

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

Consolidated Financial Statements
With Independent Auditors' Review Report
March 31, 2023 and 2022

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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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month periods ended March 31, 2023 and 2022 as well as the consolidated statements of changes in equity and of cash flows for the three-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 S Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of 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 March 31, 2023 and 2022, and the financial performance of the Group for three-month and three-month periods ended March 31, 2023 and 2022, and the cash flows for three-month periods ended March 31, 2023 and 2022.

KPMG
Taipei, Taiwan (Republic of China)
May 10, 2023

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

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

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

	Assets	March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%
Current assets:							
1100	Cash and cash equivalents (note 6(a))	\$ 3,090,407	52	2,814,795	46	2,084,924	34
1110	Financial assets at fair value through profit or loss — current (note 6(b))	9,562	-	9,521	-	9,847	-
1136	Financial assets at amortised cost — current (notes 6(c) and 8)	75,453	1	156,224	3	48,923	1
1150-1170	Notes and accounts receivable (notes 6(d) and (s))	556,857	9	760,115	13	1,186,083	19
130X	Inventories (note 6(e))	788,689	13	918,989	15	1,309,926	21
1410-1470	Prepayments and other current assets	<u>24,762</u>	-	<u>17,774</u>	-	<u>48,445</u>	<u>1</u>
	Total current assets	<u>4,545,730</u>	<u>75</u>	<u>4,677,418</u>	<u>77</u>	<u>4,688,148</u>	<u>76</u>
Non-current assets:							
1535	Financial assets at amortised cost — non-current (note 6(c))	99,687	2	96,941	2	111,028	2
1550	Investments accounted for using equity method (note 6(f))	13,104	-	14,748	-	6,002	-
1600	Property, plant and equipment (note 6(i))	1,004,344	17	1,016,813	17	1,046,247	17
1755	Right-of-use assets (note 6(j))	41,492	1	44,690	1	27,619	-
1780	Intangible assets (note 6(k))	193,327	3	203,103	3	231,664	4
1840	Deferred income tax assets	41,785	1	41,802	-	34,271	1
1915	Prepayments for equipment	45,915	1	12,853	-	9,028	-
1920	Refundable deposits	<u>1,913</u>	-	<u>1,804</u>	-	<u>2,006</u>	-
	Total non-current assets	<u>1,441,567</u>	<u>25</u>	<u>1,432,754</u>	<u>23</u>	<u>1,467,865</u>	<u>24</u>
	Total assets	<u>\$ 5,987,297</u>	<u>100</u>	<u>6,110,172</u>	<u>100</u>	<u>6,156,013</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)

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

(Expressed in Thousands of New Taiwan Dollars)

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

	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Liabilities and Equity						
Current liabilities:						
2120	Financial liabilities at fair value through profit or loss — current (note 6(b))	-	-	-	-	4,351 -
2130	Contract liabilities — current (note 6(s))	47,079	1	56,723	1	25,477 -
2150-2170	Notes and accounts payable	229,885	4	355,515	6	687,089 11
2200	Other payables (note 6(t))	243,461	4	275,952	4	240,215 4
2230	Current income tax liabilities	278,227	5	272,716	4	230,929 4
2250	Provisions — current (note 6(n))	33,247	-	34,461	1	36,538 1
2280	Lease liabilities — current (note 6(m))	12,641	-	12,580	-	7,108 -
2300	Other current liabilities	<u>41,669</u>	<u>1</u>	<u>45,122</u>	<u>1</u>	<u>36,513</u> <u>1</u>
	Total current liabilities	<u>886,209</u>	<u>15</u>	<u>1,053,069</u>	<u>17</u>	<u>1,268,220</u> <u>21</u>
Non-current liabilities:						
2570	Deferred income tax liabilities	2,714	-	4,642	-	45,909 1
2640	Net defined benefit liabilities	15,106	-	15,317	-	16,764 -
2580	Lease liabilities — non-current (note 6(m))	<u>30,435</u>	<u>-</u>	<u>33,313</u>	<u>1</u>	<u>20,839</u> <u>-</u>
	Total non-current liabilities	<u>48,255</u>	<u>-</u>	<u>53,272</u>	<u>1</u>	<u>83,512</u> <u>1</u>
	Total liabilities	<u>934,464</u>	<u>15</u>	<u>1,106,341</u>	<u>18</u>	<u>1,351,732</u> <u>22</u>
Equity attributable to shareholders of the parent						
(note 6(g)(h) and (q)):						
3110	Common stock	1,430,623	24	1,430,623	24	1,430,623 23
3200	Capital surplus	536,947	9	536,947	9	524,609 9
Retained earnings:						
3310	Legal reserve	1,196,570	20	1,196,570	20	1,128,264 18
3320	Special reserve	73,473	2	73,473	1	57,939 1
3350	Unappropriated earnings	1,793,619	30	1,741,308	28	1,629,436 26
3400	Other equity	<u>(47,156)</u>	<u>(1)</u>	<u>(49,411)</u>	<u>(1)</u>	<u>(59,957)</u> <u>(1)</u>
	Equity attributable to shareholders of the Company	<u>4,984,076</u>	<u>84</u>	<u>4,929,510</u>	<u>81</u>	<u>4,710,914</u> <u>76</u>
36XX	Non-controlling interests (note 6(h))	<u>68,757</u>	<u>1</u>	<u>74,321</u>	<u>1</u>	<u>93,367</u> <u>2</u>
	Total equity	<u>5,052,833</u>	<u>85</u>	<u>5,003,831</u>	<u>82</u>	<u>4,804,281</u> <u>78</u>
	Total liabilities and equity	<u>\$ 5,987,297</u>	<u>100</u>	<u>6,110,172</u>	<u>100</u>	<u>6,156,013</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 three-month periods ended March 31, 2023 and 2022

