

**PRIMAX ELECTRONICS LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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Independent Auditors' Review Report

To the Board of Directors of PRIMAX ELECTRONICS LTD.:

Introduction

We have reviewed the accompanying consolidated balance sheets of PRIMAX ELECTRONICS LTD. (“the Company”) and its subsidiaries (“the Group”) as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to NT\$10,879,782 thousand and NT\$11,029,029 thousand, constituting 21.4% and 22.6% of the consolidated total assets; and the total liabilities amounting to NT\$7,736,775 thousand and NT\$6,689,245 thousand, constituting 25.4% and 22.6% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively; as well as the total comprehensive income amounting to NT\$72,368 thousand, NT\$231,078 thousand, NT\$357,263 thousand and NT\$286,869 thousand, constituting 8.7%, 15.5%, 11.8% and 11.4% of the consolidated comprehensive income for the three and nine months ended September 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three and nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of Tymphony Worldwide Enterprises Ltd., a subsidiary of the Group. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Tymphony Worldwide Enterprises Ltd., is based solely on the review report of another auditor. The financial statements of Tymphony Worldwide Enterprises Ltd. reflect the total assets amounting to NT\$16,677,833 thousand and NT\$16,190,596 thousand, constituting 32.7% and 33.2% of the related consolidated total assets as of September 30, 2024 and 2023, respectively; as well as the operating revenue amounting to NT\$5,690,911 thousand, NT\$5,884,251 thousand, NT\$15,137,196 thousand and NT\$18,231,193 thousand, constituting 35.5%, 37.4%, 33.6% and 39.2% of the related consolidated operating revenue for the three and nine months ended September 30, 2024 and 2023, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are Horng, Shyh-Gang and Fu, Hung-Wen.

KPMG

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

Notes to Readers

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

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2024		December 31, 2023		September 30, 2023				September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$ 13,540,327	27	10,904,683	24	9,652,864	20	2100	Short-term borrowings (notes 6(m) and 8)	\$ 1,732,728	3	756,252	2	1,866,441	4
1110	Current financial assets at fair value through profit or loss (note 6(b))	237,488	1	379,608	1	829,102	2	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	691,659	1	992,339	2	1,010,693	2
1137	Current financial assets at amortized cost (note 6(d))	25,649	-	30,234	-	191,575	-	2170	Notes and accounts payable	13,506,560	27	12,135,123	26	12,669,120	26
1170	Accounts receivable, net (notes 6(e) and (v))	12,838,722	25	11,481,787	25	14,033,945	29	2201	Salaries payable	1,786,041	3	1,310,137	3	1,380,741	3
1180	Accounts receivable from related parties, net (notes 6(e), (v) and 7)	114,618	-	70,606	-	118,230	-	2219	Other payables	3,742,837	8	3,976,418	9	4,188,317	9
1200	Other receivables (notes 6(e) and (f))	1,713,389	3	1,556,671	3	1,964,937	4	2280	Current lease liabilities (note 6(o))	236,310	1	225,189	-	241,259	-
1310	Inventories (note 6(g))	8,197,991	16	7,996,397	17	7,536,164	16	2320	Long-term borrowings, current portion (notes 6(n) and 8)	204,098	-	16,667	-	-	-
1470	Other current assets	539,777	1	516,388	1	586,480	1	2365	Current refund liabilities	2,591,666	5	2,239,016	5	2,263,043	5
		37,207,961	73	32,936,374	71	34,913,297	72	2399	Other current liabilities (note 6(v))	2,159,699	4	1,985,860	4	1,976,497	4
										26,651,598	52	23,637,001	51	25,596,111	53
Non-current assets:															
1511	Non-current financial assets at fair value through profit or loss, designated as upon initial recognition (note 6(b))	22,567	-	12,048	-	11,681	-	2540	Long-term borrowings (notes 6(n) and 8)	611,329	1	691,312	2	707,979	1
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	299,360	1	290,285	1	363,912	1	2580	Non-current lease liabilities (note 6(o))	1,501,619	3	1,559,401	3	1,752,450	4
1600	Property, plant and equipment (notes 6(i) and 8)	7,957,315	16	7,740,909	17	7,603,623	16	2630	Long-term deferred revenue (note 6(i))	615,278	1	606,265	1	674,909	1
1755	Right-of-use assets (note 6(j))	1,835,694	3	1,891,531	4	2,099,700	4	2670	Other non-current liabilities	1,093,882	3	962,565	2	840,202	2
1760	Investment property (notes 6(k) and 8)	648,241	1	649,515	1	678,435	1			3,822,108	8	3,819,543	8	3,975,540	8
1780	Intangible assets (note 6(l))	2,014,376	4	2,013,589	4	2,047,329	4		Total liabilities	30,473,706	60	27,456,544	59	29,571,651	61
1840	Deferred tax assets	687,467	1	699,981	1	721,101	1		Equity attributable to owners of parent:						
1990	Other non-current assets (note 8)	272,779	1	318,888	1	338,454	1	3110	Ordinary shares (note 6(s))	4,660,328	9	4,629,738	10	4,630,748	9
		13,737,799	27	13,616,746	29	13,864,235	28	3200	Capital surplus (note 6(s))	2,581,358	5	2,359,753	5	2,365,109	5
								3310	Legal reserve (note 6(s))	2,522,701	5	2,274,414	5	2,274,414	5
								3320	Special reserve (note 6(s))	1,016,955	2	754,918	2	754,918	2
								3350	Unappropriated retained earnings (note 6(s))	8,030,700	15	8,311,190	18	7,819,041	16
								3400	Other equity interest	(656,059)	(1)	(1,316,504)	(3)	(782,510)	(2)
										18,155,983	35	17,013,509	37	17,061,720	35
								36XX	Non-controlling interests (note 6(h))	2,316,071	5	2,083,067	4	2,144,161	4
									Total equity	20,472,054	40	19,096,576	41	19,205,881	39
Total assets		\$ 50,945,760	100	46,553,120	100	48,777,532	100		Total liabilities and equity	\$ 50,945,760	100	46,553,120	100	48,777,532	100

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three and nine months ended September 30, 2024 and 2023

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

	For the three months ended				For the nine months ended			
	September 30				September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (notes 6(v) and 7)	\$ 16,008,535	100	15,723,220	100	45,025,321	100	46,465,647	100
5000 Operating costs (notes 6(g), (o), (q), (w) and 12)	<u>13,271,137</u>	<u>83</u>	<u>13,156,461</u>	<u>84</u>	<u>37,449,121</u>	<u>83</u>	<u>39,145,423</u>	<u>84</u>
Gross profit from operation	<u>2,737,398</u>	<u>17</u>	<u>2,566,759</u>	<u>16</u>	<u>7,576,200</u>	<u>17</u>	<u>7,320,224</u>	<u>16</u>
Operating expenses (notes 6(e), (o), (q), (t), (w) and 12):								
6100 Selling expenses	450,678	3	441,849	3	1,276,270	3	1,277,148	3
6200 Administrative expenses	564,209	3	483,381	3	1,673,666	4	1,577,802	3
6300 Research and development expenses	896,416	6	795,728	5	2,427,610	5	2,293,200	5
6450 Expected credit loss (gain on reversal)	<u>(6,047)</u>	<u>-</u>	<u>10,625</u>	<u>-</u>	<u>(14,425)</u>	<u>-</u>	<u>(35,718)</u>	<u>-</u>
Total operating expenses	<u>1,905,256</u>	<u>12</u>	<u>1,731,583</u>	<u>11</u>	<u>5,363,121</u>	<u>12</u>	<u>5,112,432</u>	<u>11</u>
Net operating income	<u>832,142</u>	<u>5</u>	<u>835,176</u>	<u>5</u>	<u>2,213,079</u>	<u>5</u>	<u>2,207,792</u>	<u>5</u>
Non-operating income and expenses:								
7100 Interest income	140,399	1	101,749	1	427,708	1	234,589	-
7010 Other income (note 6(x))	20,723	-	4,786	-	69,954	-	16,686	-
7020 Other gains and losses (notes 6(y) and 12)	90,635	-	97,117	-	187,049	-	324,644	1
7050 Finance costs (note 6(o))	<u>(37,756)</u>	<u>-</u>	<u>(45,757)</u>	<u>-</u>	<u>(103,196)</u>	<u>-</u>	<u>(122,205)</u>	<u>-</u>
Total non-operating income and expenses	<u>214,001</u>	<u>1</u>	<u>157,895</u>	<u>1</u>	<u>581,515</u>	<u>1</u>	<u>453,714</u>	<u>1</u>
Profit before tax	1,046,143	6	993,071	6	2,794,594	6	2,661,506	6
7950 Less: Income tax expenses (note 6(r))	<u>208,867</u>	<u>1</u>	<u>193,584</u>	<u>1</u>	<u>559,039</u>	<u>1</u>	<u>519,489</u>	<u>1</u>
Profit	<u>837,276</u>	<u>5</u>	<u>799,487</u>	<u>5</u>	<u>2,235,555</u>	<u>5</u>	<u>2,142,017</u>	<u>5</u>
8300 Other comprehensive income (loss):								
8310 Items that may not be reclassified subsequently to profit or loss:								
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(7,191)	-	7,159	-	(15,274)	-	(15,493)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(7,191)</u>	<u>-</u>	<u>7,159</u>	<u>-</u>	<u>(15,274)</u>	<u>-</u>	<u>(15,493)</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss:								
8361 Exchange differences on translation of foreign operation's financial statements	300	-	679,798	4	812,143	2	394,007	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>300</u>	<u>-</u>	<u>679,798</u>	<u>4</u>	<u>812,143</u>	<u>2</u>	<u>394,007</u>	<u>-</u>
8300 Other comprehensive income after tax	<u>(6,891)</u>	<u>-</u>	<u>686,957</u>	<u>4</u>	<u>796,869</u>	<u>2</u>	<u>378,514</u>	<u>-</u>
Comprehensive income	<u>\$ 830,385</u>	<u>5</u>	<u>1,486,444</u>	<u>9</u>	<u>3,032,424</u>	<u>7</u>	<u>2,520,531</u>	<u>5</u>
Profit attributable to:								
8610 Owners of parent	\$ 772,904	5	736,596	5	2,081,561	5	1,990,712	5
8620 Non-controlling interests (note 6(h))	<u>64,372</u>	<u>-</u>	<u>62,891</u>	<u>-</u>	<u>153,994</u>	<u>-</u>	<u>151,305</u>	<u>-</u>
	<u>\$ 837,276</u>	<u>5</u>	<u>799,487</u>	<u>5</u>	<u>2,235,555</u>	<u>5</u>	<u>2,142,017</u>	<u>5</u>
Comprehensive income attributable to:								
8710 Owners of parent	\$ 758,774	5	1,375,880	8	2,808,998	6	2,332,565	5
8720 Non-controlling interests (note 6(h))	<u>71,611</u>	<u>-</u>	<u>110,564</u>	<u>1</u>	<u>223,426</u>	<u>1</u>	<u>187,966</u>	<u>-</u>
	<u>\$ 830,385</u>	<u>5</u>	<u>1,486,444</u>	<u>9</u>	<u>3,032,424</u>	<u>7</u>	<u>2,520,531</u>	<u>5</u>
Earnings per share (note 6(u))								
9710 Basic earnings per share (NT dollars)	<u>\$ 1.70</u>		<u>1.63</u>		<u>4.58</u>		<u>4.41</u>	
9810 Diluted earnings per share (NT dollars)	<u>\$ 1.67</u>		<u>1.61</u>		<u>4.50</u>		<u>4.35</u>	

