

**FLYTECH TECHNOLOGY CO., LTD.  
AND SUBSIDIARIES**

Consolidated Financial Statements  
With Independent Auditors' Review Report  
June 30, 2022 and 2021

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This is the translation of the financial statements.  
CPAs do not audit or review on this translation.

For the convenience of readers and for information purpose only, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

# Independent Auditors' Review Report

To the Board of Directors of Flytech Technology Co., Ltd. :

## Introduction

We have reviewed the consolidated financial statements of Flytech Technology Co., Ltd.(the "Company") and its subsidiaries(the "Group"), which comprise the consolidated balance sheet of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, 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

we conducted our review in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of 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 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.

## Conclusion

Based on our reviews, the consolidated financial statements in all material respects mentioned above have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and the International Accounting Standards ("IASs") 34, *Interim Financial Reporting*. The Consolidated Financial Statements reasonably expressed the financial position of the Group at June 30, 2022 and 2021, and the financial performance of the Group for three-month and six-month periods ended June 30, 2022 and 2021, and the cash flows for six-month periods ended June 30, 2022 and 2021.

KPMG

Taipei, Taiwan (Republic of China)

August 3, 2022

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**June 30, 2022, December 31, 2021 and June 30, 2021**

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

**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

Assets	June 30, 2022		December 31, 2021		June 30, 2021		
	Amount	%	Amount	%	Amount	%	
<b>Current assets:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 2,225,036	35	1,954,290	31	2,667,065	43
1110	Financial assets at fair value through profit or loss						
	— current (note 6(b))	9,478	-	11,522	-	10,390	-
1136	Financial assets at amortised cost— current (notes 6(c)(d) and 8)	88,687	1	73,642	1	78,411	1
1150-1170	Notes and accounts receivable (notes 6(d) and (s))	1,351,099	21	1,208,174	19	700,133	11
130X	Inventories (note 6(e) and 8)	1,166,981	19	1,425,782	23	1,176,200	19
1410-1470	Prepayments and other current assets	42,089	1	55,773	1	65,899	1
	<b>Total current assets</b>	<u>4,883,370</u>	<u>77</u>	<u>4,729,183</u>	<u>75</u>	<u>4,698,098</u>	<u>75</u>
<b>Non-current assets:</b>							
1535	Financial assets at amortised cost— non-current (note 6(c))	109,387	2	107,039	2	93,258	1
1550	Investments accounted for using equity method (note 6(f))	4,821	-	17,690	-	-	-
1600	Property, plant and equipment (note 6(i) and 8)	1,037,784	16	1,067,096	17	1,081,654	17
1755	Right-of-use assets (note 6(j))	27,525	1	68,683	1	44,033	1
1780	Intangible assets (note 6(k))	220,992	3	268,899	4	280,384	5
1840	Deferred income tax assets	36,010	1	54,437	1	52,930	1
1915	Prepayments for equipment	12,105	-	1,569	-	5,086	-
1920	Refundable deposits	2,137	-	3,575	-	3,611	-
	<b>Total non-current assets</b>	<u>1,450,761</u>	<u>23</u>	<u>1,588,988</u>	<u>25</u>	<u>1,560,956</u>	<u>25</u>
	<b>Total assets</b>	<u>\$ 6,334,131</u>	<u>100</u>	<u>6,318,171</u>	<u>100</u>	<u>6,259,054</u>	<u>100</u>

(Continued)

(See accompanying notes to consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets (Continued)**

**June 30, 2022, December 31, 2021 and June 30, 2021**

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

**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

	Liabilities and Equity	June 30, 2022		December 31, 2021		June 30, 2021	
		Amount	%	Amount	%	Amount	%
<b>Current liabilities:</b>							
2100	Short-term borrowings (note 6(l) and 8)	\$ -	-	10,334	-	18,875	-
2120	Financial liabilities at fair value through profit or loss — current (note 6(b))	277	-	-	-	-	-
2130	Contract liabilities — current (note 6(s))	20,756	-	48,079	1	68,280	1
2150-2170	Notes and accounts payable	563,783	9	765,556	12	720,135	12
2200	Other payables (note 6(t))	289,474	5	316,113	5	240,517	4
2216	Dividends payable	572,249	9	-	-	-	-
2230	Current income tax liabilities	151,148	2	208,064	3	126,619	2
2250	Provisions — current (note 6(n))	38,446	1	33,979	1	31,396	1
2280	Lease liabilities — current (note 6(m))	7,380	-	18,317	-	20,421	-
2300	Other current liabilities	32,710	1	40,605	1	26,208	-
	<b>Total current liabilities</b>	<u>1,676,223</u>	<u>27</u>	<u>1,441,047</u>	<u>23</u>	<u>1,252,451</u>	<u>20</u>
<b>Non-current liabilities:</b>							
2570	Deferred income tax liabilities	43,933	1	49,634	1	51,059	1
2640	Net defined benefit liabilities	16,764	-	35,753	-	42,132	1
2580	Lease liabilities — non-current (note 6(m))	20,726	-	50,602	1	28,835	-
	<b>Total non-current liabilities</b>	<u>81,423</u>	<u>1</u>	<u>135,989</u>	<u>2</u>	<u>122,026</u>	<u>2</u>
	<b>Total liabilities</b>	<u>1,757,646</u>	<u>28</u>	<u>1,577,036</u>	<u>25</u>	<u>1,374,477</u>	<u>22</u>
<b>Equity attributable to shareholders of the parent</b> (note 6(p) and (q)):							
3110	Common stock	1,430,623	23	1,430,623	23	1,430,623	23
3200	Capital surplus	524,609	8	528,355	8	599,886	10
	Retained earnings:						
3310	Legal reserve	1,196,570	19	1,128,264	18	1,069,391	17
3320	Special reserve	73,473	1	57,939	1	49,402	1
3350	Unappropriated earnings	1,329,693	21	1,360,507	21	1,482,615	23
3400	Other equity	(65,224)	(1)	(73,473)	(1)	(66,023)	(1)
	Equity attributable to shareholders of the Company	<u>4,489,744</u>	<u>71</u>	<u>4,432,215</u>	<u>70</u>	<u>4,565,894</u>	<u>73</u>
36XX	Non-controlling interests (note 6(h))	86,741	1	308,920	5	318,683	5
	<b>Total equity</b>	<u>4,576,485</u>	<u>72</u>	<u>4,741,135</u>	<u>75</u>	<u>4,884,577</u>	<u>78</u>
	<b>Total liabilities and equity</b>	<u>\$ 6,334,131</u>	<u>100</u>	<u>6,318,171</u>	<u>100</u>	<u>6,259,054</u>	<u>100</u>

(See accompanying notes to consolidated financial statements)

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**  
**For the six-month periods ended June 30, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, except earnings per share amounts)**  
**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

	For the three-month periods ended June 30				For the six-month periods ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 <b>Revenue (notes 6(s) and 14)</b>	\$ 1,643,478	100	1,173,873	100	3,157,646	100	2,088,858	100
5000 <b>Cost of revenue</b> (notes 6(e)(i)(j)(l)(m)(n)(o)and(t) and 12)	<u>(1,036,862)</u>	<u>(63)</u>	<u>(781,144)</u>	<u>(67)</u>	<u>(2,047,186)</u>	<u>(65)</u>	<u>(1,394,302)</u>	<u>(67)</u>
<b>Gross profit</b>	<u>606,616</u>	<u>37</u>	<u>392,729</u>	<u>33</u>	<u>1,110,460</u>	<u>35</u>	<u>694,556</u>	<u>33</u>
<b>Operating expenses</b> (notes 6 (d)(h)(i)(j)(k)(n)(o)(t) and 12) :								
6100 Selling expenses	(93,975)	(6)	(95,416)	(8)	(192,629)	(6)	(179,797)	(9)
6200 Administrative expenses	(50,343)	(3)	(57,646)	(5)	(116,421)	(4)	(114,213)	(5)
6300 Research and development expenses	<u>(71,491)</u>	<u>(4)</u>	<u>(57,222)</u>	<u>(5)</u>	<u>(132,128)</u>	<u>(4)</u>	<u>(112,063)</u>	<u>(5)</u>
<b>Total operating expenses</b>	<u>(215,809)</u>	<u>(13)</u>	<u>(210,284)</u>	<u>(18)</u>	<u>(441,178)</u>	<u>(14)</u>	<u>(406,073)</u>	<u>(19)</u>
<b>Operating income</b>	<u>390,807</u>	<u>24</u>	<u>182,445</u>	<u>15</u>	<u>669,282</u>	<u>21</u>	<u>288,483</u>	<u>14</u>
<b>Non-operating income and loss</b> (notes 6(f)(h)(m)(u)) :								
7100 Interest income	1,847	-	1,822	-	3,197	-	3,404	-
7190 Other income	797	-	2,967	-	2,748	-	9,264	-
7020 Other gains and losses	22,938	1	(4,991)	-	58,396	2	(9,291)	-
7050 Finance costs	(197)	-	(468)	-	(663)	-	(886)	-
7370 Share of loss of associates accounted for using equity method	<u>(1,181)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total non-operating income and loss</b>	<u>24,204</u>	<u>1</u>	<u>(670)</u>	<u>-</u>	<u>61,724</u>	<u>2</u>	<u>2,491</u>	<u>-</u>
7900 <b>Income before income tax</b>	415,011	25	181,775	15	731,006	23	290,974	14
7950 <b>Less: Income tax expenses</b> (note 6(p))	<u>(65,609)</u>	<u>(4)</u>	<u>(29,598)</u>	<u>(2)</u>	<u>(109,716)</u>	<u>(3)</u>	<u>(51,360)</u>	<u>(3)</u>
8200 <b>Net Income</b>	<u>349,402</u>	<u>21</u>	<u>152,177</u>	<u>13</u>	<u>621,290</u>	<u>20</u>	<u>239,614</u>	<u>11</u>
<b>Other comprehensive income (loss)</b> (note 6(q)):								
8360 <b>Items that will be reclassified subsequently to profit or loss</b>								
8361 Exchange differences on translation of foreign operations	(4,949)	-	(9,043)	(1)	8,646	-	(8,472)	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(4,949)</u>	<u>-</u>	<u>(9,043)</u>	<u>(1)</u>	<u>8,646</u>	<u>-</u>	<u>(8,472)</u>	<u>-</u>
<b>Other comprehensive income (loss) for the year</b>	<u>(4,949)</u>	<u>-</u>	<u>(9,043)</u>	<u>(1)</u>	<u>8,646</u>	<u>-</u>	<u>(8,472)</u>	<u>-</u>
8500 <b>Total comprehensive income for the year</b>	<u>\$ 344,453</u>	<u>21</u>	<u>143,134</u>	<u>12</u>	<u>629,936</u>	<u>20</u>	<u>231,142</u>	<u>11</u>
<b>Net income attributable to:</b>								
8610 Shareholders of the Company	\$ 356,346	21	150,736	13	631,538	20	237,044	11
8620 Non-controlling interests	<u>(6,944)</u>	<u>-</u>	<u>1,441</u>	<u>-</u>	<u>(10,248)</u>	<u>-</u>	<u>2,570</u>	<u>-</u>
	<u>\$ 349,402</u>	<u>21</u>	<u>152,177</u>	<u>13</u>	<u>621,290</u>	<u>20</u>	<u>239,614</u>	<u>11</u>
<b>Total comprehensive income attributable to:</b>								
8710 Shareholders of the Company	\$ 351,079	21	141,826	12	639,270	20	228,960	11
8720 Non-controlling interests	<u>(6,626)</u>	<u>-</u>	<u>1,308</u>	<u>-</u>	<u>(9,334)</u>	<u>-</u>	<u>2,182</u>	<u>-</u>
	<u>\$ 344,453</u>	<u>21</u>	<u>143,134</u>	<u>12</u>	<u>629,936</u>	<u>20</u>	<u>231,142</u>	<u>11</u>
<b>Earnings per share (in New Taiwan dollars)</b> (note 6(r)) :								
9750 <b>Basic earnings per share</b>	<u>\$ 2.49</u>		<u>1.05</u>		<u>4.41</u>		<u>1.66</u>	
9850 <b>Diluted earnings per share</b>	<u>\$ 2.48</u>		<u>1.05</u>		<u>4.38</u>		<u>1.65</u>	