(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 March 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Revenue (notes 6(s))	\$ 769,745	100	1,514,168	100
5000	Cost of revenue (notes 6 (e)(i)(j)(k)(m)(n)(o)(t)and 12)	(514,676)	(67)	(1,010,324)	(67)
	Gross profit	<u>255,069</u>	<u>33</u>	<u>503,844</u>	<u>33</u>
	Operating expenses (notes 6 (d)(i)(j)(k)(n)(o)(t) and 12) :				
6100	Selling expenses	(84,408)	(11)	(98,654)	(7)
6200	Administrative expenses	(48,946)	(6)	(66,078)	(4)
6300	Research and development expenses	(60,476)	(8)	(60,637)	(4)
		<u>(193,830)</u>	<u>(25)</u>	<u>(225,369)</u>	<u>(15)</u>
	Operating income	<u>61,239</u>	<u>8</u>	<u>278,475</u>	<u>18</u>
	Non-operating income and loss (notes 6(f)(h)(m) and (u)) :				
7100	Interest income	10,619	1	1,350	-
7190	Other income	689	-	1,951	-
7020	Other gains and losses	(8,554)	(1)	35,458	3
7050	Finance costs	(288)	-	(466)	-
7370	Share of loss of associates accounted for using equity method	(1,644)	-	(773)	-
	Total non-operating income and loss	<u>822</u>	<u>-</u>	<u>37,520</u>	<u>3</u>
7900	Income before income tax	62,061	8	315,995	21
7950	Less: Income tax expenses (note 6(p))	(15,248)	(2)	(44,107)	(3)
8200	Net Income	<u>46,813</u>	<u>6</u>	<u>271,888</u>	<u>18</u>
	Other comprehensive income (loss) (note 6(q)):				
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	2,189	-	13,595	1
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		<u>2,189</u>	<u>-</u>	<u>13,595</u>	<u>1</u>
	Other comprehensive income (loss) for the year	<u>2,189</u>	<u>-</u>	<u>13,595</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 49,002</u>	<u>6</u>	<u>285,483</u>	<u>19</u>
	Net income attributable to:				
8610	Shareholders of the Company	\$ 52,311	7	275,192	18
8620	Non-controlling interests	(5,498)	(1)	(3,304)	-
		<u>\$ 46,813</u>	<u>6</u>	<u>271,888</u>	<u>18</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 54,566	7	288,191	19
8720	Non-controlling interests	(5,564)	(1)	(2,708)	-
		<u>\$ 49,002</u>	<u>6</u>	<u>285,483</u>	<u>19</u>
	Earnings per share (in New Taiwan dollars) (note 6(r)) :				
9750	Basic earnings per share	<u>\$ 0.37</u>		<u>1.92</u>	
9850	Diluted earnings per share	<u>\$ 0.36</u>		<u>1.91</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 three-month periods ended March 31, 2023 and 2022
(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											
	Common stock	Capital surplus	Legal reserve	Retained earnings			Total other equity interest			Total equity of the Company	Non-controlling interests	Total equity
				Special reserve	Special reserve	Total	Foreign currency translation differences	Remeasurements of defined benefit plans	Total			
Balance at January 1, 2022	\$ 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
Net income	-	-	-	-	275,192	275,192	-	-	-	275,192	(3,304)	271,888
Other comprehensive income (loss) in 2022	-	-	-	-	-	-	12,999	-	12,999	12,999	596	13,595
Total comprehensive income (loss) in 2022	-	-	-	-	275,192	275,192	12,999	-	12,999	288,191	(2,708)	285,483
Disposal of subsidiaries	-	-	-	-	-	-	517	-	517	517	(285,854)	(285,337)
Changes in ownership interests in subsidiaries	-	(3,746)	-	-	(6,263)	(6,263)	-	-	-	(10,009)	10,009	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	63,000	63,000
Balance at March 31, 2022	\$ 1,430,623	524,609	1,128,264	57,939	1,629,436	2,815,639	(55,400)	(4,557)	(59,957)	4,710,914	93,367	4,804,281
Balance at January 1, 2023	\$ 1,430,623	536,947	1,196,570	73,473	1,741,308	3,011,351	(46,013)	(3,398)	(49,411)	4,929,510	74,321	5,003,831
Net income	-	-	-	-	52,311	52,311	-	-	-	52,311	(5,498)	46,813
Other comprehensive income (loss) in 2023	-	-	-	-	-	-	2,255	-	2,255	2,255	(66)	2,189
Total comprehensive income (loss) in 2023	-	-	-	-	52,311	52,311	2,255	-	2,255	54,566	(5,564)	49,002
Balance at March 31, 2023	\$ 1,430,623	536,947	1,196,570	73,473	1,793,619	3,063,662	(43,758)	(3,398)	(47,156)	4,984,076	68,757	5,052,833

(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 three-month periods ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

	For the three-month periods ended March 31	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 62,061	315,995
Adjustments for:		
Adjustments to reconcile profit (loss)		
Depreciation	19,776	24,301
Amortization	10,800	11,153
Expected (reveral) credit loss	(1,773)	602
Share of loss of associates accounted for using equity method	1,644	773
Loss (proceeds) on disposal of property, plant and equipment	-	(220)
Property, plant, and equipment transferred to expenses	-	325
Interest expense	288	466
Interest income	(10,619)	(1,350)
Disposition of subsidiaries interests	-	(22,042)
Reversal of impairment loss recognized in profit or loss, non-financial assets	-	10,915
Total non-cash profit and loss	20,116	24,923
Changes in operating assets and liabilities :		
Financial assets at fair value through profit or loss	(41)	1,675
Notes and accounts receivable	205,034	(92,829)
Inventories	130,300	(229,029)
Prepayments and other current assets	(7,920)	(30,923)
Net changes in operating assets	327,373	(351,106)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	-	4,351
Contract liabilities	(9,644)	(22,602)
Notes and accounts payable	(125,630)	63,237
Other payables	(32,491)	(44,799)
Provisions – current	(1,214)	5,345
Other current liabilities	(3,453)	1,070
Net defined benefit liabilities	(211)	(1,108)
Net changes in operating liabilities	(172,643)	5,494
Total changes in operating assets and liabilities	154,730	(345,612)
Cash provided (used in) by operations	236,907	(4,694)
Income taxes paid	(11,780)	(12,716)
Net cash provided (used in) by operating activities	225,127	(17,410)

(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 three-month periods ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