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**Consolidated Statement of Changes in Equity****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										
	Retained earnings					Other equity interest					
						Exchange differences on translation of financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unearned employee compensation	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
Balance at January 1, 2023	\$ 4,582,893	2,129,908	1,999,217	1,217,130	7,433,108	(812,523)	57,605	(260,244)	16,347,094	1,946,491	18,293,585
Profit	-	-	-	-	1,990,712	-	-	-	1,990,712	151,305	2,142,017
Other comprehensive income	-	-	-	-	-	357,346	(15,493)	-	341,853	36,661	378,514
Comprehensive income	-	-	-	-	1,990,712	357,346	(15,493)	-	2,332,565	187,966	2,520,531
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	275,197	-	(275,197)	-	-	-	-	-	-
Special reserve	-	-	-	(462,212)	462,212	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,791,794)	-	-	-	(1,791,794)	-	(1,791,794)
Changes in shares of investment accounted for using equity method	-	(9,704)	-	-	-	-	-	-	(9,704)	9,704	-
Amortization expense of restricted employee stock	-	-	-	-	-	-	-	183,559	183,559	-	183,559
Cancellation of restricted stock	(995)	(9,969)	-	-	-	-	-	10,964	-	-	-
Issuance of restricted stock	48,850	254,874	-	-	-	-	-	(303,724)	-	-	-
Balance at September 30, 2023	\$ 4,630,748	2,365,109	2,274,414	754,918	7,819,041	(455,177)	42,112	(369,445)	17,061,720	2,144,161	19,205,881
Balance at January 1, 2024	\$ 4,629,738	2,359,753	2,274,414	754,918	8,311,190	(1,001,150)	(15,805)	(299,549)	17,013,509	2,083,067	19,096,576
Profit	-	-	-	-	2,081,561	-	-	-	2,081,561	153,994	2,235,555
Other comprehensive income	-	-	-	-	-	742,711	(15,274)	-	727,437	69,432	796,869
Comprehensive income	-	-	-	-	2,081,561	742,711	(15,274)	-	2,808,998	223,426	3,032,424
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	248,287	-	(248,287)	-	-	-	-	-	-
Special reserve	-	-	-	262,037	(262,037)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,851,727)	-	-	-	(1,851,727)	-	(1,851,727)
Changes in shares of investment accounted for using equity method	-	(9,578)	-	-	-	-	-	-	(9,578)	9,578	-
Amortization expense of restricted employee stock	-	-	-	-	-	-	-	194,781	194,781	-	194,781
Cancellation of restricted stock	(420)	(771)	-	-	-	-	-	1,191	-	-	-
Issuance of restricted stock	31,010	231,954	-	-	-	-	-	(262,964)	-	-	-
Balance at September 30, 2024	\$ 4,660,328	2,581,358	2,522,701	1,016,955	8,030,700	(258,439)	(31,079)	(366,541)	18,155,983	2,316,071	20,472,054

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,794,594	2,661,506
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,185,942	1,275,676
Amortization expense	53,528	154,328
Gain on reversal of expected credit loss	(14,425)	(35,718)
Interest expense	103,196	122,205
Net losses on financial assets and liabilities at fair value through profit or loss	454,125	182,216
Interest income	(427,708)	(234,589)
Compensation cost of share-based payment	194,781	183,559
Dividend income	(639)	(689)
Gain on disposal of property, plant and equipment	(12,361)	(21,394)
Gain on disposal of right-of-use assets	(716)	(5,746)
Loss on disposal of unamortized expense	333	2,490
Total adjustments to reconcile profit	1,536,056	1,622,338
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	379,971	397,130
Accounts receivable	(1,628,009)	571,362
Accounts receivable from related parties	(44,012)	(63,643)
Other receivables	117,611	(167,017)
Inventories	(201,594)	1,817,340
Other current assets	(23,389)	171,477
Other operating assets	30,992	22,125
Changes in operating assets	(1,368,430)	2,748,774
Financial liabilities at fair value through profit or loss	(992,339)	(1,016,661)
Notes and accounts payable	1,371,437	(1,369,407)
Salaries payable	475,904	(297,916)
Other payables	(210,550)	(446,661)
Refund liabilities	352,650	350,684
Other current liabilities	188,823	412,625
Other operating liabilities	86,297	40,881
Changes in operating liabilities	1,272,222	(2,326,455)
Total changes in operating assets and liabilities	(96,208)	422,319
Total adjustments	1,439,848	2,044,657
Cash inflow generated from operations	4,234,442	4,706,163
Interest received	427,708	234,589
Interest paid	(103,196)	(122,145)
Income taxes paid	(555,436)	(346,569)
Net cash flows from operating activities	4,003,518	4,472,038
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(24,349)	(27,419)
Decrease (increase) in financial assets measured at amortized cost	4,585	(61,552)
Acquisition of financial assets designated at fair value through profit or loss	(10,836)	(9,790)
Acquisition of property, plant and equipment	(930,052)	(1,021,554)
Proceeds from disposal of property, plant and equipment	129,998	53,865
Increase in refundable deposits	(9,448)	(620)
Acquisition of intangible assets	(14)	-
Proceeds from disposal of intangible assets	21	-
Acquisition of investment properties	(57)	-
Acquisition of unamortized expense	(5,822)	(11,947)
Proceeds from disposal of unamortized expense	2,121	-
Dividends received	639	689
Net cash flows used in investing activities	(843,214)	(1,078,328)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	907,913	1,377,071
Increase in long-term borrowings	96,635	243,979
Increase in guarantee deposits received	3,487	23,246
Payment of lease liabilities	(181,308)	(174,988)
Cash dividends	(1,851,727)	(1,791,794)
Net cash flows from financing activities	(1,025,000)	(322,486)
Effect of exchange rate changes on cash and cash equivalents	500,340	296,753
Net increase in cash and cash equivalents	2,635,644	3,367,977
Cash and cash equivalents at beginning of period	10,904,683	6,284,887
Cash and cash equivalents at end of period	\$ 13,540,327	9,652,864

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

PRIMAX ELECTRONICS LTD. (the “Company”), formerly known as Hong Chuan Investments Ltd., was incorporated on March 20, 2006, and registered under the Ministry of Economic Affairs, ROC. The Company changed its name to Hong Chuan Electronics Ltd. and Primax Electronics Ltd. in October 2007 and February 2008, respectively. The address of the Company’s registered office is No. 669, Ruey Kuang Road, Neihu, Taipei.

The consolidated financial statements of the Company as of and for the nine months ended September 30, 2024, comprised the Company and subsidiaries (together referred to as “the Group”). The major business activities of the Group were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products, shredders, amplifiers, speakers, audio systems and related parts, as well as other electronic components. Please refer to note 14 for further information.

The Company’s common shares were registered with the Financial Supervisory Commission, ROC (“FSC”) on June 22, 2012, and listed on the Taiwan Stock Exchange (“TWSE”) on October 5, 2012.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the board of directors on November 7, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- Amendments to IAS21 “Lack of Exchangeability”

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>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.</p> <ul style="list-style-type: none"> ● 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. 	January 1, 2027

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> 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

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

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

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

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers (“the Regulation”) and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

The details of the subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Primax Industries (Cayman Holding) Ltd. (Primax Cayman)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Primax Technology (Cayman Holding) Ltd. (Primax Tech.)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Destiny Technology Holding Co., Ltd. (Destiny BVI.)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Destiny Co., Ltd. (Destiny Japan)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Diamond (Cayman) Holdings Ltd. (Diamond)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Gratus Technology Corp. (Gratus Tech.)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax AE (Cayman) Holdings Ltd. (Primax AE)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Electronics (Singapore) Pte. Ltd. (Primax Singapore)	Sale of computer peripherals and mobile device components	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Security Technology Inc. (Primax Security)	Sale of computer peripherals and mobile device components	100.00 %	- %	- %	(note 1) (note 4)
Primax Cayman	Primax Industries (Hong Kong) Ltd. (Primax HK)	Holding company and customer service	100.00 %	100.00 %	100.00 %	
Primax HK and Primax Tech.	Dongguan Primax Electronic & Telecommunication Products Ltd. (PCH2)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	
Primax HK	Primax Electronics (Kun Shan) Corp., Ltd. (PKS1)	Production of computer peripheral products	100.00 %	100.00 %	100.00 %	(note 1)
Primax HK	Primax Electronics (Chongqing) Corp., Ltd. (PCQ1)	Production of computer peripheral products	100.00 %	100.00 %	100.00 %	(note 1)
Primax Tech.	Polaris Electronics Inc. (Polaris)	Sale and purchase of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
Destiny BVI.	Destiny Electronic Corp. (Destiny Beijing)	R&D of computer peripherals and business devices	100.00 %	100.00 %	100.00 %	(note 1)
Primax Singapore	Primax Electronics (Thailand) Co., Ltd. (Primax Thailand)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	99.99 %	99.99 %	99.99 %	(note 1)
Diamond	Tymphany Worldwide Enterprises Ltd. (TWEL)	Holding company	100.00 %	100.00 %	100.00 %	

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
TWEL	Tymphany Acoustic Technology (Huizhou) Co., Ltd (Tymphany Huizhou)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	77.01 %	77.01 %	77.01 %	
TWEL	Tymphany Acoustic Technology (Singapore) Pte. Ltd. (TYM Singapore)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	100.00 %	100.00 %	(note 2)
Tymphany Huizhou	Tymphany Acoustic Technology HK Ltd. (TYM Acoustic HK)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	100.00 %	100.00 %	
Tymphany Huizhou	Dongguan Tymphany Acoustic Technology Co., Ltd. (Tymphany Dongguan)	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	TYMPHANY ACOUSTIC TECHNOLOGY (UK) LIMITED (TYM UK)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology Europe, s.r.o (TYM Acoustic Europe)	Manufacturing, installation, and maintenance of various speaker accessories and their components	100.00 %	100.00 %	100.00 %	(note 1)
TYM Acoustic HK	TYP Enterprise, inc. (TYP)	Market development of and customer service for speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany HK Ltd. (TYM HK)	Holding company; sale of, market development of and customer service for various speaker accessories, speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology Limited (TYM Acoustic)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology (Thailand) Co., Ltd (TYTH)	Manufacturing and sale of various speaker accessories, speakers, and their components	99.99 %	99.99 %	99.99 %	(note 1)
TYM HK	TYMPHANY LOGISTICS, INC (TYML)	Sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
Tymphany Dongguan	Dong Guan Dong Cheng Tymphany Acoustic Technology Co., Ltd. (TYDC)	Manufacturing, R&D, design, and sale of various speaker accessories, speakers, and their components	- %	100.00 %	100.00 %	(note 3)

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: The Company is a non-significant subsidiary, and its financial statement have not been reviewed.

Note 2: As of September 30, 2024, there is no capital injection from the Company.

Note 3: TYDC was merged into Tymphany Dongguan in June 2024.

Note 4: Primax Security was established on March 31, 2024, with the approval of the regulatory agency.

(c) 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.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) 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.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) 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.

(d) Employee benefits

The pension cost in the consolidated financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(e) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements is as follow:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 37% of the outstanding voting shares of ALT International Co., Ltd. (AIC), but the chairman of AIC controls 45% of voting shares, and the Group did not obtain any director seats of AIC. Therefore, the Group does not have power of control over relevant activities of AIC, but remains significant influence.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 3,214	2,987	2,865
Demand accounts and checking deposits	8,182,694	7,511,456	5,991,850
Time deposits	4,556,446	3,390,240	3,658,149
Repurchase agreement	797,973	-	-
	<u>\$ 13,540,327</u>	<u>10,904,683</u>	<u>9,652,864</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Current financial assets and liabilities at fair value through profit or loss

(i) Details of financial instruments were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Mandatorily measured at FVTPL:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 178,315	102,225	829,102
Foreign exchange swap contracts	59,173	277,383	-
Non-derivative financial assets			
Equities unlisted in foreign markets — Storm Venture Fund VII, L.P.	7,913	5,040	4,324
Equities unlisted in foreign markets — Thin Line Capital Fund II, L.P.	14,654	7,008	7,357
	<u><u>\$ 260,055</u></u>	<u><u>391,656</u></u>	<u><u>840,783</u></u>
Current	\$ 237,488	379,608	829,102
Non-current	22,567	12,048	11,681
	<u><u>\$ 260,055</u></u>	<u><u>391,656</u></u>	<u><u>840,783</u></u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Financial liabilities held-for-trading:			
Derivative instrument not used for hedging			
Forward exchange contracts	\$ (664,186)	(985,204)	(164,508)
Foreign exchange swap contracts	(27,473)	(7,135)	(846,185)
	<u><u>\$ (691,659)</u></u>	<u><u>(992,339)</u></u>	<u><u>(1,010,693)</u></u>

(ii) Storm Venture Fund VII, L.P increased its capital, wherein the Group participated and invested the amount of \$3,186 and \$2,140 for the nine months ended September 30, 2024 and 2023, respectively.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (iii) The Group invested the amount of \$7,650 thousand in an unlisted company, Thin Line Capital Fund II, L.P. in June 2023. Thin Line Capital Fund II, L.P. executed capital increase, where the Group had participated and invested the amount of \$7,650 in the nine months ended September, 2024.
- (iv) The Group held the following derivative instruments as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities, without the application of edge accounting, as of September 30, 2024, December 31 and September 30, 2023:

September 30, 2024				
Derivative financial instruments	Nominal amount (in thousands)		Maturity date	Predetermined rate
Forward exchange contracts — buy HKD / sell USD	USD	8,000	October 30, 2024	7.7777
Forward exchange contracts — buy CZK/ sell USD	USD	13,000	October 30, 2024	22.410
Forward exchange contracts — buy CZK/ sell EUR	EUR	3,500	October 18, 2024	25.032
Forward exchange contracts — buy USD / sell TWD	USD	638,000	October 11, 2024~ March 28, 2025	30.803~32.626
Forward exchange contracts — buy TWD / sell USD	USD	74,500	October 4, 2024~ December 18, 2024	31.768~32.348
Forward exchange contracts — buy CNY/ sell USD	USD	664,500	October 8, 2024~ November 19, 2024	6.9715~7.1125
Forward exchange contracts — buy USD/ sell CNY	USD	196,500	October 8, 2024~ October 15, 2024	6.9900~7.0038
Forward exchange contracts — buy USD/ sell THB	USD	23,000	October 24 2024~ November 25, 2024	32.600~34.140
Forward exchange swap contracts — swap in TWD/ swap out USD	USD	372,000	October 11, 2024~ March 27, 2025	31.325~32.230
December 31, 2023				
Derivative financial instruments	Nominal amount (in thousands)		Maturity date	Predetermined rate
Forward exchange contracts — buy HKD / sell USD	USD	8,000	January 30, 2024	7.8105
Forward exchange contracts — buy CZK/ sell EUR	EUR	1,000	January 30, 2024	24.620
Forward exchange contracts — buy CZK/ sell USD	USD	9,000	January 30, 2024	22.278
Forward exchange contracts — buy USD / sell TWD	USD	643,000	January 16, 2024~ June 27, 2024	30.418~31.990

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2023

Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts — buy TWD / sell USD	USD 31,800	January 16, 2024~ June 20, 2024	30.739~31.315
Forward exchange contracts — buy CNY/ sell USD	USD 303,000	January 4, 2024~ March 28, 2024	7.0943~7.1756
Forward exchange contracts — buy USD/ sell THB	USD 19,000	January 22, 2024~ January 30, 2024	34.400~34.980
Forward exchange contracts — buy HKD/ sell EUR	EUR 3,500	January 30, 2024	8.627
Foreign exchange swap contracts — swap in TWD/ swap out USD	USD 462,000	January 16, 2024~ June 24, 2024	30.457~31.761

September 30, 2023

Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts — buy HKD / sell USD	USD 8,000	October 30, 2023	7.8125
Forward exchange contracts — buy CZK / sell EUR	EUR 1,500	October 30, 2023	24.450
Forward exchange contracts — buy CZK/ sell USD	USD 9,000	October 13, 2023~ October 30, 2023	22.320~22.930
Forward exchange contracts — buy USD / sell TWD	USD 673,000	October 16, 2023~ April 25, 2024	29.468~32.008
Forward exchange contracts — buy TWD / sell USD	USD 37,500	October 5, 2023~ October 30, 2023	31.816~32.136
Forward exchange contracts — buy CNY/ sell USD	USD 268,500	October 12, 2023~ November 3, 2023	7.1701~7.3482
Forward exchange contracts — buy USD/ sell THB	USD 17,000	October 25, 2023~ October 30, 2023	35.940~36.170
Forward exchange contracts — buy HKD/ sell EUR	EUR 4,500	October 30, 2023	8.331
Foreign exchange swap contracts — swap in TWD/ swap out USD	USD 507,000	October 16, 2023~ March 15, 2024	29.671~31.810

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Financial assets at FVOCI

	September 30, 2024	December 31, 2023	September 30, 2023
Equity investments at FVOCI			
Stocks unlisted in domestic markets— Syntronix Corp.	\$ 250	250	250
Stocks unlisted in domestic markets— Changing Information Technology Inc.	14,008	11,093	9,266
Equities unlisted in foreign markets—Grove Ventures L.P.	152,304	158,070	165,954
Equities unlisted in foreign markets—Grove Ventures II, L.P.	93,171	97,145	98,473
Equities unlisted in foreign markets— Grove Ventures III, L.P.	39,627	23,727	26,653
Stocks unlisted in foreign markets— Shenzhen Mees Hi-Tech Co., Ltd.	-	-	63,316
Total	\$ 299,360	290,285	363,912

- (i) The Group designated the investments above as equity securities as at FVOCI because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not for sale.
- (ii) Grove Venture, L.P executed capital increases, where the Group had participated and invested the amounts of \$6,259 and \$1,377 in the nine months ended September 30, 2024 and 2023, respectively.
- (iii) Grove Ventures II, L.P. executed capital increases, where the Group had participated and invested the amounts of \$2,702 and \$10,773 in the nine months ended September 30, 2024 and 2023, respectively.
- (iv) Grove Venture III, L.P. executed capital increases, where the Group had participated and invested the amounts of \$15,388 and \$15,269 in the nine months ended September 30, 2024 and 2023, respectively.
- (v) The Group's investments in Grove Ventures, L.P., Grove Ventures II, L.P., and Grove Ventures III, L.P. are investments with duration. The Group's investments in the above limited partnership was designated as a financial asset at fair value through other comprehensive income at the time of the initial recognition.

Although, in accordance with the IFRS Q&A released by the Accounting Research and Development Foundation on June 15, 2023, wherein the financial asset cannot be designated at fair value through other comprehensive income, the accounting treatment need not be applied retroactively to investments in limited partnership companies prior to June 30, 2023, according to the Q&A of the FSC. Therefore, the Group continues to measure its investment in these limited partnership companies at fair value through other comprehensive income.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) The Group did not provide any of the aforementioned financial assets as collateral.

(d) Financial assets at amortized cost

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits	\$ 25,649	30,234	191,575
Annual interest rates	1.65%	0.54%~1.53%	0.54%~6.10%
Maturity date	2025.07.10	2024.07.10	2023.10.19~2024.7.10

(i) 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.

(ii) The Group did not provide any of the aforementioned financial assets as collateral.

(e) Accounts receivable (including related parties)

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 12,894,057	11,549,203	14,105,063
Accounts receivable – related parties	114,618	70,606	118,230
Less: allowance for doubtful accounts	(55,335)	(67,416)	(71,118)
Total	\$ 12,953,340	11,552,393	14,152,175

(i) The Group did not provide any of the aforementioned accounts receivable (including related parties) as collateral.

(ii) The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables. To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information, including macroeconomic and relevant industry information. The ECL allowance provision analysis was as follows:

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2024		
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 11,654,675	0%~0.09%	10,326
0 to 30 days past due	1,233,214	0%~3%	15,933
31 to 60 days past due	80,796	0%~5%	3,285
61 to 90 days past due	795	0%~10%	34
91 to 180 days past due	15,295	0%~25%	2,495
181 to 360 days past due	1,276	0%~80%	638
More than 361 days past due	22,624	0%~100%	22,624
	\$ 13,008,675		55,335
	December 31, 2023		
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 10,450,695	0%~0.21%	22,061
0 to 30 days past due	1,047,527	0%~3%	17,568
31 to 60 days past due	77,561	0%~5%	3,713
61 to 90 days past due	2,631	0%~10%	213
91 to 180 days past due	5,577	0%~25%	595
181 to 360 days past due	19,330	0%~80%	6,778
More than 361 days past due	16,488	0%~100%	16,488
	\$ 11,619,809		67,416

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023		
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 13,077,489	0%~0.17%	22,404
0 to 30 days past due	1,026,391	0%~3%	19,256
31 to 60 days past due	61,324	0%~5%	2,271
61 to 90 days past due	6,809	0%~10%	564
91 to 180 days past due	28,303	0%~25%	3,655
181 to 360 days past due	22,951	0%~100%	22,942
More than 361 days past due	26	0%~100%	26
	\$ 14,223,293		71,118

- (iii) The movement in the allowance for accounts receivable (including related parties) was as follows:

	For the nine months ended September 30	
	2024	2023
Balance on January 1	\$ 67,416	104,638
Impairment losses reversed	(14,425)	(35,718)
Effect of exchange rate changes	2,344	2,198
Balance on September 30	\$ 55,335	71,118

- (iv) The Group entered into agreements with banks to sell its accounts receivable without recourse. According to the agreements, within the limit of its credit facilities, the Group does not need to guarantee the capability of its customers to pay for reasons other than commercial disputes when transferring its accounts receivable. The Group receives partial advances upon sales of accounts receivable and pays interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the accounts receivable, and are recorded as other receivables. In addition, the Group shall pay handling charges based on a fixed rate. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. As of September 30, 2024, December 31 and September 30, 2023, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2024						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
DBS Bank	\$ 1,458,356	1,080,048	232,472	1,225,884	5.38%-5.94%	-
Bank of Taiwan	-	-	-	-	0	NT\$ 297,000
Mega International Commercial Bank	-	-	-	-	0	US\$ 1,250
	<u>\$ 1,458,356</u>	<u>1,080,048</u>	<u>232,472</u>	<u>1,225,884</u>		

December 31, 2023						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
DBS Bank	\$ 942,729	848,456	-	942,729	-	-
Mega International Commercial Bank	-	-	-	-	-	US\$ 2,500
	<u>\$ 942,729</u>	<u>848,456</u>	<u>-</u>	<u>942,729</u>		

September 30, 2023						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ -	-	-	-	-	US\$ 18,000
DBS Bank	1,264,787	1,138,308	-	1,264,787	-	-
Bank of Taiwan	-	-	-	-	-	NT\$ 297,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 2,500
	<u>\$ 1,264,787</u>	<u>1,138,308</u>	<u>-</u>	<u>1,264,787</u>		

(v) Please refer to note 9 for guarantee notes provided by the Group to sell its accounts receivable.

(f) Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables - factoring of accounts receivable	\$ 1,225,884	942,729	1,264,787
Other receivables - tax refund receivable	383,352	446,860	535,313
Other receivables - others	121,097	183,360	181,696
Less: allowance for doubtful accounts	(16,944)	(16,278)	(16,859)
	<u>\$ 1,713,389</u>	<u>1,556,671</u>	<u>1,964,937</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for other receivables was as follows:

	For the nine months ended September 30	
	2024	2023
Balance on January 1	\$ 16,278	16,540
Effect of exchange rate changes	666	319
Balance on September 30	\$ 16,944	16,859
(g) Inventories		

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 2,984,508	2,941,221	2,841,657
Semi-finished goods and work in process	1,988,309	1,853,451	1,861,807
Finished goods and merchandise	3,225,174	3,201,725	2,832,700
	\$ 8,197,991	7,996,397	7,536,164

The Group did not provide any of the aforementioned inventories as collateral. Except for cost of inventories sold, the Group recognized the following items as cost of goods sold:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Gains (losses) on inventory valuation and disposal of inventories	\$ 6,277	12,615	78,032	(2,527)
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(21,329)	(12,774)	(54,180)	(33,269)
Gains (losses) on physical inventories	38	(1,300)	(458)	(1,121)
	\$ (15,014)	(1,459)	23,394	(36,917)

(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Name of subsidiaries	Main operation place Business/Registered Country	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		September 30, 2024	December 31, 2023	September 30, 2023
Tymphony Huizhou and its subsidiaries	Hong Kong and China/Cayman Is.	22.99 %	22.99 %	22.99 %

The following information on the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustments made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Tymphany Huizhou and its subsidiaries's collective financial information:

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 13,199,992	10,972,844	12,189,336
Non-current assets	5,407,767	5,566,788	5,960,012
Current liabilities	(7,949,148)	(7,013,879)	(8,159,316)
Non-current liabilities	(584,359)	(465,002)	(663,537)
Net assets	<u><u>\$ 10,074,252</u></u>	<u><u>9,060,751</u></u>	<u><u>9,326,495</u></u>
Non-controlling interests	<u><u>\$ 2,316,071</u></u>	<u><u>2,083,067</u></u>	<u><u>2,144,161</u></u>

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating revenue	<u><u>\$ 5,705,863</u></u>	<u><u>5,896,413</u></u>	<u><u>15,224,362</u></u>	<u><u>18,258,900</u></u>
Profit	\$ 280,000	273,563	669,829	658,135
Other comprehensive income	31,485	207,357	302,008	159,462
Comprehensive income	<u><u>\$ 311,485</u></u>	<u><u>480,920</u></u>	<u><u>971,837</u></u>	<u><u>817,597</u></u>
Profit attributable to non-controlling interests	<u><u>\$ 64,372</u></u>	<u><u>62,891</u></u>	<u><u>153,994</u></u>	<u><u>151,305</u></u>
Comprehensive income attributable to non-controlling interests	<u><u>\$ 71,611</u></u>	<u><u>110,564</u></u>	<u><u>223,426</u></u>	<u><u>187,966</u></u>

	For the nine months ended September 30	
	2024	2023
Cash flows from operating activities	\$ 876,743	1,683,719
Cash flows from investing activities	186,856	1,355
Cash flows used in financing activities	(155,439)	(23,244)
Effect of exchange rate changes	226,045	130,024
Net increase in cash and cash equivalents	<u><u>\$ 1,134,205</u></u>	<u><u>1,791,854</u></u>
Dividends paid to non-controlling interests	<u><u>\$ -</u></u>	<u><u>-</u></u>