(See accompanying notes to consolidated financial statements)

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

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

For the six-month periods ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, except earnings per share amounts)

(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)

	Equity attributable to shareholders of the Company											
	Retained earnings					Total other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	Total equity
<b>Balance at January 1, 2021</b>	\$ 1,430,623	597,122	1,069,391	49,402	1,245,571	2,364,364	(50,942)	(6,997)	(57,939)	4,334,170	274,865	4,609,035
Changes in ownership interest in subsidiaries	-	2,764	-	-	-	-	-	-	-	2,764	(2,764)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	44,400	44,400
Net income	-	-	-	-	237,044	237,044	-	-	-	237,044	2,570	239,614
Other comprehensive income (loss) in 2021	-	-	-	-	-	-	(8,084)	-	(8,084)	(8,084)	(388)	(8,472)
Total comprehensive income (loss) in 2021	-	-	-	-	237,044	237,044	(8,084)	-	(8,084)	228,960	2,182	231,142
<b>Balance at June 30, 2021</b>	<u>\$ 1,430,623</u>	<u>599,886</u>	<u>1,069,391</u>	<u>49,402</u>	<u>1,482,615</u>	<u>2,601,408</u>	<u>(59,026)</u>	<u>(6,997)</u>	<u>(66,023)</u>	<u>4,565,894</u>	<u>318,683</u>	<u>4,884,577</u>
<b>Balance at January 1, 2022</b>	\$ 1,430,623	528,355	1,128,264	57,939	1,360,507	2,546,710	(68,916)	(4,557)	(73,473)	4,432,215	308,920	4,741,135
appropriation of earnings:												
Legal reserve	-	-	68,306	-	(68,306)	-	-	-	-	-	-	-
Special reserve	-	-	-	15,534	(15,534)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(572,249)	(572,249)	-	-	-	(572,249)	-	(572,249)
Changes in ownership interest in subsidiaries	-	(3,746)	-	-	(6,263)	(6,263)	-	-	-	(10,009)	10,009	-
Disposition of subsidiaries interests	-	-	-	-	-	-	517	-	517	517	(285,854)	(285,337)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	63,000	63,000
Net income	-	-	-	-	631,538	631,538	-	-	-	631,538	(10,248)	621,290
Other comprehensive income (loss) in 2021	-	-	-	-	-	-	7,732	-	7,732	7,732	914	8,646
Total comprehensive income (loss) in 2021	-	-	-	-	631,538	631,538	7,732	-	7,732	639,270	(9,334)	629,936
<b>Balance at June 30, 2022</b>	<u>\$ 1,430,623</u>	<u>524,609</u>	<u>1,196,570</u>	<u>73,473</u>	<u>1,329,693</u>	<u>2,599,736</u>	<u>(60,667)</u>	<u>(4,557)</u>	<u>(65,224)</u>	<u>4,489,744</u>	<u>86,741</u>	<u>4,576,485</u>

(See accompanying notes to consolidated financial statements)

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

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the six-month periods ended June 30, 2022 and 2021**

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

**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

	For the six-month periods ended June 30	
	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 731,006	290,974
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit (loss)</b>		
Depreciation	45,178	59,583
Amortization	21,666	21,850
Expected (reversal) credit loss	899	(6,431)
Share of loss of associates accounted for using equity method	1,954	-
Loss (proceeds) on disposal of property, plant and equipment	(220)	1,012
Property, plant, and equipment transferred to expenses	438	-
Interest expense	663	886
Interest income	(3,197)	(3,404)
Disposition of subsidiaries interests	(22,042)	-
Impairment loss on non-financial assets	10,915	-
<b>Total non-cash profit and loss</b>	<u>56,254</u>	<u>73,496</u>
<b>Changes in operating assets and liabilities :</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss	2,044	1,823
Notes and accounts receivable	(258,056)	(112,491)
Inventories	(86,084)	(520,857)
Prepayments and other current assets	(26,251)	(39,062)
<b>Net changes in operating assets</b>	<u>(368,347)</u>	<u>(670,587)</u>
<b>Changes in operating liabilities:</b>		
Financial liabilities at fair value through profit or loss	277	(882)
Contract liabilities	(27,323)	7,334
Notes and accounts payable	(60,069)	455,355
Other payables	4,460	(3,931)
Provisions — current	8,030	(672)
Other current liabilities	(2,733)	5,684
Net defined benefit liabilities	(1,108)	(1,330)
<b>Net changes in operating liabilities</b>	<u>(78,466)</u>	<u>461,558</u>
<b>Total changes in operating assets and liabilities</b>	<u>(446,813)</u>	<u>(209,029)</u>
Cash provided by operations	340,447	155,441
Income taxes paid	(159,776)	(119,789)
<b>Net cash provided by operating activities</b>	<u>180,671</u>	<u>35,652</u>

(Continued)

(See accompanying notes to consolidated financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (Continued)**

**For the six-month periods ended June 30, 2022 and 2021**

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

**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

	For the six-month periods ended June 30	
	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at amortised cost	(37,363)	-
Proceeds from disposal of financial assets at amortised cost	21,700	80,298
Disposition of subsidiaries	92,613	-
Additions to property, plant and equipment (including prepayments for equipment)	(38,172)	(25,805)
Proceeds from disposal of property, plant and equipment	416	476
Additions of intangible assets	(2,002)	(1,255)
Decrease (Increase) in refundable deposits	(661)	68
Interest received	<u>1,571</u>	<u>2,104</u>
<b>Net cash flows provided by investing activities</b>	<u>38,102</u>	<u>55,886</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	-	15,000
Decrease in short-term borrowings	(10,067)	(3,585)
Payment of lease liabilities	(6,682)	(12,505)
Capital injection from non-controlling interests	63,000	44,400
Interest paid	<u>(663)</u>	<u>(886)</u>
<b>Net cash flows used in financing activities</b>	<u>45,588</u>	<u>42,424</u>
Effect of foreign exchange rate changes	<u>6,385</u>	<u>(6,976)</u>
Net increase in cash and cash equivalents	270,746	126,986
Cash and cash equivalents at beginning of period	<u>1,954,290</u>	<u>2,540,079</u>
Cash and cash equivalents at end of period	<u><b>\$ 2,225,036</b></u>	<u><b>2,667,065</b></u>

(See accompanying notes to consolidated financial statements)



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the six-month periods ended June 30, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**  
**(Reviewed only, Not Audited in accordance with Generally Accepted Auditing Standards)**

**1. Organization and business**

Flytech Technology Co., Ltd. (the “Company”) was incorporated on August 13, 1984, as a company limited by shares under the Company Act of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 168, Xing-Ai Road, Neihu, Taipei, Taiwan. The Company and its subsidiaries (collectively the “Group”) are engaged in the design, manufacture and sale of computers and peripherals.

**2. Authorization of the consolidated financial statements**

These consolidated financial statements were authorized for issue by the Board of Directors on August 3, 2022.

**3. Application of new and revised accounting standards and interpretations:**

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

# FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 4. Summary of significant accounting policies

Subject to the following, the material accounting policies used in this consolidated financial report are the same as those in the 2021 consolidated financial statements, which refer to Note 4 for the 2021 consolidated reports.

(a) Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Preparation regulations") and No. 34 "Interim Financial Report" of the IFRSs endorsed and issued into effect by the FSC. The Consolidated Financial Statements does not include all necessary information required to be disclosed in accordance with the IFRs, International Accounting Standards, Interpretations and bulletins of interpretations recognized by the FSC and issued in force (hereinafter referred to as "the FSA-endorsed IFRs").