	For the three-month periods ended March 31	
	2023	2022
Cash flows from investing activities:		
Decrease in financial assets at amortized cost	75,974	21,700
Disposition of subsidiaries	-	92,613
Additions to property, plant and equipment (including prepayments for equipment)	(36,939)	(25,073)
Proceeds from disposal of property, plant and equipment	-	293
Additions of intangible assets	-	(2,002)
Increase in refundable deposits	(109)	(805)
Interest received	12,686	563
Net cash flows provided by investing activities	51,612	87,289
Cash flows from financing activities:		
Decrease in short-term borrowings	-	(10,067)
Payment of lease liabilities	(3,145)	(4,127)
Capital injection from non-controlling interests	-	63,000
Interest paid	(288)	(466)
Net cash flows provided (used in) financing activities	(3,433)	48,340
Effect of foreign exchange rate changes	2,306	12,415
Net increase in cash and cash equivalents	275,612	130,634
Cash and cash equivalents at beginning of period	2,814,795	1,954,290
Cash and cash equivalents at end of period	\$ 3,090,407	2,084,924

(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 three-month periods ended March 31, 2023 and 2022

(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 May 10, 2023.

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 16 “Lease liability in a sale and leaseback”

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 2022 consolidated financial statements, which refer to Note 4 for the 2022 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
			March 31, 2023	December 31, 2022	March 31, 2022	
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	inefi Holding Co., Ltd. (inefi Holding)	Investment holding	100.00%	100.00%	100.00%	-
The Company	Box Technologies (Holdings) Ltd. (Box Holdings)	Investment holding	100.00%	100.00%	100.00%	-
Box Holdings	Box Technologies Limited (Box UK)	Sale of computers and peripheral equipment	100.00%	100.00%	100.00%	-
Box Holdings	BTechnologies AB (Box Nordic)	Sale of computers and peripheral equipment	100.00%	100.00%	100.00%	-
inefi Holdings	Inefi Incorporation	Consulting software services, to provide a unified endpoint management platform	100.00%	100.00%	100.00%	-
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	iRuggy System Co., Ltd. (iRuggy System)	Sale of computers and peripheral equipment	-	-	100.00%	(Note)
Fei Shiun Investment	Berry AI Inc. (Berry AI)	Operating software design and data processing services, and integrating software and hardware services	70.00%	70.00%	70.00%	-
Berry AI	Berry AI International Co., Ltd (Berry AI BVI)	Investment holding	70.00%	70.00%	70.00%	
Berry AI BVI	Berry AI USA INC	Software design and data processing services, and integrating software and hardware services	70.00%	70.00%	70.00%	

Note: iRuggy System was liquidated in November 2022.

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

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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.

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 Statement for 2022.

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 2022, which refer to Note 6 for the 2022 consolidated reports.

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 926	836	907
Demand deposits and checking accounts	2,079,713	2,016,209	2,059,370
Time deposits with original maturities less than 3 months	1,009,768	797,750	24,647
	\$ 3,090,407	2,814,795	2,084,924

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

	March 31, 2023	December 31, 2022	March 31, 2022
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging:			
Foreign currency forward contracts	\$ -	-	352
Non-derivative financial assets			
Convertible bonds	9,562	9,521	9,495
	\$ 9,562	9,521	9,847
	112.3.31	111.12.31	111.3.31
Held-for trading financial liabilities:			
Derivative instruments not used for hedging:			
Foreign currency forward contracts	\$ -	-	(4,351)

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:

March 31, 2022				
	Contract amount (in thousands)		Sell / Buy	Maturity period
Foreign currency forward contract	USD	9,000	USD/NTD	2022.4~5
	GBP	1,000	GBP/NTD	2022.4

(c) Financial assets measured at amortised cost

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits with original maturities more than 3 months	\$ 169,290	244,751	153,968
Other receivable	133	646	562
Interest receivable	5,717	7,768	5,421
	\$ 175,140	253,165	159,951
Ledger Account			
Financial assets at amortized cost - current	\$ 75,453	156,224	48,923
Financial assets at amortized cost - non-current	99,687	96,941	111,028
	\$ 175,140	253,165	159,951

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.

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Notes to the Consolidated Financial Statements

(d) Notes and accounts receivable, and other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable— from operating activities	\$ 2,971	3,020	5,985
Accounts receivable— measured as amortized cost	554,320	759,305	1,182,222
Less: loss allowance	(434)	(2,210)	(2,124)
	\$ 556,857	760,115	1,186,083

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:

March 31, 2023			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 455,660	—	-
Past due 0-30 days	69,023	—	-
Past due 31-60 days	31,606	0%~13.26%	-
Past due 61-180 days	422	0%~61.89%	17
Past due over 180 days	580	73.89~100.00%	417
	\$ 557,291		434
December 31, 2022			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 559,688	0%~0.69%	592
Past due 0-30 days	189,806	0%~6.45%	418
Past due 31-60 days	5,726	0%~13.58%	393
Past due 61-180 days	6,918	0%~69.63%	620
Past due over 180 days	187	100.00%	187
	\$ 762,325		2,210
March 31, 2022			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 863,987	0%~0.65%	862
Past due 0-30 days	314,791	0%~3.96%	774
Past due 31-60 days	6,846	0%~9.95%	169
Past due 61-180 days	1,437	0%~65.44%	91
Past due over 180 days	1,146	72.55%~100.00%	228
	\$ 1,188,207		2,124

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

	For the three-month periods ended March 31	
	2023	2022
	Balance at January 1	\$ 2,210
Impairment losses (reversed) recognized	(1,773)	602
Amount of excluded subsidiaries	-	(59)
Effect of exchange rate changes	(3)	(58)
Balance at March 31	\$ 434	2,124

(e) Inventories

(i) The information of inventories was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 470,957	517,523	740,027
Work in process	128,722	119,735	285,679
Finished goods	71,921	160,299	164,350
Merchandise	117,089	121,432	119,870
	\$ 788,689	918,989	1,309,926

For the three-month periods ended March 31, 2023 and March 31 2022, the amounts of inventories recognized as cost of revenue were \$495,868 and \$993,371, respectively. The write-downs (reversal of write-downs) of inventories to net realizable value amounted to \$35,542 and \$559.