In July 2024, the Group's subsidiary, TWEL, entered into an agreement with the minority shareholders of Tymphany Huizhou to acquire their equity for a total price of CNY \$304,587 thousands, based on a resolution decided during its board meeting held on June 18, 2024. The relevant procedures have yet to be completed as of September 30, 2024.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the nine months ended September 30, 2024 and 2023, were as follows:

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2024	\$ 1,080,192	6,213,055	7,443,940	1,151,325	994,455	16,882,967
Additions	122,784	10,304	152,727	19,248	687,463	992,526
Disposals	-	(69,021)	(698,690)	(129,153)	-	(896,864)
Reclassification	-	26,405	226,895	(12,526)	(291,768)	(50,994)
Effect of changes in exchange rate	27,241	293,841	327,408	53,256	18,333	720,079
Balance on September 30, 2024	<u>\$ 1,230,217</u>	<u>6,474,584</u>	<u>7,452,280</u>	<u>1,082,150</u>	<u>1,408,483</u>	<u>17,647,714</u>
Balance on January 1, 2023	\$ 1,077,437	6,714,735	7,407,901	1,176,279	459,164	16,835,516
Additions	-	43,511	108,068	30,460	886,050	1,068,089
Disposals	-	(36,702)	(367,192)	(47,927)	(6,740)	(458,561)
Reclassifications	-	119,090	289,491	21,768	(502,815)	(72,466)
Reclassification to investment property	-	(651,596)	-	(2,133)	(4,149)	(657,878)
Effect of changes in exchange rate	(567)	84,620	127,658	19,103	2,457	233,271
Balance on September 30, 2023	<u>\$ 1,076,870</u>	<u>6,273,658</u>	<u>7,565,926</u>	<u>1,197,550</u>	<u>833,967</u>	<u>16,947,971</u>
Depreciation and impairments loss:						
Balance on January 1, 2024	\$ -	2,481,245	5,834,955	825,858	-	9,142,058
Depreciation	-	233,090	625,126	102,301	-	960,517
Disposals	-	(62,731)	(595,637)	(112,551)	-	(770,919)
Reclassifications	-	(19)	(21,831)	(12,209)	-	(34,059)
Effect of changes in exchange rate	-	105,662	248,706	38,434	-	392,802
Balance on September 30, 2024	<u>\$ -</u>	<u>2,757,247</u>	<u>6,091,319</u>	<u>841,833</u>	<u>-</u>	<u>9,690,399</u>
Balance on January 1, 2023	\$ -	2,345,364	5,496,266	747,063	-	8,588,693
Depreciation	-	224,451	718,534	125,998	-	1,068,983
Disposals	-	(34,068)	(341,109)	(45,899)	-	(421,076)
Reclassifications	-	217	(12,149)	(377)	-	(12,309)
Reclassification to investment property	-	(45,332)	-	(2,133)	-	(47,465)
Effect of changes in exchange rate	-	43,439	108,738	15,345	-	167,522
Balance on September 30, 2023	<u>\$ -</u>	<u>2,534,071</u>	<u>5,970,280</u>	<u>839,997</u>	<u>-</u>	<u>9,344,348</u>
Carrying amounts:						
Balance on January 1, 2024	<u>\$ 1,080,192</u>	<u>3,731,810</u>	<u>1,608,985</u>	<u>325,467</u>	<u>994,455</u>	<u>7,740,909</u>
Balance on September 30, 2024	<u>\$ 1,230,217</u>	<u>3,717,337</u>	<u>1,360,961</u>	<u>240,317</u>	<u>1,408,483</u>	<u>7,957,315</u>
Balance on January 1, 2023	<u>\$ 1,077,437</u>	<u>4,369,371</u>	<u>1,911,635</u>	<u>429,216</u>	<u>459,164</u>	<u>8,246,823</u>
Balance on September 30, 2023	<u>\$ 1,076,870</u>	<u>3,739,587</u>	<u>1,595,646</u>	<u>357,553</u>	<u>833,967</u>	<u>7,603,623</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) The unamortized deferred revenue of equipment subsidy amounted to \$536,354, \$529,007 and \$594,398 were classified as long-term deferred revenue, as of September 30, 2024, December 31 and September 30, 2023, respectively.
- (ii) As of September 30, 2024, December 31 and September 30, 2023, the Group has started the construction of Jhubei Factory in 2022, with the total costs of \$1,024,529, \$662,663 and \$504,737, respectively. The Group started project loan from July 26, 2023. For the three and nine months ended September 30, 2024, the capitalized borrowing costs \$747, \$368, \$2,155 and \$368, related to the construction of the said factory, had been calculated using a capitalization rate of 1.1% to 1.225%.
- (iii) The Group provided the aforementioned property, plant and equipment as collateral; please refer to note 8.
- (j) Right-of-use assets

The Group leases many assets including land, buildings and vehicles. Information about leases for which the Group as a lessee is presented below:

	Land	Buildings	Vehicles	Other equipment	Total
Cost:					
Balance on January 1, 2024	\$ 245,823	2,549,113	56,507	-	2,851,443
Additions	-	129,386	14,853	1,585	145,824
Disposals	-	(178,937)	(5,236)	-	(184,173)
Lease modification	-	26,536	-	-	26,536
Effect of changes in exchange rates	10,049	27,798	1,039	23	38,909
Balance on September 30, 2024	<u>\$ 255,872</u>	<u>2,553,896</u>	<u>67,163</u>	<u>1,608</u>	<u>2,878,539</u>
Balance on January 1, 2023	\$ 371,616	2,523,498	40,756	2,106	2,937,976
Additions	-	192,624	16,997	-	209,621
Disposals	(90,273)	(37,979)	(7,770)	(2,106)	(138,128)
Lease modification	-	44,330	-	-	44,330
Reclassification to investment property	(30,814)	-	-	-	(30,814)
Effect of changes in exchange rates	4,069	24,597	651	-	29,317
Balance on September 30, 2023	<u>\$ 254,598</u>	<u>2,747,070</u>	<u>50,634</u>	<u>-</u>	<u>3,052,302</u>
Depreciation:					
Balance on January 1, 2024	\$ 24,571	908,268	27,073	-	959,912
Depreciation	4,627	182,929	11,132	413	199,101
Disposals	-	(126,702)	(3,481)	-	(130,183)
Effect of changes in exchange rates	1,046	12,326	639	4	14,015
Balance on September 30, 2024	<u>\$ 30,244</u>	<u>976,821</u>	<u>35,363</u>	<u>417</u>	<u>1,042,845</u>
Balance on January 1, 2023	\$ 34,845	745,246	21,462	2,106	803,659
Depreciation	5,839	188,687	9,067	-	203,593
Disposals	(8,435)	(37,979)	(7,473)	(2,106)	(55,993)
Lease modification	-	(766)	-	-	(766)
Reclassification to investment property	(8,732)	-	-	-	(8,732)
Effect of changes in exchange rates	382	10,238	221	-	10,841
Balance on September 30, 2023	<u>\$ 23,899</u>	<u>905,426</u>	<u>23,277</u>	<u>-</u>	<u>952,602</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amounts:					
Balance on January 1, 2024	\$ 221,252	1,640,845	29,434	-	1,891,531
Balance on September 30, 2024	\$ 225,628	1,577,075	31,800	1,191	1,835,694
Balance on January 1, 2023	\$ 336,771	1,778,252	19,294	-	2,134,317
Balance on September 30, 2023	\$ 230,699	1,841,644	27,357	-	2,099,700

(k) Investment property

	<u>Land</u>	<u>Buildings and other equipment</u>	<u>Right-of-use assets — Land</u>	<u>Total</u>
Cost or deemed cost:				
Balance on January 1, 2024	\$ 50,190	684,898	30,515	765,603
Additions	-	57	-	57
Effect of changes in exchange rates	-	26,704	1,247	27,951
Balance on September 30, 2024	\$ 50,190	711,659	31,762	793,611
Balance on January 1, 2023	\$ 50,190	31,735	-	81,925
Reclassifications	-	657,878	30,814	688,692
Effect of changes in exchange rates	-	16,860	790	17,650
Balance on September 30, 2023	\$ 50,190	706,473	31,604	788,267
Depreciation and impairment losses:				
Balance on January 1, 2024	\$ 33,941	73,298	8,849	116,088
Depreciation	-	25,856	468	26,324
Effect of changes in exchange rates	-	2,592	366	2,958
Balance on September 30, 2024	\$ 33,941	101,746	9,683	145,370
Balance on January 1, 2023	\$ 33,941	15,084	-	49,025
Reclassifications	-	47,465	8,732	56,197
Depreciation	-	3,049	51	3,100
Effect of changes in exchange rates	-	1,285	225	1,510
Balance on September 30, 2023	\$ 33,941	66,883	9,008	109,832

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings and other equipment</u>	<u>Right-of-use assets — Land</u>	<u>Total</u>
Carrying amounts:				
Balance on January 1, 2024	\$ <u>16,249</u>	<u>611,600</u>	<u>21,666</u>	<u>649,515</u>
Balance on September 30, 2024	\$ <u>16,249</u>	<u>609,913</u>	<u>22,079</u>	<u>648,241</u>
Balance on January 1, 2023	\$ <u>16,249</u>	<u>16,651</u>	<u>-</u>	<u>32,900</u>
Balance on September 30, 2023	\$ <u>16,249</u>	<u>639,590</u>	<u>22,596</u>	<u>678,435</u>
Fair value:				
Balance on January 1, 2024				\$ <u>1,035,637</u>
Balance on September 30, 2024				\$ <u>1,072,952</u>
Balance on January 1, 2023				\$ <u>117,774</u>
Balance on September 30, 2023				\$ <u>1,063,099</u>

- (i) The fair value of the investment property listed above is evaluated based on third-party quotation information, which are third-level fair value.
- (ii) The Group provided the aforementioned investment property as collateral; please refer to note 8.

(l) Intangible assets

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Technology</u>	<u>Trademarks, Patents and Copyrights</u>	<u>Total</u>
Carrying amounts:					
Balance on January 1, 2024	\$ <u>2,007,891</u>	<u>1,740</u>	<u>1,013</u>	<u>2,945</u>	<u>2,013,589</u>
Balance on September 30, 2024	\$ <u>2,013,526</u>	<u>-</u>	<u>-</u>	<u>850</u>	<u>2,014,376</u>
Balance on January 1, 2023	\$ <u>2,008,135</u>	<u>73,620</u>	<u>42,943</u>	<u>5,561</u>	<u>2,130,259</u>
Balance on September 30, 2023	\$ <u>2,015,564</u>	<u>19,709</u>	<u>11,497</u>	<u>559</u>	<u>2,047,329</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2024 and 2023. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2023 for other related information.
- (ii) The Group did not provide any of the aforementioned intangible assets as collateral.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 1,574,473	756,252	1,543,759
Secured bank loans	158,255	-	322,682
	<u>\$ 1,732,728</u>	<u>756,252</u>	<u>1,866,441</u>
Unused credit lines	<u>\$ 25,691,447</u>	<u>26,822,784</u>	<u>26,809,874</u>
Annual interest rates	<u>3.00%~5.84%</u>	<u>3.04%~3.64%</u>	<u>1.60%~5.86%</u>

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

(n) Long-term borrowings

September 30, 2024				
	Currency	Annual interest rate	Maturity year	Amount
Secured bank loans	USD	1.23%~1.77%	2026~2028	\$ 707,979
	THB	4.19%	2027	107,448
Less: current portion				(204,098)
				<u>\$ 611,329</u>
Unused credit lines				<u>\$ 2,199,807</u>
December 31, 2023				
	Currency	Annual interest rate	Maturity year	Amount
Secured bank loans	TWD	1.1%~1.65%	2026~2028	\$ 707,979
Less: current portion				(16,667)
				<u>\$ 691,312</u>
Unused credit lines				<u>\$ 2,321,407</u>
September 30, 2023				
	Currency	Annual interest rate	Maturity year	Amount
Secured bank loans	TWD	1.1%~1.65%	2026~2028	\$ 707,979
Less: current portion				-
				<u>\$ 707,979</u>
Unused credit lines				<u>\$ 2,060,066</u>

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

(ii) Please refer to note 9 for the details of the outstanding guarantee notes.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follow:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ <u>236,310</u>	<u>225,189</u>	<u>241,259</u>
Non-current	\$ <u>1,501,619</u>	<u>1,559,401</u>	<u>1,752,450</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>12,783</u>	<u>14,816</u>	<u>38,414</u>	<u>44,392</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>16,838</u>	<u>21,800</u>	<u>53,998</u>	<u>71,540</u>

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

	For the nine months ended September 30	
	2024	2023
Rental paid in operating activities	\$ (53,998)	(71,540)
Interest on lease liabilities paid in operating activities	(38,414)	(44,392)
Payment made on lease liabilities in financing activities	(181,308)	(174,988)
Total cash outflow for leases	\$ <u>(273,720)</u>	<u>(290,920)</u>

(i) Real estate leases

The Group leases lands and buildings for its office, staff dormitory, factory facilities and warehouses. The leases typically run for a period of one to fifty years. Some leases require additional rental payments depending on the changes in fair value of the lease assets.

