2025	December 31, 2024
Current assets	$ 3,958,471	3,126,409
Non-current assets	6,745,275	5,819,090
Current liabilities	(1,852,387)	(2,100,599)
Non-current liabilities	(430,237)	(503,393)
Net assets	**$ 8,421,122**	**6,341,507**
Non-controlling interests	**$ 3,789,505**	**2,853,678**

	2025	2024
Operating revenue	**$ 8,495,949**	**5,392,775**
Net income	$ 3,524,039	1,984,198
Other comprehensive income	(168,507)	153,690
Total Comprehensive income	**$ 3,355,532**	**2,137,888**
Profit, attributable to non controlling interests	**$ 1,575,021**	**882,092**
Comprehensive income, attributable to non controlling interests	**$ 1,499,192**	**951,253**
Net cash flows from operating activities	$ 3,699,317	1,697,166
Net cash flows useding investing activities	(998,226)	(250,251)
Net cash flows (used in) from financing activities	(1,879,156)	(844,624)
Net increase in cash and cash equivalents	**$ 821,935**	**602,291**

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

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

		December 31, 2025	December 31, 2024
Current:			
Current tax assets	$	4,781	2,370
Prepayments		85,743	80,654
Other prepayments		29,510	52,162
Overpaid business tax and refunds receivable		40,953	33,991
Other		3,194	5,231
	$	**164,181**	**174,408**
Non-current:			
Prepayments for deposits of equipment	$	48,892	67,732
Other		5,025	815
	$	**53,917**	**68,547**

(10) Property, plant and equipment

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

		Land	Land improve ments	Buildings and structures	Machinery equipment	Other equipment	Total
Cost:							
Balance as of January 1, 2025	$	622,017	-	3,588,286	608,044	775,818	5,594,165
Additions		124,744	12,155	486,333	28,463	69,365	721,060
Disposals and obsolescence		-	-	(328)	(56,237)	(17,389)	(73,954)
Reclassification		-	-	-	53,093	9,943	63,036
Acquired through business combination		-	-	-	370	27,389	27,759
Effect of changes in exchange rate		(7,988)	90	(4,522)	(4,621)	(7,322)	(24,363)
Balance as of December 31, 2025	$	**738,773**	**12,245**	**4,069,769**	**629,112**	**857,804**	**6,307,703**
Balance as of January 1, 2024	$	618,575	-	3,575,134	599,203	713,960	5,506,872
Additions		-	-	631	39,526	85,992	126,149
Disposals and obsolescence		-	-	(1,422)	(38,169)	(52,013)	(91,604)
Reclassification		-	-	-	-	15,989	15,989
Effect of changes in exchange rate		3,442	-	13,943	7,484	11,890	36,759
Balance as of December 31, 2024	$	**622,017**	**-**	**3,588,286**	**608,044**	**775,818**	**5,594,165**

(Continued)

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

	Land	Land improve ments	Buildings and structures	Machinery equipment	Other equipment	Total
Accumulated depreciation:						
Balance as of January 1, 2025	$ -	-	1,322,143	439,295	549,375	2,310,813
Depreciation for the period	-	203	95,130	35,280	65,360	195,973
Disposals and obsolescence	-	-	(328)	(56,188)	(17,226)	(73,742)
Acquired through business combination	-	-	-	316	14,179	14,495
Effect of changes in exchange rate	-	-	(4,026)	(4,354)	(6,525)	(14,905)
Balance as of December 31, 2025	**$ -**	**203**	**1,412,919**	**414,349**	**605,163**	**2,432,634**
Balance as of January 1, 2024	$ -	-	1,221,955	438,985	539,415	2,200,355
Depreciation for the period	-	-	94,957	31,427	51,314	177,698
Disposals and obsolescence	-	-	(1,422)	(37,813)	(51,666)	(90,901)
Reclassification	-	-	-	-	355	355
Effect of changes in exchange rate	-	-	6,653	6,696	9,957	23,306
Balance as of December 31, 2024	**$ -**	**-**	**1,322,143**	**439,295**	**549,375**	**2,310,813**
Carrying value:						
Balance as of December 31, 2025	**$ 738,773**	**12,042**	**2,656,850**	**214,763**	**252,641**	**3,875,069**
Balance as of January 1, 2024	**$ 618,575**	**-**	**2,353,179**	**160,218**	**174,545**	**3,306,517**
Balance as of December 31, 2024	**$ 622,017**	**-**	**2,266,143**	**168,749**	**226,443**	**3,283,352**

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 December 31, 2025 and 2024, the balances of lease receivables please refer to note 6(7)

For credit risk information, please refer to note 6(30).

C. As of December 31, 2025 and 2024, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings, please refer to note 8.

(11) Right-of-use assets

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

	Land	Buildings	Transportation equipment	Total
Cost:				
Balance as of January 1, 2025	$ 158,661	385,639	22,031	566,331
Additions	-	12,480	17,505	29,985
Decreases	-	(15,147)	(15,572)	(30,719)
Acquired through business combination	-	12,976	-	12,976
Effect of changes in exchange rate	-	(15,755)	699	(15,056)
Balance as of December 31, 2025	**$ 158,661**	**380,193**	**24,663**	**563,517**

(Continued)

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

		Land	Buildings	Transportation equipment	Total
Balance as of January 1, 2024	$	88,347	356,693	20,268	465,308
Additions		70,314	19,210	1,289	90,813
Decreases		-	(12,397)	-	(12,397)
Effect of changes in exchange rate		-	22,133	474	22,607
Balance as of December 31, 2024	$	**158,661**	**385,639**	**22,031**	**566,331**
Accumulated depreciation:					
Balance as of January 1, 2025	$	11,217	243,314	17,838	272,369
Depreciation for the period		6,505	61,894	7,674	76,073
Decreases		-	(12,655)	(12,445)	(25,100)
Acquired through business combination		-	6,488	-	6,488
Effect of changes in exchange rate		-	(9,772)	(1,607)	(11,379)
Balance as of December 31, 2025	$	**17,722**	**289,269**	**11,460**	**318,451**
Balance as of January 1, 2024	$	4,712	179,761	10,741	195,214
Depreciation for the period		6,505	63,032	6,804	76,341
Decreases		-	(12,035)	-	(12,035)
Effect of changes in exchange rate		-	12,556	293	12,849
Balance as of December 31, 2024	$	**11,217**	**243,314**	**17,838**	**272,369**
Carrying value:					
Balance as of December 31, 2025	$	**140,939**	**90,924**	**13,203**	**245,066**
Balance as of January 1, 2024	$	**83,635**	**176,932**	**9,527**	**270,094**
Balance as of December 31, 2024	$	**147,444**	**142,325**	**4,193**	**293,962**

(12) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are owned by the Company. The leases of investment properties contained an initial non-cancellable lease term of 3 to 5 years.

For all investment property leases, the rental income is fixed under the contracts.

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

		Land	Buildings	Total
Cost:				
Balance as of December 31, 2025 (as well as January 1, 2025)	$	**40,719**	**11,277**	**51,996**
Balance as of December 31, 2024 (as well as January 1, 2024)	$	**40,719**	**11,277**	**51,996**
Accumulated depreciation:				
Balance as of January 1, 2025	$	-	4,284	4,284
Depreciation for the period		-	183	183
Balance as of December 31, 2025	$	**-**	**4,467**	**4,467**

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

	Land	Buildings	Total
Balance as of January 1, 2024	$ -	4,102	4,102
Depreciation for the period	-	182	182
Balance as of January 1, 2024	**$ -**	**4,284**	**4,284**
Carrying value:			
Balance as of December 31, 2025	**$ 40,719**	**6,810**	**47,529**
Balance as of January 1, 2024	**$ 40,719**	**6,993**	**47,712**
Fair value:			
Balance as of December 31, 2025			**$ 52,628**
Balance as of January 1, 2024			**$ 51,192**

The fair value of investment properties was determined based on valuations performed by a qualified independent appraiser possessing recent experience in the location and category of the investment properties being valued.

As of December 31, 2025 and 2024, the Group did not provide any investment properties as collateral for its loans.

(13) Operating lease

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

	December 31, 2025	December 31, 2024
Less than one year	$ 678	1,221
Two to five years	78	679
Total undiscounted lease payments	**$ 756**	**1,900**

For the year ended December 31, 2025 and 2024, the rental income from investment properties both amounted to $1,050 thousand.

(14) Goodwill

	For the years ended December 31,	
	2025	**2024**
Balance at the beginning of the period	$ 1,949,929	1,835,781
Additions	111,191	-
Effect of changes in exchange rate and others	(75,129)	114,148
	$ 1,985,991	**1,949,929**

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

In December 2025, the Group acquired WINCOMM CORPORATION and its subsidiaries for NTD $111,191 thousand, recognized as goodwill. For details of the acquisition, please refer to note 6(5).

The amounts of goodwill arising from the acquisition of KIA, and its subsidiary KIOSK, (together referred to as the "KIA Group") were $1,724,073 thousand and $1,799,202 thousand as of December 31, 2025 and 2024, respectively. According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the acquirer' s cash generating units that are expected to benefit from the synergies of the combination; therefore, goodwill is tested for impairment by comparing the recoverable amount of KIA Group with their carrying amounts to determine whether an impairment loss should be recognized.

The recoverable amounts of KIA Group had been determined using the value in use calculation, which uses pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. The key assumptions used in the value in use calculation are as follows:

	For the years ended December 31,	
	December 31, 2025	**December 31, 2024**
Discount rate		
KIA Group	12.60%	13.30%

The recoverable amounts of KIA Group exceeded their carrying amount; hence, no impairment loss was recognized for the years endedDecember 31, 2025 and 2024.