(f) Investments accounted for using the equity method

Name of Associates	Business Relationship	Principal place of business/Registration country	March 31, 2023		December 31, 2022		March 31, 2022	
			Percentage of voting rights	Carrying amount	Percentage of voting rights	Carrying amount	Percentage of voting rights	Carrying amount
TAC Dynamics	Sale of machinery and equipment	Taiwan	20.82%	\$ 13,104	20.82%	\$ 14,748	35.00%	6,002

	For the three-month periods ended March 31	
	2023	2022
Attributable to the Group:		
Net loss (total comprehensive income (loss))	\$ (1,644)	(773)

On December 23, 2022, TAC issued new shares for cash, wherein the Group did not subscribe

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proportionately to its existing ownership percentage, resulting in its ownership in TAC to decrease from 35% to 20.82% and its capital surplus to increase by \$12,338, recognized as change in the investment accounted for using equity method.

As of March 31, 2022, the impairment loss of \$10,915, assessed by the Group in its investment in TAC, was recognized in other gains and losses. In the measurement of impairment loss, the recoverable amounts were determined based on the value in use and the cash flow projections were based on future financial budgets, covering a period of 5 years, approved by the management. Also, the discount rate used to determine value in use was based on the weighted average cost of capital to measure the equity value of TAC.

(g) Subsidiaries and acquisitions of 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 three-month ended March, 2023 and 2022. Refer to Note 6(g) to the Consolidated Financial Statement in 2022 for details.

In March 2022, the Group's subsidiary, Berry AI, issued new shares for cash for a consideration of \$252,000, wherein the Group did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in Berry AI to increase from 65.63% to 70%, at the amount of \$10,009, and its capital surplus and retained earnings to decrease by \$3,746 and \$6,263, respectively.

(h) Loss of control in subsidiary

On February 10, 2022, the Group disposed the entire ownership of Poindus System at a disposal price of \$310,620, wherein the gain on disposal of \$22,042 was recorded as other gains and losses. The relevant details are as follows:

(i) Consideration received

Total consideration received	\$	310,620
Expenditure associated with consideration received		<u>(932)</u>
Total consideration received		<u>309,688</u>
Add: Non-controlling interests		285,854
Less: Net assets of Poindus System		(572,983)
Foreign currency translation differences reclassified to profit or loss arising from loss of control in subsidiary		<u>(517)</u>
Gain on disposal of subsidiary	\$	<u>22,042</u>

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Notes to the Consolidated Financial Statements

(ii) Net consideration received of Poindus Systems

Cash and cash equivalents	\$	217,075
Accounts receivable, net		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
Intangible assets — goodwill		21,046
Deferred income tax assets — non-current		18,495
Other non-current assets		2,374
Short-term borrowings		(268)
Notes and accounts payable		(141,704)
Other payables		(31,099)
Current income tax liabilities		(10,642)
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)
		<u><u>\$ 572,983</u></u>

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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, 2023	\$ 319,238	782,513	297,152	476,223	72,261	37,239	1,984,626
Additions	-	-	544	800	2,534	-	3,878
Effect of exchange rate changes	-	(273)	139	-	(13)	139	(8)
Balance at March 31, 2023	<u>\$ 319,238</u>	<u>782,240</u>	<u>297,835</u>	<u>477,023</u>	<u>74,782</u>	<u>37,378</u>	<u>1,988,496</u>
Balance at January 1, 2022	\$ 319,238	779,838	302,200	514,731	82,308	44,301	2,042,616
Additions	-	-	692	15,829	868	-	17,389
Disposal of subsidiary	-	-	(356)	(64,779)	(15,192)	(14,385)	(94,712)
Reclassification	-	-	-	(144)	-	2,046	1,902
Disposals	-	-	(249)	-	(1,193)	(140)	(1,582)
Effect of exchange rate changes	-	1,422	100	167	255	245	2,189
Balance at March 31, 2022	<u>\$ 319,238</u>	<u>781,260</u>	<u>302,387</u>	<u>465,804</u>	<u>67,046</u>	<u>32,067</u>	<u>1,967,802</u>
Accumulated depreciation:							
Balance at January 1, 2023	\$ -	211,519	249,305	427,620	59,435	19,934	967,813
Depreciation	-	4,596	2,562	6,547	1,304	1,263	16,272
Effect of exchange rate changes	-	(27)	78	-	(15)	31	67
Balance at March 31, 2023	<u>\$ -</u>	<u>216,088</u>	<u>251,945</u>	<u>434,167</u>	<u>60,724</u>	<u>21,228</u>	<u>984,152</u>
Balance at January 1, 2022	\$ -	191,466	242,402	450,271	66,968	24,413	975,520
Depreciation	-	4,896	3,917	8,303	1,562	1,126	19,804
Disposal of subsidiary	-	-	(356)	(52,014)	(12,483)	(8,542)	(73,395)
Reclassification	-	-	-	-	-	(210)	(210)
Disposals	-	-	(249)	-	(1,120)	(140)	(1,509)
Effect of exchange rate changes	-	862	60	58	194	171	1,345
Balance at March 31, 2022	<u>\$ -</u>	<u>197,224</u>	<u>245,774</u>	<u>406,618</u>	<u>55,121</u>	<u>16,818</u>	<u>921,555</u>
Carrying amount:							
Balance at March 31, 2023	<u>\$ 319,238</u>	<u>566,152</u>	<u>45,890</u>	<u>42,856</u>	<u>14,058</u>	<u>16,150</u>	<u>1,004,344</u>
Balance at January 1, 2023	<u>\$ 319,238</u>	<u>570,994</u>	<u>47,847</u>	<u>48,603</u>	<u>12,826</u>	<u>17,305</u>	<u>1,016,813</u>
Balance at March 31, 2022	<u>\$ 319,238</u>	<u>584,036</u>	<u>56,613</u>	<u>59,186</u>	<u>11,925</u>	<u>15,249</u>	<u>1,046,247</u>