(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements

Name of Investor	Name of Investee	Principal activities	Percentage of Ownership			Note
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Flytech USA International Co., Ltd. (Flytech USA BVI)	Investment holding	100.00%	100.00%	100.00%	-
The Company	Flytech HK International Co., Ltd. (Flytech HK BVI)	Investment holding	100.00%	100.00%	100.00%	-
The Company	Flytech CN International Co., Ltd. (Flytech CN BVI)	Investment holding	100.00%	100.00%	100.00%	-
The Company	Fei Shiun Investment Co. Ltd. (Fei Shiun Investment)	Investment holding	100.00%	100.00%	100.00%	-
The Company	Box Technologies (Holdings) Ltd. (Box Holdings)	Investment holding	100.00%	100.00%	100.00%	-
The Company	inefi Holding Co., Ltd. (inefi Holding)	Investment holding	100.00%	-	-	(Note 2)
inefi Holdings	Inefi Incorporation	Consulting software services, to provide a unified endpoint management platform	100.00%	-	-	(Note 2)
Flytech USA BVI	Flytech Technology (U.S.A.) Inc. (Flytech USA)	Sale of computers and peripheral equipment	100.00%	100.00%	100.00%	-
Flytech HK BVI	Flytech Technology Hong Kong Ltd. (Flytech HK)	Sale of computers and peripheral equipment	100.00%	100.00%	100.00%	-
Flytech CN BVI	Flytech Electronic (Shanghai) Co., Ltd. (Flytech CN)	Sale of computers and peripheral equipment	100.00%	100.00%	100.00%	-
Fei Shiun Investment	Berry AI Inc. (Berry AI)	Operating software design and data processing services, and integrating software and hardware services	70.00%	65.63%	65.63%	-
Fei Shiun Investment	iRuggy System Co., Ltd. (iRuggy System)	Sale of computers and peripheral equipment	100.00%	100.00%	100.00%	-

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Principal activities</u>	<u>Percentage of Ownership</u>			<u>Note</u>
			<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>	
Fei Shiun Investment	Poindus Systems Corporation (Poindus Systems)	Sale of computers and peripheral equipment	- %	49.31%	49.31%	(Note 1)
Poindus Systems	Poindus Investment Co., Ltd. (Poindus Investment)	Investment holding	- %	100.00%	100.00%	(Note 1)
Poindus Systems	Poindus Systems UK Limited (Poindus UK)	Sale of computers and peripheral equipment	- %	100.00%	100.00%	(Note 1)
Poindus Systems	Adasys GmbH Elektronische Komponenten (Adasys)	Sale of computers and peripheral equipment	- %	100.00%	100.00%	(Note 1)
Poindus Systems	Qijie Electronics (Shenzhen) Co., Ltd. (Qijie)	Sale of computers and peripheral equipment	- %	100.00%	100.00%	(Note 1)
Poindus Systems	Poindus Systems GmbH GroBhandel mit EDV. Oberursel (Poindus GmbH)	Sale of computers and peripheral equipment	- %	100.00%	100.00%	(Note 1)
Berry AI	Berry AI International Co., Ltd (Berry AI BVI)	Investment holding	100.00%	100.00%	-	(Note 3)
Berry AI BVI	Berry AI USA INC	Software design and data processing services, and integrating software and hardware services	100.00%	100.00%	-	(Note 3)
Box Holdings	Box Technologies Limited (Box UK)	Sale of computers and peripherals	100.00%	100.00%	100.00%	-
Box Holdings	BTechnologies AB (Box Nordic)	Sale of computers and peripherals	100.00%	100.00%	100.00%	-

Note 1: As described in Note 6(h), the Consolidated Company disposed of all shares of Poindus Systems Corporation (Poindus Systems) on February 10, 2022 and excluded them from the consolidated financial statements.

Note 2 : Was newly established in 2022.

Note 3 : Was newly established in 2021.

(ii)List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The defined benefit plan pension for the mid-term period is calculated on the basis of actuarial calculations on the reporting date of the previous year, calculated on the basis of the beginning of the year to the end of the current period, and adjusted for major market fluctuations in the future of the reporting date, as well as major reductions, liquidations or other major one-time events.

(d) Income Tax

The Consolidated Company measures and discloses income tax expense for the interim period in accordance with Paragraph B12 of No. 34 "Interim Financial Statements" in the IFRSs Gazette. Income tax expenses are measured by multiplying net profit before tax for the period reported in the interim by management's best estimate of the projected effective tax rate for the total surplus for the full year and is fully recognized as income tax expenses for the current period.

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Income tax expense, which is directly attributable to equity items or other comprehensive profit or loss items, is a temporary difference between the carrying amount of the relevant assets and liabilities for financial reporting purposes and their tax basis, measured by the applicable tax rate at the time of expected realization or liquidation.

#### 5. Critical accounting judgments and key sources of estimation uncertainty

In preparing the consolidated financial statement in accordance with the preparation standards and No.34 "Interim Financial Report" of FAC as recognized by the FSC, managements must make judgments, estimates and assumptions that will affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, the significant judgments made by management in adopting the accounting policies of the consolidated companies and the major sources of estimated uncertainty are consistent with Note 5 in the consolidated financial statements for 2021.

#### 6. Significant account disclosures

Subject to the following, the statements of important accounting items in this consolidated financial report are not materially different from those of the consolidated financial report for 2021, which refer to Note 6 for the 2021 consolidated reports.

##### (a) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand	\$ 862	1,346	1,170
Demand deposits and checking accounts	2,012,225	1,877,009	2,525,163
Time deposits with original maturities less than 3 months	211,949	75,935	140,732
	<b>\$ 2,225,036</b>	<b>1,954,290</b>	<b>2,667,065</b>

##### (b) Financial assets and liabilities at fair value through profit or loss

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging:			
Foreign currency forward contracts	\$ -	1,941	843
Non-derivative financial assets			
Convertible bonds	9,478	9,581	9,547
	<b>\$ 9,478</b>	<b>11,522</b>	<b>10,390</b>
Held-for trading financial liabilities:			
Derivative instruments not used for hedging:			
Foreign currency forward contracts	\$ (277)	-	-

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Refer to Note 6(v) for the detail of the changes in fair value recognized in profit or loss.

The Group entered into derivative contracts to manage its foreign currency exchange risk resulting from its operating activities classified. The derivative financial instruments that did not conform to the criteria for hedge accounting were classified as financial assets and liabilities at fair value through profit or loss. The information of outstanding derivative financial instruments at the reporting date was as follows:

		<b>June 30, 2022</b>		
		<b>Contract amount ( in thousands)</b>	<b>Sell / Buy</b>	<b>Maturity period</b>
Foreign currency forward contract	USD	3,000	USD/NTD	2022.7~8
		<b>December 31, 2021</b>		
		<b>Contract amount ( in thousands)</b>	<b>Sell / Buy</b>	<b>Maturity period</b>
Foreign currency forward contract	USD	8,000	USD/NTD	2022.1~2
		<b>June 30, 2021</b>		
		<b>Contract amount ( in thousands)</b>	<b>Sell / Buy</b>	<b>Maturity period</b>
Foreign currency forward contract	USD	4,000	USD/NTD	2021.7~8
	GBP	600	GBP/NTD	2021.7~8

(c) Financial assets measured at amortised cost

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Time deposits with original maturities more than 3 months	\$ 191,594	173,666	162,878
Other receivable	299	2,564	5,683
Interest receivable	6,181	4,451	3,108
Subtotal	<b>\$ 198,074</b>	<b>180,681</b>	<b>171,669</b>
Ledger Account			
Financial assets at amortized cost - current	\$ 88,687	73,642	78,411
Financial assets at amortized cost - non-current	109,387	107,039	93,258
	<b>\$ 198,074</b>	<b>180,681</b>	<b>171,669</b>

The Group intended to hold to maturity in order to receive the contractual cash flows and the contractual cash flows were solely payments of principal and interest on the principal outstanding.

Please refer to note 8 for a description of the above assets collateralized for operation.

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(d) Notes and accounts receivable, and other receivables

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Notes receivable — from operating activities	\$ 4,399	3,630	10,683
Accounts receivable — measured as amortized cost	1,349,031	1,206,183	694,307
Less: loss allowance	2,331	1,639	4,857
	<b>\$ 1,351,099</b>	<b>1,208,174</b>	<b>700,133</b>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. Forward looking information is taken into consideration as well.

The loss allowance provision was determined as follows:

	<b>June 30, 2022</b>		
	<b>Gross carrying amount</b>	<b>Gross carrying amount</b>	<b>Gross carrying amount</b>
Current	\$ 1,163,877	0%~0.71%	703
Past due 0-30 days	178,104	0%~6.68%	375
Past due 31-60 days	7,230	0%~13.72%	53
Past due 61-180 days	2,458	0%~66.2%	127
Past due over 180 days	1,761	53.93%~100.00%	1,073
	<b>\$ 1,353,430</b>		<b>2,331</b>

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Gross carrying amount</b>	<b>Gross carrying amount</b>
Current	\$ 938,768	0%~0.58%	836
Past due 0-30 days	263,431	0%~3.1%	471
Past due 31-60 days	4,635	0%~23.98%	112
Past due 61-180 days	2,044	0%~61.45%	75
Past due over 180 days	935	68.42%~100.00%	145
	<b>\$ 1,209,813</b>		<b>1,639</b>

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	June 30, 2021		
	Gross carrying amount	Gross carrying amount	Gross carrying amount
Current	\$ 608,823	0%~1.69%	383
Past due 0-30 days	83,523	0%~4.40%	920
Past due 31-60 days	2,110	0%~13.67%	117
Past due 61-180 days	8,191	0%~66.00%	1,109
Past due over 180 days	2,343	66.36%~100.00%	2,328
	<b>\$ 704,990</b>		<b>4,857</b>

(i) Movements of the loss allowance for notes and accounts receivable were as follows:

	For the six-month periods ended June 30	
	2022	2021
Balance at January 1	\$ 1,639	11,299
Impairment losses (reversed) recognized	899	(6,431)
Amount of excluded subsidiaries	(59)	-
Effect of exchange rate changes	(148)	(11)
Balance at June 30	<b>\$ 2,331</b>	<b>4,857</b>

(ii) Accounts receivable for sale

The subsidiary of the Company, Adasys, entered into factoring contracts with a bank to sell parts of its accounts receivable without recourse. According to these contracts, the Group is not responsible for any risk of uncollectable accounts receivable, but only the risk of loss due to commercial disputes. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The receivable from the financial institutions were recognized as other receivables upon the derecognition of those accounts receivables. At each reporting date, details of these contracts were as follows:

Underwriting bank	December 31, 2021					
	Amount Derecognized	Amount advanced (Unpaid)	Amount advanced (Paid)	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Deutsche Factoring Bank	<b>\$ 2,673</b>	-	<b>2,410</b>	<b>263</b>	2.75%	None
Underwriting bank	June 30, 2021					
Amount Derecognized	Amount advanced (Unpaid)	Amount advanced (Paid)	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms	
Deutsche Factoring Bank	<b>\$ 8,373</b>	-	<b>7,507</b>	<b>866</b>	2.75%	None

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(e) Inventories

(i) The information of inventories was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	\$ 715,087	756,122	649,055
Work in process	256,194	242,553	219,279
Finished goods	85,048	186,761	127,841
Merchandise	110,652	240,346	180,025
	<b>\$ 1,166,981</b>	<b>1,425,782</b>	<b>1,176,200</b>

(ii) For the three-month periods ended June 30, 2022 and June 30, 2021, the six-month periods ended June 30, 2022 and June 30, 2021, the cost of inventory included in the operating costs were \$1,024,068, \$778,652, \$2,017,439 and \$1,391,404. The write downs (reversal of write downs) of inventories to net realizable value amounted to \$7,824, \$(1,193), \$7,265 and \$6,235.