(15) Intangible assets

The carrying value of the intangible assets of the Group's were as follows:

	Customer relationships	Acquired specific technology	Trademarks	Computer software	Others	Total
Cost:						
Balance as of January 1, 2025	$ 668,814	384,422	774,884	223,754	19,211	2,071,085
Additions	-	-	-	12,998	-	12,998
Acquired through business combination	66,126	21,772	-	5,100	-	92,998
Effect of changes in exchange rate	(27,928)	(8,830)	(27,517)	(2,180)	(698)	(67,153)
Balance as of December 31, 2025	$ 707,012	397,364	747,367	239,672	18,513	2,109,928
Balance as of January 1, 2024	$ 626,382	371,007	733,076	217,740	18,150	1,966,355
Additions	-	-	-	15,654	-	15,654
Decreases	-	-	-	(13,054)	-	(13,054)
Effect of changes in exchange rate	42,432	13,415	41,808	3,414	1,061	102,130
Balance as of December 31, 2024	$ 668,814	384,422	774,884	223,754	19,211	2,071,085

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

		Customer relationships	Acquired specific technology	Trademarks	Computer software	Others	Total
Accumulated amortization:							
Balance as of January 1, 2025	$	668,814	384,417	-	183,480	19,211	1,255,922
Amortization for the period		-	5	-	18,206	-	18,211
Acquired through business combination		-	-	-	4,591	-	4,591
Effect of changes in exchange rate		(27,928)	(8,830)	-	(1,818)	(698)	(39,274)
Balance as of December 31, 2025	$	**640,886**	**375,592**	**-**	**204,459**	**18,513**	**1,239,450**
Balance as of January 1, 2024	$	593,343	356,422	-	173,830	18,138	1,141,733
Amortization for the period		34,553	15,247	-	20,144	12	69,956
Decreases		-	-	-	(13,054)	-	(13,054)
Effect of changes in exchange rate		40,918	12,748	-	2,560	1,061	57,287
Balance as of December 31, 2024	$	**668,814**	**384,417**	**-**	**183,480**	**19,211**	**1,255,922**
Carrying value:							
Balance as of December 31, 2025	$	**66,126**	**21,772**	**747,367**	**35,213**	**-**	**870,478**
Balance as of January 1, 2024	$	**33,039**	**14,585**	**733,076**	**43,910**	**12**	**824,622**
Balance as of December 31, 2024	$	**-**	**5**	**774,884**	**40,274**	**-**	**815,163**

The acquisition of WINCOMM CORPORATION and its subsidiaries resulted in the Group to recognize the customer relationships, acquired specific technology and computer software of $66,126 thousand, $21,772 thousand and $509 thousand, respectively, on December 30, 2025. For details of the acquisition, please refer to note 6(5) for further details.

(16) Short-term borrowings

		December 31, 2025	December 31, 2024
Unsecured bank loans	$	-	250,000
Secured bank loans		371,660	600,875
	$	**371,660**	**850,875**
Range of interest rates		**4.46%~8.5%**	**1.89%~8.5%**

Please refer to note 6(30) for the disclosure of liquidity risk.

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

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

(17) Other payables

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

	December 31, 2025	December 31, 2024
Payables for salaries and bonus	$ 1,255,840	808,410
Compensation payables to directors and employees	82,524	59,822
Payables for equipment	11,843	11,574
Accrued dividends on preference shares	-	153,935
Others	227,073	221,438
	$ 1,577,280	**1,255,179**

(18) Provisions

	Advertising	Warranties	Total
Balance as of January 1, 2025	$ 59,557	108,502	168,059
Provisions made during the year	24,633	443,877	468,510
Provisions used during the year	(29,267)	(239,558)	(268,825)
Effect of changes in exchange rate	(1,022)	-	(1,022)
Balance as of December 31, 2025	**$ 53,901**	**312,821**	**366,722**
Balance as of January 1, 2024	$ 54,451	28,910	83,361
Provisions made during the year	22,112	95,431	117,543
Provisions used during the year	(17,006)	(15,839)	(32,845)
Balance as of December 31, 2024	**$ 59,557**	**108,502**	**168,059**

Provisions for advertising and warranties, which are estimated based on historical experience, management's judgment, and other known factors, are recognized as expenses and costs at the time the underlying products are sold.

(19) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	**$ 75,205**	**79,742**
Non-current	**$ 340,423**	**390,888**

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

	December 31, 2025	December 31, 2024
Current	$ 6,474	6,366
Non-current	290,086	296,560
	$ 296,560	**302,926**

For the maturity analysis, please refer to note 6(30).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2025	2024
Interests on lease liabilities	**$ 12,597**	**15,530**
Expenses relating to short-term leases	**$ 2,657**	**3,463**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 2,395**	**1,462**

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

	For the years ended December 31,	
	2025	2024
Total cash outflow for leases	**$ 98,800**	**97,943**

A. Real estate leases

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

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

B. Other leases

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

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

(20) Long-term borrowings

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

	December 31, 2025			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Secured bank loans				
Bank loans	USD	6.6%	September 2030	$ 12,244
Bank loans	JPY	1.9%	December 2035	54,127
				66,371
Less: Current portion				(7,729)
Total				**$ 58,642**

	December 31, 2024			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Secured bank loans				
Bank loans	USD	9.49%	September 2029	$ 9,819
Bank loans	JPY	1.65%	December 2035	62,340
Less: Current portion				(9,305)
Total				**$ 62,854**

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

(21) Preference share liabilities

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

	December 31, 2025	**December 31, 2024**
A preference stock	**$ -**	**4,595,089**

A resolution was passed during the extraordinary general meeting of the shareholders held on September 1, 2017 for the issuance of 31,153 thousand Series A preferred shares under private placement. The subscriber, Embedded City Taiwan Limited, had completed the share payment of $4,595,089 thousand at the price of $147.5 per share on October 16, 2017, which was the record date of capital increase. According to the preference share subscription agreement, the preference shares were respectively recognized as preference share liabilities and capital surplus conversion rights in the amounts of $4,559,898 thousand and $35,191 thousand. The effective interest rate on initial recognition was 3.56%. The interest expense, based on the effective interest rate for the year ended December 31, 2024 amounted $153,935 thousand.

(Continued)

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

On July 30, 2025, the Company’ s extraordinary general meeting resolved to amend the Articles of Incorporation in order to support the ongoing transformation of the Company’s Group sustainable development and to strengthen the equity features of the Series A preferred shares. The amendment eliminates both the cash mandatory redemption rights of Series A preferred shareholders and the cumulative preferred dividend rights in the event of partial or non-distribution of dividends. As a result of this amendment, the Series A preferred shares previously classified as liabilities have been reclassified under equity to reflect the adjustment in their equity nature.

The important issuance terms of Series A preferred shares were as follows:

A. The annual interest rate of Series A preferred shares is 3.35%, which is calculated based on the issue price and the period within the days from the issue date until the redemption date. Dividends for the Series A preferred shares shall be declared once a year in cash. Once the annual audited financial statements have been acknowledged and the dividend distribution have been approved in the annual general meeting, the Board of Directors shall set the record date for the distribution of preference dividends of such financial year. Dividends for the year shall be calculated pursuant to actual outstanding days of the given years. Except for the statutory reasons, the Company is obligated to declare dividends. If the amount of dividend distribution to common shareholders exceeds the amount of the preference dividends in any given year, the preference shareholder shall be entitled to participate in the dividend distribution until the amount of preference dividend equals the amount of common dividend. If the Company proposes to distribute stock dividends or other assets to its common shareholders, the Company shall consequently distribute the equivalent stock dividends or other assets to the preference shareholders.

B. In the event that there are no earnings or insufficient profits to be distributed as preference dividends or if the Company otherwise considers it necessary, the Company may, by a resolution of the shareholders’ meeting, distribute less than the full amount of dividends on the Series A preferred shares or not to distribute any dividends at all. Any dividends on the Series A preferred shares not distributed in full, or not distributed pursuant to such resolution, shall not be accumulated for subsequent years and shall not constitute an event of default.

C. Except for the foregoing preferred dividends, the preference shareholders are not entitled to participate in any distribution of capital reserves to common shareholders.

D. On the day after three months of issuance, the preference shareholders may apply for the conversion of part or all of the preference shares held from preference shares to common shares, at the conversion ratio of 1 to 1. The preference shareholders who converted their preference shares into common shares shall not participate in the preference dividend distribution in the year of the conversion but may participate in the dividend distribution from earnings or capital reserves. After the preference shares are converted into common shares, except for the restrictions by law, their rights and obligations are the same as those with the common shares. The preference shareholders who converted their preference shares into common shares shall have their rights to claim for the preference dividend distribution unpaid before the year of the conversion. If the dividends of the Series A preferred Shares subject to such conversion have already been approved by a shareholders’ meeting prior to the conversion date, such approval shall remain unaffected. In addition, any Series A preferred shares that have been converted and are entitled to receive dividends on the Series A preferred shares pursuant to the preceding provisions shall not further participate in the distribution of earnings to ordinary shares or of capital surplus for the same year.

E. The preferred shareholders have the same voting right as the common shareholders, such as the right to elect and to be elected as directors and supervisors.

F. Any surplus assets of the Company available for distribution to Series A preferred shareholders shall be prioritized. Such distribution shall be capped at the respective issue price, plus the cumulative unpaid dividends. (The issue price may be adjusted due to stock split, capital adjustments, etc.) Except for the aforementioned distribution, the preference shareholders shall not participate in the liquidation distribution to common shareholders.