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(j) Right-of-use assets

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 45,297	16,283	61,580
Effect of exchange rate changes	<u>285</u>	<u>202</u>	<u>487</u>
Balance at March 31, 2023	<u>\$ 45,582</u>	<u>16,485</u>	<u>62,067</u>
Balance at January 1, 2022	\$ 81,009	7,095	88,104
Additions	-	383	383
Disposal of subsidiary	(39,959)	(1,331)	(41,290)
Write-off	-	(879)	(879)
Effect of exchange rate changes	<u>592</u>	<u>19</u>	<u>611</u>
Balance at March 31, 2022	<u>\$ 41,642</u>	<u>5,287</u>	<u>46,929</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 14,847	2,043	16,890
Depreciation	2,485	1,019	3,504
Effect of exchange rate changes	<u>143</u>	<u>38</u>	<u>181</u>
Balance at March 31, 2023	<u>\$ 17,475</u>	<u>3,100</u>	<u>20,575</u>
Balance at January 1, 2022	\$ 14,814	4,607	19,421
Depreciation	3,995	502	4,497
Disposal of subsidiary	(3,823)	(209)	(4,032)
Write-off	-	(879)	(879)
Effect of exchange rate changes	<u>294</u>	<u>9</u>	<u>303</u>
Balance at March 31, 2022	<u>\$ 15,280</u>	<u>4,030</u>	<u>19,310</u>
Carrying amount:			
Balance at March 31, 2023	<u>\$ 28,107</u>	<u>13,385</u>	<u>41,492</u>
Balance at January 1, 2023	<u>\$ 30,450</u>	<u>14,240</u>	<u>44,690</u>
Balance at March 31, 2022	<u>\$ 26,362</u>	<u>1,257</u>	<u>27,619</u>

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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(k) Intangible assets

(i) The movements of cost, accumulated amortization and impairment loss of intangible assets were as follows:

	<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, 2023	\$ 34,133	-	238,074	175,358	16,612	464,177
Other reclassification	-	-	-	-	961	961
Effect of exchange rate changes	-	-	-	-	63	63
Balance at March 31, 2023	<u>\$ 34,133</u>	<u>-</u>	<u>238,074</u>	<u>175,358</u>	<u>17,636</u>	<u>465,201</u>
Balance at January 1, 2022	\$ 99,692	102,847	320,021	202,652	22,777	747,989
Additions	392	-	-	-	1,610	2,002
Disposal of subsidiary	(65,951)	(102,847)	(81,947)	(27,294)	(11,005)	(289,044)
Disposals	-	-	-	-	(122)	(122)
Effect of exchange rate changes	-	-	-	-	194	194
Balance at March 31, 2022	<u>\$ 34,133</u>	<u>-</u>	<u>238,074</u>	<u>175,358</u>	<u>13,454</u>	<u>461,019</u>
Accumulated amortization:						
Balance at January 1, 2023	\$ 31,766	-	223,903	-	5,405	261,074
Amortization	1,215	-	8,503	-	1,082	10,800
Balance at March 31, 2023	<u>\$ 32,981</u>	<u>-</u>	<u>232,406</u>	<u>-</u>	<u>6,487</u>	<u>271,874</u>
Balance at January 1, 2022	\$ 92,864	102,847	265,809	6,248	11,322	479,090
Amortization	1,208	-	8,949	-	996	11,153
Disposal of subsidiary	(65,951)	(102,847)	(76,363)	(6,248)	(9,360)	(260,769)
Disposals	-	-	-	-	(122)	(122)
Effect of exchange rate changes	-	-	-	-	3	3
Balance at March 31, 2022	<u>\$ 28,121</u>	<u>-</u>	<u>198,395</u>	<u>-</u>	<u>2,839</u>	<u>229,355</u>
Carrying amount:						
Balance at March 31, 2023	<u>\$ 1,152</u>	<u>-</u>	<u>5,668</u>	<u>175,358</u>	<u>11,149</u>	<u>193,327</u>
Balance at January 1, 2023	<u>\$ 2,367</u>	<u>-</u>	<u>14,171</u>	<u>175,358</u>	<u>11,207</u>	<u>203,103</u>
Balance at March 31, 2022	<u>\$ 6,012</u>	<u>-</u>	<u>39,679</u>	<u>175,358</u>	<u>10,615</u>	<u>231,664</u>

(ii) 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 2022. Refer to Note 6(k) to the Consolidated Financial Statement in 2022. The estimation of the expected operating income and net operating profit of the cash-generating units of goodwill was assessed for the three-month period ended March 31, 2023 and 2022 and showed no signs of impairment.

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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 March 31	
	<u>2023</u>	<u>2022</u>
Cost of revenue	\$ 100	-
Selling expenses	<u>10,700</u>	<u>11,153</u>
	<u>\$ 10,800</u>	<u>11,153</u>

(l) Short-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unused credit facilities	<u>\$ 1,220,364</u>	<u>1,221,422</u>	<u>1,209,340</u>
Interest rate	<u>-</u>	<u>-</u>	<u>-</u>

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:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current	<u>\$ 12,641</u>	<u>12,580</u>	<u>7,108</u>
Non-current	<u>\$ 30,435</u>	<u>33,313</u>	<u>20,839</u>

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 March 31	
	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 288</u>	<u>344</u>
Expenses relating to short-term leases	<u>\$ 110</u>	<u>725</u>
Expenses relating to leases of low-value assets	<u>\$ 8</u>	<u>23</u>

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

	For the three-month periods ended March 31	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 3,551</u>	<u>5,219</u>

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(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 needs to renew the lease of contract amount at the end of contract term, lease liabilities and right-of-use assets are remeasured. 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 equipment and other equipment, with lease terms of one to three years. These leases are short-term or low-value assets and therefore, the Group applies the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(n) Provision for warranties

	For the three-month periods ended March 31	
	2023	2022
Balance at January 1	\$ 34,461	33,979
Provisions made	(186)	5,795
Amount utilized	(1,361)	(627)
Amount of excluded subsidiaries	-	(2,786)
Effect of exchange rate changes	333	177
Balance at March 31	<u>\$ 33,247</u>	<u>36,538</u>

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 Group used the actuarial costs of December 31, 2022 and 2021 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 March 31	
	2023	2022
Operating expenses	<u>\$ 48</u>	<u>33</u>

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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(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 March 31	
	2023	2022
Operating cost	\$ 1,166	1,155
Operating expenses	4,165	5,342
	\$ 5,331	6,497

(p) Income taxes

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

	For the three-month periods ended March 31	
Income Tax Expense	\$ 15,248	44,107

(ii) The consolidated company did not have income tax under directly recognized equity or other comprehensive income (loss) for the three-month ended March, 2023 and 2022.