(ii) Other leases

The Group leases vehicles and some of other equipment with lease terms of one to five years.

The Group also leases machineries and some of other equipment with lease terms of one to five years. These leases are short-term or leases of low-value items. The Group decided to apply recognition exemptions, and had elected not to recognize its right-of-use assets and lease liabilities for these leases.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(p) 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. Please refer to note 6(k) sets out information about the operating leases of investment property.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Less than one year	\$ 61,060	58,702	61,073
Two to five years	54,508	95,317	113,634
Total undiscounted lease payments	<u><u>\$ 115,568</u></u>	<u><u>154,019</u></u>	<u><u>174,707</u></u>

(q) Employee benefits

(i) Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

(ii) Defined contribution plans

The Company contribute the pension cost on the defined contribution plans to the labor pension account at the Bureau of Labor Insurance. Subsidiaries other than the Company set up their defined contribution plans in accordance with the regulations of their respective countries.

(iii) The Group recognized its pension costs and recorded them as operating costs and operating expenses.

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Defined benefit plans	\$ 176	189	530	567
Defined contribution plans	98,432	96,451	294,484	300,687
Total	<u><u>\$ 98,608</u></u>	<u><u>96,640</u></u>	<u><u>295,014</u></u>	<u><u>301,254</u></u>

(r) Income taxes

(i) Income tax expense for the period is best estimated by multiplying the profit before tax of the reporting period by the effective annual tax rate as forecasted by the management.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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- (ii) The details of the Group's income tax expenses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Income tax expense	\$ <u>208,867</u>	<u>193,584</u>	<u>559,039</u>	<u>519,489</u>

- (iii) There were no income tax recognized in equity or other comprehensive income.
- (iv) The Company's income tax returns through the years to 2020 and for the year of 2022 have been examined by the tax authority.
- (v) Global minimum top-up tax

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

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation from January 1, 2024 and is liable for additional current taxes in relation to the group's operations in United Kingdom, The Czech Republic and Japan. The top-up tax relates to the subsidiaries' operations in Cayman Islands, where the statutory tax rate is 0 percent. This impact has been considered in determining the weighted-average annual income tax rate for the full financial year.

- (s) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the nine months ended September 30, 2024 and 2023. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2023.

- (i) Ordinary shares

As of September 30, 2024, December 31 and September 30, 2023, the nominal ordinary shares both amounted to \$5,500,000. Par value of each share is \$10 (dollars), which means in total there were 550,000 thousand authorized common shares, of which 466,033 thousand shares, 462,974 thousand shares and 463,075 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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Reconciliation of shares outstanding were as follows:

	Ordinary shares (in thousands of shares) For the nine months ended September 30	
	2024	2023
Balance on January 1	462,974	458,289
Issuance of restricted stock	3,101	4,885
Cancellation of restricted stock	(42)	(99)
Balance on September 30	466,033	463,075

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Additional paid-in capital	\$ 1,224,765	1,076,639	1,034,037
Employee stock options	259,401	259,401	259,401
Restricted employee stock options	546,064	463,007	507,834
Long-term investments	551,128	560,706	563,837
	\$ 2,581,358	2,359,753	2,365,109

(iii) Retained earnings

According to the articles of the Company, when allocating the earnings for each year, the Company shall first offset its losses in previous year and set aside a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside a special capital reserve in accordance with relevant laws, the balance of the earnings shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed by the directors' distribution proposals according to the resolution adopted at the shareholders' meeting.

The Company is at the growth stage and considers its future cash demand, long-term financial plans, benefits to shareholders, and balanced dividends. Earnings distribution is made by stock dividend and cash dividend. The cash dividend shall not be less than 10 percent of the total dividends and could be adjusted depending on the Company's operating condition.

On May 24, 2024 and May 25, 2023, the shareholders' meeting resolved to distribute the 2023 and 2022 earnings, respectively. The distributions for 2023 and 2022 were NT\$4(dollars) and NT\$3.9(dollars) per share, which amounted to \$1,851,727 and \$1,791,794, respectively.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Share-based payment

Except for the following disclosure, there were no significant changes on share-based payment for the nine months ended September 30, 2024 and 2023. Please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2023 for further information.

After the shareholders' meeting on May 26, 2022, the Company decided to issue 4,500 thousand shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The Board of Directors' meeting resolved to issue 3,355 and 1,145 thousand shares on August, 2022 and January, 2023, respectively.

After the shareholders' meeting on May 25, 2023, the Company decided to issue 4,500 thousand shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The Board of Directors' meeting resolved to issue 3,740 and 760 thousand shares on August, 2023 and 2024, respectively.

After the shareholders' meeting on May 24, 2024, the Company decided to issue 4,350 thousand shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The Board of Directors' meeting resolved to issue 2,341 thousand shares on August 2024.

Expenses attributable to share-based payment were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Restricted stock	\$ <u>68,372</u>	<u>65,821</u>	<u>194,781</u>	<u>183,559</u>

(u) Earnings per share

The calculation of basic earnings and diluted earnings per share was as follows:

(i) Basic earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Profit attributable to owners of parent	\$ <u>772,904</u>	<u>736,596</u>	<u>2,081,561</u>	<u>1,990,712</u>
Weighted-average number of ordinary shares (thousand shares)	<u>456,002</u>	<u>452,394</u>	<u>454,981</u>	<u>451,712</u>
Basic earnings per share (NT dollars)	\$ <u>1.70</u>	<u>1.63</u>	<u>4.58</u>	<u>4.41</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Profit attributable to owners of parent	\$ <u>772,904</u>	<u>736,596</u>	<u>2,081,561</u>	<u>1,990,712</u>
Weighted-average number of ordinary shares (diluted) (thousand shares)	<u>462,247</u>	<u>457,624</u>	<u>462,354</u>	<u>457,689</u>
Diluted earnings per share (NT dollars)	\$ <u>1.67</u>	<u>1.61</u>	<u>4.50</u>	<u>4.35</u>

Weighted-average number of ordinary shares (diluted) (thousand shares)

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Weighted-average number of ordinary shares on September 30 (basic)	456,002	452,394	454,981	451,712
Estimated effect of employee stock bonuses	823	1,025	1,097	1,406
Effect of restricted stock	<u>5,422</u>	<u>4,205</u>	<u>6,276</u>	<u>4,571</u>
Weighted-average number of ordinary shares on September 30 (diluted)	<u>462,247</u>	<u>457,624</u>	<u>462,354</u>	<u>457,689</u>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2024		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 6,129,820	9,069,227	15,199,047
Service rendered	<u>242,710</u>	<u>566,778</u>	<u>809,488</u>
	<u>\$ 6,372,530</u>	<u>9,636,005</u>	<u>16,008,535</u>

	For the three months ended September 30, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 5,686,943	9,736,306	15,423,249
Service rendered	<u>61,717</u>	<u>238,254</u>	<u>299,971</u>
	<u>\$ 5,748,660</u>	<u>9,974,560</u>	<u>15,723,220</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2024		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 17,883,480	25,558,839	43,442,319
Service rendered	416,152	1,166,850	1,583,002
	\$ 18,299,632	26,725,689	45,025,321

	For the nine months ended September 30, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 16,502,330	29,023,263	45,525,593
Service rendered	132,328	807,726	940,054
	\$ 16,634,658	29,830,989	46,465,647

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Mainland China	\$ 7,016,996	6,040,749	19,590,983	17,289,122
Europe	3,029,056	4,032,992	8,513,435	12,195,369
America	4,502,217	4,572,383	13,886,120	13,383,291
Other	1,460,266	1,077,096	3,034,783	3,597,865
	\$ 16,008,535	15,723,220	45,025,321	46,465,647

(ii) Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable (including related parties)	\$ 13,008,675	11,619,809	14,223,293
Less: allowance for impairment	(55,335)	(67,416)	(71,118)
	\$ 12,953,340	11,552,393	14,152,175
Contract liabilities (classified as other current liabilities)	\$ 593,167	488,099	903,349

For details on accounts receivable (including related parties) and allowance for impairment, please refer to note 6(e).

The amount of revenue recognized for the nine months ended September 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$282,354 and \$625,434, respectively.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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The contract liabilities primarily relate to the advance consideration received from contracts with goods sold, for which revenue is recognized when products are delivered to customers.

(w) Employee's and directors' remuneration

In accordance with the Articles of incorporation, the Company should contribute 2 to 10 percent of the profit as employee remuneration and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

Details of remuneration to employees and directors were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Employee remuneration	\$ 27,074	26,426	74,585	70,911
Directors' remuneration	13,538	13,212	37,293	35,455
	<u>\$ 40,612</u>	<u>39,638</u>	<u>111,878</u>	<u>106,366</u>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during each period. The differences between the amounts distributed and those accrued in the financial statements, if any, are accounted for as changes in accounting estimate and recognized as profit or loss in the distribution year.

The differences between the amounts approved in the directors' meeting and those recognized in the financial statements for the distributions of earnings for 2023 and 2022 were as follows:

	2023		
	Actual earnings distributed	Accrued in the financial statement	Difference
Employee remuneration—Cash	\$ 89,330	89,330	-
Director's remuneration	44,665	44,665	-
	2022		
	Actual earnings distributed	Accrued in the financial statement	Difference
Employee remuneration—Cash	\$ 99,830	99,830	-
Director's remuneration	49,915	49,915	-

Information on the remuneration to employees and directors, approved in the Board of Directors' meetings, can be accessed in the Market Observation Post System website.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(x) Other income

The details of other income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Government grants	\$ 4,465	3,297	23,041	13,801
Rent income	15,379	661	45,641	1,706
Dividend income	639	689	639	689
Other	240	139	633	490
	<u>\$ 20,723</u>	<u>4,786</u>	<u>69,954</u>	<u>16,686</u>

(y) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Net income (losses) on financial assets/liabilities measured at FVTPL	\$ (238,954)	352,112	(454,125)	(182,216)
Foreign currency exchange gains (losses), net	260,729	(283,434)	618,850	483,189
Net income (losses) on disposal of property, plant and equipment	(30)	14,229	12,361	21,394
Net gains on disposal of right-of-use assets	7	5,745	716	5,746
Other	68,883	8,465	9,247	(3,469)
	<u>\$ 90,635</u>	<u>97,117</u>	<u>187,049</u>	<u>324,644</u>

(z) Financial instruments

Except for the following paragraph, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(aa) of the consolidated financial statements for the year ended December 31, 2023 for further information.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2~5 years	Over 5 years
September 30, 2024						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 1,732,728	1,747,079	1,747,079	-	-	-
Notes and accounts payable	13,506,560	13,506,560	13,506,560	-	-	-
Other payables	2,828,348	2,828,348	2,828,348	-	-	-
Salaries payable	1,786,041	1,786,041	1,786,041	-	-	-
Lease liabilities	1,737,929	1,963,972	286,000	259,489	617,773	800,710
Refund liabilities	2,591,666	2,591,666	2,591,666	-	-	-
Long-term borrowings	815,427	841,427	218,246	314,622	308,559	-
Guarantee deposits	36,992	36,992	-	-	-	36,992
Derivative financial liabilities:	691,659	-	-	-	-	-
Outflow	-	8,716,491	8,716,491	-	-	-
Inflow	-	(8,024,832)	(8,024,832)	-	-	-
	<u>\$ 25,727,350</u>	<u>25,993,744</u>	<u>23,655,599</u>	<u>574,111</u>	<u>926,332</u>	<u>837,702</u>
December 31, 2023						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 756,252	759,171	759,171	-	-	-
Notes and accounts payable	12,135,123	12,135,123	12,135,123	-	-	-
Other payables	2,999,687	2,999,687	2,999,687	-	-	-
Salaries payable	1,310,137	1,310,137	1,310,137	-	-	-
Lease liabilities	1,784,590	2,017,258	272,412	248,423	631,932	864,491
Refund liabilities	2,239,016	2,239,016	2,239,016	-	-	-
Long-term borrowings	707,979	732,135	26,686	240,064	465,385	-
Guarantee deposits	33,505	33,505	-	-	-	33,505
Derivative financial liabilities:	992,339	-	-	-	-	-
Outflow	-	2,134,469	2,134,469	-	-	-
Inflow	-	(1,142,130)	(1,142,130)	-	-	-
	<u>\$ 22,958,628</u>	<u>23,218,371</u>	<u>20,734,571</u>	<u>488,487</u>	<u>1,097,317</u>	<u>897,996</u>
September 30, 2023						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 1,866,441	1,870,460	1,870,460	-	-	-
Notes and accounts payable	12,669,120	12,669,120	12,669,120	-	-	-
Other payables	3,067,701	3,067,701	3,067,701	-	-	-
Salaries payable	1,380,741	1,380,741	1,380,741	-	-	-
Lease liabilities	1,993,709	2,299,667	296,115	286,047	669,749	1,047,756
Refund liabilities	2,263,043	2,263,043	2,263,043	-	-	-
Long-term borrowings	707,979	734,641	10,020	145,876	578,745	-
Guarantee deposits	35,372	35,372	-	-	-	35,372
Derivative financial liabilities:	1,010,693	-	-	-	-	-
Outflow	-	18,032,223	18,032,223	-	-	-
Inflow	-	(17,021,530)	(17,021,530)	-	-	-
	<u>\$ 24,994,799</u>	<u>25,331,438</u>	<u>22,567,893</u>	<u>431,923</u>	<u>1,248,494</u>	<u>1,083,128</u>