G. Upon any issuance of new shares by the Company through a cash capital increase, holders of Series A preferred shares and holders of common shares shall have preemptive rights to subscribe for such new shares in accordance with Article 267, paragraph 3 of the Company Act and other applicable laws and regulations.

H. Prior to the full conversion of all Series A preferred shares into common shares, if the Company proposes a capital reduction that would result in a proportionate decrease in the number of Series A preferred shares and thereby prejudice the rights of the holders of Series A preferred shares, such capital reduction shall be subject to the approval during a meeting of the holders of Series A preferred shares attended by shareholders representing at least two-thirds of the total issued Series A preferred shares, and approved by a majority of the voting rights represented by the holders of Series A preferred shares present at such meeting.

I. Prior to the full conversion of all Series A preferred shares into common shares, if the Company issues any preferred shares with rights or ranking equal or senior to those of the Series A preferred shares, such issuance shall be subject to the approval of a meeting of the holders of Series A preferred shares attended by shareholders representing at least two-thirds of the total issued Series A preferred shares, and approved by a majority of the voting rights represented by the holders of Series A preferred shares present at such meeting.

J. Prior to the full conversion of all Series A preferred shares into common shares, if the Company proposes any amendment to the Articles of Incorporation that would affect the rights of the Series A preferred shares, such amendment shall be subject to the approval of a meeting of the holders of Series A preferred shares attended by shareholders representing at least two-thirds of the total issued Series A preferred shares, and approved by a majority of the voting rights represented by the holders of Series A preferred shares present at such meeting.

According to the declaration from the preference shareholder, Embedded City, received by the Company in August 2024, the Company should not breach the preferred share subscription agreement. Otherwise, Embedded City will send a written notice to the Company requiring the Company to redeem its entire unconverted preference shares, held in part or in whole, by cash before July 2026.

According to the declaration from the preference shareholder, Embedded City, received by the Company on August, 2023, the Company should not breach the preferred share subscription agreement. Otherwise, Embedded City will send a written notice to the Company requiring the Company to redeem its entire unconverted preference shares, held in part or in whole, by cash before July, 2025.

(Continued)

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

The Company received a declaration from the preference shareholder, Embedded City, on May 2024, wherein Embedded City should receive the preference dividends for 2025 and 2024 according to the preference share subscription agreement and participate in dividend distribution declared in 2025 on ordinary shares such that Embedded City agrees on the dividend distribution for 2025 that belongs to net income in 2024, if the total amount of the preference shares (including the preference dividends and further participation in dividend distributions) reaches the adjusted net profit multiplied by the ownership proportion of preference shares of 70%, the excess of the Embedded City agrees not to continue to participate in the distribution.

(22) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Group were as follows:

		December 31, 2025	December 31, 2024
Present value of the defined benefit obligation	$	97,102	95,703
Fair value of plan assets		(126,189)	(119,719)
Net defined benefit liabilities (assets)	**$**	**(29,087)**	**(24,016)**
The Company	**$**	**(56,196)**	**(49,290)**
PORTWELL	**$**	**27,109**	**25,274**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group’ s Bank of Taiwan labor pension reserve account balance amounted to $126,189 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(Continued)

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

(b) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation of the Group for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	**2024**
Defined benefit obligation as of January 1	$ 95,703	94,338
Current service costs and interest	1,930	1,547
Remeasurements of the net defined benefit liabilities		
—Actuarial loss (gain) arising from demographic assumptions	-	12
—Actuarial loss (gain) arising from experience adjustments	3,372	4,243
—Actuarial loss (gain) arising from changes in financial assumptions	2,051	(3,452)
Benefits paid from plan assets	(5,954)	(985)
Defined benefit obligation as of December 31	**$ 97,102**	**95,703**

(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Group for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	**2024**
Fair value of plan assets as of January 1	$ (119,719)	(107,308)
Interest income	(2,087)	(1,451)
Remeasurements of the net defined benefit liabilities		
—Return on plan assets (excluding current interest)	(8,056)	(9,824)
Contributions made	(2,281)	(2,121)
Benefits paid from plan assets	5,954	985
Fair value of plan assets as of December 31	**$ (126,189)**	**(119,719)**

(Continued)

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

(d) Expenses recognized in profit or loss

The Group's expenses recognized in profit or losses for the years ended December 31, 2025 and 2024, were as follows:

	For the years ended December 31,		
		2025	2024
Current service costs	$	1,930	1,547
Net interest on the net defined benefit liabilities (assets)		(2,087)	(1,451)
	$	**(157)**	**96**

(e) Actuarial assumptions

The following are the Group's significant actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	December 31, 2025	December 31, 2024
Discount rate	1.400%~1.750%	1.650%~2.000%
Future salary increase rate	2.000%~3.000%	2.000%~3.000%

The Group expects to make a contribution of $2,089 thousand to its defined benefit plans in the following year, beginning December 31, 2025.

The weighted-average duration of the defined benefit obligation is 9 to 11.02 years.

(f) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2025 and 2024, the impact on the defined benefit obligation would be as follows:

		Impact on the defined benefit obligation	
		Increase 0.25%	Decrease 0.25%
December 31, 2025			
Discount rate	$	(2,051)	2,125
Future salary increase rate		2,064	(2,006)
December 31, 2024			
Discount rate	$	(2,149)	2,219
Future salary increase rate		2,165	(2,105)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other.

The approach used in recognizing the net defined liability in the balance sheets is the same as the one used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Group should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations. The total pension costs of the Group's overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations.

The Group's pension costs under the defined contribution plan were $84,554 thousand and $79,525 thousand for the years ended December 31, 2025 and 2024, respectively.

(23) Income tax

A. Income tax expenses:

The amounts of income tax expenses were as follows:

	For the years ended December 31, 2025	2024
Current income tax expense		
Current period	$ 1,085,347	693,093
Surtax on unappropriated retained earnings	37,147	4,281
Investment tax credit	(840)	(765)
Adjustment for prior period	815	(4,617)
	1,122,469	691,992
Origination and reversal of temporary differences	(17,462)	(41,658)
	$ 1,105,007	**650,334**

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

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

	For the years ended December 31, 2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	$ 762	1,804
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	(41,828)	69,957

The reconciliation of income tax expenses and income before income tax was as follows:

	For the years ended December 31, 2025	2024
Income before income tax	$ 4,665,361	2,577,447
Income tax at the Company's domestic tax rate	$ 933,072	515,489
Non-deductible expenses and others	130,558	131,302
Change in unrecognized deductible temporary differences	4,255	4,644
Investment tax credits	(840)	(765)
Surtax on unappropriated retained earnings	37,147	4,281
(Over) under-provision in prior periods	815	(4,617)
Total	$ 1,105,007	650,334

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
The carryforward of unused tax losses	$ 40,576	36,321

(Continued)

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

According to the tax laws of each Group entity, the tax losses of the Group (including domestic and foreign subsidiaries) are allowed to be used to offset against the taxable income in subsequent years. The net losses, as assessed by the tax authorities, of the domestic subsidiaries of the Group are allowed to be used to offset against the taxable income over a period of ten years for local tax reporting purposes. The net losses of the American subsidiaries of the Group are allowed to be used to offset against 80% of the taxable income for the year in subsequent years with no maturity date. As of December 31, 2025 and 2024, the amount of the carryforward of unused tax losses, which had not been recognized by the American subsidiaries, was 100,953 thousand and $93,099 thousand, respectively. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

In addition, as of December 31, 2025, the information of the domestic subsidiaries' unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2017	$ 18,597	2027
2018	15,770	2028
2020	3,939	2030
2021	2,113	2031
2022	1,082	2032
2023	4,579	2033
2024	18,848	2034
2025	10,978	2035
	$ 75,906	

(b) Recognized deferred tax assets and liabilities

Deferred tax assets:

	January 1, 2024	Recognized in income statement	Recognized in other comprehensive income	Exchange differences on translation of foreign financial statements	December 31, 2024	Recognized in income statement	Recognized in other comprehensive income	Exchange differences on translation of foreign financial statements	December 31, 2025
Equity method recognized the loss of foreign subsidiaries	$ 182,527	(32,667)	-	-	215,194	(36,724)	-	-	251,918
Unrealized gross profit on sale of goods	25,657	2,819	-	(1,558)	24,396	(1,918)	-	(1,773)	28,087
Provisions for warranties and advertising	16,674	3,938	-	(125)	12,861	(43,834)	-	82	56,613
Unrealized Inventory devaluation loss	37,293	(23,732)	-	(994)	62,019	(21,082)	-	733	82,368
Contract liabilities	23,788	6,102	-	(1,484)	19,170	(3,722)	-	881	22,011
Loss carryforwards	196,758	-	-	(13,016)	209,774	-	-	8,231	201,543
Defined benefit plans	5,535	148	-	-	5,387	158	(525)	-	5,754
Intangible assets and others	38,120	(338)	-	(1,478)	39,936	(9,729)	-	5,902	43,763
	$ 526,352	(43,730)	-	(18,655)	588,737	(116,851)	(525)	14,056	692,057

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

Deferred tax liabilities:

	January 1, 2024	Recognized in income statement	Recognized in other comprehensive income	Exchange differences on translation of foreign financial statements	December 31, 2024	Recognized in income statement	Recognized in other comprehensive income	Exchange differences on translation of foreign financial statements	December 31, 2025
Defined benefit plans	$ (13,510)	257	1,804	-	(15,571)	2,245	1,051	-	(18,867)
Foreign currency translation differences for foreign operations	(26,514)	-	69,957	-	(96,471)	-	(41,827)	-	(54,644)
Acquired through business combination	-	-	-	-	-	-	-	17,579	(17,579)
Others	(5,312)	1,815	-	358	(7,485)	12,938	-	(337)	(20,086)
	$ (45,336)	2,072	71,761	358	(119,527)	15,183	(40,776)	17,242	(111,176)

C. The Company's tax returns have been examined by the tax authorities through 2023.

(24) Capital and other equity

A. Issuance of Common and Preferred Shares

As of December 31, 2025 and 2024, the number of authorized ordinary shares was 2,000,000 thousand, with a par value of $10 per share. Of these authorized shares, $764,188 thousand shares and $762,378 thousand shares were issued and outstanding as of December 31, 2025 and 2024, respectively.