(iii) The Company's income tax returns for the years through 2020 were examined and approved by the R.O.C income tax authorities.

(q) Capital and other equity

Except as described below, no significant changes in share capital and other interests of the consolidated company for the three-month ended March, 2023 and 2022. Refer to Note 6(p) to the Consolidated Financial Statement in 2022 for details.

(i) Common stock

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

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(ii) Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
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	522,161
Forfeited employee stock options	2,433	2,433	2,433
Changes in equity of associates accounted for using equity method	12,338	12,338	-
Gains on disposal of assets	15	15	15
	\$ 536,947	536,947	524,609

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock dividends or distributed as cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(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 accordance with the rules issued by the Financial Supervisory Commission, a special reserve equal to the total amount of items that were accounted for as deductions from stockholders' equity was set aside from current and prior-year earnings. This special reserve shall revert to the retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

In view of the overall economic environment and the development of the industry, and in

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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 2022 proposed by the board of directors on March 17, 2023 and the distribution of earnings for 2021 had been approved in the meetings of shareholders held on June 8, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Dividends per share (in dollars)	Total amount	Dividends per share (in dollars)	Total amount
Dividends distributed to shareholders:				
Cash	\$ 5.50	786,843	4.00	572,249

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Remeasurement of defined benefit plans	Total
Balance at January 1, 2023	\$ (46,013)	(3,398)	(49,411)
Exchange differences on subsidiaries accounted for using equity method	2,255	-	2,255
Balance at March 31, 2023	\$ (43,758)	(3,398)	(47,156)
Balance at January 1, 2022	\$ (68,916)	(4,557)	(73,473)
Exchange differences on subsidiaries accounted for using equity method	12,999	-	12,999
Disposal of subsidiary	517	-	517
Balance at March 31, 2022	\$ (55,400)	(4,557)	(59,957)

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

	For the three-month periods ended March 31	
	2023	2022
Balance at January	\$ 74,321	308,920
Equity attributable to non-controlling interest:		
Net loss	(5,498)	(3,304)
Decrease in non-controlling interests	-	(222,854)
Foreign currency translation differences	(66)	596
Changes in ownership interest in subsidiaries	-	10,009
	\$ 68,757	93,367

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Notes to the Consolidated Financial Statements

(r) Earnings per share (“EPS”)

(i) Basic EPS

	For the three-month periods ended March 31	
	<u>2023</u>	<u>2022</u>
Profit attributable to shareholders of the Company	\$ 52,311	275,192
Weighted-average number of ordinary shares outstanding (in thousands)	143,062	143,062
Basic EPS (dollars)	<u>\$ 0.37</u>	<u>1.92</u>

(ii) Diluted EPS

	For the three-month periods ended March 31	
	<u>2023</u>	<u>2022</u>
Profit attributable to shareholders of the Company (diluted)	\$ 52,311	275,192
Weighted-average number of ordinary shares outstanding (in thousands)	143,062	143,062
Effect of potentially dilutive common shares:		
Effect of employee bonuses	1,405	1,080
Weighted-average number of ordinary shares outstanding (in thousands) (including effect of dilutive potential common stock)	144,467	144,142
Diluted EPS (dollars)	<u>\$ 0.36</u>	<u>1.91</u>

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three-month periods ended March 31	
	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Domestic sales	\$ 13,050	49,201
Export:		
Asia	112,483	120,301
America	297,230	737,942
Europe and Africa	346,982	606,724
	<u>756,695</u>	<u>1,464,967</u>
	<u>\$ 769,745</u>	<u>1,514,168</u>
Major products:		
Industrial computers	\$ 652,794	1,296,667
Peripherals	75,320	191,921
Others	41,631	25,580
	<u>\$ 769,745</u>	<u>1,514,168</u>

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Notes to the Consolidated Financial Statements

(ii) Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts receivable	\$ 557,291	762,325	1,188,207
Less: loss allowance	(434)	(2,210)	(2,124)
Total	\$ 556,857	760,115	1,186,083
	March 31, 2023	December 31, 2022	March 31, 2022
Contract liabilities – current	\$ 47,079	56,723	25,477

Please refer to Note 6(d) for details on notes and accounts receivable and its loss allowance. The amount of revenue recognized for the three-month ended March 31, 2023 and 2022 that was included in the contract liability balance at the beginning of period were \$20,527 and \$29,873, 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 March 31, 2023 and 2022, the Company accrued the remuneration to its employees amounting to \$5,300 and \$28,125, respectively, and the remuneration to its directors amounting to \$1,800 and \$875, respectively, 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, 2022 and 2021, the Company accrued the remuneration to its employees amounting to \$110,000 and \$60,000, respectively, and the remuneration to its directors amounting to \$5,600 and \$3,500, respectively. 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.

(u) Non-operating income and loss

(i) Interest income

	For the three-month periods ended March 31	
	2023	2022
Interest income from bank deposit	\$ 10,619	1,350

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(ii) Other gains and losses

	For the three-month periods ended March 31	
	2023	2022
Net gain (loss) on disposal of property, plant and equipment	\$ -	220
Disposition of subsidiaries interests(Note 6(h))	-	22,042
Foreign currency exchange gain (loss)	(8,595)	29,085
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	41	(4,944)
Impairment loss (Note 6(f)) on investments accounted for using equity method	-	(10,915)
Others	-	(30)
	\$ (8,554)	35,458

(iii) Finance costs

	For the three-month periods ended March 31	
	2023	2022
Interest expense from bank loans	\$ -	122
Interest expense from lease liabilities	288	344
	\$ 288	466

(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(v)(w) to the Consolidated Financial Statement in 2022 for details.