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

(ii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	September 30, 2024				December 31, 2023			September 30, 2023		
	Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>										
<u>Monetary items</u>										
USD:CNY	\$	665,475	7.0074	21,062,953	546,979	7.0827	16,811,402	536,176	7.1798	17,301,330
USD:HKD		316,778	7.7705	10,026,328	264,835	7.8157	8,139,702	280,319	7.8243	9,045,338
USD:TWD		400,022	31.6510	12,661,099	413,715	30.7350	12,715,538	365,178	32.2680	11,783,572
EUR:CZK		7,102	25.1788	251,063	6,326	24.6773	215,742	5,121	24.5237	174,565
USD:CZK		18,364	22.5470	581,239	17,471	22.2390	536,971	15,018	23.2140	484,601
USD:THB		55,472	32.4030	1,755,730	35,502	34.1400	1,091,140	39,558	36.5300	1,276,462
EUR:HKD		6,051	8.6789	213,909	7,719	8.6723	263,249	7,127	8.2656	242,945
CZK:HKD		70,507	0.3447	98,992	94,345	0.3514	130,385	76,103	0.3370	105,783
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD:CNY	\$	254,445	7.0074	8,053,425	259,769	7.0827	7,984,009	276,625	7.7198	8,926,148
USD:HKD		283,047	7.7705	8,958,707	191,851	7.8157	5,896,555	196,255	7.8243	6,332,765
USD:TWD		511,539	31.6510	16,190,735	495,314	30.7350	15,223,471	425,583	32.2680	13,732,702
EUR:CZK		3,557	25.1788	125,744	4,786	24.6773	163,222	3,785	24.5237	129,023
USD:THB		74,792	32.4030	2,367,249	52,348	34.1400	1,608,905	54,140	36.5300	1,746,977
EUR:HKD		5,839	8.6789	206,414	3,341	8.6723	113,941	397	8.2656	13,533
USD:CZK		1,280	22.5470	40,513	3,278	22.2390	100,749	2,560	23.2140	82,606

2) 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, accounts receivable, other receivables, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the TWD, CNY, HKD, CZK and THB against the USD; the HKD against CZK; as well as HKD and CZK against the EUR, as of September 30, 2024 and 2023, would have increased or decreased the net profit before tax by \$535,426 and \$472,542, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three and nine months ended September 30, 2024 and 2023, foreign exchange gain (losses) (including realized and unrealized portions) amounted to \$260,729, \$(283,434), \$618,850 and \$483,189, respectively.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(iii) Interest rate analysis

Please refer to the note 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 assets and liabilities with variable interest rates, the analysis is based on the assumption that the amounts of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, and assumed all other variables remain constant, the profit before tax would have increased or decreased by \$10,573 and \$6,410 for the nine months ended September 30, 2024 and 2023, respectively. This is mainly due to borrowings and demand deposits with variable interest rates.

(iv) Other price risk

If the market price of the equity securities had changed on the reporting date, the influence on other comprehensive income is as follows (The analysis is performed on the same basis for both periods, and assumes all other variable remain constant):

	For the nine months ended September 30		For the nine months ended September 30	
	2024		2023	
	Other comprehensive income before tax	Income before tax	Other comprehensive income before tax	Income before tax
Price of securities at the reporting date				
Increasing 10%	\$ 29,936	2,257	36,391	1,168
Decreasing 10%	\$ (29,936)	(2,257)	(36,391)	(1,168)

(v) Fair value

1) Kinds of financial instruments and fair value

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		September 30, 2024			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	\$ <u>260,055</u>	-	-	260,055	260,055
Financial assets at FVOCI – non-current	\$ <u>299,360</u>	-	-	299,360	299,360
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 13,540,327				
Financial assets at amortized cost – current	25,649				
Accounts receivable (including related parties)	12,953,340				
Other receivables	1,713,389				
Refundable deposits	<u>131,853</u>				
Total	\$ <u>28,364,558</u>				
Financial liabilities at FVTPL – current	\$ <u>691,659</u>	-	-	691,659	691,659
Financial liabilities measured at amortized cost:					
Borrowings	\$ 2,548,155				
Notes and accounts payable	13,506,560				
Other payables	2,828,348				
Salaries payable	1,786,041				
Lease liabilities	1,737,929				
Refund liabilities	2,591,666				
Guarantee deposits	<u>36,992</u>				
Total	\$ <u>25,035,691</u>				

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2023			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	\$ <u>391,656</u>	-	-	391,656	391,656
Financial assets at FVOCI – non-current	\$ <u>290,285</u>	-	-	290,285	290,285
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 10,904,683				
Financial assets at amortized cost – current	30,234				
Accounts receivable (including related parties)	11,552,393				
Other receivables	1,556,671				
Refundable deposits	<u>122,405</u>				
Total	\$ <u>24,166,386</u>				
Financial liabilities at FVTPL – current	\$ <u>992,339</u>	-	-	992,339	992,339
Financial liabilities measured at amortized cost:					
Borrowings	\$ 1,464,231				
Notes and accounts payable	12,135,123				
Other payables	2,999,687				
Salaries payable	1,310,137				
Lease liabilities	1,784,590				
Refund liabilities	2,239,016				
Guarantee deposits	<u>33,505</u>				
Total	\$ <u>21,966,289</u>				

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		September 30, 2023			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	\$ 840,783	-	-	840,783	840,783
Financial assets at FVOCI – non-current	\$ 363,912	-	-	363,912	363,912
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 9,652,864				
Financial assets at amortized cost – current	191,575				
Accounts receivable (including related parties)	14,152,175				
Other receivables	1,964,937				
Refundable deposits	131,094				
Total	\$ 26,092,645				
Financial liabilities at FVTPL – current	\$ 1,010,693	-	-	1,010,693	1,010,693
Financial liabilities measured at amortized cost :					
Borrowings	\$ 2,574,420				
Notes and accounts payable	12,669,120				
Other payables	3,067,701				
Salaries payable	1,380,741				
Lease liabilities	1,993,709				
Refund liabilities	2,263,043				
Guarantee deposits	35,372				
Total	\$ 23,984,106				

2) Fair value valuation techniques for financial instruments measured at fair value

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be reached, then the market is non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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The Group uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

- a) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated on the basis of the contract's spot exchange rate and swap point.
 - b) Financial assets at FVTPL – non-derivative financial assets and Financial assets at FVOCI without an active market are investments in domestic or foreign non-listed stock. The estimated fair value is based on the market approach of comparable business and adjusted for the lack of liquidity. When prices are unavailable, the fair value is estimated on the basis of unadjusted prior trade prices.
- 3) In the nine months ended September 30, 2024 and 2023, there were no transfers between Levels.
 - 4) Reconciliation of Level 3 fair values

	For the nine months ended September 30, 2024			For the nine months ended September 30, 2023		
	FVTPL	FVOCI	Total	FVTPL	FVOCI	Total
Balance on January 1	\$ (600,683)	290,285	(310,398)	(617,015)	350,788	(266,227)
Recognized in profit or loss	(454,125)	-	(454,125)	(182,216)	-	(182,216)
Recognized in other comprehensive income	-	(15,274)	(15,274)	-	(15,493)	(15,493)
Acquisition /disposal	623,204	24,349	647,553	629,321	27,419	656,740
Effect of changes on exchange rate	-	-	-	-	1,198	1,198
Balance on September 30	\$ (431,604)	299,360	(132,244)	(169,910)	363,912	194,002

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

The fair value measurements of the Group which are categorized within level 3 are classified as financial assets and liabilities at FVTPL – non-derivative financial assets and derivative instruments not used for hedging and financial assets at FVOCI – equity investment without an active market. The quantitative information about significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at FVOCI – equity investment without an active market	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL – non-derivative financial assets	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL – derivative instruments not used for hedging	(note 2)	(note 2)	(note 2)

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

note 1: The fair value is based on the market value, and it has considered the recent financing activities, comparable business, market and other economic conditions etc., to determine the assumptions. Also, the significant unobservable inputs are marketability discount, but any changes of marketability discount would not result in significant potential financial impact, therefore there is no need to show the quantified information on it.

note 2: The fair value is based on the quotation of a third party, therefore there is no need to show the sensitivity analysis of unobservable inputs.

(aa) Financial risk management

The Group's objectives and policies on financial risk management are consistent with note 6(ab) of the consolidated financial statement ended December 31, 2023.

(ab) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(ac) of the consolidated financial statements for the year ended December 31, 2023 for further details.

(ac) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2024	Cash flows	Effect of changes in exchange rate	Changes in lease payments	September 30, 2024
Short-term borrowings	\$ 756,252	907,913	68,563	-	1,732,728
Long-term borrowings	707,979	96,635	10,813	-	815,427
Lease liabilities	1,784,590	(181,308)	16,993	117,654	1,737,929
Guarantee deposits	33,505	3,487	-	-	36,992
Total liabilities from financing activities	<u>\$ 3,282,326</u>	<u>826,727</u>	<u>96,369</u>	<u>117,654</u>	<u>4,323,076</u>
	January 1, 2023	Cash flows	Effect of changes in exchange rate	Changes in lease payments	September 30, 2023
Short-term borrowings	\$ 489,370	1,377,071	-	-	1,866,441
Long-term borrowings	464,000	243,979	-	-	707,979
Lease liabilities	1,898,262	(174,988)	16,048	254,387	1,993,709
Guarantee deposits	12,126	23,246	-	-	35,372
Total liabilities from financing activities	<u>\$ 2,863,758</u>	<u>1,469,308</u>	<u>16,048</u>	<u>254,387</u>	<u>4,603,501</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ad) Supplementary information of cash flow

	For the nine months ended September 30	
	2024	2023
Acquisition of property, plant and equipment	\$ 992,526	1,068,089
Increase in payables on equipment	(62,474)	(46,535)
Decrease in cash	<u><u>\$ 930,052</u></u>	<u><u>1,021,554</u></u>
	For the nine months ended September 30	
	2024	2023
Proceeds from disposal of property, plant and equipment	\$ 125,945	37,485
Gain on disposal of property, plant and equipment	12,361	21,394
Decrease in other receivables	8,160	-
Decrease in equipment subsidy	(1,484)	(5,014)
Decrease in advance payment	(14,984)	-
Increase in cash	<u><u>\$ 129,998</u></u>	<u><u>53,865</u></u>

(7) Related-party transactions:

(a) Names and relationship of the related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name	Relationship
Specialty Technologies, LLC (Specialty)	Substantive related party

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties and the outstanding balances were as follows:

	Sales				Accounts receivable		
	For the three months ended September 30		For the nine months ended September 30		September 30, 2024	December 31, 2023	September 30, 2023
	2024	2023	2024	2023			
Other related parties	<u><u>\$ 140,705</u></u>	<u><u>163,735</u></u>	<u><u>387,956</u></u>	<u><u>495,593</u></u>	<u><u>114,618</u></u>	<u><u>70,606</u></u>	<u><u>118,230</u></u>

There were no significant differences in the selling prices between the related parties and other customers. The trading terms offered to other related parties were 60 days, and the trading terms to other customers were 45 days to 120 days.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 62,066	23,902	229,582	164,133
Post-employment benefits	520	339	1,455	1,069
Share-based payments	27,565	35,317	81,344	85,200
	<u>\$ 90,151</u>	<u>59,558</u>	<u>312,381</u>	<u>250,402</u>

Please refer to note 6(t) for information related to share-based payments.

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	September 30, 2024	December 31, 2023	September 30, 2023
Other non-current assets – restricted assets	Guarantee letters issued by bank	\$ 3,414	3,414	3,414
Property, plant and equipment	Loan collateral	\$ 1,908,834	769,580	1,583,208
Investment property	Loan collateral	\$ 600,830	611,258	641,626

(9) Commitments and contingencies:

(a) For the detail of the Group's guarantee, please refer to note 13.