For the year ended December 31, 2025, employees of the Company exercised employee stock options for a total of 124 thousand shares, with an aggregate subscription price of $10,393 thousand. All legal registration procedures had been completed, and the subscription proceeds were fully collected. Accordingly, $1,240 thousand was recognized as share capital and NT$9,154 thousand was recognized as capital surplus. In addition, $570 thousand previously recognized as advance receipts for share capital was reclassified to share capital upon completion of the registration procedures.

For the year ended December 31, 2024, the Company received subscription proceeds of $60,372 thousand from 699 thousand ordinary shares subscribed by its employees. Of this amount, $6,240 thousand, 570 thousand, and $53,382 thousand were recognized as share capital, capital surplus from share capital, and capital surplus, respectively. As of December 31, 2024, the related registration procedures for 642 thousand of these ordinary shares had been completed, while the remaining 57 thousand shares have not yet completed the statutory registration procedures, all the subscription proceeds were fully collected.

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

A resolution wes approved during the Company's extraordinary general meeting held on July 30, 2025, for the amendment to the Articles of Incorporation. For details, please refer to note 6(21). As a result of such amendments, the Company’s share capital and capital surplus increased by $311,531 thousand and $4,283,558 thousand, respectively.

B. Capital surplus

	December 31, 2025	December 31, 2024
Paid-in capital in excess of par value	$ 484,740	471,624
Preferred share premium	2,220,225	-
Paid-in capital in excess of the par value derived from corporate bond conversion	186,826	186,826
Share options－bonds payable	87,533	87,533
Employee share options	46,470	28,825
Conversion right－preference share	2,098,524	35,191
Changes in equity of investments accounted for using equity method	26,555	26,555
Others	1,914	913
	$ 5,152,787	**837,467**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from the premium on the issuance of capital stock, treasury shares, the difference between the consideration and the carrying amount of subsidiaries acquired or disposed, as well as the earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increase by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

However, the capital surplus from the invalided share options of bonds payable which had been redeemed by the Company can only be used to offset any accumulated losses; the capital surplus from employee share options, share options, and conversion rights, cannot be used for any purpose.

C. Retained earnings

According to the Company’s Articles of Incorporation, if the Company incurs a year-end earnings, it shall first be used to offset against miscellaneous taxes and any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to, or greater than, the total paid in capital. Thenceforth, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Thenceforward, the remaining profit, together with any undistributed retained earnings, shall be distributed firstly to preference shareholders according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval, and then any remaining profit shall be distributed to ordinary shareholders.

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

The dividends policy of the Company is in line with its current and future operations development plans. Before the distribution of dividends, the Company shall first take into consideration the investment environment, capital requirements, the best capital expenditure budget, the competitive situation at both the domestic and international levels, and the interests of stockholders. Except that the distribution of preference share dividends is in accordance with the issuance conditions, the dividends should be more than 60% of the remaining profit after making up for all accumulated losses, as well as appropriation for legal reserve and special reserve. If the Company has no material investing plans, with the optimal capital budget satisfied and the dilution of earnings per share taken into account, the cash dividend should not be less than 25% of the total dividends. However, the ratio of cash dividends may be adjusted according to the overall economic situation, financial, business and operating factors.

(a) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

(b) Special reserve

According to the regulations of the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

The following are the appropriation of earnings in 2024 and 2023 which were approved during the annual shareholders' meeting held on June 11, 2025 and June 11, 2024, respectively:

	2024		**2023**	
	Amount per share (NTD)	**Total amount**	**Amount per share (NTD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 7.77	593,043	4.70	355,300
Dividends distributed to preference shareholders:				
Cash	$ 2.83	88,280	-	-

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

The following are the appropriation of earnings in 2025 which were proposed during the board's meeting held on March 5, 2026:

	2025	
	Amount per share (NTD)	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	**$ 11.47**	**877,085**
Dividends distributed to preference shareholders:		
Cash	**$ 11.47**	**357,327**

The preference share dividends of A Shares for 2024 was amounting to $153,935 thousand, were calculated based on annual interest rate of 3.35%.

The appropriation of retained earnings for 2024 is consistent with the resolutions proposed by the Board of Directors. The appropriation of earnings distribution for 2025 will be presented for resolution in annual shareholders' meeting. The related information will be available on the Market Observation Post System on the website after the meeting.

D. Other equity

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**
Balance at January 1, 2025	$ 89,512	(68,955)
Exchange differences on foreign operations	(109,991)	-
Exchange differences on associates accounted for using equity method	(2,676)	-
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(29,321)
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(1,783)
Balance at December 31, 2025	**$ (23,155)**	**(100,059)**

(Continued)

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2024	$ (115,061)	(59,800)
Exchange differences on foreign operations	201,139	-
Exchange differences on associates accounted for using equity method	3,434	-
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(7,826)
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(1,329)
Balance at December 31, 2024	**$ 89,512**	**(68,955)**

(25) Share-based payment

A. Information about the Company’s equity-settled share-based payment transactions for the years ended December 31, 2025 and 2024, are as follows:

	Employee share options		
	Issued in 2024	**Issued in 2022**	**Issued in 2019**
Grant date	June 4, 2024	March 1, 2022	April 1, 2019
Granted units	1,300	970	1,200
Contractual life	7 years	7 years	7 years
Recipients	Employees	Employees	Employees
Vesting condition	Note 1	Note 1	Note 1
Price per share (NTD)	136.5	101.5	107
Adjusted exercise price (NTD)	128.88	87.2	80.31

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

(Continued)

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

B. Details of the employee stock options are as follows:

(in thousands)	2025 Weighted average exercise price	2025 Number of options	2024 Weighted average exercise price	2024 Number of options
Outstanding at January 1	$ 119.56	1,827	89.67	1,296
Granted during the year (number)	-	-	136.50	1,300
Exercised during the year (number)	83.82	(124)	86.37	(699)
Expired during the year (number)	-	-	89.62	(70)
Outstanding at December 31	118.82	**1,703**	119.56	**1,827**
Exercisable at December 31	85.90	**259**	86.63	**329**

The details of the share options of the Group were as follows:

	December 31, 2025	December 31, 2024
Range of exercise price	80.31~128.88	82.54~132.46
Weighted average of remaining contractual period	0.25~5.42	1.25~6.42

The Company used Black-Scholes-Merton Model in measuring the fair value of the share-based payment issued in 2024, used Binomial Option Pricing Model in measuring the fair value of the share-based payment issued in 2022 and 2019. The measurement inputs were as follows:

	Issued in 2024	Issued in 2022	Issued in 2020
Share price at grant date	136.50	101.50	107
Exercise price	136.50	101.50	107
Expected volatility	31.34%~33.47%	25.60%	28.36%
Excepted life (years)	4.5~5.5 years	7 years	7 years
Risk-free interest rate	1.47%~1.50%	0.6534%	0.7000%

The amount of compensation costs, which were recognized as salaries expense, generated from share-based payment in 2025 and 2024 were $21,744 thousand and $14,630 thousand, respectively.

(Continued)

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

(26) Earnings per share

	For the years ended December 31, 2025	For the years ended December 31, 2024
Basic earnings per share:		
Net income attributable to the Company	$ 1,988,960	1,039,834
Net income attributable to preference shareholders	(576,007)	(88,346)
Net income attributable to ordinary shareholders of the Company	$ **1,412,953**	**951,488**
Weighted-average number of ordinary shares (in thousands)	**76,376**	**75,832**
Basic earnings per share	$ **18.50**	**12.55**

	For the years ended December 31 2025	For the years ended December 31 2024
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company (basic)	1,412,953	951,488
Interest expense on convertible preference shares	-	153,935
Net income attributable to ordinary shareholders of the Company (diluted)	**1,412,953**	**1,105,423**
Weighted-average number of ordinary shares (in thousands) (basic)	76,376	75,832
Employee remuneration	261	147
Employee share options	955	664
Convertible preference shares	-	31,153
Weighted-average number of ordinary shares (in thousands) (diluted)	**77,592**	**107,796**
Diluted earnings per share	$ **18.21**	**10.25**

(27) Revenue from contracts with customers

A. Disaggregation of revenue

	For the Years Ended December 31, 2025			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from sale of goods	$ 2,334,481	13,698,198	1,877,593	17,910,272
Revenue from warranty and managed services	5,994	232,855	-	238,849
	$ **2,340,475**	**13,931,053**	**1,877,593**	**18,149,121**

(Continued)

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

	For the Years Ended December 31, 2024			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from sale of goods	$ 2,425,740	9,259,314	1,888,744	13,573,798
Revenue from warranty and managed services	7,807	307,320	-	315,127
	$ 2,433,547	**9,566,634**	**1,888,744**	**13,888,925**

B. Contract liabilities

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities－current			
Sale of goods	$ 298,257	199,728	190,235
Warranty and managed services	75,272	102,429	125,094
	373,529	302,157	315,329
Contract liabilities－non-current			
Warranty and managed services	62,029	87,600	80,961
	$ 435,558	**389,757**	**396,290**

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

The amounts of revenue recognized for the years ended December 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were $196,631 thousand and $238,225 thousand, respectively.