(i) Categories of financial instruments

1) Financial assets

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 9,562	9,521	9,847
Financial assets measured at amortized cost:			
Cash and cash equivalents	\$ 3,090,407	2,814,795	2,084,924
Financial assets measured at amortized cost	175,140	253,165	159,951
Notes and accounts receivable	556,857	760,115	1,186,083
Refundable deposits	1,913	1,804	2,006
	\$ 3,824,317	3,829,879	3,432,964

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Notes to the Consolidated Financial Statements

2) Financial liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities at fair value through profit or loss:			
Financial assets at fair value through profit or loss: Foreign currency forward contracts	\$ -	-	4,351
Financial liabilities measured at amortized cost			
Notes and accounts payable	229,885	355,515	687,089
Lease liabilities (including non-current)	43,076	45,893	27,947
Other payables	243,461	275,952	240,215
	\$ 516,422	677,360	955,251

(ii) Credit risk

1) The maximum exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets.

2) Concentration of credit risk

Due to the main business model of the Group is selling products through distributors or SI in various regions. There is no significant concentration of transactions with a single customer, and the sales area is scattered, so there is no significant concentration of credit risk on accounts receivable.

3) Credit risk of notes and accounts receivables

For credit risk exposure of notes and accounts receivables refer to Note 6(d).

Other financial assets measured at amortized cost are considered including other receivables and time deposit(ledger account: other financial assets) are low-credit-risk financial assets, and thus, loss allowances are measured using 12-months ECL(The measurement of low-credit-risk refers to Note 4 (g) to the Consolidated Financial Statement in 2022 for details.). As of March 31, 2023 December 31, 2022 and March 31, 2022, no loss allowance was provided for these financial assets after management's assessment.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial

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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 March 31, 2023, December 31, 2022 and March 31, 2022, the Group had unused credit facilities of \$1,220,364, \$1,221,422 and \$1,209,340, 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>
March 31, 2023				
Non-derivative financial liabilities:				
Notes and accounts payable	\$ 229,885	229,885	-	-
Lease liabilities	45,189	13,613	13,443	18,133
Other payables	<u>243,461</u>	<u>243,461</u>	<u>-</u>	<u>-</u>
	<u>\$ 518,535</u>	<u>486,959</u>	<u>13,443</u>	<u>18,133</u>
December 31, 2022				
Non-derivative financial liabilities:				
Notes and accounts payable	355,515	355,515	-	-
Lease liabilities	48,271	13,620	13,390	21,261
Other payables	<u>275,952</u>	<u>275,952</u>	<u>-</u>	<u>-</u>
	<u>\$ 679,738</u>	<u>645,087</u>	<u>-</u>	<u>1,164,505</u>
March 31, 2022				
Non-derivative financial liabilities:				
Notes and accounts payable	687,089	687,089	-	-
Lease liabilities	29,720	7,799	6,682	15,239
Other payables	<u>240,215</u>	<u>240,215</u>	<u>-</u>	<u>-</u>
	<u>\$ 957,024</u>	<u>935,103</u>	<u>6,682</u>	<u>15,239</u>
Derivative financial instruments:				
Foreign currency forward contracts:				
Outflow	\$ 294,755	294,755	-	-
Inflow	<u>(290,756)</u>	<u>(290,756)</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,999</u>	<u>3,999</u>	<u>-</u>	<u>-</u>

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

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Notes to the Consolidated Financial Statements

(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)					
March 31, 2023					
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 42,037	30.45	1,280,098	1%	12,801
RMB	9,531	4.43	42,236	1%	422
GBP	1,983	37.65	74,660	1%	747
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	4,432	30.45	134,961	1%	1,350
December 31, 2022					
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 43,750	30.73	1,344,438	1%	13,444
RMB	428	4.41	1,887	1%	19
GBP	2,637	37.07	97,754	1%	978
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	4,286	30.73	131,709	1%	1,317
March 31, 2022					
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 39,596	28.63	1,133,436	1%	11,334
GBP	3,198	37.59	120,213	1%	1,202
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	13,398	28.36	383,518	1%	3,835
GBP	288	37.59	10,826	1%	108

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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:

		March 31, 2023				
		Fair Value				
	Carrying Amount	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss:						
– Convertible bonds	\$ 9,562	-	-	9,562	9,562	
		December 31, 2022				
		Fair Value				
	Carrying Amount	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss:						
– Convertible bonds	\$ 9,521	-	-	9,521	9,521	
		March 31, 2022				
		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	\$ 352	-	352	-	352	
– Convertible bonds	9,495	-	-	9,495	9,495	
	\$ 9,847	-	352	9,495	9,847	
Financial liabilities held-for-trading						
– Foreign currency forward contracts	\$ 4,351	-	4,351	-	4,351	

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Notes to the Consolidated Financial Statements

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).

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 three-month periods ended March 31, 2023 and 2022.

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

	For the three-month periods ended	
	March 31	
	2023	2022
Balance at January 1	\$ 9,521	9,581
Recognized in profit loss	41	(86)
Balance at March 31	\$ 9,562	9,495

(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(w) to the 2022 Consolidated Financial Statement.

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(x) Capital management

The capital management objectives, policies and procedures of consolidated company are consistent with those disclosed in the 2022 consolidated financial statements. Refer to Note 6(x) to the 2022 consolidated financial statements

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

(i) For acquisition of right-of-use assets under operating lease, refer to Note 6(j) for details..

(ii) The reconciliation of liabilities arising from financing activities was as follows:

		Non-cash changes			
	January 1, 2023	Cash flows	Change in lease	Foreign currency exchange movement	March 31, 2023
Lease liabilities(Total liabilities from financing activities)	\$ <u>45,893</u>	<u>(3,145)</u>	<u>-</u>	<u>328</u>	<u>43,076</u>

		Non-cash changes				
	January 1, 2022	Cash flows	Disposal of subsidiary	Change in lease	Foreign currency exchange movement	March 31, 2022
Short-term borrowings	\$ 10,334	(10,067)	(268)	-	1	-
Lease liabilities	<u>68,919</u>	<u>(4,127)</u>	<u>(37,542)</u>	<u>383</u>	<u>314</u>	<u>27,947</u>
Total liabilities from financing activities	<u>\$ 79,253</u>	<u>(14,194)</u>	<u>(37,810)</u>	<u>383</u>	<u>315</u>	<u>27,947</u>

7. Related-party transactions

(a) Significant related-party transactions: None.