(b) The following are guarantee letters issued by the bank to customs, business partner and Power Supply Bureau as guarantee deposits and power supply guarantee, respectively.

	September 30, 2024	December 31, 2023	September 30, 2023
Guarantee letters	\$ 85,776	62,449	58,879

(c) Guarantee notes provided as part of agreements with banks to sell accounts receivable and to acquire long-term borrowings were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Sales of accounts receivable	\$ 336,564	76,838	958,494
Long-term borrowings	\$ 1,800,400	1,800,400	1,800,400

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	<u><u>\$ 988,172</u></u>	<u><u>1,555,520</u></u>	<u><u>1,501,344</u></u>

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) A summary of employee benefit, depreciation, and amortization expenses by function, was as follows:

By item	By function			For the three months ended September 30, 2024			For the three months ended September 30, 2023		
	By item			Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits									
Salaries				931,190	1,238,433	2,169,623	889,118	1,056,632	1,945,750
Labor and health insurance				38,487	59,386	97,873	37,557	54,880	92,437
Pension				53,707	44,901	98,608	55,004	41,636	96,640
Others				20,134	46,365	66,499	16,625	46,867	63,492
Depreciation				285,385	86,026	371,411	319,582	95,886	415,468
Amortization				3,061	11,473	14,534	4,616	44,860	49,476

By item	By function			For the nine months ended September 30, 2024			For the nine months ended September 30, 2023		
	By item			Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits									
Salaries				2,629,899	3,444,956	6,074,855	2,654,215	3,158,129	5,812,344
Labor and health insurance				114,127	177,962	292,089	118,392	181,431	299,823
Pension				160,929	134,085	295,014	171,223	130,031	301,254
Others				45,605	129,675	175,280	30,411	130,401	160,812
Depreciation				896,816	262,802	1,159,618	981,814	290,762	1,272,576
Amortization				11,857	41,671	53,528	15,499	138,829	154,328

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note: Excluding the depreciation of the investment property-buildings (classified as other gains and losses) amounted to \$26,324 and \$3,100 for the nine months ended September 30, 2024 and 2023, respectively.

(b) Seasonality of Operation

The Group's operation were not affected by seasonality or cyclicity factors.

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the Regulations for the Group:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	PKS1	The Company	Other receivables	Y	317,197	168,383	168,383	0	Short-term loan to other parties	-	Operating capital	-	-	-	797,141	797,141
2	TYM Acoustic HK	TWEL	"	"	623,884	601,369	-	5.5%	"	-	"	-	-	-	672,804	1,345,609

Note 1: After the approval from the Board of directors, the loan provided to an individual entity shall not exceed the net worth of PKS1 in the latest financial statements to its parent company, and also to subsidiaries wherein its parent owns 100%, directly and indirectly, of its voting shares. Also, the criterion for the amount available for financing is the same as that offered to an individual entity mentioned above.

Note 2: Due to the short term financing need, the loan provided to an individual entity shall not exceed 20% of the net worth of TYM Acoustic HK in its latest financial statements. However, the amount available for financing shall not exceed 40% of the net worth of TYM Acoustic HK in its latest financial statements.

Note 3: The above transactions have been eliminated during the preparation of the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(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	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	PCH2	The subsidiary of Primax HK and Primax Tech.	5,446,795	328,360	316,510	-	-	1.74 %	14,524,787	Y	N	Y
"	"	Primax Singapore	Subsidiary	5,446,795	2,700,000	2,700,000	316,663	-	14.87 %	14,524,787	Y	N	N
1	Tymphony Huizhou	TYM Acoustic HK	Subsidiary	2,467,136	4,925	4,748	-	-	0.06 %	4,111,893	N	N	N

Note 1: The amount of the guarantee to a company shall not exceed 30% of the Company's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the Company's net worth in the latest financial statements.

Note 2: The amount of the guarantee to a company shall not exceed 30% of the Tymphony Huizhou's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 50% of the Tymphony Huizhou's net worth in the latest financial statements.

Note 3: The above counter-parties of guarantee and endorsement are subsidiaries included in the consolidated financial statements.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Company Ending balance holding securities	Security type and name	Relationship with company	Account	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stocks (equities):							
	Green Rich	-	Financial assets at	359	-	3.59	-	
	Technology Co., Ltd.		FVOCI					
	Changing Information	-	"	223	14,008	1.29	14,008	
	Technology Inc.							
	Formosoft	-	"	11	-	0.41	-	
	International Inc.							
	Syntronix Corp.	-	"	7	250	0.02	250	
	Ricavision	-	"	917	-	2.04	-	
	International Inc.							
	Grove Ventures L.P.	-	"	-	152,304	2.75	152,304	
	Grove Ventures II, L.P.	-	"	-	93,171	3.28	93,171	
Primax Tech.	Grove Ventures III, L.P.	-	"	-	39,627	2.22	39,627	
	Storm Ventures Fund	-	Financial assets at	-	7,913	0.44	7,913	
	VII, L.P.		FVTPL					
	Thin Line Capital fund	-	"	-	14,654	7.12	14,654	
	II, L.P.							
					<u>321,927</u>			
	Stocks:							
	Echo. Bahn.	-	Financial assets at	400	-	11.90	-	
			FVOCI					
Tympany Huizhou	Stocks:							
	Shenzhen Mees Hi- Tech Co., Ltd.	-	Financial assets at	556	-	10.00	-	
			FVOCI					

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the Company's paid-in capital: None
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the Company's issued capital: None
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the Company's issued capital: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the Company's issued capital:

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	Primax Singapore	Subsidiary	(Sale)	(9,135,252)	(33) %	60 days	Price agreed by both sides	The same as general selling	1,975,691	25%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	15,173,687	65 %	"	"	The same as general purchasing	(8,045,273)	(64)%	Note 1
"	PKS1	"	Purchase	1,250,863	5 %	"	"	"	(899,162)	(7)%	Note 1
"	PCQ1	"	Purchase	4,727,321	19 %	"	"	"	(2,658,398)	(21)%	Note 1
"	Polaris	The subsidiary of Primax Tech.	(Sale)	(2,553,970)	(9) %	90 days	"	The same as general selling	351,295	4%	Note 1

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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	Primax Thailand	The subsidiary of Primax Singapore	Purchase	2,417,324	10 %	60 days	Price agreed by both sides	The same as general purchasing	(442,745)	(4)%	Note 1
Primax Singapore	The Company	Parent	Purchase	9,135,252	99 %	"	"	"	(1,975,691)	(87)%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	105,822	1 %	"	"	"	(38,025)	(2)%	Note 1
PCH2	The Company	The parent of Primax Cayman	(Sale)	(15,173,687)	(93) %	"	"	The same as general selling	8,045,273	94%	Note 1
"	Primax Singapore	The subsidiary of The Company	(Sale)	(105,822)	(1) %	"	"	"	38,025	-%	Note 1
PKS1	The Company	The parent of Primax Cayman	(Sale)	(1,250,863)	(100) %	"	"	"	889,162	84%	Note 1
PCQ1	"	"	(Sale)	(4,727,321)	(76) %	"	"	"	2,658,398	84%	Note 1
Primax Thailand	"	The parent of Primax Singapore	(Sale)	(2,417,324)	(99) %	"	"	"	442,745	98%	Note 1
Polaris	"	The parent of Primax Tech.	Purchase	2,553,970	100 %	90 days	"	The same as general purchasing	(351,295)	(100)%	Note 1
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	(Sale)	(2,723,887)	(56) %	60 days	"	The same as general selling	1,739,026	57%	Note 1
"	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(1,742,133)	(36) %	"	"	"	1,115,448	36%	Note 1
"	Tymphony Dongguan	Subsidiary	Purchase	141,488	4 %	"	"	The same as general purchasing	(31,832)	(2)%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	(Sale)	(112,875)	(2) %	"	"	The same as general selling	127,471	4%	Note 1
Tymphony Dongguan	TYM HK	"	Purchase	269,748	7 %	"	"	The same as general purchasing	(75,494)	(6)%	Note 1
"	"	"	(Sale)	(1,154,867)	(26) %	"	"	The same as general selling	493,436	24%	Note 1
"	Tymphony Huizhou	Parent	(Sale)	(141,488)	(3) %	"	"	"	31,832	2%	Note 1
"	TYM Acoustic Europe	The subsidiary of TYM Acoustic HK	(Sale)	(290,196)	(6) %	"	"	"	105,149	5%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(2,484,378)	(56) %	"	"	"	1,347,844	66%	Note 1
TYDC	"	"	(Sale)	(575,858)	(97) %	"	"	"	-	-%	Note 1 、 Note 2
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	1,721,001	22 %	"	"	The same as general purchasing	(711,515)	(16)%	Note 1
"	Tymphony Huizhou	Parent	Purchase	2,723,887	35 %	"	"	"	(1,739,026)	(38)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	2,484,378	32 %	"	"	"	(1,347,844)	(30)%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	575,858	7 %	"	"	"	-	-%	Note 1 、 Note 2
"	TYTH	Subsidiary	Purchase	465,135	6 %	"	"	"	(368,392)	(8)%	Note 1
"	Specialty	The other related party	(Sale)	(387,956)	(4) %	"	"	The same as general selling	114,618	4%	

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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)	
TYM Acoustic Europe	TYM Acoustic HK	Parent	(Sale)	(1,721,001)	(100) %	60 days	Price agreed by both sides	The same as general selling	711,515	99%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	290,196	22 %	"	"	The same as general purchasing	(105,149)	(34)%	Note 1
TYM HK	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	1,742,133	29 %	"	"	"	(1,115,448)	(39)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	1,154,867	19 %	"	"	"	(493,436)	(17)%	Note 1
"	"	"	(Sale)	(269,748)	(4) %	"	"	The same as general selling	75,494	4%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	3,196,492	53 %	"	"	The same as general purchasing	(809,974)	(28)%	Note 1
TYTH	TYM HK	"	(Sale)	(3,196,492)	(87) %	"	"	The same as general selling	809,974	69%	Note 1
"	TYM Acoustic HK	Parent	(Sale)	(465,135)	(13) %	"	"	"	368,392	31%	Note 1
"	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	112,875	4 %	"	"	The same as general purchasing	(127,471)	(8)%	Note 1

Note 1: Related transactions have been eliminated during the preparation of the consolidated financial statements.

Note 2: TYDC was merged into Tymphony Dongguan in June 2024. Therefore, the information were disclosed as of the date of the merger.

(viii) Receivables from related parties with amounts exceeding the lower of TWD\$100 million or 20% of the Company's paid-in capital:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	Primax Singapore	Subsidiary	1,975,691 (note 5)	6.41	-	-	535,460	-
"	Polaris	The subsidiary of Primax Tech.	351,295 (note 5)	5.88	-	-	144,087	-
"	PCH2	The subsidiary of Primax HK	445,800 (note 2&5)	4.43	-	-	-	-
"	"	"	8,080 (note 5)	(note 3)	-	-	1,448	-
PCH2	The Company	The parent of Primax Cayman	8,045,273 (note 5)	2.68	-	-	1,661,889	-
"	Primax Thailand	The subsidiary of Primax Singapore	272,842 (note 5)	(note 3)	-	-	-	-
PKS1	The Company	The parent of Primax Cayman	889,162 (note 5)	2.14	-	-	24,084	-
"	"	"	168,383 (note 5)	(note 4)	-	-	-	-
PCQ1	"	"	2,658,398 (note 5)	2.21	-	-	-	-
Primax Thailand	"	The parent of Primax Singapore	442,745 (note 5)	8.57	-	-	187,174	-
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	1,739,026 (note 5)	2.75	-	-	590,359	-
"	TYM HK	The subsidiary of TYM Acoustic HK	1,115,448 (note 5)	2.39	-	-	-	-
"	TYTH	"	127,471 (note 5)	1.16	-	-	9,763	-

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
Tymphony Dongguan	TYM HK	The subsidiary of TYM Acoustic HK	493,436 (note 5)	1.89	-	-	-	-
"	TYM Acoustic Europe	"	105,149 (note 5)	2.64	-	-	36,127	-
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	1,347,844 (note 5)	4.04	-	-	273,440	-
TYM Acoustic Europe	"	Parent	711,515 (note 5)	3.48	-	-	205,176	-
TYM HK	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	75,494 (note 5)	4.11	-	-	30,142	-
"	"	"	367,963 (note 5)	(note 3)	-	-	-	-
"	TYM Acoustic HK	Parent	392,673 (note 5)	(note 3)	-	-	-	-
TYM Acoustic HK	Tymphony Huizhou	"	383,892 (note 5)	(note 3)	-	-	-	-
"	Specialty	The other related party	114,618	5.59	-	-	-	-
TYAT	TYM HK	The subsidiary of TYM Acoustic HK	361,454 (note 5)	(note 3)	-	-	85,458	-
TYTH	"	"	809,974 (note 5)	5.90	-	-	364,536	-
"	TYM Acoustic HK	Parent	368,392 (note 5)	2.91	-	-	31,651	-

Note 1: Amounts were collected as of October 18, 2024.