(28) Remuneration to employees and directors

On June 11, 2025, the Company resolved at the annual shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, it the company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 2%~10% shall be allocated as employee remuneration (including a minimum of 40% to those base-level employees) , and no more than 4% to its directors as remuneration. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, may include employees of the subsidiaries who meet certain specific requirements. Directors' remuneration shall be paid in cash only. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 2%~10% should be allocated as employee remuneration and no more than 4% as remunerations for directors.

(Continued)

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

The remunerations to employees amounted to $41,374 thousand and $45,579 thousand, as well as the remunerations to directors amounted to $25,859 thousand and $14,243 thousand for the years ended December 31, 2025 and 2024, respectively. These amounts were calculated using the Company' s net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts approved by the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the years ended December 31, 2024 and 2023, the remunerations to employees amounted to $45,579 thousand and $10,197 thousand, and the remunerations to directors amounted to $14,243 thousand and $5,099 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.

(29) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2025	**2024**
Interest income from bank deposits	$ 122,466	90,224
Interest income on lease receivable	17	70
Other interest income	25	29
	$ 122,508	**90,323**

B. Other income

	For the years ended December 31,	
	2025	**2024**
Rental income	$ 23,055	22,157
Dividend income	982	15
	$ 24,037	**22,172**

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

C. Other gains and losses

	For the years ended December 31, 2025	For the years ended December 31, 2024
Gains on disposal of property, plant and equipment	$ 1,288	1,792
Foreign exchange (losses) gains, net	(63,932)	93,028
Net gains (losses) on financial assets and liabilities at FVTPL	18,270	(9,595)
Others	19,273	24,017
	$ (25,101)	**109,242**

D. Finance costs

	For the years ended December 31, 2025	For the years ended December 31, 2024
Interest expenses on bank loans	$ 29,905	31,743
Interest expenses on lease liabilities	12,597	15,531
Interest expenses on preference share liabilities	-	153,935
	$ 42,502	**201,209**

(30) Financial Instruments

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 December 31, 2025 and 2024, The amounts of Customers account for more than 10% of the Group’ s accounts receivable were $508,487 thousand and $1,359,523 thousand, respectively, resulting in the Group’ s accounts receivable were concentrated, but have evaluated the possibility of collecting accounts receivable periodically and recognize loss allowances properly, the authority expect the situation will not lead to significant loss in the future.

(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.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 24 months expected credit losses.

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
December 31, 2025					
Non-derivative financial liabilities					
Short-term borrowings	$ 371,660	374,745	374,745	-	-
Lease liabilities	415,628	486,405	83,726	102,273	300,406
Long-term borrowings (including current portion)	66,371	74,079	9,567	36,183	28,329
Guarantee deposits received	105,830	105,830	1,230	103,415	1,185
	$ 959,489	**1,041,059**	**469,268**	**241,871**	**329,920**

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	$ 850,875	859,815	859,815	-	-
Lease liabilities	470,630	555,282	91,306	150,529	313,447
Long-term borrowings (including current portion)	72,159	78,078	16,768	25,647	35,663
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	142,277	142,277	168	140,924	1,185
	$ 6,131,030	**6,230,541**	**968,057**	**4,912,189**	**350,295**

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:

	December 31, 2025		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 52,938	31.416	1,663,086
CNY	6,384	4.496	28,703
Investments accounted for using equity method			
USD	1,645	31.416	51,677
Financial liabilities			
Monetary items			
USD	19,958	31.416	626,994

	December 31, 2024		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 49,318	32.785	1,616,885
CNY	7,494	4.478	33,557
Investments accounted for using equity method			
USD	1,709	32.785	56,017
Financial liabilities			
Monetary items			
USD	27,851	32.785	913,097
CNY	775	4.478	3,471

(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 (weakening) strengthening of 5% of the NTD against the USD and CNY, as of December 31, 2025 and 2024, would have increased (decreased) the comprehensive income $42,592 thousand and $29,354 thousand for the years ended December 31, 2025 and 2024, respectively.

(c) Foreign exchange gains or losses on monetary items

Due to the variety of the functional currencies of the Group's entities, the Group's foreign (losses) gains on monetary items amounted to $(63,932) thousand and $93,028 thousand for the year ended December 31, 2025 and 2024, respectively.

D. Interest rate risk

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

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

If the interest rate had increased or decreased by 1%, the Group's net income would have decreased or increased by $3,504 thousand and $7,384 thousand for the year ended December 31, 2025 and 2024, 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 FVTPL and FVOCI is measured on a recurring basis. The Group's carrying amount and the fair value of financial assets (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts, and lease liabilities), were as follows:

	December 31, 2025				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Forward foreign exchange contract	$ 193	-	193	-	193
Foreign convertible promissory note	137,789	-	-	137,789	137,789
	$ 137,982	**-**	**193**	**137,789**	**137,982**
Financial liabilities at FVTPL					
Forward foreign exchange contract	**$ 1,620**	**-**	**1,620**	**-**	**1,620**
Financial assets at FVOCI					
Domestic listed stocks	$ 487	487	-	-	487
Domestic emerging market shares	26,402	-	13,461	12,941	26,402
Domestic unlisted stocks	27,016	-	-	27,016	27,016
Foreign unlisted stocks	16,538	-	-	16,538	16,538
	$ 70,443	**487**	**13,461**	**56,495**	**70,443**

(Continued)

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

	December 31, 2024				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Foreign convertible promissory note	$ **31,427**	**-**	**-**	**31,427**	**31,427**
Financial assets at FVOCI					
Forward foreign exchange contract	$ **1,852**	**-**	**-**	**1,852**	**1,852**
Financial assets at FVOCI	-	-	-	-	-
Domestic listed stocks	$ 517	517	-	-	517
Domestic emerging market shares	68,052	-	20,448	47,604	68,052
Domestic unlisted stocks	27,203	-	-	27,203	27,203
Foreign unlisted stocks	23,490	-	-	23,490	23,490
	$ **119,262**	**517**	**20,448**	**98,297**	**119,262**

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

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

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

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

A. Non-derivative

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

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

B. Derivative

The fair value is measured using the public quotation. When a public quotation cannot be obtained, the fair value will be based on third-party pricing information. Forward foreign exchange contracts are usually valued based on the current forward exchange rate.

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

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

(e) Reconciliation of level 3 fair values:

	Financial assets at FVTPL-convertible promissory note	Financial assets at FVOCI-equity investments without at active market
Balance as of January 1, 2025	$ 31,427	98,297
Purchase	70,915	-
Total gains and losses		
Recognized in income	35,447	-
Recognized in other comprehensive income	-	(41,801)
Balance as of December 31, 2025	**$ 137,789**	**56,496**

	Financial assets at FVTPL-convertible promissory note	Financial assets at FVOCI-equity investments without at active market
Balance as of January 1, 2024	$ -	108,611
Purchase	31,320	-
Total gains and losses		
Recognized in income	107	-
Recognized in other comprehensive income	-	(10,314)
Balance as of December 31, 2024	**$ 31,427**	**98,297**

The total gains and losses that were included in “other gains and losses” and “unrealized gains and losses on financial assets at fair value through other comprehensive income” mentioned above.

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

The Group’s financial instruments that use Level 3 inputs to measure their fair value include financial assets at FVTPL – convertible promissory note and financial assets at FVOCI – equity investments.

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

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

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTPL-convertible promissory note-Banyan Hills	Options approach	• volatility as of December 31, 2025 and 2024 were 65.03% and 53.65%, respectively.	Not applicable
Financial assets at FVTPL-convertible promissory note-Bluechip	Options approach	• volatility as of December 31, 2025 was 27.08%	Not applicable
Financial assets at FVOCI－equity investments without	Market approach	• Price-to-book ratios as of December 31, 2025 and 2024 were 1.07 and 2.69). • Liquidity discount as of December 31, 2025 and 2024 were 41.54% and 19.32%, respectively.	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.
Financial assets at FVOCI－equity investments without an active market	Asset approach	• Net asset value. • Liquidity discount as of December 31, 2025 and 2024 were 30%.	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.

(31) Financial risk management

A. Overview

The Group have exposures to the following risks from its financial instruments:

(a) credit risk

(b) liquidity risk

(c) market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables generated from operation.

(a) Receivables

To maintain the quality of receivables, the Group has established credit policies to manage its credit risks. When assessing the credit risk of each customer, the Group considers each customer’s ability of payment through their financial position, aging analysis of receivables, historical transaction records, etc. In addition, the Group may request specific customers to reduce their credit risks by paying guarantee, payment in advance, and credit insurances.

(b) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group’s finance department. The Group only deals with banks with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(c) Guarantees

For the related information of guarantees, please refer to note 13.

D. Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group' s entities. The currencies used in these transactions are the USD.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group' s exposures to risk from changes in interest rates arise primarily from the Group's bank loans with floating interest rates. The financing decision of the Group is determined by the chairman authorized by the Board of Directors.

(32) Capital management

The Group's objective for managing capital is to ensure there is sufficient financial resources and necessary operating plans to maintain the working capital, capital expenditures, debt repayment and dividend payment in the subsequent 12 months.