(b) Compensation of key management personnel

	For the three-month periods ended March 31	
	2023	2022
Short-term employee benefits	\$ 13,302	14,720
Post-employment benefits	<u>252</u>	<u>216</u>
	<u>\$ 13,554</u>	<u>14,936</u>

8. Pledged assets

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

		March 31, 2023	December 31, 2022	March 31, 2022
<u>Pledged assets</u>	<u>Pledged to secure</u>			
Time deposits (classified as financial assets measured at amortized cost – current)	Guarantee deposit for custom duties, government grants project and bank loans	<u>\$ 684</u>	<u>684</u>	<u>678</u>

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9. Significant commitments and contingencies :None

10. Significant losses due to major disasters: None

11. Significant subsequent events: None

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 March 31, 2023			For the three-month periods ended March 31, 2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	29,924	107,403	137,327	41,252	133,569	174,821
Insurance	3,429	7,794	11,223	3,384	8,005	11,389
Pension	1,166	4,213	5,379	1,155	5,375	6,530
Others	1,087	3,107	4,194	1,272	3,701	4,973
Depreciation	11,705	8,071	19,776	15,486	8,815	24,301
Amortization	100	10,700	10,800	-	11,153	11,153

- (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 three-month periods ended March 31, 2023, in accordance with the provisions of the financial reporting standards for securities issuers, the Group shall re-disclose relevant information on major transactions as follows:

- (i) Financing provided to other parties: None
(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	996,815	40,000	40,000	-	-	0.80%	2,492,038	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"

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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	9,562	-	9,562	-
Flytech CN BVI	Convertible bond; Astra cloud holdings	-	Financial assets at fair value through profit or loss-current	-	-	-	-	-

(iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed \$300 million or 20% of the paid-in capital: None

(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	74,772	11.75%	EM 75	(Note 1)	(Note 2)	64,811	13.12%	none

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: None

(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	74,772	EM 75	9.71%
0	The Company	Box UK	Subsidiary	Accounts receivable	64,811	EM 75	1.08%

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.

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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.

(b) Information on investees:

The following is the information on investees for the three-month periods ended March 31, 2023 (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 March 31, 2023			Net Income (Loss) of the Investee	Investment Income (Loss) (note 2)	Note (note 1)
				March 31, 2023	December 31, 2022	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%	16,449	156	156	
The Company	Flytech HK BVI	British Virgin Islands	Investment and holding activity	10,392	10,392	50	100.00%	163,723	6,478	6,478	
The Company	Flytech CN BVI	British Virgin Islands	Investment and holding activity	90,601	90,601	200	100.00%	138,669	716	716	
The Company	Fei Shiun Investment	Taiwan	Investment and holding activity	428,000	428,000	19,000	100.00%	322,174	(14,301)	(14,301)	
The Company	inefi Holding	British Cayman Islands	Investment and holding activity	83,634	83,634	17,000	100.00%	55,867	(8,331)	(8,331)	
The Company	Box Holdings	United Kingdom	Investment and holding activity	511,307	511,307	4	100.00%	420,403	10,451	2,685	
Flytech USA BVI	Flytech USA	USA	Sale of computers and peripherals	36,358 (USD1,072)	36,358 (USD1,072)	700	100.00%	15,414 (USD506)	156 (USD5)	-	
Flytech HK BVI	Flytech HK	Hong Kong	Sale of computers and peripherals	10,433 (USD298)	10,433 (USD298)	1,000	100.00%	164,250 (USD5,394)	6,478 (USD213)	-	
Fei Shiun Investment	Berry AI	Taiwan	Operating software design and data processing services, and integrating software and hardware services	306,600	306,600	21,000	70.00%	160,433	(18,330)	-	
Fei Shiun Investment	TAC Dynamics	Taiwan	Sale of machinery and equipment	18,000	18,000	653	20.82%	13,104	(7,897)	-	
Box Holdings	Box UK	United Kingdom	Sale of computers and peripherals	472 (GBP 10)	472 (GBP 10)	10	100.00%	338,903 (GBP 9,001)	10,677 (GBP 290)	-	
Box Holdings	Box Nordic	Sweden	Sale of computers and peripherals	2,330 (GBP 49)	2,330 (GBP 49)	5	100.00%	1,369 (GBP 36)	(226) (GBP (6))	-	
inefi Holding	inefi Incorporation.	Taiwan	Consulting software services to provide a unified endpoint management platform	80,000 (USD 2,858)	80,000 (USD 2,858)	8,000	100.00%	53,292 (USD 1,750)	(7,825) (USD (257))	-	
Berry AI	Berry AI BVI	British Virgin Islands	Investment and holding activity	30,000	30,000	50	100.00%	23,778	(334)	-	
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%	21,582 (USD 709)	(334) (USD (11))	-	

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.

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Net Income (Loss) of Investee	% of Ownership of Direct and Indirect Investment	Investment Income (Loss)	Carrying Value as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023
					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)	585 (USD 19)	100%	585 (USD 19)	123,119 (USD 4,043)	-

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

(ii) Limits on investment in Mainland China

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

Accumulated investment in Mainland China as of March 31, 2023	Investment amount authorized by Ministry of Economic Affairs Investment Commission	Upper Limit on Investment
90,767 (USD 2,700)	103,107 (USD 3,100)	2,990,446

(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%

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 March 31, 2023					
		Domestic sale segment	European sale segment	Others	Adjustments and eliminations	Total	
Revenues from external customers	\$	546,513	173,383	49,849	-	769,745	
Intra-group revenue		89,577	-	-	(89,577)	-	
Total segment revenue		\$ 636,090	173,383	49,849	(89,577)	769,745	
Segment income before income tax		\$ 65,300	14,016	(32,975)	15,720	62,061	
		For the three-month periods ended March 31, 2022					
		Domestic sale segment	European sale segment	Poindus Systems	Others	Adjustments and eliminations	Total
Revenues from external customers	\$	1,079,865	254,769	146,756	32,778	-	1,514,168
Intra-group revenue		95,413	236	713	150	(96,512)	-
Total segment revenue		\$ 1,175,278	255,005	147,469	32,928	(96,512)	1,514,168
Segment income before income tax		\$ 316,155	17,888	8,092	(2,288)	(23,852)	315,995