(iii) Please refer to Note 8 for a description of the Group's inventory collateralized for short-term borrowings.

(f) Investments accounted for using the equity method

A summary of the Group's investments in associates at the reporting date is as follows:

			June 30, 2022		June 30, 2021	
Name of Associates	Business Relationship	Principal place of business/Registration country	Percentage of voting rights	Carrying amount	Percentage of voting rights	Carrying amount
TAC Dynamics	Sale of machinery and equipment	Taiwan	35.00%	\$ <u>4,821</u>	35.00%	\$ <u>17,690</u>
Attributable to the Group:			For the three-month periods ended June 30, 2022		For the six-month periods ended June 30, 2022	
	Net loss (total comprehensive income (loss))			\$ <u>(1,181)</u>		\$ <u>(1,954)</u>
	The Consolidated Company's shares of the net assets of the affiliated company at the beginning of period				For the six-month periods ended June 30, 2022	\$ 17,690
	Net loss attributable to the consolidated company for the current period					(1,954)
	The Consolidated Company's shares of the net assets of the affiliated company at the end of period					15,736
	Subtract : Accumulated impairment					(10,915)
	The book amount of the consolidated company's interest in the affiliated company at the end of period					\$ <b>4,821</b>

On March 31, 2022, the consolidated Company assessed that the equity investment had



## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

been derogated from the carrying amount of the equity investment, and the impairment loss was \$10,915, which was included in the name of other benefits and loss items. When impairments are assessed, the recoverable amount is determined based on the use value. The future advanced traffic estimates used are the five-year financial budgets estimated by management based on future operational planning. And the discount rate at which the use value is determined is based on the weighted average capital, which extrapolates the estimated equity value of Tyco Dynamics.

The aforementioned investments of the consolidated company accounted for using the equity method and the share of profit and loss and other comprehensive profit and loss enjoyed by the company are calculated on the basis of financial statements that have not been approved by CPAs during the same period.

#### (g) Information on subsidiaries with material non-controlling interests

Except as described below, the non-controlling interests of the subsidiaries of the Consolidated Company were not subject to significant changes for the six-month ended June 30, 2022 and 2021. Refer to Note 6(g) to the Consolidated Financial Statement in 2021 for details.

In March 2022, the Group's subsidiary, Berry AI issuance of common stock for cash amounting to \$252,000 and an increased investment of \$63,000 in non-controlled equity, and the consolidated Company increased its shareholding in Berry AI Inc. (Berry AI) from 65.63% to 70% due to its non-subscription based on the shareholding ratio, and the change in the ownership interest of the subsidiary was \$10,009, a decrease of \$3,746 in confirmed capital reserves and a decrease of \$6,263 in the retained surplus.

In April 2021, the Group's subsidiary, Berry AI issuance of common stock for cash amounting to \$120,000 and an increased investment of \$44,000 in non-controlled equity, the consolidated Company decreased its ownership from 70% to 65.63% due to its non-subscription disproportionately to its existing ownership percentage, The Group increased the capital surplus amounted to \$2,764 as a result of the change in equity.

#### (h) Loss of control over subsidiaries

On February 10, 2022, the consolidated company disposed of all the shares of Poindus Systems Corporation (Poindus Systems) at a disposal price of \$310,620, and its disposal benefit of \$22,042 was recorded under the item of other benefits and loss , the relevant details are as follows:

##### (i) Consideration received

Total consideration received	\$	310,620
Expenses related to the consideration received		<u>(932)</u>
Consideration received	\$	<u><b>309,688</b></u>

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (ii) Net consideration received of Poindus Systems

Cash and cash equivalents	\$	217,075
Notes and Accounts Receivable		114,308
Inventories		342,673
Other current assets		39,950
Property, Plant, and Equipment		21,317
Right-of-use assets		37,258
Intangible assets		7,229
Goodwill - Other intangible assets		21,046
Deferred income tax assets - non-current		18,495
Other non-current assets		2,374
Short-term loans		(268)
Notes and Accounts Receivable (Payable)		(141,704)
Other payables		(31,099)
Current income tax liabilities		(10,642)
Liability provisions		(2,786)
Lease liabilities - current		(10,701)
Other current liabilities		(5,162)
Deferred income tax liabilities		(1,658)
Net defined benefit liabilities		(17,881)
Lease liabilities - non-current		(26,841)
Exchange differences on translation of financial statements of foreign operations		517
Non-controlling Interests		<u>(285,854)</u>
	\$	<u><b>287,646</b></u>

# FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (i) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Mold equipment</u>	<u>Furniture and fixtures</u>	<u>Other equipment</u>	<u>Total</u>
Cost:							
Balance at January 1, 2022	\$ 319,238	779,838	302,200	514,731	82,308	44,301	2,042,616
Additions	-	-	1,534	19,530	1,848	4,224	27,136
excluded subsidiaries	-	-	(356)	(64,779)	(15,192)	(14,385)	(94,712)
Reclassification	-	-	-	(144)	(113)	2,046	1,789
Disposals	-	-	(1,046)	(643)	(1,193)	(200)	(3,082)
Effect of exchange rate changes	-	1,896	(239)	167	264	(60)	2,028
Balance at June 30, 2022	<u>\$ 319,238</u>	<u>781,734</u>	<u>302,093</u>	<u>468,862</u>	<u>67,922</u>	<u>35,926</u>	<u>1,975,775</u>
Balance at January 1, 2021	\$ 319,238	774,930	299,284	524,088	97,518	49,349	2,064,407
Additions	-	-	3,361	5,157	3,430	8,771	20,719
Reclassification	-	-	-	162	-	(725)	(563)
Disposals	-	-	(888)	-	(17,777)	(6,930)	(25,595)
Effect of exchange rate changes	-	(833)	(110)	(84)	(896)	(859)	(2,782)
Balance at June 30, 2021	<u>\$ 319,238</u>	<u>774,097</u>	<u>301,647</u>	<u>529,323</u>	<u>82,275</u>	<u>49,606</u>	<u>2,056,186</u>
Accumulated depreciation							
Balance at January 1, 2022	\$ -	191,466	242,402	450,271	66,968	24,413	975,520
Depreciation	-	9,744	7,314	15,607	2,908	2,285	37,858
excluded subsidiaries	-	-	(356)	(52,014)	(12,483)	(8,542)	(73,395)
Reclassification	-	-	-	-	-	(210)	(210)
Disposals	-	-	(1,046)	(520)	(1,120)	(200)	(2,886)
Effect of exchange rate changes	-	805	(101)	58	208	134	1,104
Balance at June 30, 2022	<u>\$ -</u>	<u>202,015</u>	<u>248,213</u>	<u>413,402</u>	<u>56,481</u>	<u>17,880</u>	<u>937,991</u>
Balance at January 1, 2021	\$ -	181,516	223,598	437,175	79,346	33,018	954,653
Depreciation	-	9,254	10,307	20,777	3,252	2,447	46,037
Reclassification	-	-	-	-	-	(344)	(344)
Disposals	-	-	(776)	-	(17,385)	(5,946)	(24,107)
Effect of exchange rate changes	-	(396)	(61)	(17)	(733)	(500)	(1,707)
Balance at June 30, 2021	<u>\$ -</u>	<u>190,374</u>	<u>233,068</u>	<u>457,935</u>	<u>64,480</u>	<u>28,675</u>	<u>974,532</u>
Carrying amount:							
Balance at January 1, 2022	<u>\$ 319,238</u>	<u>588,372</u>	<u>59,798</u>	<u>64,460</u>	<u>15,340</u>	<u>19,888</u>	<u>1,067,096</u>
Balance at June 30, 2022	<u>\$ 319,238</u>	<u>579,719</u>	<u>53,880</u>	<u>55,460</u>	<u>11,441</u>	<u>18,046</u>	<u>1,037,784</u>
Balance at June 30, 2021	<u>\$ 319,238</u>	<u>583,723</u>	<u>68,579</u>	<u>71,388</u>	<u>17,795</u>	<u>20,931</u>	<u>1,081,654</u>

Please refer to Note 8 for a description of the Group's equipment collateralized for short-term borrowings.

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(j) Right-of-use assets

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 81,009	7,095	88,104
Additions	3,442	383	3,825
Amount of excluded subsidiaries	(39,959)	(1,331)	(41,290)
Write-off	(1,517)	(879)	(2,396)
Effect of exchange rates changes	(101)	(47)	(148)
Balance at June 30, 2022	<u><b>\$ 42,874</b></u>	<u><b>5,221</b></u>	<u><b>48,095</b></u>
Balance at January 1, 2021	\$ 99,804	9,017	108,821
Additions	-	509	509
Write-off	(17,125)	(619)	(17,744)
Effect of exchange rate changes	(1,375)	(159)	(1,534)
Balance at June 30, 2021	<u><b>\$ 81,304</b></u>	<u><b>8,748</b></u>	<u><b>90,052</b></u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 14,814	4,607	19,421
Depreciation	6,418	902	7,320
Amount of excluded subsidiaries	(3,823)	(209)	(4,032)
Write-off	(1,517)	(879)	(2,396)
Effect of exchange rates changes	278	(21)	257
Balance at June 30, 2022	<u><b>\$ 16,170</b></u>	<u><b>4,400</b></u>	<u><b>20,570</b></u>
Balance at January 1, 2021	\$ 46,011	5,166	51,177
Depreciation	12,098	1,448	13,546
Write-off	(17,125)	(619)	(17,744)
Effect of exchange rates changes	(856)	(104)	(960)
Balance at June 30, 2021	<u><b>\$ 40,128</b></u>	<u><b>5,891</b></u>	<u><b>46,019</b></u>
Carrying amount:			
Balance at January 1, 2022	<u><b>\$ 66,195</b></u>	<u><b>2,488</b></u>	<u><b>68,683</b></u>
Balance at June 30, 2022	<u><b>\$ 26,704</b></u>	<u><b>821</b></u>	<u><b>27,525</b></u>
Balance at June 30, 2021	<u><b>\$ 41,176</b></u>	<u><b>2,857</b></u>	<u><b>44,033</b></u>