The Group' s management regularly reviews its capital structure (including loans and equity) and considers each capital cost and relevant risks. In order to balance the overall capital structure, the Group may adjust the dividend payment to its shareholders, issue new shares, redeem outstanding shares, raise a loan or repay loans according to the management's suggestion.

There were no changes in the Group' s approach to capital management during the year ended December 31, 2025.

The Group's debt-to-adjusted-capital ratio at the reporting date was as follows:

	December 31, 2025	December 31, 2024
Total liabilities	$ 5,039,033	9,792,427
Less: cash and cash equivalents	(5,752,224)	(3,813,326)
Net debt	**$ (713,191)**	**5,979,101**
Total equity	**$ 14,835,131**	**7,852,338**
Debt-to-adjusted-capital ratio	**(4.81)%**	**76.14%**

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

(33) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2025	Cash flow	Non-cash changes: Foreign exchange movement	Non-cash changes: Other changes	December 31, 2025
Short-term borrowings	$ 850,875	(465,715)	(13,500)	-	371,660
Lease liabilities (including current portion)	470,630	(81,151)	1,851	24,298	415,628
Guarantee deposits received	142,277	(29,511)	(6,936)	-	105,830
Long-term borrowings (including current portion)	72,159	(2,814)	(2,974)	-	66,371
	$ 1,535,941	(579,191)	(21,559)	24,298	959,489

	January 1, 2024	Cash flow	Non-cash changes: Foreign exchange movement	Non-cash changes: Other changes	December 31, 2024
Short-term borrowings	$ 959,809	(121,703)	12,769	-	850,875
Lease liabilities (including current portion)	446,922	(77,488)	10,747	90,449	470,630
Guarantee deposits received	135,162	(169)	7,284	-	142,277
Long-term borrowings (including current portion)	92,092	(17,319)	(2,614)	-	72,159
	$ 1,633,985	(216,679)	28,186	90,449	1,535,941

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
Acer Inc. (Acer) (Note 1)	Parent Company
MiTwell, Inc. (MiTwell) (Note 2)	Associate
LePOS Limited (Note 3)	Associate
Qugo Travel Technologies Private Limited (QUGO)	Associate
WELINK SOLUTIONS Inc. (WELINK)	Subsidiary of associate
Esquarre Capital Taiwan Branch (Esquarre)	Substantive related party
Weblink International Inc. (Note 4)	Other related parties
Acer Synergy Manpower Corp. (Note 4)	Other related parties
Acer e-Enabling Service Bussiness Inc. (Note 4)	Other related parties
Apacer Technology Inc. (Note 5)	Other related parties
Bluechip Infotech Pty Ltd (Note 4)	Other related parties

(Continued)

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

Name of related parties	Relationship with the Group
Goodson Imports Pty Ltd (Note 6)	Other related parties
All directors, general manager, and deputy general managers	Key management personnel of the Group

(Note 1) Acer Inc. obtained control over the Company on July 1, 2025 and has become the parent company of the Group thereafter.
(Note 2) MiTwell renamed its Chinese name in May 2024.
(Note 3) LPK Limited rename as LePOS Limited in October 2024.
(Note 4) The Company is a subsidiary of Acer Inc, which indirectly acquired the entire equity interests of Embedded City Taiwan Limited, a major shareholder of the Company, on April 30, 2025. As a result, Acer Inc. obtained a significant influence over the Group. Accordingly, Acer Inc. and its subsidiaries have become related parties of the Group.
(Note 5) The Company is an associate of Acer Inc. and has become a related party of the Group since July 1, 2025.
(Note 6) In October 2025, the Group invested in the convertible promissory notes issued by Bluechip Infotech Pty Ltd, a subsidiary of Acer Inc., providing capital to Bluechip to acquire 70% of its existing equity interests in Goodson Imports Pty Ltd., who became a related party of the Group thereafter.

(2) Significant related-party transactions

A. Operating revenue

	For the years ended December 31,	
	2025	2024
Associates and their Subsidiaries	$ 24,396	113,413
Other related parties	9,394	-
	$ 33,790	113,413

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

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

	December 31, 2025	December 31, 2024
Associates and their Subsidiaries	$ 2,569	21,805
Other related parties	9,268	-
	$ 11,837	21,805

B. Purchases

	For the years ended December 31,	
	2025	**2024**
Parent company	$ 697	-
Associates and their Subsidiaries	246,479	228,176
Other related parties	24,583	-
	$ 271,759	**228,176**

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:

	December 31, 2025	**December 31, 2024**
Associates and their Subsidiaries	$ 17,020	17,621
Other related parties	4,752	-
	$ 21,772	**17,621**

C. Property transactions

(a) Acquisition of property

For long-term investments strategies, the Group subscribed to the 2-year zero-coupon convertible promissory notes issued by Bluechip Infotech Pty Ltd in October 2025 for AUD $3,525 thousand (NTD $70,915 thousand), wherein the company has the right to convert them into preferred shares before maturity. Please refer notes 6(2), 6(30) and table 2 for related information.

(b) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	For the years ended December 31,			
	2025		**2024**	
	Disposal price	**Gain from disposal**	**Disposal price**	**Gain from disposal**
Key management personnel of the Group	**$ 333**	**170**	**-**	**-**

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

D. Other transactions

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

	For the years ended December 31,	
	2025	**2024**
Parent company	$ 2,097	-
Substantive related party	6,000	6,000
Associates and their Subsidiaries	4,971	5,030
Other related parties	7,523	-
	$ 20,591	**11,030**

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

	December 31, 2025	**December 31, 2024**
Associates and their Subsidiaries	$ 46	233
Other related parties	162	-
	$ 208	**233**

Accounts payable of Subsidiary of associate mentioned above including collection and payment on behalf.

(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 years ended December 31,	
	2025	**2024**
Associates and their Subsidiaries	**$ 5,885**	**4,396**

As of December 31, 2025 and 2024, the Group received the rental guaranteed deposits of $403 thousand and $528 thousand, respectively.

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

	December 31, 2025	**December 31, 2024**
Associates and their Subsidiaries	**$ 3,363**	**2,906**

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

(3) Transactions with key management personnel

Key management personnel compensation comprised the following:

	For the years ended December 31, 2025	For the years ended December 31, 2024
Short-term employee benefits	$ 372,639	323,091
Post-employment benefits	11,080	4,540
Share-based payment	8,844	7,598
	$ 392,563	**335,229**

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(25) 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	December 31, 2025	December 31, 2024
Security deposit for loans (recognized as other financial assets－current)	Collateral for short-term bank loans	$ -	1,152
Property, plant and equipment	Collateral for bank borrowing	1,892,317	1,943,537
Cash in bank (recognized as financial assets at amortized cost)	Collateral for short-term bank loans	-	15,000
Time deposits (recognized as financial assets at amortized cost)	Collateral for long-term and short-term bank loans	474,891	570,206
Guarantee deposits paid (recognized as other financial assets－non-current)	Lease guarantee	29,004	23,221
Equipment waiting for inspection (recognized as other assets－non-current)	Collateral for long-term and bank loans	-	9,819
		$ 2,396,212	**2,562,935**

9. Significant Commitments and Contingencies

Company A, a customer of the Group, provided the guarantee deposit amounting to $102,688 thousand (USD $3,269 thousand) to ensure the delivery of its order. The deposit is not deductible to the payables and shall be fully refunded to Company A after the end of the project. The deposit received by the Group had been recognized as guarantee deposits received-non-current.

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

10. Significant Casualty Loss: None.

11. Significant Subsequent Events:

On January 9, 2026, the group resolved at a board meeting to invest in GDX Holdings Ltd. in an amount not exceed NTD$592,500 thousand to acquire a 49.375% equity interest, for the purpose of participating in GDX Holdings Ltd. public tender offer for the acquisiton of shares of Godex International Co. Ltd.

12. Other

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

By function / By item	For the years ended December 31, 2025			For the years ended December 31, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	776,694	2,814,494	3,591,188	640,734	2,348,041	2,988,775
Labor and health insurance	52,425	156,548	208,973	46,697	140,469	187,166
Pension	17,376	67,021	84,397	16,935	62,686	79,621
Others	24,756	82,671	107,427	21,945	76,350	98,295
Depreciation (Note)	101,215	170,831	272,046	91,294	162,745	254,039
Amortization	463	17,748	18,211	16,071	53,885	69,956

Note: For the year ended December 31, 2025 and 2024, the deprecation expenses of the assets leased to the third parties under operating leases amounted to $183 thousand and $182 thousand recognized as deductions of rental revenue.

(2) Seasonality of operations

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

13. Other disclosures:

(1) Information on significant transactions:

The followings were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2025:

A. Loans to other parties:None

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

C. Significant securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 2.

D. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 3.

(Continued)

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

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

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

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

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

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

(iii) Significant transactions:

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

14. Segment information:

(1) General information

The Group has three reportable segments: Domestic segment, U.S.A segment and other segment. The domestic segment is mainly engaged in research, design, manufacturing, sales and after-sales service. The U.S.A. segment is mainly engaged in manufacturing, sales and after-sales service in the U.S.A. The other segment is mainly engaged in sales and after-sales service.

(2) Information about reportable segments and their reconciliations

Segment results excluded administrative expenses, research and development expenses, non-operating income and expenses, as well as tax expenses (income). There were no differences between the consolidated financial statements for the years ended December 31, 2025 and 2024 and the financial results obtained by the Company's chief operating decision maker. The accounting policies for the operating segments are the same as those used in preparation of the consolidated financial statements of the Company.