Note 2: The Company sells semi-finished products to its subsidiaries for processing and production. The finished products are then repurchased back by the Company and sold to the customers. The amount of semi-finished products sold in the nine months ended September 30, 2024 was \$1,491,900, which was written off with related cost of goods sold, and not regarded as sales for the Company.

Note 3: The receivables arise from service rendering for intercompany or material purchasing on behalf of intercompany or related parties.

Note 4: The other receivables arise from intercompany loans.

Note 5: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of consolidated total operating revenues or total assets
0	The Company	Primax Singapore	Subsidiary	Sale	9,135,252	Price agreed by both sides	20.29 %
"	"	"	"	Accounts Receivable	1,975,691	60 days	3.88 %
"	"	PCH2	The subsidiary of Primax HK	Purchase	15,173,687	Price agreed by both sides	33.70 %
"	"	"	"	Accounts Payable	8,045,273	60 days	15.79 %
"	"	"	"	Accounts Receivable	445,800	"	0.88 %
"	"	"	"	Other Receivable	8,080	(note 2)	0.02 %
"	"	PKS1	"	Purchase	1,250,863	Price agreed by both sides	2.78 %
"	"	"	"	Accounts Payable	889,162	60 days	1.75 %
"	"	"	"	Other Payable	168,383	(note 3)	0.33 %

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of consolidated total operating revenues or total assets
0	The Company	PCQ1	The subsidiary of Primax HK	Purchase	4,727,321	Price agreed by both sides	10.50 %
"	"	"	"	Accounts Payable	2,658,398	60 days	5.22 %
"	"	Polaris	The subsidiary of Primax Tech.	Sale	2,553,970	Price agreed by both sides	5.67 %
"	"	"	"	Accounts Receivable	351,295	90 days	0.69 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	2,417,324	Price agreed by both sides	5.37 %
"	"	"	"	Accounts Payable	442,745	60 days	0.87 %
1	PCH2	"	"	Other Receivable	272,842	(note 2)	0.54 %
"	"	Primax Singapore	The subsidiary of The Company	Sale	105,822	Price agreed by both sides	0.24 %
2	Tymphany Huizhou	TYM Acoustic HK	Subsidiary	Sale	2,723,887	Price agreed by both sides	6.05 %
"	"	"	"	Accounts Receivable	1,739,026	60 days	3.41 %
"	"	"	"	Other Payable	383,892	(note 2)	0.75 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	1,742,133	Price agreed by both sides	3.87 %
"	"	"	"	Accounts Receivable	1,115,448	60 days	2.19 %
"	"	Tymphany Dongguan	Subsidiary	Purchase	141,488	Price agreed by both sides	0.31 %
"	"	TYTH	The subsidiary of TYM Acoustic HK	Sale	112,875	Price agreed by both sides	0.25 %
"	"	"	"	Accounts Receivable	127,471	60 days	0.25 %
3	Tymphany Dongguan	TYM HK	The subsidiary of TYM Acoustic HK	Purchase	269,748	Price agreed by both sides	0.60 %
"	"	"	"	Accounts Payable	75,494	60 days	0.15 %
"	"	"	"	Sale	1,154,867	Price agreed by both sides	2.56 %
"	"	"	"	Accounts Receivable	493,436	60 days	0.97 %
"	"	"	"	Other Payable	367,963	(note 2)	0.72 %
"	"	TYM Acoustic Europe	"	Sale	290,196	Price agreed by both sides	0.64 %
"	"	"	"	Accounts Receivable	105,149	60 days	0.21 %
"	"	TYM Acoustic HK	The subsidiary of Tymphany Huizhou	Sale	2,484,378	Price agreed by both sides	5.52 %
"	"	"	"	Accounts Receivable	1,347,844	60 days	2.65 %
4	TYDC	"	"	Sale	575,858 (note 4)	Price agreed by both sides	1.28 %
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	1,721,001	Price agreed by both sides	3.82 %

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of consolidated total operating revenues or total assets
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Accounts Payable	711,515	60 days	1.40 %
"	"	TYTH	"	Purchase	465,135	Price agreed by both sides	1.03 %
"	"	"	"	Accounts Payable	368,392	60 days	0.72 %
"	"	TYM HK	"	Service Expense	576,172	Price agreed by both sides	1.28 %
"	"	"	"	Other Payable	392,673	(note 2)	0.77 %
6	TYM HK	TYAT	The subsidiary of TYM Acoustic HK	Other Payable	361,454	60 days	0.71 %
"	"	"	"	Service Expense	781,837	Price agreed by both sides	1.74 %
"	"	TYTH	"	Purchase	3,196,492	"	7.10 %
"	"	"	"	Accounts Payable	809,974	60 days	1.59 %
"	"	TYP	"	Service Expense	133,523	Price agreed by both sides	0.30 %

Note 1: Disclosure of the amounts was exceeding of NTDS100 million.

Note 2: The receivables arises from service rendering for intercompany or material purchasing on behalf of intercompany or related party.

Note 3: The other receivables arise from intercompany loans.

Note 4: TYDC was merged into Tymphany Dongguan in June 2024. Therefore, the information were disclosed as of the date of the merger.

Note 5: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Primax Cayman	Cayman Islands	Holding company	2,540,588	2,540,588	8,147,636	100.00	8,602,658	296,747	35,820	Note 3
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	3,151,723	111,533	26,034	Note 3
"	Destiny BVL	Virgin Island	Holding company	30,939	30,939	1,050	100.00	(3,550)	(7,481)	(7,481)	Note 3
"	Destiny Japan	Japan	Market development of and customer service for computer peripherals, mobile device components, and business devices	7,032	7,032	0.50	100.00	15,862	297	297	Note 3
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	7,682,079	475,033	464,703	Note 3
"	Gratus Tech.	USA	Market development of and customer service for computer peripherals, mobile device components, and business devices	9,330	9,330	300	100.00	20,971	2,668	2,668	Note 3
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	69,039	4,703	4,703	Note 3
"	Primax Singapore	Singapore	Sale of computer peripherals and mobile device components	1,181,150	1,181,150	40,100	100.00	759,128	(36,050)	(24,602)	Note 3
"	Primax Security	Taiwan	Sale of computer peripherals and mobile device components	200	-	20	100.00	193	(7)	(7)	Note 3
	Total			9,987,998	9,987,798			20,298,103	847,443	502,135	

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,162,928	1,162,928	1,244	99.99	749,030	(40,292)	(40,292)	Note 3
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	8,874,377	296,825	296,825	Note 3
Primax Tech.	Polaris	USA	Sale and purchase of computer peripherals, mobile device components, and business devices	52,680	52,680	1,600	100.00	469,361	10,364	10,364	Note 3
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	7,740,972	476,727	474,802	Note 3
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	-	(125,760)	-	Note 4
TWEL	TYM Singapore	Singapore	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	-	-	-	100.00	-	-	-	Note 3 Note 5
Tymphony Huizhou	TYM Acoustic HK	Hong Kong	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	1,592,954	1,592,954	418,090	100.00	3,364,021	187,658	187,658	Note 3
TYM Acoustic HK	TYM HK	Hong Kong	Holding company; sales of, market development of and customer service for various speaker accessories, speakers and their components	76,280 (note 1)	76,280 (note 1)	144,395	100.00	699,899	(195,961)	(195,961)	Note 3
"	TYP	USA	Market development of and customer service for speakers and their components	15 (note 1)	15 (note 1)	0.50	100.00	66,057	5,069	5,069	Note 3
"	TYM UK	United Kingdom	R&D and design of various speaker accessories as well as speakers and their components	15,631	15,631	400	100.00	45,459	1,923	1,923	Note 3
"	TYM Acoustic Europe	Czech	Manufacturing, installation, and maintenance of various speaker accessories and their components	653,796	653,796	187,800	100.00	1,044,799	49,835	49,835	Note 3
"	TYAT	Taiwan	R&D and design of various speaker accessories as well as speakers and their components	48,318	48,318	5,000	100.00	409,836	30,202	30,202	Note 3
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	725,091	725,091	7,789	99.99	832,981	90,875	90,875	Note 3
TYM HK	TYML	USA	Sales of various speaker accessories, speakers, and their components	6,628	6,628	200	100.00	8,465	230	230	Note 3

Note 1: The amount is the initial investment costs from the original stockholders prior to the acquisition of the Company through Diamond.

Note 2: Related investments (except for AIC) have been eliminated during the preparation of the consolidated financial statements.

Note 3: The subsidiary of the Company.

Note 4: The associate of the Company.

Note 5: As of September 30, 2024, there was no capital injection from the Group.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

(i) 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	Method of Investment	Accumulated outflow of investment from Taiwan as of January 1, 2024 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2024 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PCH2	Manufacturing and sale of computer peripherals, mobile device components, and business devices	2,014,218	Indirect investment through Primax Cayman and Primax Tech.	1,685,321	-	-	1,738,403	281,173	100%	281,173	8,103,111	-
Destiny Beijing	R&D of computer peripheral and business devices	39,900	Indirect investment through Destiny BVI.	32,272	-	-	33,234	(7,481)	100%	(7,481)	(3,554)	-
PKS1	Production of computer peripheral products	881,959	Indirect investment through Primax Cayman	676,170	-	-	696,322	14,255	100%	14,255	844,002	-
PCQ1	"	861,937	"	614,700	-	-	633,020	93,758	100%	93,758	2,542,420	-
Tymphony Huizhou	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	1,709,690	Indirect investment through Diamond	3,964,815	-	-	4,082,979	672,328	77.01%	517,753	6,333,202	-
Tymphony Dongguan	"	158,255	"	15,368	-	-	15,826	195,655	77.01%	150,674	1,033,700	-
TYDC	"	-	"	-	-	-	-	15,836	(note 3)	12,196	-	-

Note 1: The above information on the exchange rate was as follows: HKD:TWD 4.0732 ; USD:TWD 31.6510; CNY:TWD 4.5168.

Note 2: The differences between the accumulated out flow of investments and paid in capital was derived from the currency exchange on translation, capital increase from retained earning and working capital.

Note 3: TYDC was merged into Tymphony Dongguan in June 2024.

Note 4: Related investments have been eliminated during the preparation of the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	7,667,437	9,829,589	None (note)

Note: The Company has received the Certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start the operating of its headquarters.

The above investment income (losses) in mainland China, except for PCH2 was reviewed by the Company's auditors. Tymphony Huizhou, Tymphony Dongguan and TYDC were reviewed by other auditors, and other information related to subsidiaries came from financial reports prepared by the investees, not reviewed by auditors.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of the consolidated financial statements for the nine months ended September 30, 2024, are disclosed in “ Information on significant transactions”, and “ Business relationships and significant intercompany transactions”.

(d) Major shareholders:

Unit: Shares		
Shareholder's Name	Shareholding	Shares
Capital TIP Customized Taiwan Select High Dividend ETF Investment Account		42,401,000
Taipei Fubon Bank as Custodian Fuh Hwa Taiwan Technology Dividend Highlight ETF Investment Account		23,529,000
		5.08 %

(14) Segment information:

For the three and nine months ended September 30, 2024 and 2023, the Group's segment information had no significant change. Please refer to note 14 of the consolidated financial statement for the year ended December 31, 2023 for the further information.

The Group's segment financial information was as follows:

	For the three months ended September 30, 2024		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 6,372,530	9,636,005	16,008,535
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 6,372,530</u>	<u>9,636,005</u>	<u>16,008,535</u>
Profit before tax from segments reported	<u>\$ 461,137</u>	<u>585,006</u>	<u>1,046,143</u>
	For the three months ended September 30, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 5,748,660	9,974,560	15,723,220
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 5,748,660</u>	<u>9,974,560</u>	<u>15,723,220</u>
Profit before tax from segments reported	<u>\$ 331,362</u>	<u>661,709</u>	<u>993,071</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2024		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 18,299,632	26,725,689	45,025,321
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 18,299,632</u>	<u>26,725,689</u>	<u>45,025,321</u>
Profit before tax from segments reported	<u>\$ 1,259,407</u>	<u>1,535,187</u>	<u>2,794,594</u>
	For the nine months ended September 30, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 16,634,658	29,830,989	46,465,647
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 16,634,658</u>	<u>29,830,989</u>	<u>46,465,647</u>
Profit before tax from segments reported	<u>\$ 1,100,579</u>	<u>1,560,927</u>	<u>2,661,506</u>