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

(k) Intangible assets

	<u>Trademarks</u>	<u>Patents and technology</u>	<u>Customer relationships</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
Cost:						
Balance at January 1, 2022	\$ 99,692	102,847	320,021	202,652	22,777	747,989
Additions	392	-	-	-	1,610	2,002
excluded subsidiaries	(65,951)	(102,847)	(81,947)	(27,294)	(11,005)	(289,044)
Disposals	-	-	-	-	(122)	(122)
Effect of exchange rate changes	-	-	-	-	35	35
Balance at June 30, 2022	<b><u>\$ 34,133</u></b>	<b><u>-</u></b>	<b><u>238,074</u></b>	<b><u>175,358</u></b>	<b><u>13,295</u></b>	<b><u>460,860</u></b>
Balance at January 1, 2021	\$ 99,908	102,847	320,021	202,652	17,380	742,808
Additions	-	-	-	-	1,255	1,255
Disposals	(216)	-	-	-	(6,560)	(6,776)
Effect of exchange rate changes	-	-	-	-	(132)	(132)
Balance at June 30, 2021	<b><u>\$ 99,692</u></b>	<b><u>102,847</u></b>	<b><u>320,021</u></b>	<b><u>202,652</u></b>	<b><u>11,943</u></b>	<b><u>737,155</u></b>
Accumulated amortization:						
Balance at January 1, 2022	\$ 92,864	102,847	265,809	6,248	11,322	479,090
Amortization	2,424	-	17,452	-	1,790	21,666
excluded subsidiaries	(65,951)	(102,847)	(76,363)	(6,248)	(9,360)	(260,769)
Disposals	-	-	-	-	(122)	(122)
Effect of exchange rate changes	-	-	-	-	3	3
Balance at June 30, 2022	<b><u>\$ 29,337</u></b>	<b><u>-</u></b>	<b><u>206,898</u></b>	<b><u>-</u></b>	<b><u>3,633</u></b>	<b><u>239,868</u></b>
Balance at January 1, 2021	\$ 88,260	102,847	229,118	6,248	15,307	441,780
Amortization	2,410	-	18,345	-	1,095	21,850
Disposals	(216)	-	-	-	(6,560)	(6,776)
Effect of exchange rate changes	-	-	-	-	(83)	(83)
Balance at June 30, 2021	<b><u>\$ 90,454</u></b>	<b><u>102,847</u></b>	<b><u>247,463</u></b>	<b><u>6,248</u></b>	<b><u>9,759</u></b>	<b><u>456,771</u></b>
Carrying amount:						
Balance at January 1, 2022	<b><u>\$ 6,828</u></b>	<b><u>-</u></b>	<b><u>54,212</u></b>	<b><u>196,404</u></b>	<b><u>11,455</u></b>	<b><u>268,899</u></b>
Balance at June 30, 2022	<b><u>\$ 4,796</u></b>	<b><u>-</u></b>	<b><u>31,176</u></b>	<b><u>175,358</u></b>	<b><u>9,662</u></b>	<b><u>220,992</u></b>
Balance at June 30, 2021	<b><u>\$ 9,238</u></b>	<b><u>-</u></b>	<b><u>72,558</u></b>	<b><u>196,404</u></b>	<b><u>2,184</u></b>	<b><u>280,384</u></b>

Goodwill acquired by a consolidated company should be impaired from testing at least annually in accordance with IAS No.36, and there is no impairment loss on the basis of the results of the Impairment test performed by the consolidated company on December 31 2021. Refer to Note 6(j) to the Consolidated Financial Statement in 2021.

The estimation of the expected operating income and net operating profit of the cash-generating units of goodwill was assessed for the six-month period ended June 30, 2022 and 2021 and showed no signs of impairment.

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The amortization of intangible assets was included in the following line items of the consolidated statement of comprehensive income:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Cost of revenue	\$ -	-	-	50
Selling expenses	10,513	10,890	21,666	21,800
	<b>\$ 10,513</b>	<b>10,890</b>	<b>21,666</b>	<b>21,850</b>

#### (l) Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Secured bank loans	\$ -	10,334	15,560
Unsecured loan from non-financial institution	-	-	3,315
	<b>\$ -</b>	<b>10,334</b>	<b>18,875</b>
Unused credit facilities	<b>\$ 1,214,459</b>	<b>1,376,186</b>	<b>1,409,953</b>
Interest rate	-	<b>1.54%~5.57%</b>	<b>1.54%~5.57%</b>

For more information about the Group's exposure to interest rate risk and liquidity risk see Note 6(v). Refer to Note 8 for detail on related assets pledged as collateral for secured loans.

#### (m) Lease liabilities

Carrying amount of lease liabilities of the consolidated company are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	<b>\$ 7,380</b>	<b>18,317</b>	<b>20,421</b>
Non-current	<b>\$ 20,726</b>	<b>50,602</b>	<b>28,835</b>

For the maturity analysis, please refer to Note 6(v).

The amounts recognized in profit or loss were as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Interest on lease liabilities	<b>\$ 193</b>	<b>305</b>	<b>537</b>	<b>456</b>
Expenses relating to short-term leases	<b>\$ 247</b>	<b>2,149</b>	<b>972</b>	<b>3,057</b>
Expenses relating to leases of low-value assets	<b>\$ 9</b>	<b>30</b>	<b>32</b>	<b>60</b>

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

	For the six-month periods ended June 30	
	2022	2021
Total cash outflow for leases	<b>\$ 8,233</b>	<b>16,078</b>

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases buildings for its offices, factories and staff dormitory, the leases typically run for a period of one to five years. If the Group needed to renew the lease of contract amount at the end of contract term, and the Group to remeasure lease liabilities and right-of-use assets. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term ◦

(ii) Other leases

The Group leases transportation equipments and other equipments, with lease terms of one to three years. These leases are short-term or low-value assets, the Group apply the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(n) Provision for warranties

	For the six-month periods ended June 30	
	2022	2021
Balance at January 1	\$ 33,979	32,068
Provisions made	9,530	840
Amount utilized	(1,500)	(1,271)
Amount of excluded subsidiaries	(2,786)	-
Effect of exchange rate changes	(777)	(241)
Balance at June 30	<b>\$ 38,446</b>	<b>31,396</b>

The provision for warranties is estimated based on historical warranty data associated with similar products. The Group expects to settle most of the warranty liability in one to three years from the date of the sale of the product.

(o) Employee benefits

(i) Defined benefit plans

As there were no significant market fluctuations and significant reductions, liquidations or other material one-time events after the end of the previous financial year, the consolidated company used the actuarial costs of December 31, 2021 and 2020 to measure and disclose pension costs for the mid-period.

The present value of defined benefit obligations and the fair value of plan assets were as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Administrative expenses	<b>\$ 34</b>	<b>36</b>	<b>67</b>	<b>71</b>

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

The definitive redeployment scheme of the Company and other domestic consolidated subsidiaries is based on the provisions of the Labor Pension Ordinance and the individual account for the labour pension of the Labor Insurance Bureau at a rate of 6% of the monthly wages of the worker, under which the consolidated company shall allocate a fixed amount in accordance with the provision, and there is no statutory or presumptive obligation to pay the additional amount. Foreign subsidiaries withdraw and pay pensions in accordance with local laws and regulations.

The details of expenses under the scheme for determining the retirement of pensions by the consolidated company is as follows :

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Operating costs	\$ 1,079	1,137	2,234	2,294
Operating expenses	3,961	5,629	9,303	11,245
	<b>\$ 5,040</b>	<b>6,766</b>	<b>11,537</b>	<b>13,539</b>

(p) Income taxes

(i) The details of income tax expenses of the consolidated corporate are as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Income Tax Expense	<b>\$ 65,609</b>	<b>29,598</b>	<b>109,716</b>	<b>51,360</b>

(ii) The consolidated company did not have income tax under directly recognized equity or other comprehensive income (loss) for the six-month ended June 30, 2022 and 2021.

(iii) Except for the declaration of income tax settlement in for-profit enterprise of the Company has not yet been approved in 2018, and the others have been submitted to the auditing authority for approval until 2020.

(q) Capital and other equity

Except as described below, no significant changes in share capital and other interests of the consolidated company for the six-month ended June 30, 2022 and 2021. Refer to Note 6(p) to the Consolidated Financial Statement in 2021 for details.

(i) Common stock

As of June 30, 2022, December 31, 2021 and June 30, the Company's authorized shares of common stock both consisted of 220,000 thousand shares with par value of \$10 (dollars) per share, both of which 143,062 thousand shares were issued and outstanding.



## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (ii) Capital surplus

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Premium derived from the issuance of shares in excess of par value:			
Premium on common stock issued of conversion of convertible bonds	\$ 522,161	522,161	593,692
Forfeited employee stock options	2,433	2,433	2,433
Difference between the consideration and the carrying amounts arising from the acquisition or disposal of shares in subsidiaries	-	982	982
Changes in ownership interest in subsidiaries	-	2,764	2,764
Gain on disposal of assets	15	15	15
	<b><u>\$ 524,609</u></b>	<b><u>528,355</u></b>	<b><u>599,886</u></b>

#### (iii) Retained earnings and dividend policy

The Company's Articles of Incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside in accordance with applicable laws and regulations. The remaining balance of annual net income, together with the unappropriated earnings from the previous years, should be distributed according to the proposal by the board of directors to be approved in the shareholders' meeting. Appropriation of earnings should not be less than 60% of the net income after deducting an accumulated deficit, legal reserve, and special reserve.

In view of the overall economic environment and the development of the industry, and in order to meet the Company's long-term financial planning and cash requirements of stockholders, the Company has adopted a stable dividend policy in which a cash dividend comprises at least 10% of total distribution of dividends.

The distribution of earnings for 2021 and 2020 had been approved in the meetings of shareholders held on June 8, 2022, and July 7, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Dividends per share (in dollars)</u>	<u>Total amount</u>	<u>Dividends per share (in dollars)</u>	<u>Total amount</u>
Dividends distributed to shareholders:				
Cash	\$ 4.00	<u><u>572,249</u></u>	3.50	<u><u>500,718</u></u>

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The 2020 earnings distribution also resolved to issue cash in the capital surplus and distribute NTD\$0.5 per share, so the total amount of cash allocated for the 2020 earnings distribution was NTD\$ 4 per share.