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

	For the year ended December 31, 2025			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	**$ 2,340,475**	**13,931,053**	**1,877,593**	**18,149,121**
Reportable segment profit	**$ 556,424**	**6,407,079**	**235,922**	**7,199,425**
Total segment assets				$ 19,659,701
Investments accounted for using equity method				214,463
Total assets				**$ 19,874,164**

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

	For the year ended December 31, 2024			
	Domestic	U.S.A.	Others	Total
Revenue from external customers	$ 2,433,547	9,566,634	1,888,744	13,888,925
Reportable segment profit	$ 577,424	3,955,391	258,736	4,791,551
Total segment assets				$ 17,409,488
Investments accounted for using equity method				235,277
Total assets				$ 17,644,765

(3) Product and service information

For the information of product and service in 2025 and 2024, please refers to note 6(27).

(4) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	For the years ended December 31,	
Geographical information	2025	2024
Revenue from external customers:		
Taiwan	$ 513,742	427,323
United States	13,525,120	9,182,803
Other countries	4,110,259	4,278,798
	$ 18,149,121	13,888,924

Geographical information	December 31, 2025	December 31, 2024
Non-current assets:		
Taiwan	$ 3,274,944	3,113,727
United States	3,575,777	3,102,715
Other countries	227,329	242,223
	$ 7,078,050	6,458,665

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

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

(5) Major customers

There is no revenue from separate customer exceeding 10% of the total revenue of the Group in 2025 and 2024.

	For the years ended December 31,			
	2025		2024	
	Amount	Percentage of net operating revenue for current period	Amount	Percentage of net operating revenue for current period
Customer A	$ 9,317,565	51	5,607,972	40

Posiflex Technology, Inc. and Subsidiaries
Guarantees and endorsements for other parties
For the Year Ended December 31, 2025

Table 1 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of the reporting date (Note 4)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of the accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of the subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of the parent company	Endorsements/ guarantees to third parties on behalf of the companies in Mainland China	Note
		Name	Relationship with the Company (Note 1)											
0	The Company	PBM and KIOSK	b	20,639,024	265,640	251,328	163,363	-	2.44 %	20,639,024	Y	N	N	
0	The Company	KIOSK	b	20,639,024	534,072	534,072	172,003	-	5.18 %	20,639,024	Y	N	N	
0	The Company	PTIL	b	20,639,024	52,873	52,873	24,033	-	0.51 %	20,639,024	Y	N	N	
0	The Company	MUSTEK	b	20,639,024	18,393	18,393	-	-	0.18 %	20,639,024	Y	N	N	
1	APT	PORTWELL	c	8,926,062	498,075	-	-	-	- %	8,926,062	N	N	N	
2	PTIL	MUSTEK	b	109,723	62,240	-	-	-	- %	109,723	N	N	N	

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

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

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

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

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

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

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

e. Limit for the total endorsements/ guarantees amount shall not exceed 150% of the latest financial statements of PTIL's net assets, and it shall not exceed 200% of the latest financial statements of the Company's net assets as well. The amount of endorsements/ guarantees for any single entity shall not exceed 150% of the latest financial statements of PTIL's net assets and it shall not exceed 200% of the lastest statements of the Company's net assets as well.

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

Note 3: The ratio of endorsements/guarantees to net assets from the financial statements of the Company for the year ended December 31, 2025.

Note 4: Both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PBM and KIOSK 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 KIOSK each amounted to US$17,000 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PTIL each amounted to US$1,683 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for MUSTEK each amounted to US$585 thousand; the highest balance and the balance at the end of the period of the endorsements/guarantees by APT for PORTWELL amounted to US$15,000 thousand and US$0, respectively; the highest balance and the balance at the end of the period of the endorsements/guarantees by PTIL for MUSTEK amounted to INR$160,000 thousand and INR$0 thousand, respectively. The ending balance of endorsements/guarantees with NTD was calculated by the exchange rate of US$1:NT$31.416; INR$1=NTD$0.3495 as of December 31,2025.

Posiflex Technology, Inc. and Subsidiaries

Significant Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures)

As of December 31, 2025

Table 2 (In Thousands of New Taiwan Dollars/share)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Maximum Shareholding in the Interim	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Banyan Hills Technologies, Inc. convertible promissory note	-	Financial assets at fair value through profit and loss－non-current	-	30,066 (USD957)	-	30,066 (USD957)	-	
PORTEWLL	Bluechip Infotech Pty Ltd convertible promissory note	Other related parties	Financial assets at fair value through profit and loss－non-current	-	107,723 (AUD5,139)	-	107,723 (AUD5,139)	-	
PORTEWLL	Welink Solutions, Inc.' stock	Subsidiary of associate	Financial assets at fair value through other comprehensive income－non-current	1,935,346	27,016	9.68 %	27,016	1,935,346	

Note 1: For more information about the investment of subsidiaries, associates and joint ventures, please refer to Tables 6 and 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 Year Ended December 31, 2025

Table 3 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	PBM	Subsidiary	Sale	(200,271)	(9) %	Net 150 days from invoice date	-	-	232,055	29%	Note
The Company	PJ	Subsidiary	Sale	(118,603)	(5) %	Net 120 days from invoice date	-	-	50,027	6%	Note
The Company	PTIL	Subsidiary	Sale	(180,304)	(8) %	Net 150 days from invoice date	-	-	118,415	15%	Note
PORTWELL	APT	Subsidiary	Sale	(7,485,116)	(88) %	Net 22 days from invoice date	-	-	78,522	16%	Note
PORTWELL	EPT	Subsidiary	Sale	(139,359)	(2) %	Net 120 days from the end of the month	-	-	181,844	38%	Note

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

Posiflex Technology, Inc. and Subsidiaries

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

For the Year Ended December 31, 2025

Table 4 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance	Note
					Amount	Action taken			
The Company	PBM	Subsidiary	232,055	1.31	128,844	Strengthen collections of receivables	16,751	-	Note
The Company	PTIL	Subsidiary	118,415	1.37	68,702	Strengthen collections of receivables	25,968	-	Note
PORTWELL	EPT	Subsidiary	181,844	1.16	97,045	Strengthen collections of receivables	3,658	-	Note

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

Posiflex Technology, Inc. and Subsidiaries

Business relationships and significant intercompany transactions

For the Year Ended December 31, 2025

Table 5 (In Thousands of New Taiwan Dollars)

No. (Note 2)	Name of company	Name of counter-party	Nature of relationship (Note 3)	Intercompany transactions			
				Account (Note 5)	Amount	Trading terms	Percentage of the consolidated total revenue or total assets (Notes 1, 4)
0	The Company	PBM	1	Sales revenue	200,271	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price	1 %
0	The Company	PBM	1	Accounts Receivable	232,055	Net 150 days from invoice date	1 %
1	PORTWELL	APT	3	Sales Revenue	7,485,116	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	41 %

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 Year Ended December 31, 2025

Table 6 (In Thousands of New Taiwan Dollars/ Share)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value				
The Company	PORTWELL	Taiwan	Research and development, manufacture, and sale of industrial computers and peripheral equipment, and related software services	2,534,078	2,534,078	54,070,812	55.00 %	5,118,711	54,070,812	3,524,039	1,925,025	Subsidiary (Notes 1,2)
The Company	PBM	U.S.A.	Import and export of Posiflex brand-name products	3,413,718	2,810,494	417,034,408	100.00 %	2,313,488	417,034,408	(159,419)	(159,419)	Subsidiary (Notes 1,3)
The Company	PIC	Seychelles	Import and export of Posiflex brand-name products	107,055	107,055	-	100.00 %	48,989	-	(11,633)	(11,633)	Subsidiary (Note 1)
The Company	PENETEK	Taiwan	Manufacture and sale of computers and peripheral equipment	36,910	36,910	3,691,000	61.52 %	26,875	3,691,000	(10,536)	(6,482)	Subsidiary (Note 1)
The Company	KOMING	Taiwan	Import and export and software services	15,000	15,000	1,500,000	100.00 %	10,549	1,500,000	138	138	Subsidiary (Note 1)
The Company	PBMM	Malaysia	Import and export of Posiflex brand-name products	7,795	7,795	801,214	83.46 %	13,877	801,214	1,207	1,007	Subsidiary (Note 1)
The Company	PTSC	Argentina	Import and export of Posiflex brand-name products	15,151	15,151	-	100.00 %	(26)	-	-	-	Subsidiary (Note 1)
The Company	ONK Cloud	Taiwan	Software services	3,196	3,196	319,667	99.90 %	82	319,667	-	-	Subsidiary (Note 1)
The Company	PG	Germany	Import and export of Posiflex brand-name products	67,989	67,989	-	100.00 %	22,548	-	(7,011)	(7,011)	Subsidiary (Note 1)
The Company	PTIL	India	Import and export of Posiflex brand-name products	8,441	8,441	51,000	51.00 %	28,398	51,000	(5,729)	(2,921)	Subsidiary (Note 1)
The Company	PTPL	Singapore	Import and export of Posiflex brand-name products	11,612	11,612	500,000	100.00 %	1,315	500,000	(2,100)	(2,100)	Subsidiary (Note 1)
The Company	PJ	Japan	Import and export of Posiflex brand-name products	43,162	43,162	2,400	100.00 %	(5,297)	2,400	306	306	Subsidiary (Note 1)
The Company	LePOS	Hong Kong	Import and export	52,403	52,403	17,500	35.00 %	51,677	17,500	(5,675)	(1,986)	Investment accounted for using the equity method

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2025	Original investment amount December 31, 2024	Balance as of December 31, 2025 Shares	Balance as of December 31, 2025 Percentage of ownership	Balance as of December 31, 2025 Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	KIOSKTW	Taiwan	Software services	29,000	20,000	2,900,000	100.00 %	22,657	2,900,000	6,577	6,577	Subsidiary (Notes 1, 4)
ONK Cloud	ONK International	Samoa	Investment and holding activity	5,027	5,027	-	100.00 %	(95)	-	-	-	Subsidiary (Note 1)
PBM	KIA	U.S.A.	Investment and holding activity	3,295,755	3,295,755	1,012,355	82.00 %	1,768,556	1,012,355	(30,538)	(25,047)	Subsidiary (Note 1)
PBM	PBMLC	U.S.A.	Investment and holding activity	626,840	-	-	100.00 %	629,183	-	(2,262)	(2,262)	Subsidiary (Notes 1, 5)
PTIL	MUSTEK	India	Import and export of Posiflex brand-name products	48	48	10,000	82.00 %	9,109	10,000	924	758	Subsidiary (Note 1)
PTIL	QUINTA	India	Import and export of Posiflex brand-name products	931	931	69,999	70.00 %	(9,747)	69,999	68	47	Subsidiary (Note 1)
QUINTA	QUGO	India	Ecommerce platform for travel	474	474	12,500	25.00 %	(27)	12,500	916	229	Investment accounted for using the equity method
PORTWELL	APT	U.S.A.	Research and development,manufacture, and sale of industrial computers and peripheral equipment, andrelated software services	909,329	909,329	42,777,780	100.00 %	4,409,326	42,777,780	888,888	888,888	Subsidiary (Note 1)
PORTWELL	PJI	Japan	Manufacture and sale of industrial computers and peripheral equipment, and related software services	31,383	31,383	1,980	99.00 %	163,074	1,980	12,125	12,004	Subsidiary (Note 1)
PORTWELL	DEVELOPMENT	Samoa	Investment and holding activity	91,840	91,840	2,800,000	100.00 %	41,826	2,800,000	(3,372)	(3,372)	Subsidiary (Note 1)
PORTWELL	EPT	Netherland	Sale of industrial computers and peripheral equipment, and related software services	208,574	208,574	45,000	100.00 %	40,566	45,000	(97,190)	(97,190)	Subsidiary (Note 1)
PORTWELL	PIT	India	Manufacture and sale of industrial computers and peripheral equipment	14,470	14,470	2,877,776	51.00 %	7,195	2,877,776	5,567	2,839	Subsidiary (Note 1)
PORTWELL	PKI	South Korea	Sale of industrial computers and peripheral equipment, and related software services	36,457	36,457	278,153	100.00 %	(3,099)	278,153	(271)	(271)	Subsidiary (Note 1)
PORTWELL	GANLOT	Taiwan	Sale of industrial computers and peripheral equipment, and related software services	16,800	16,800	2,800,000	100.00 %	61,213	2,800,000	(849)	(849)	Subsidiary (Note 1)
PORTWELL	MiTwell	Taiwan	Sale of industrial computers and peripheral equipment, and related software services	64,047	64,047	6,097,663	18.86 %	162,813	6,097,663	(70,013)	(13,161)	Investment accounted for using the equity method

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value				
PORTWELL	HOLDWEL	Cayman Islands	Investment and holding activity	233,441	233,441	120,000,000	100.00 %	337,003	120,000,000	(3,831)	(3,621)	Subsidiary (Note 1)
PORTWELL	WINCOMM CORPORATION	Taiwan	Manufacture and sale of computers and peripheral equipment	299,239	-	10,764,000	41.00 %	299,239	10,764,000	5,931	-	Subsidiary (Notes 1, 6)
APT	KIA	U.S.A.	Investment and holding activity	525,215	525,215	222,225	18.00 %	511,036	222,225	(30,538)	(5,497)	Subsidiary (Note 1)
DEVELOPMENT	HOLDING	Samoa	Investment and holding activity	91,840	91,840	2,800,000	100.00 %	42,497	2,800,000	(3,372)	(3,372)	Subsidiary (Note 1)
EPT	KES	Germany	Manufacture and sale of self-service equipment and software	59,953	59,953	1	100.00 %	94,822	1	2,790	2,790	Subsidiary (Note 1)
EPT	PUK	U.K.	Sale of industrial computers and peripheral equipment	3,883	3,883	200,000	100.00 %	15,168	200,000	489	489	Subsidiary (Note 1)
EPT	KESI	Italy	Sale of industrial computers and peripheralequipment	1,586	1,586	50,000	100.00 %	4,693	50,000	1,455	1,455	Subsidiary (Note 1)
HOLDWEL	MEDWELL	Taiwan	Sale of computers and peripheral equipment	92,000	92,000	9,200,000	100.00 %	253,155	9,200,000	(2,183)	(2,183)	Subsidiary (Note 1)
WINCOMM CORPORATION	Wincomm Corporation (USA)	U.S.A.	Sale of computers and peripheral equipment	3,114	-	1,000,000	100.00 %	3,864	1,000,000	2,006	-	Subsidiary (Notes 1, 6)
WINCOMM CORPORATION	Wincomm Japan Corporation	Japan	Sale of computers and peripheral equipment	1,092	-	4,000	100.00 %	2,596	4,000	(22)	-	Subsidiary (Notes 1, 6)

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.
Note 2: Share of profits / losses of investee includes the amortized adjustment caused by consilidation.
Note 3: On May 8, 2025, PBM resolved at the board meeting to conduct a cash capital increase in the amount of USD $25,000 thousand, which has been fully subscribed by the Group, of which USD $20,100 thousand (NTD $603,224 thousand) had been paid as of December 31, 2025.
Note 4: KIOSKTW increased its capital by cash in March 2025 which was fully subscribed by Group.
Note 5: In April 2025, the Group established a new subsidiary, PBMLC, for the purpose of purchasing real estate. As of December 31, 2025, the registration process has been completed; the share capital amounted to USD $20,100 thousand (NTD $631,462 thousand).
Note 6: In addition to acquiring a 41% equity interest in WINCOMM CORPORATION for NT$299,239 thousand on December 30, 2025. Moreover, the Group also entered into a written agreement, which became effective upon the closing date, with the shareholders of WINCOMM CORPORATION on October 1, 2025, resulting in the Group to obtain a majority of the voting rights in WINCOMM CORPORATION, who, together with its subsidiaries, became subsidiaries of the Group thereafter; and thus, have been included in the consolidated financial statements beginning December 30, 2025.

Posiflex Technology, Inc. and Subsidiaries
Information on investment in Mainland China
For the Year Ended December 31, 2025

Table 7 (In Thousands of New Taiwan Dollars)

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

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 3)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025 (Note 4)	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2025 (Note 4)	Net income (losses) of the investee	Percentage of ownership	Maximum Shareholding in the Interim	Investment income (losses) (Note 1)	Book value	Accumulated remittance of earnings in current period	Note
Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	109,956	(Note 5)	109,956	-	-	109,956	(11,633)	100.00%	100.00%	(11,633)	48,989	-	
ONK Clouding Shanghai (ONK Shanghai)	Software services	5,341	(Note 5)	5,341	-	-	5,341	-	99.90 %	99.90 %	-	(95)	-	
Beijing Caswell Ltd.	Manufacture and sale of networking and communication equipment	119,381	(Note 5)	21,489	-	-	21,489	(53,943)	18.00 %	18.00 %	-	16,538	-	Note 2
Welink Technology Co., Ltd.	Manufacture and sale of computers and peripheral equipment; design and sale of software; foreign trade	39,113	(Note 5)	-	-	-	-	(3,388)	100.00%	100.00%	(3,388)	(2,800)	-	Note 2

Note 1: The investment income (losses) recognized was based on the financial statements from the investee company, which had not been reviewed.
a. Financial statements have been audited by the international accounting firms, in which the Taiwanese counterpart had been involved with.
b. Financial statements have been audited by the international accounting firms which are in cooperation with the Taiwanese accounting firms.
c. Other.

Note 2: The beginning investment amounts of Welink Technology were RMB $174 thousand and US$1,045 thousand; and the beginning investment amounts of Beijing Caswell were US$180 thousand. All investment capitals were remitted through third regions.

Note 3: The amounts with NTD were calculated based on the exchange rate of US$1: NT$31.416 and RMB1: NT$4.496 at the end of December 2025. The paid-in capitals of PBMB, ONK Clouding Shanghai, Beijing Caswell, Welink Technology were US$3,500 thousand, US$170 thousand, US$3,800 thousand, US$1,245 thousand, respectively.

Note 4: The amounts with NTD were calculated based on the exchange rate of US$1: NT$31.416 at the end of December 2025. The cumulative investment amount from Taiwan at the beginning and the end of the period were US$3,500 thousand for PBMB, US$170 thousand for ONK Clouding Shanghai and US$684 thousand for Beijing Caswell.

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

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2025 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 1)
203,262	203,262	8,901,078

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

Note 2: The amount with NTD was calculated based on the exchange rate of US$1: NT$31.416 at the end of December 2025. The amount of accumulated investments included that of the Company of US$3,670 thousand and PORTWELL of US$2,800 thousand.

Note 3: The amount with NTD was calculated based on the exchange rate of US$1: NT$31.416 at the end of December 2025. The investment amounts authorized by Investment Commission, MOEA included those of the Company of US$3,670 thousand, and PORTWELL of US$2,800 thousand.