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Remeasureme nt of defined benefit plans	Total
Balance at January 1, 2022	\$ (68,916)	(4,557)	(73,473)
Exchange differences on translation of the net assets of the foreign operations	7,732	-	7,732
Disposition of subsidiaries	517	-	517
Balance at June 30, 2022	<u>\$ (60,667)</u>	<u>(4,557)</u>	<u>(65,224)</u>
Balance at January 1, 2021	\$ (50,942)	(6,997)	(57,939)
Exchange differences on translation of the net assets of the foreign operations	(8,084)	-	(8,084)
Balance at June 30, 2021	<u>\$ (59,026)</u>	<u>(6,997)</u>	<u>(66,023)</u>

(v) Non-controlling interests (net after tax)

	For the six-month periods ended June	
	2022	2021
Balance at January	\$ 308,920	274,865
Equity attributable to non-controlling interest:		
Net profit (loss) for the current period	(10,248)	2,570
Increase (decrease) in non-controlling interests	(222,854)	44,400
Foreign currency translation differences	914	(388)
Changes in ownership interest in subsidiaries	10,009	(2,764)
	<u>\$ 86,741</u>	<u>318,683</u>

(r) Earnings per share (“EPS”)

(i) Basic EPS

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Profit attributable to shareholders of the Company	\$ 356,346	150,736	631,538	237,044
Weighted-average number of ordinary shares outstanding (in thousands)	143,062	143,062	143,062	143,062
Basic EPS (dollars)	<u>\$ 2.49</u>	<u>1.05</u>	<u>4.41</u>	<u>1.66</u>

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (ii) Diluted EPS

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit attributable to shareholders of the Company (diluted)	\$ 356,346	150,736	631,538	237,044
Weighted-average number of ordinary shares outstanding (in thousands)	143,062	143,062	143,062	143,062
Effect of potentially dilutive common shares:				
Effect of employee bonuses	721	276	1,080	623
Weighted-average number of ordinary shares outstanding (in thousands) (including effect of dilutive potential common stock)	143,783	143,338	144,142	143,685
Diluted EPS (dollars)	<b><u>2.48</u></b>	<b><u>1.05</u></b>	<b><u>4.38</u></b>	<b><u>1.65</u></b>

#### (s) Revenue from contracts with customers

##### (i) Disaggregation of revenue

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Primary geographical markets:				
Domestic sales	\$ 57,642	24,492	106,843	71,510
Export:				
Asia	120,689	166,071	240,990	333,415
America	956,680	445,380	1,694,622	738,380
Europe and Africa	508,467	537,930	1,115,191	945,553
	<u>1,585,836</u>	<u>1,149,381</u>	<u>3,050,803</u>	<u>2,017,348</u>
	<b><u>\$ 1,643,478</u></b>	<b><u>1,173,873</u></b>	<b><u>3,157,646</u></b>	<b><u>2,088,858</u></b>
Major products:				
Industrial computers	\$ 1,422,188	939,628	2,718,855	1,655,146
Peripherals	186,850	207,099	378,771	380,596
Others	34,440	27,146	60,020	53,116
	<u>\$ 1,643,478</u>	<u>1,173,873</u>	<u>3,157,646</u>	<u>2,088,858</u>

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Contract balances

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Notes and accounts receivable	\$ 1,353,430	1,209,813	704,990
Less: loss allowance	(2,331)	(1,639)	(4,857)
Total	<b>\$ 1,351,099</b>	<b>1,208,174</b>	<b>700,133</b>
	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Contract liabilities – current	<b>\$ 20,756</b>	<b>48,079</b>	<b>68,280</b>

Please refer to note 6(d) for details on notes and accounts receivable and its loss allowance.

The amount of revenue recognized for the six-month ended June 30, 2022 and 2021 that was included in the contract liability balance at the beginning of period were \$34,641 and \$38,514, respectively.

(t) Remuneration of employees and directors and supervisors

Pursuant to the Company's articles of incorporation, the Company shall distribute 3% to 15% of its profits in the current period as compensation to its employees and no more than 3% to its directors and supervisors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, if any, prior to distributing the compensation to the employees and directors and supervisors. The aforementioned compensation of employees could be distributed in the form of cash or stock to the employees of the Company's subsidiaries conforming to certain requirements.

For the three-month periods ended June 30, 2022 and 2021,, and for the six-month periods ended June 30, 2022 and 2021, the Company accrued the remuneration to its employees amounting to \$38,125, \$12,125, \$66,250, and \$18,250, respectively, and the remuneration to its directors amounting to \$875, \$875, \$1,750 and \$1,750, which were calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by the distribution ratio of remuneration to employees and directors under the Company's articles of incorporation, and recognized as cost of revenue and operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year.

For the year ended December 31, 2021 and 2020, the Company accrued the remuneration to its employees amounting to \$60,000 and \$51,500, respectively, and the remuneration to its directors amounting to \$3,500 for both two years, The aforementioned accrued compensation of employees, directors and supervisors is the same as the amounts approved by the Board of Directors, and will be paid in cash. The related information would be available at the Market Observation Post System website.

# FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (u) Non-operating income and loss

#### (i) Interest income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Interest income from bank deposit	\$ 1,847	1,822	3,197	3,404

#### (ii) Other income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Government grant	\$ -	849	-	2,665
Others	797	2,118	2,748	6,599
	<u>\$ 797</u>	<u>2,967</u>	<u>2,748</u>	<u>9,264</u>

#### (iii) Other gains and losses

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Net gain (loss) on disposal of property, plant and equipment	\$ -	(63)	220	(1,012)
Disposition of subsidiaries interests(Note 6(h))	-	-	22,042	-
Foreign currency exchange gain (loss)	29,255	(14,589)	58,340	(10,566)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	(6,320)	9,661	(11,264)	2,287
Impairment loss (Note 6(f)) on investments accounted for using equity method	-	-	(10,915)	-
Others	3	-	(27)	-
	<u>\$ 22,938</u>	<u>(4,991)</u>	<u>58,396</u>	<u>(9,291)</u>

#### (iv) Finance costs

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2022	2021	2021
Interest expense from bank loans	\$ 4	163	126	430
Interest expense from lease liabilities	193	305	537	456
	<u>\$ 197</u>	<u>468</u>	<u>663</u>	<u>886</u>

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (v) Financial instruments

Except as described below, there is no significant change in the exposure of the consolidated company to credit risk, liquidity risk, and market risk (including currency risk and interest rate risk) due to financial instruments. Refer to Note 6(u)(v) to the Consolidated Financial Statement in 2021 for details.

#### (i) Categories of financial instruments

##### 1) Financial assets

	<b>June.30, 2022</b>	<b>December 31, 2021</b>	<b>June 30,2021</b>
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<b><u>\$ 9,478</u></b>	<b><u>11,522</u></b>	<b><u>10,390</u></b>
Financial assets at amortized cost			
Cash and cash equivalents	\$ 2,225,036	1,954,290	2,667,065
Financial assets at amortized cost	198,074	180,681	171,669
Notes and Accounts Receivable (Payable)	1,351,099	1,208,174	700,133
Refundable deposits	<u>2,137</u>	<u>3,575</u>	<u>3,611</u>
	<b><u>\$ 3,776,346</u></b>	<b><u>3,346,720</u></b>	<b><u>3,542,478</u></b>

##### 2) Financial liabilities

	<b>June.30, 2022</b>	<b>December 31, 2021</b>	<b>June 30,2021</b>
Financial liabilities at fair value through profit or loss:			
Financial liabilities held-for-trading – foreign currency forward contracts	<b><u>\$ 277</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Financial liabilities measured at amortized cost:			
Short term borrowings	\$ -	10,334	18,875
Notes and accounts payable	563,783	765,556	720,135
Lease liabilities (including non-current)	28,106	68,919	49,256
Other payables	<u>289,474</u>	<u>316,113</u>	<u>240,517</u>
	<b><u>\$ 881,363</u></b>	<b><u>1,160,922</u></b>	<b><u>1,028,783</u></b>

#### (ii) Credit risk

For credit risk exposure and loss allowance of notes and accounts receivables, please refer to note 6(d). Cash, accounts receivable from related parties and other financial assets are considered as low-credit-risk financial assets, and thus, the loss allowance are measured using 12-months ECL. As of June 30, 2022, December 31, 2021, and June 30, 2021, no loss allowance was provided for these financial assets after management's assessment.

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, and maintaining adequate cash and banking facilities. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had unused credit facilities of \$1,214,459, \$1,376,186 and \$1,409,953, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	<u>Contractual cash flows</u>	<u>Within 1 years</u>	<u>1-2 years</u>	<u>More than 2 years</u>
<b>June 30, 2022</b>				
Non-derivative financial liabilities				
Notes and accounts payable	\$ 563,783	563,783	-	-
Lease liabilities	29,718	8,056	7,614	14,048
Other payables	<u>289,474</u>	<u>289,474</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 882,975</u></b>	<b><u>861,313</u></b>	<b><u>7,614</u></b>	<b><u>14,048</u></b>
Foreign currency forward contracts:				
Outflow	\$ 89,162	89,162	-	-
Inflow	<u>(88,885)</u>	<u>(88,885)</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 277</u></b>	<b><u>277</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>December 31, 2021</b>				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 10,390	10,390	-	-
Notes and accounts payable	765,556	765,556	-	-
Lease liabilities	72,446	19,754	16,929	35,763
Other payables	<u>316,113</u>	<u>316,113</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 1,164,505</u></b>	<b><u>1,111,813</u></b>	<b><u>16,929</u></b>	<b><u>35,763</u></b>
Derivative financial instruments:				
Foreign currency forward contracts:				
Outflow	\$ 221,249	221,249	-	-
Inflow	<u>(223,190)</u>	<u>(223,190)</u>	<u>-</u>	<u>-</u>
	<b><u>\$ (1,941)</u></b>	<b><u>(1,941)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	<b>Contractual cash flows</b>	<b>Within 1 years</b>	<b>1-2 years</b>	<b>More than 2 years</b>
<b>June 30, 2021</b>				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 18,983	18,983	-	-
Notes and accounts payable	720,135	720,135	-	-
Lease liabilities	51,956	21,395	8,076	22,485
Other payables	240,517	240,517	-	-
	<b>\$ 1,031,591</b>	<b>1,001,030</b>	<b>8,076</b>	<b>22,485</b>
Derivative financial instruments:				
Foreign currency forward contracts:				
Outflow	\$ 134,775	134,775	-	-
Inflow	(135,618)	(135,618)	-	-
	<b>\$ (843)</b>	<b>(843)</b>	<b>-</b>	<b>-</b>

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

#### (iv) Foreign currency risk

The Group's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (payables) and other payables. At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

(Amount in Thousands of Dollars)

<b>June 30, 2022</b>						
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>	<b>Change in magnitude</b>	<b>Pre-tax effect on profit or loss</b>	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	47,547	29.72	1,413,097	1%	14,131
EUR		27	31.05	838	1%	8
GBP		3,349	36.13	120,999	1%	1,210
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		10,884	29.72	323,472	1%	3,235
GBP		281	36.13	10,153	1%	102



**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

<b>December 31, 2021</b>						
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>	<b>Change in magnitude</b>	<b>Pre-tax effect on profit or loss</b>	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	44,103	27.68	1,220,771	1%	12,208
EUR		4,316	31.32	135,177	1%	1,352
GBP		7,926	37.28	295,481	1%	2,955
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		15,082	27.68	417,470	1%	4,175
GBP		165	37.28	6,151	1%	62
<b>June 30, 2021</b>						
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>	<b>Change in magnitude</b>	<b>Pre-tax effect on profit or loss</b>	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	24,678	27.86	687,529	1%	6,875
EUR		3,628	33.15	120,268	1%	1,203
GBP		3,916	38.53	150,883	1%	1,509
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		15,423	27.86	429,685	1%	4,297
GBP		366	38.53	14,102	1%	141

Due to the varieties of functional currency within the Group, the Group disclosed foreign exchange gain (loss) on monetary items in aggregate. Refer to Note 6(u) for details.

(v) Fair value valuation-financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

(vi) Financial instruments that are measured at fair value

The carrying amounts and fair value of the financial assets and financial liabilities of the consolidated company, as measured at fair value, are as follows:

# FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

		June 30, 2022			
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
— Convertible bonds	\$ 9,478	-	-	9,478	9,478
Financial liabilities at fair value through profit or loss:					
Financial liabilities held-for-trading					
— Foreign currency forward contracts	\$ 277	-	277	-	277
		December 31, 2021			
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Financial assets mandatorily measured at fair value through profit or loss					
— Foreign currency forward contracts	\$ 1,941	-	1,941	-	1,941
— Convertible bonds	9,581	-	-	9,581	9,581
	<b>\$ 11,522</b>	<b>-</b>	<b>1,941</b>	<b>9,581</b>	<b>11,522</b>
		June 30, 2021			
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
— Foreign currency forward contracts	\$ 843	-	843	-	843
— Convertible bonds	9,547	-	-	9,547	9,547
	<b>\$ 10,390</b>	<b>-</b>	<b>843</b>	<b>9,547</b>	<b>10,390</b>

### 1) Fair value level

The different levels have been defined as follows:

- A. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- C. Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Valuation techniques and assumptions used in fair value measurement

##### A. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily available. For unquoted equity instruments which cannot be transferred freely in public market, their fair values are determined by using the valuation techniques adopted by the Corporation based on the information from the Market Observation Post System, Taiwan Stock Exchange, etc., and calculated by using the Black-Scholes Model. The Company uses the quoted market prices and the price-book ratios of similar publicly traded companies into consideration by using the market comparison approach. The estimates had been adjusted by the depreciation from lack of market liquidity.

##### B. Derivative financial instruments

The fair value of foreign currency forward contracts is computed individually by each contract using the valuation technique.

#### 3) Transfers between fair value levels

No transfer of financial assets and financial liabilities to the fair value levels for the six-month periods ended June 30, 2022 and 2021.

#### 4) Movement in financial assets included Level 3 fair value hierarchy:

	For the six-month periods ended June 30	
	2022	2021
Balance at January 1	\$ 9,581	9,516
Recognized in profit loss	(103)	31
Balance at June 30	<u>\$ 9,478</u>	<u>9,547</u>

#### (w) Financial risk management

There are no material changes to the financial risk management objectives and policies of the consolidated companies and those disclosed in Note 6(v) to the 2021 Consolidated Financial Statement.

#### (x) Capital management

The capital management objectives, policies and procedures of consolidated company are consistent with those disclosed in the 2021 consolidated financial statements. Refer to Note 6(w) for the 2021 consolidated reports.

#### (y) Investing and financing activities not affecting current cash flow

(i) For acquisition of right-of-use assets under operating lease, please refer to note 6(j).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	January 1, 2022	Cash flows	Non-cash changes			June 30, 2022
			Amount of disposition of subsidiaries	Change in lease	Foreign currency exchange movement	
Short-term borrowings	\$ 10,334	(10,067)	(268)	-	1	-
Lease liabilities	68,919	(6,682)	(37,542)	3,825	(414)	28,106
Total liabilities from financing activities	<u>\$ 79,253</u>	<u>(16,749)</u>	<u>(37,810)</u>	<u>3,825</u>	<u>(413)</u>	<u>28,106</u>

	January 1, 2021	Cash flows	Non-cash changes			June 30, 2021
			Change in lease	Foreign currency exchange movement		
Short-term borrowings	\$ 7,810	11,415	-	(350)		18,875
Lease liabilities	61,883	(12,505)	509	(631)		49,256
Total liabilities from financing activities	<u>\$ 69,693</u>	<u>(1,090)</u>	<u>509</u>	<u>(981)</u>		<u>68,131</u>

#### 7. Related-party transactions

- (a) Significant related-party transactions: None.  
(b) Compensation of key management personnel

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 9,979	10,919	24,699	26,592
Post-employment benefits	225	198	441	486
	<u>\$ 10,204</u>	<u>11,117</u>	<u>25,140</u>	<u>27,078</u>

#### 8. Pledged assets

The carrying amounts of assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	June 30, 2022	December 31, 2021	June 30, 2021
Inventory	Credit lines of short-term borrowings	\$ -	68,908	88,285
Time deposits (classified as financial assets measured at amortized cost – current)	Guarantee deposit for custom duties, government grants project and bank loans	678	10,678	15,527
IT equipment (classified as office equipment)	Secured bank loans	-	595	751
		<u>\$ 678</u>	<u>80,181</u>	<u>104,563</u>

#### 9. Significant commitments and contingencies :None

#### 10. Significant losses due to major disasters: None

#### 11. Significant subsequent events: None

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

**12. Others**

- (a) Employee benefits, depreciation, and amortization expenses, categorized by function, were as follows:

By function By item	For the three-month periods ended June 30, 2022			For the three-month periods ended June 30, 2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	43,769	129,804	173,573	33,841	119,205	153,046
Insurance	3,059	6,700	9,759	2,929	6,912	9,841
Pension	1,079	3,995	5,074	1,137	5,665	6,802
Others	1,094	1,989	3,083	1,191	3,090	4,281
Depreciation	13,405	7,472	20,877	18,047	10,470	28,517
Amortization	-	10,513	10,513	-	10,890	10,890

By function By item	For the six-month periods ended June 30, 2022			For the six-month periods ended June 30, 2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	85,021	263,373	348,394	64,264	227,015	291,279
Insurance	6,443	14,705	21,148	6,022	14,426	20,448
Pension	2,234	9,370	11,604	2,294	11,316	13,610
Others	2,366	5,690	8,056	2,424	6,240	8,664
Depreciation	28,891	16,287	45,178	36,785	22,798	59,583
Amortization	-	21,666	21,666	50	21,800	21,850

- (b) Seasonality of operations: The operations of the consolidated company are not significantly affected by seasonal or cyclical factors.

**13. Additional disclosures**

- (a) Information on significant transactions:

For the six-month periods ended June 30, 2022, in accordance with the provisions of the financial reporting standards for securities issuers, the consolidated company shall re-disclose relevant information on major transactions as follows:

- (i) Financing provided to other parties:

# FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(Amounts in Thousands of New Taiwan Dollars/Euro/GBP)

No. (Note 1)	Financing Company	Counter- party	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Drawdown Amounts	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limits for Each Borrowing Company (Note 3)	No. (Note 3)
													Item	Value		
1	Poindus Systems (Note 4)	Adasys	Long term other receivables	Yes	20,386 (EUR650)	-	-	2%	1	135,988		-		-	55,681	222,723
1	Poindus Systems (Note 4)	Poindus Systems UK Limited	Long term other receivable	Yes	24,410 (GBP800)	-	-	1%	1	85,742		-		-	39,102	222,723

Note 1: Represents the Company.

1. "0" represents the Company
2. Subsidiaries are numbered from "1"

Note 2: Nature of financing

1. Business transaction purpose
2. Short-term financing

Note 3: The individual financing amounts shall not exceed the lower amounts of transaction amounts of the most recent year and 10% of the most recent audited or reviewed net worth of Poindus Systems. The aggregate financing amount shall not exceed 40% of the most recent audited or reviewed net worth of Poindus Systems.

Note 4: Poindus Systems was disposed in February 2022.

### (ii) Guarantees and endorsements provided to other parties:

(Amount in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	The Company	Box Technologies Limited	2	897,949	40,000	40,000	-	-	0.89%	2,244,872	Y	N	N

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

1. The Company is "0"
2. The subsidiaries are numbered in order starting from "1"

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified as "2" the endorser/guarantor which the parent company owns directly more than 50% of its voting shares.

Note 3: The Company provides guarantee to a subsidiary which the parent company owns directly 100% of its voting shares; the limit on endorsement or guarantee provided by the Company to a single party should not exceed 20% of its net worth. The total amount of endorsement or guarantee provided by the Company should not exceed 50% of its net worth.

### (iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(Amounts in Thousands of New Taiwan Dollars and shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares	Carrying Value	Percentage of Ownership	Fair value	
The Company	Convertible bond; Nextronics engineering corp.	-	Financial assets at fair value through profit or loss-current	0.1	9,478	-	9,478	-
Flytech CN BVI	Convertible bond; Astra cloud holdings	-	Financial assets at fair value through profit or loss-current	-	-	-	-	-

# FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed \$300 million or 20% of the paid-in capital

(Amounts in Thousands of New Taiwan Dollars and shares)

Company Name	Type and Name of Securities	Final Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Cost	Gain(Loss) on Disposal	Shares	Amount
Fei Shium Investment Co. Ltd.	Poindus Systems stock	Investments Accounted for Using the Equity Method	Compal Electronics Inc.	Non-related party	10,354	274,720	-	-	10,354	309,688	287,646	22,042	-	-

- (v) Acquisition of real estate which exceeds \$300 million or 20% of the paid-in capital: None

- (vi) Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: None

- (vii) Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital:

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Sales	Amount (Note3)	% of Total (Purchases) /Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable (Payable)	
The Company	Box UK	Subsidiary	Sales	143,881	5.37%	EM 75	(Note 1)	(Note 2)	67,504	5.19%	

Note 1: The selling prices with related parties are influenced by the economic environment and market competitiveness in each regions.

Note 2: The trade terms of sales with related parties are EOM 75 days, and the trade terms with third parties are OA 30~75 days.

Note 3: The intercompany transactions are disclosed only for the amounts of sales; the corresponding purchases are not disclosed.

- (viii) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: None

- (ix) Transactions in derivative instruments: Refer to note 6(b)

- (x) Business relationships and significant intercompany transactions:

Number (Note 1)	Company Name	Counter-party	Relationship	Transaction Details			Percentage of Consolidated Total Revenues or Total Assets (Note 3)
				Account (Note 2)	Amount	Transaction Terms	
0	The Company	Box UK	Subsidiary	Sales	143,881	EM 75	4.56%
0	The Company	Box UK	Subsidiary	Accounts receivable	67,504	EM 75	1.07%

Note 1: Parties to intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.

2. Subsidiaries are numbered from "1"

Note 2: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated revenue or total assets. The corresponding purchases and accounts payables are not disclosed.

Note 3: Based on the transaction amount divided by consolidated revenue or total assets.

Note 4: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

# FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the six-month periods ended June 30, 2022 (excluding information on investees in Mainland China):

(Amounts in Thousands of shares/ foreign currency and New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2022			Net Income (Loss) of the Investee	Investment Income (Loss) (note 2)	Note (note 1)
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying value			
The Company	Flytech USA BVI	British Virgin Islands	Investment and holding activity	38,652	38,652	100	100.00%	17,397	-	-	
The Company	Flytech HK BVI	British Virgin Islands	Investment and holding activity	10,392	10,392	50	100.00%	145,212	1,715	1,715	
The Company	Flytech CN BVI	British Virgin Islands	Investment and holding activity	90,601	90,601	200	100.00%	137,129	(1,037)	(1,037)	
The Company	Fei Shiun Investment	Taiwan	Investment and holding activity	428,000	428,000	19,000	100.00%	355,034	(5,360)	(5,360)	
The Company	inefi Holding	British Cayman Islands	Investment and holding activity	83,634	-	17	100.00%	78,919	(5,181)	(5,181)	
The Company	Box Holdings	United Kingdom	Investment and holding activity	511,307	511,307	4	100.00%	422,554	25,997	10,465	
Flytech USA BVI	Flytech USA	USA	Sale of computers and peripherals	36,358 (USD1,072)	36,358 (USD1,072)	700	100.00%	16,417 (USD552)	- (USD-)	-	
Flytech HK BVI	Flytech HK	Hong Kong	Sale of computers and peripherals	10,433 (USD298)	10,433 (USD298)	1,000	100.00%	146,327 (USD4,923)	1,715 (USD60)	-	
Fei Shiun Investment	iRUGGY System	Taiwan	Operating software design and data processing services, and integrating software and hardware services	60,000	60,000	6,000	100.00%	37,740	11,320	-	
Fei Shiun Investment	Berry AI	Taiwan	Sale of computers and peripherals	306,600	117,600	21,000	70.00%	202,396	(42,417)	-	
Fei Shiun Investment	TAC Dynamics	Taiwan	Operating software design and data processing services, and integrating software and hardware services	18,000	18,000	163	35.00%	4,821	(5,583)	-	
Fei Shiun Investment	Poindus Systems	Taiwan	Sale of computers and peripherals	-	308,070	-	-	-	6,550	-	(Note 3)
Poindus Systems	Poindus Investment	Taiwan	Investment and holding activity	-	4,100	-	-	-	-	-	
Poindus Systems	Adasys	Germany	Sale of computers and peripherals	-	57,712 (EUR 1,730)	-	-	-	(1,071)	-	
Poindus Systems	Poindus UK	United Kingdom	Sale of computers and peripherals	-	14,297 (GBP 300)	-	-	-	(365)	-	
Poindus Investment	Poindus GmbH	Germany	Sale of computers and peripherals	-	1,721 (EUR 40)	-	-	-	-	-	
Box Holdings	Box UK	United Kingdom	Sale of computers and peripherals	472 (GBP 10)	472 (GBP 10)	10	100.00%	296,261 (GBP 8,201)	27,055 (GBP 725)	-	
Box Holdings	Box Nordic	Sweden	Sale of computers and peripherals	2,330 (GBP 49)	2,330 (GBP 49)	5	100.00%	4,986 (GBP 138)	(1,057) (GBP 28)	-	
inefi Holding	inefi Incorporation.	Taiwan	Operating software design and data processing services, and integrating software and hardware services	80,000 (USD 3,000)	-	8,000	100.00%	75,236 (USD 2,531)	(4,657) (USD 159)	-	
Berry AI	Berry AI BVI	British Virgin Islands	Investment and holding activity	30,000	30,000	50	100.00%	27,723	(3,705)	-	
Berry AI BVI	Berry AI USA	USA	Operating software design and data processing services, and integrating software and hardware services	27,965 (USD 1,000)	27,965 (USD 1,000)	1,000	100.00%	25,586 (USD 861)	(3,682) (USD 128)	-	



# FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

Note 1: The intercompany transactions have been eliminated when preparing the consolidated financial statements.

Note 2: Included the movement in unrealized gross profit or loss.

Note 3: Poindus Systems was disposed in February 2022.

### (c) Information on investments in Mainland China:

#### (i) Information on investment in Mainland China

(Amounts in Thousands of New Taiwan Dollars and US Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2022	Net Income (Loss) of Investee	% of Ownership of Direct and Indirect Investment	Investment Income (Loss)	Carrying Value as of June 30, 2022	Accumulated Inward Remittance of Earnings as of June 30, 2022
					Outflow	Inflow						
Flytech CN	Sale of computers and peripherals	69,089 (USD 2,000)	(Note 1)	69,089 (USD 2,000)	-	-	69,089 (USD 2,000)	(1,053) (USD 37)	100%	(1,053) (USD 37)	123,123 (USD 4,142)	-
Qijie	Sale of computers and peripherals	30,850 (USD 1,000)	(Note 2)	35,888 (USD 1,200)	-	-	-	(2,459)	- %	(2,459)	-	-

Note 1: Indirect investment in Mainland China through a holding company, Flytech CN BVI, established in a third country.

Note 2: (1) Flytech CN BVI reinvested the amount of USD 392 thousand it incurred from the liquidation of Flytech BJ, together with its own funds, and acquired 40% ownership of Qijie.

(2) In 2019, the Company acquired an additional 20% share ownership of Qijie through Flytech CN BVI.

(3) The 60% and 40% ownership of Flytech CN BVI and the third parties amounting to US\$ 600 thousand and US\$ 400 thousand, respectively, in Qijie were acquired by Poindus Systems in 2020, resulting in Poindus System to fully own Qijie.

(4) The subsidiary Fei Shiun Investment disposed of all the equity of Poindus Systems and lost control of Qijie Electronics in February 2022.

#### (ii) Limits on investment in Mainland China

(Amounts in Thousands of New Taiwan Dollars and US Dollars)

Accumulated investment in Mainland China as of June 30, 2022	Investment amount authorized by Ministry of Economic Affairs Investment Commission	Upper Limit on Investment
90,767 (USD 2,700)	103,107 (USD 3,100)	2,693,846

(iii) Significant transactions with the investee in Mainland China: None

#### (iv) Major shareholders

Shareholder's Name	Shareholding	Shares	Percentage
Lam Tai Seng		16,423,263	11.47%
Wang Wei Wei		11,040,443	7.71%
Fubon Life Insurance Co. Ltd.		8,540,000	5.96%

## FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 14. The Group's operating segment information and reconciliation are as follows:

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

	For the three-month periods ended June 30,2022					
	<u>Domestic sale segment</u>	<u>European sale segment</u>	<u>Poindus Systems</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenues from external customers	\$ 1,425,417	194,606	-	23,455	-	1,643,478
Intra-group revenue	78,141	(4)	-	-	(78,137)	-
Total segment revenue	<u>\$ 1,503,558</u>	<u>194,602</u>	<u>-</u>	<u>23,455</u>	<u>(78,137)</u>	<u>1,643,478</u>
Segment income before income tax	<u>\$ 420,824</u>	<u>14,456</u>	<u>-</u>	<u>(38,404)</u>	<u>18,135</u>	<u>415,011</u>
	For the three-month periods ended June 30,2021					
	<u>Domestic sale segment</u>	<u>European sale segment</u>	<u>Poindus Systems</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenues from external customers	\$ 739,235	166,993	212,521	55,124	-	1,173,873
Intra-group revenue	135,171	1,535	1,381	150	(138,237)	-
Total segment revenue	<u>\$ 874,406</u>	<u>168,528</u>	<u>213,902</u>	<u>55,274</u>	<u>(138,237)</u>	<u>1,173,873</u>
Segment income before income tax	<u>\$ 177,535</u>	<u>8,158</u>	<u>14,420</u>	<u>(8,382)</u>	<u>(9,956)</u>	<u>181,775</u>
	For the six-month periods ended June 30,2022					
	<u>Domestic sale segment</u>	<u>European sale segment</u>	<u>Poindus Systems</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenues from external customers	\$ 2,505,282	449,375	146,756	56,233	-	3,157,646
Intra-group revenue	173,554	232	713	150	(174,649)	-
Total segment revenue	<u>\$ 2,678,836</u>	<u>449,607</u>	<u>147,469</u>	<u>56,383</u>	<u>(174,649)</u>	<u>3,157,646</u>
Segment income before income tax	<u>\$ 736,979</u>	<u>32,344</u>	<u>8,092</u>	<u>(40,692)</u>	<u>(5,717)</u>	<u>731,006</u>
	For the six-month periods ended June 30,2021					
	<u>Domestic sale segment</u>	<u>European sale segment</u>	<u>Poindus Systems</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenues from external customers	\$ 1,199,961	328,988	457,810	102,099	-	2,088,858
Intra-group revenue	261,182	2,672	2,376	444	(266,674)	-
Total segment revenue	<u>\$ 1,461,143</u>	<u>331,660</u>	<u>460,186</u>	<u>102,543</u>	<u>(266,674)</u>	<u>2,088,858</u>
Segment income before income tax	<u>\$ 281,766</u>	<u>17,135</u>	<u>27,663</u>	<u>(15,811)</u>	<u>(19,779)</u>	<u>290,974</u>

**FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements