

**Edimax Technology Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2022 and 2021 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Edimax Technology Co., Ltd.

### Introduction

We have reviewed the accompanying consolidated balance sheets of Edimax Technology Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". 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.

### Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT\$373,842 thousand and NT\$370,272 thousand, respectively, representing 4.78% and 5.01%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$60,289 thousand and NT\$58,126 thousand, respectively, representing 1.24% and 1.32%, respectively, of the consolidated total liabilities; for the three-month and six-month periods ended June 30, 2022 and 2021, the amounts of combined comprehensive income of these subsidiaries were NT\$5,513 thousand, NT\$3,893 thousand, NT\$15,094 thousand and NT\$5,840 thousand, respectively, representing 8.72%, (8.44%), 12.00% and (7.38%), respectively, of the consolidated total comprehensive income. As disclosed in Note 13 to the consolidated financial statements, as of June 30, 2022 and 2021, the investments in associates accounted for using the equity method were NT\$71,047 thousand and NT\$62,793 thousand, respectively; for the three-month and six-month periods ended June 30, 2022 and 2021,

the share of profit of associates amounted to NT\$6,009 thousand, NT\$1,043 thousand, NT\$9,102 thousand and NT\$2,013 thousand, respectively. The financial statements of associates included in the consolidated financial statements referred to in the first paragraph were not reviewed. Information on other non-significant subsidiaries and investments in associates accounted for using the equity method disclosed in Note 36 to the consolidated financial statements were based on unreviewed financial statements as of and for the same reporting periods as those of the Company.

### **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments in associates accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Tza-Li Gung and Chih-Yuan Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 5, 2022

### Notice to Readers

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

*For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.*

**EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,358,292	17	\$ 1,110,589	15	\$ 1,727,139	24
Financial assets at amortized cost - current (Notes 9 and 33)	4,738	-	4,716	-	2,726	-
Contract assets - current (Note 24)	8,139	-	5,782	-	1,937	-
Notes receivable from unrelated parties (Note 10)	10,919	-	15,845	-	14,869	-
Trade receivables from unrelated parties (Notes 10 and 24)	1,302,842	17	1,099,908	15	1,112,497	15
Other receivables from unrelated parties (Notes 10 and 31)	4,702	-	5,110	-	6,283	-
Other receivables from related parties (Note 32)	-	-	16,608	-	-	-
Current tax assets	2,808	-	2,296	-	7,191	-
Inventories (Note 11)	2,152,831	28	2,251,454	31	1,737,860	24
Prepayments	111,999	2	165,573	3	85,869	1
Other current assets	14,248	-	15,596	-	20,136	-
Total current assets	<u>4,971,518</u>	<u>64</u>	<u>4,693,477</u>	<u>64</u>	<u>4,716,507</u>	<u>64</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Notes 7, 19 and 31)	-	-	520	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	61,782	1	76,117	1	61,942	1
Financial assets at amortized cost - non-current (Notes 9 and 33)	-	-	810	-	857	-
Investments accounted for using the equity method (Note 13)	71,047	1	57,398	1	62,793	1
Property, plant and equipment (Notes 14 and 33)	2,509,897	32	2,276,903	31	2,297,092	31
Right-of-use assets (Note 15)	55,076	1	54,247	1	114,277	2
Intangible assets (Note 16)	32,728	-	30,386	-	30,241	-
Deferred tax assets	34,490	-	35,916	-	31,419	-
Refundable deposits	13,426	-	15,642	-	12,688	-
Other financial assets - non-current (Note 17)	66,318	1	66,201	1	62,794	1
Other non-current assets	-	-	56,801	1	-	-
Total non-current assets	<u>2,844,764</u>	<u>36</u>	<u>2,670,941</u>	<u>36</u>	<u>2,674,103</u>	<u>36</u>
<b>TOTAL</b>	<u>\$ 7,816,282</u>	<u>100</u>	<u>\$ 7,364,418</u>	<u>100</u>	<u>\$ 7,390,610</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 18)	\$ 925,890	12	\$ 574,792	8	\$ 459,890	6
Short-term bills payable (Note 18)	29,985	-	29,915	-	29,935	-
Contract liabilities - current (Note 24)	137,077	2	111,494	2	154,246	2
Notes payable to unrelated parties	1,684	-	10,303	-	4,446	-
Accounts payable to unrelated parties	951,935	12	1,227,114	17	1,174,695	16
Accounts payable to related parties (Note 32)	205,928	3	147,329	2	124,106	2
Other payables (Notes 20 and 32)	342,588	4	317,721	4	329,490	4
Current tax liabilities	38,981	1	46,000	1	35,058	-
Provisions - current (Note 21)	6,552	-	5,382	-	4,329	-
Lease liabilities - current (Note 15)	27,750	-	30,518	-	36,536	1
Current portion of long-term borrowings (Notes 18 and 33)	60,316	1	16,800	-	57,244	1
Other current liabilities (Note 20)	108,030	1	118,934	2	114,704	2
Total current liabilities	<u>2,836,716</u>	<u>36</u>	<u>2,636,302</u>	<u>36</u>	<u>2,524,679</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>						
Financial liabilities at fair value through profit or loss - non-current (Notes 7 and 19)	1,520	-	-	-	840	-
Bonds payable (Notes 19 and 33)	392,866	5	390,835	5	388,814	6
Long-term borrowings (Notes 18 and 33)	1,515,198	20	1,367,114	19	1,335,070	18
Deferred tax liabilities	1,429	-	709	-	808	-
Lease liabilities - non-current (Note 15)	27,684	-	24,356	-	78,563	1
Net defined benefit liabilities - non-current	79,183	1	86,028	1	80,449	1
Guarantee deposits received	5	-	5	-	99	-
Total non-current liabilities	<u>2,017,885</u>	<u>26</u>	<u>1,869,047</u>	<u>25</u>	<u>1,884,643</u>	<u>26</u>
Total liabilities	<u>4,854,601</u>	<u>62</u>	<u>4,505,349</u>	<u>61</u>	<u>4,409,322</u>	<u>60</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>						
Share capital						
Ordinary shares	1,907,095	24	1,893,702	26	1,893,702	26
Capital collected in advance	187	-	8,800	-	-	-
Total share capital	<u>1,907,282</u>	<u>24</u>	<u>1,902,502</u>	<u>26</u>	<u>1,893,702</u>	<u>26</u>
Capital surplus	233,315	3	236,689	3	235,197	3
Retained earnings						
Legal reserve	10,460	-	10,460	-	1,802	-
Special reserve	38,904	-	38,904	1	16,214	-
Unappropriated earnings	49,828	1	(67,331)	(1)	23,777	-
Total retained earnings	<u>99,192</u>	<u>1</u>	<u>(17,967)</u>	<u>-</u>	<u>41,793</u>	<u>-</u>
Other equity						
Exchange differences on translation to the presentation currency	(26,577)	-	(49,822)	(1)	(43,919)	(1)
Unrealized loss on financial assets at fair value through other comprehensive income	(3,910)	-	10,425	-	(8,849)	-
Total other equity	<u>(30,487)</u>	<u>-</u>	<u>(39,397)</u>	<u>(1)</u>	<u>(52,768)</u>	<u>(1)</u>
Treasury shares	(13,277)	-	(13,497)	-	(13,513)	-
Total equity attributable to owners of the Company	<u>2,196,025</u>	<u>28</u>	<u>2,068,330</u>	<u>28</u>	<u>2,104,411</u>	<u>28</u>
<b>NON-CONTROLLING INTERESTS (Note 23)</b>	<u>765,656</u>	<u>10</u>	<u>790,739</u>	<u>11</u>	<u>876,877</u>	<u>12</u>
Total equity	<u>2,961,681</u>	<u>38</u>	<u>2,859,069</u>	<u>39</u>	<u>2,981,288</u>	<u>40</u>
<b>TOTAL</b>	<u>\$ 7,816,282</u>	<u>100</u>	<u>\$ 7,364,418</u>	<u>100</u>	<u>\$ 7,390,610</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte &amp; Touche review report dated August 5, 2022)

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 32)	\$ 1,497,096	100	\$ 1,312,432	100	\$ 2,894,027	100	\$ 2,522,508	100
OPERATING COSTS (Notes 11, 25 and 32)	<u>(1,135,865)</u>	<u>(76)</u>	<u>(1,030,499)</u>	<u>(79)</u>	<u>(2,204,776)</u>	<u>(76)</u>	<u>(1,979,937)</u>	<u>(79)</u>
GROSS PROFIT	<u>361,231</u>	<u>24</u>	<u>281,933</u>	<u>21</u>	<u>689,251</u>	<u>24</u>	<u>542,571</u>	<u>21</u>
OPERATING EXPENSES (Notes 22, 25 and 32)								
Selling and marketing expenses	(140,376)	(9)	(119,239)	(9)	(285,492)	(10)	(245,712)	(10)
General and administrative expenses	(68,196)	(5)	(63,093)	(5)	(136,244)	(5)	(121,758)	(5)
Research and development expenses	(112,063)	(8)	(103,259)	(8)	(219,580)	(7)	(205,811)	(8)
Expected credit loss (Note 10)	<u>(1,950)</u>	<u>-</u>	<u>(4,618)</u>	<u>-</u>	<u>(5,164)</u>	<u>-</u>	<u>(8,288)</u>	<u>-</u>
Total operating expenses	<u>(322,585)</u>	<u>(22)</u>	<u>(290,209)</u>	<u>(22)</u>	<u>(646,480)</u>	<u>(22)</u>	<u>(581,569)</u>	<u>(23)</u>
PROFIT (LOSS) FROM OPERATIONS	<u>38,646</u>	<u>2</u>	<u>(8,276)</u>	<u>(1)</u>	<u>42,771</u>	<u>2</u>	<u>(38,998)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 25)	12,457	1	3,674	-	19,432	1	10,481	-
Other gains and losses (Note 25)	32,155	2	(25,023)	(2)	71,083	3	(31,708)	(1)
Finance costs (Note 25)	(9,290)	(1)	(6,582)	-	(16,592)	(1)	(13,266)	-
Share of profit of associates	6,009	1	1,043	-	9,102	-	2,013	-
Interest income (Note 25)	<u>995</u>	<u>-</u>	<u>1,004</u>	<u>-</u>	<u>1,468</u>	<u>-</u>	<u>2,282</u>	<u>-</u>
Total non-operating income and expenses	<u>42,326</u>	<u>3</u>	<u>(25,884)</u>	<u>(2)</u>	<u>84,493</u>	<u>3</u>	<u>(30,198)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	80,972	5	(34,160)	(3)	127,264	5	(69,196)	(3)
INCOME TAX (EXPENSE) BENEFIT (Note 26)	<u>(3,879)</u>	<u>-</u>	<u>2,146</u>	<u>-</u>	<u>(17,565)</u>	<u>(1)</u>	<u>150</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>77,093</u>	<u>5</u>	<u>(32,014)</u>	<u>(3)</u>	<u>109,699</u>	<u>4</u>	<u>(69,046)</u>	<u>(3)</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(17,703)	(1)	(5,974)	-	(14,335)	(1)	(3,413)	-

(Continued)

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	\$ 3,868	-	\$ (8,119)	(1)	\$ 30,393	1	\$ (6,649)	-
Other comprehensive income (loss) for the period, net of income tax	(13,835)	(1)	(14,093)	(1)	16,058	-	(10,062)	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ 63,258</b>	<b>4</b>	<b>\$ (46,107)</b>	<b>(4)</b>	<b>\$ 125,757</b>	<b>4</b>	<b>\$ (79,108)</b>	<b>(3)</b>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 87,941	6	\$ (32,451)	(2)	\$ 117,159	4	\$ (62,805)	(3)
Non-controlling interests	(10,848)	(1)	437	-	(7,460)	-	(6,241)	-
	<u>\$ 77,093</u>	<u>5</u>	<u>\$ (32,014)</u>	<u>(2)</u>	<u>\$ 109,699</u>	<u>4</u>	<u>\$ (69,046)</u>	<u>(3)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 79,905	5	\$ (46,596)	(4)	\$ 126,069	4	\$ (76,669)	(3)
Non-controlling interests	(16,647)	(1)	489	-	(312)	-	(2,439)	-
	<u>\$ 63,258</u>	<u>4</u>	<u>\$ (46,107)</u>	<u>(4)</u>	<u>\$ 125,757</u>	<u>4</u>	<u>\$ (79,108)</u>	<u>(3)</u>
<b>EARNINGS (LOSS) PER SHARE (Note 27)</b>								
Basic	<u>\$ 0.47</u>		<u>\$ (0.17)</u>		<u>\$ 0.62</u>		<u>\$ (0.33)</u>	
Diluted	<u>\$ 0.41</u>				<u>\$ 0.55</u>			

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated August 5, 2022)

(Concluded)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company (Note 23)													Non-controlling Interests (Note 23)	Total Equity
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total			
	Ordinary Shares	Capital Collected in Advance		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total					
BALANCE AT JANUARY 1, 2021	\$ 1,864,916	\$ 27,492	\$ 1,892,408	\$ 228,100	\$ 1,802	\$ 16,214	\$ 86,582	\$ 104,598	\$ (33,468)	\$ (5,436)	\$ (38,904)	\$ (13,714)	\$ 2,172,488	\$ 873,808	\$ 3,046,296
Other capital surplus change															
Share-based payments (Note 28)	-	-	-	492	-	-	-	-	-	-	-	-	492	-	492
Equity component of convertible bonds issued by the Company (Note 19)	-	-	-	10,684	-	-	-	-	-	-	-	-	10,684	-	10,684
Changes in percentage of ownership interests in subsidiaries	-	-	-	(4,884)	-	-	-	-	-	-	-	-	(4,884)	-	(4,884)
Recognition of employee share options by the subsidiaries	-	-	-	85	-	-	-	-	-	-	-	-	85	163	248
Issuance of ordinary shares under employee share options	28,786	(27,492)	1,294	720	-	-	-	-	-	-	-	-	2,014	-	2,014
Net loss for the six months ended June 30, 2021	-	-	-	-	-	-	(62,805)	(62,805)	-	-	-	-	(62,805)	(6,241)	(69,046)
Other comprehensive loss for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	-	-	(10,451)	(3,413)	(13,864)	-	(13,864)	3,802	(10,062)
Total comprehensive loss for the six months ended June 30, 2021	-	-	-	-	-	-	(62,805)	(62,805)	(10,451)	(3,413)	(13,864)	-	(76,669)	(2,439)	(79,108)
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	201	201	5,345	5,546
BALANCE AT JUNE 30, 2021	\$ 1,893,702	\$ -	\$ 1,893,702	\$ 235,197	\$ 1,802	\$ 16,214	\$ 23,777	\$ 41,793	\$ (43,919)	\$ (8,849)	\$ (52,768)	\$ (13,513)	\$ 2,104,411	\$ 876,877	\$ 2,981,288
BALANCE AT JANUARY 1, 2022	\$ 1,893,702	\$ 8,800	\$ 1,902,502	\$ 236,689	\$ 10,460	\$ 38,904	\$ (67,331)	\$ (17,967)	\$ (49,822)	\$ 10,425	\$ (39,397)	\$ (13,497)	\$ 2,068,330	\$ 790,739	\$ 2,859,069
Other capital surplus change															
Share-based payments (Note 28)	-	-	-	192	-	-	-	-	-	-	-	-	192	-	192
Changes in percentage of ownership interests in subsidiaries	-	-	-	(3,815)	-	-	-	-	-	-	-	-	(3,815)	-	(3,815)
Recognition of employee share options by the subsidiaries	-	-	-	249	-	-	-	-	-	-	-	-	249	490	739
Issuance of ordinary shares under employee share options	13,393	(8,613)	4,780	-	-	-	-	-	-	-	-	-	4,780	-	4,780
Net profit for the six months ended June 30, 2022	-	-	-	-	-	-	117,159	117,159	-	-	-	-	117,159	(7,460)	109,699
Other comprehensive income for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	23,245	(14,335)	8,910	-	8,910	7,148	16,058
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	117,159	117,159	23,245	(14,335)	8,910	-	126,069	(312)	125,757
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	220	220	(25,261)	(25,041)
BALANCE AT JUNE 30, 2022	\$ 1,907,095	\$ 187	\$ 1,907,282	\$ 233,315	\$ 10,460	\$ 38,904	\$ 49,828	\$ 99,192	\$ (26,577)	\$ (3,910)	\$ (30,487)	\$ (13,277)	\$ 2,196,025	\$ 765,656	\$ 2,961,681

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated August 5, 2022)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ 127,264	\$ (69,196)
Adjustments for:		
Depreciation expenses	61,522	66,627
Amortization expenses	4,931	2,630
Expected credit loss recognized	5,164	8,288
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	2,040	678
Finance costs	16,592	13,266
Interest income	(1,468)	(2,282)
Dividend income	(551)	(520)
Share-based payments	931	740
Share of profit of associates	(9,102)	(2,013)
Gain on disposal of property, plant and equipment	(743)	(185)
Write-down of inventories	42,385	30,612
Loss on lease revised	222	-
Changes in operating assets and liabilities		
Contract assets	(2,357)	(517)
Notes receivable	4,926	(4,019)
Trade receivables	(208,378)	102,962
Other receivables	17,016	(462)
Inventories	50,593	(265,012)
Prepayment	(3,222)	(10,958)
Other current assets	1,348	8,862
Contract liabilities	25,583	27,623
Notes payables and trade payables (Including related parties)	(225,199)	(134,159)
Other payables	(13,408)	(20,597)
Provisions	1,170	888
Other current liabilities	(10,904)	1,478
Net defined benefit liabilities	(6,845)	(3,886)
Cash used in operations	(120,490)	(249,152)
Interest received	1,468	2,282
Interest paid	(14,099)	(11,504)
Income tax paid	(22,950)	(16,753)
Net cash used in operating activities	<u>(156,071)</u>	<u>(275,127)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(1,825)
Purchase of financial assets at amortized cost	(22)	-
Proceeds from financial assets at amortized cost	810	1,377

(Continued)



# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
Payments for property, plant and equipment	\$ (220,527)	\$ (29,141)
Proceeds from disposal of property, plant and equipment	747	398
Decrease in refundable deposits	2,216	1,784
Payments for intangible assets	(5,782)	(4,100)
Increase in other financial assets	(117)	-
Decrease in other financial assets	-	394
Decrease in other non-current assets	56,801	-
Dividends received	<u>551</u>	<u>520</u>
Net cash used in investing activities	<u>(165,323)</u>	<u>(30,593)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	351,098	-
Repayments of short-term borrowings	-	(397,878)
Proceeds from bonds payable	-	398,653
Proceeds from short-term borrowings	200,000	-
Repayments of long-term borrowings	(8,400)	(8,400)
Decrease in refundable deposits	-	(6,581)
Repayment of the principal portion of lease liabilities	(14,778)	(23,077)
Exercise of employee share options	4,780	2,014
Difference in non-controlling interests	<u>9,420</u>	<u>8,457</u>
Net cash generated from (used in) financing activities	<u>542,120</u>	<u>(26,812)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>26,977</u>	<u>(10,923)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>247,703</b>	<b>(343,455)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u><b>1,110,589</b></u>	<u><b>2,070,594</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>\$ 1,358,292</b></u>	<u><b>\$ 1,727,139</b></u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated August 5, 2022)

(Concluded)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

---

### 1. GENERAL INFORMATION

Edimax Technology Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (ROC) in June 1986 and has been listed on the Taiwan Stock Exchange since March 20, 2001. Edimax Technology Co., Ltd. is dedicated to the design, development, manufacture and marketing of a broad range of networking solutions.

The Company and its subsidiaries are hereinafter collectively referred to as the “Group”.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 5, 2022.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (adjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. See Note 12 and Tables 5 and 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty used in the preparation of these interim consolidated financial statements are the same as those used in the preparation of the Group's consolidated financial statements for the year ended December 31, 2021.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 875	\$ 1,011	\$ 1,395
Checking accounts and demand deposits	1,242,557	1,095,738	1,411,814
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>114,860</u>	<u>13,840</u>	<u>313,930</u>
	<u>\$ 1,358,292</u>	<u>\$ 1,110,589</u>	<u>\$ 1,727,139</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets - non-current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Redeemable and puttable options of convertible bonds (Note 19)	\$ -	\$ 520	\$ -
<u>Financial liabilities - non-current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Redeemable and puttable options of convertible bonds (Note 19)	\$ 1,520	\$ -	\$ 840

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Non-current</u>			
Overseas unlisted ordinary shares			
Bluechip Infotech Pty. Ltd.	\$ 17,913	\$ 24,149	\$ 24,455
Domestic unlisted ordinary shares			
Status Internet Co., Ltd.	4,518	6,078	7,206
Ecobear Technology Corp.	5,978	7,942	8,590
Onward Security Corp.	22,117	17,008	14,329
Newgreen Tech Co., Ltd.	<u>11,256</u>	<u>20,940</u>	<u>7,362</u>
	<u>\$ 61,782</u>	<u>\$ 76,117</u>	<u>\$ 61,942</u>

The Group acquired the ordinary shares of Bluechip Infotech Pty. Ltd., Status Internet Co., Ltd., Ecobear Technology Corp., Onward Security Corp., Ltd. and Newgreen Tech Co. for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ <u>4,738</u>	\$ <u>4,716</u>	\$ <u>2,726</u>
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ <u>-</u>	\$ <u>810</u>	\$ <u>857</u>

Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ <u>10,919</u>	\$ <u>15,845</u>	\$ <u>14,869</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,376,635	\$ 1,168,257	\$ 1,180,582
Less: Allowance for impairment loss	<u>(73,793)</u>	<u>(68,349)</u>	<u>(68,085)</u>
	\$ <u>1,302,842</u>	\$ <u>1,099,908</u>	\$ <u>1,112,497</u>
<u>Other receivables</u>			
Others	\$ <u>4,702</u>	\$ <u>5,110</u>	\$ <u>6,283</u>

### Trade Receivables

#### At amortized cost

The average credit period of the Group's sales of goods vary among customers, and no interest was charged on trade receivables. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

#### June 30, 2022

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0.04%	0.72%	15.82%	31.77%	94.36%	
Gross carrying amount	\$ 1,169,171	\$ 96,376	\$ 30,749	\$ 12,866	\$ 67,473	\$ 1,376,635
Loss allowance (Lifetime ECLs)	<u>(480)</u>	<u>(691)</u>	<u>(4,866)</u>	<u>(4,088)</u>	<u>(63,668)</u>	<u>(73,793)</u>
Amortized cost	<u>\$ 1,168,691</u>	<u>\$ 95,685</u>	<u>\$ 25,883</u>	<u>\$ 8,778</u>	<u>\$ 3,805</u>	<u>\$ 1,302,842</u>

#### December 31, 2021

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0.06%	0.57%	14.70%	75.52%	99.64%	
Gross carrying amount	\$ 987,734	\$ 102,598	\$ 11,614	\$ 2,418	\$ 63,893	\$ 1,168,257
Loss allowance (Lifetime ECLs)	<u>(575)</u>	<u>(581)</u>	<u>(1,707)</u>	<u>(1,826)</u>	<u>(63,660)</u>	<u>(68,349)</u>
Amortized cost	<u>\$ 987,159</u>	<u>\$ 102,017</u>	<u>\$ 9,907</u>	<u>\$ 592</u>	<u>\$ 233</u>	<u>\$ 1,099,908</u>

#### June 30, 2021

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	-	0.93%	4.22%	6.40%	99.77%	
Gross carrying amount	\$ 943,755	\$ 104,232	\$ 51,992	\$ 16,598	\$ 64,005	\$ 1,180,582
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(969)</u>	<u>(2,196)</u>	<u>(1,062)</u>	<u>(63,858)</u>	<u>(68,085)</u>
Amortized cost	<u>\$ 943,755</u>	<u>\$ 103,263</u>	<u>\$ 49,796</u>	<u>\$ 15,536</u>	<u>\$ 147</u>	<u>\$ 1,112,497</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 68,349	\$ 59,935
Add: Net remeasurement of loss allowance	5,164	8,288
Foreign exchange gains and losses	<u>280</u>	<u>(138)</u>
Balance at June 30	<u>\$ 73,793</u>	<u>\$ 68,085</u>

## 11. INVENTORIES

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Raw materials	\$ 1,154,136	\$ 1,327,787	\$ 1,098,394
Finished goods	241,807	209,533	183,098
Work-in-process	426,044	361,584	335,077
Merchandise	<u>330,844</u>	<u>352,550</u>	<u>121,291</u>
	<u>\$ 2,152,831</u>	<u>\$ 2,251,454</u>	<u>\$ 1,737,860</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 amounted to \$1,135,865 thousand, \$1,030,499 thousand, \$2,204,776 thousand and \$1,979,937 thousand, respectively. The cost of goods sold included inventory write-downs of \$25,578 thousand, \$27,815 thousand, \$42,385 thousand and \$30,612 thousand, respectively.

## 12. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	<b>Proportion of Ownership</b>			Remark
			<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>	
The Company	Edimax Computer Co. ("Edimax USA")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology Europe B.V. ("Edimax Europe")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2), 4)
The Company	Edimax Technology (BVI) Co., Ltd. ("Edimax BVI")	Networking equipment wholesale	100.00%	100.00%	100.00%	
The Company	ABS Telecom Inc. ("ABS Telecom")	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology Australia Pty, Ltd. ("Edimax AU")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
The Company	SMAX Technology Co., Ltd. ("SMAX Technology")	Wired and wireless telecommunication equipment for manufacturing	100.00%	100.00%	100.00%	1), 2)
The Company	Comtrend Corporation ("Comtrend")	Cable and telecommunication transmission equipment	33.73%	34.29%	34.33%	
Edimax Europe	Edimax Technology Poland. Sp. Zo.o. ("Edimax Poland")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
Edimax BVI	Datamax (HK) Co., Ltd. ("Datamax HK")	Investing	100.00%	100.00%	100.00%	
ABS Telecom	ABST Information International Inc. ("ABST")	Investing	100.00%	100.00%	100.00%	1), 2)
Smax Technology	Smax Japan Co., Ltd. ("Smax Japan")	Networking equipment wholesale	100.00%	100.00%	-	1), 3)
Comtrend	Comtrend Corporation, USA ("CUSA")	Cable and cableless transmission equipment wholesale, retail sale, and international trade.	100.00%	100.00%	100.00%	
Comtrend	Interchan Global Limited ("Interchan Global")	Investing	100.00%	100.00%	100.00%	
Comtrend	Comtrend Technology (Netherlands) B.V. ("CTBV")	Cable and cableless transmission equipment wholesale, retail sale, and international trade.	100.00%	100.00%	100.00%	

(Continued)



Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
Datamax HK	Edimax Electronic (Dongguan) Co., Ltd.	Networking production and marketing	100.00%	100.00%	100.00%	
ABST	ABST Information Telecom Service Inc.	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	100.00%	1), 2)
Interchan Global	Interchan Taiwan ("8086")	Telecommunication construction and wholesale	100.00%	100.00%	100.00%	
CTBV	Comtrend Central Europe S.R.O. ("CCE")	Cable and cableless transmission equipment wholesale, retail sale, and international trade.	100.00%	100.00%	100.00%	
CTBV	Comtrend Iberia S.L. ("Comtrend Iberia")	Cable and cableless transmission equipment wholesale, retail sale, and international trade.	100.00%	100.00%	100.00%	

(Concluded)

- 1) As the subsidiary is not a major subsidiary, its financial statements for the six months ended June 30, 2022 have not been reviewed.
- 2) As the subsidiary is not a major subsidiary, its financial statements for the six months ended June 30, 2021 have not been reviewed.
- 3) The Group invested in SMAX JAPAN in July 2021.
- 4) The Group holds Edimax Europe which converted liabilities into equities that amounted to \$28,439 thousand in 2021, please refer to Table 5.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group held 33.73%, 34.29% and 34.33% of Comtrend's voting shares, respectively, but the Group has the practical ability to direct the relevant activities of Comtrend; thus, Comtrend was listed as a subsidiary of the Group.

The total assets, liabilities and comprehensive income (loss) in the financial statements of non-significant subsidiaries which were not reviewed in the consolidated financial statements mentioned above were as follows:

	June 30	
	2022	2021
Unreviewed total assets	<u>\$ 373,842</u>	<u>\$ 370,272</u>
Proportion of total consolidated assets	<u>4.78%</u>	<u>5.01%</u>
Unreviewed total liabilities	<u>\$ 60,289</u>	<u>\$ 58,126</u>
Proportion of total consolidated liabilities	<u>1.24%</u>	<u>1.32%</u>

  

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Unreviewed comprehensive income	<u>\$ 5,513</u>	<u>\$ 3,893</u>	<u>\$ 15,094</u>	<u>\$ 5,840</u>
Proportion of total consolidated comprehensive income (loss)	<u>8.72%</u>	<u>(8.44%)</u>	<u>12.00%</u>	<u>(7.38%)</u>

- b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2022	December 31, 2021	June 30, 2021
Comtrend	Taiwan	66.27%	65.71%	65.67%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the Six Months Ended		June 30, 2022	December 31, 2021	June 30, 2021
	June 30 2022	June 30 2021			
Comtrend	\$ <u>(7,460)</u>	\$ <u>(6,241)</u>	\$ <u>765,656</u>	\$ <u>790,739</u>	\$ <u>876,877</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Comtrend and its subsidiaries

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 1,664,771	\$ 1,621,311	\$ 1,884,746
Non-current assets	351,679	163,108	156,172
Current liabilities	(597,828)	(502,584)	(591,774)
Non-current liabilities	<u>(212,024)</u>	<u>(18,578)</u>	<u>(67,247)</u>
Equity	\$ <u>1,206,598</u>	\$ <u>1,263,257</u>	\$ <u>1,381,897</u>
Equity attributable to:			
Owners of Comtrend	\$ 406,986	\$ 433,171	\$ 474,405
Non-controlling interests of Comtrend	<u>799,612</u>	<u>830,086</u>	<u>907,492</u>
	\$ <u>1,206,598</u>	\$ <u>1,263,257</u>	\$ <u>1,381,897</u>
		For the Six Months Ended June 30	
		2022	2021
Revenue		\$ <u>885,149</u>	\$ <u>759,651</u>
Net loss for the period		\$ (11,238)	\$ (9,520)
Other comprehensive loss for the period		<u>2,177</u>	<u>(16,371)</u>
Total comprehensive loss for the period		\$ <u>(9,061)</u>	\$ <u>(25,891)</u>
Profit attributable to:			
Owners of Comtrend		\$ (3,778)	\$ (3,279)
Non-controlling interests of Comtrend		<u>(7,460)</u>	<u>(6,241)</u>
		\$ <u>(11,238)</u>	\$ <u>(9,520)</u>
Total comprehensive income attributable to:			
Owners of Comtrend		\$ (8,749)	\$ (23,452)
Non-controlling interests of Comtrend		<u>(312)</u>	<u>(2,439)</u>
		\$ <u>(9,061)</u>	\$ <u>(25,891)</u>

(Continued)

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Net cash inflow (outflow) from:		
Operating activities	\$ 143,002	\$ (148,468)
Investing activities	(208,274)	(11,611)
Financing activities	240,189	(1,566)
Effect of exchange rate	<u>13,449</u>	<u>(5,619)</u>
Net cash inflow (outflow)	<u>\$ 188,366</u>	<u>\$ (167,264)</u> (Concluded)

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Associates that are not individually material	<u>\$ 71,047</u>	<u>\$ 57,398</u>	<u>\$ 62,793</u>

Refer to Table 5 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements which have been audited. Management considers there is no material impact on the amounts investments accounted for using the equity method or the calculation of the share of profit or loss and other comprehensive income from the unaudited financial statements.

### 14. PROPERTY, PLANT AND EQUIPMENT

#### Assets Used by the Group

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2022	\$ 1,299,846	\$ 919,692	\$ 385,623	\$ 557,529	\$ 3,162,690
Additions	190,052	67,047	459	19,765	277,323
Disposals	-	-	(86)	(2,952)	(3,080)
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>8,110</u>	<u>2,591</u>	<u>10,701</u>
Balance at June 30, 2022	<u>\$ 1,489,898</u>	<u>\$ 986,739</u>	<u>\$ 394,106</u>	<u>\$ 576,933</u>	<u>\$ 3,447,676</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 133,945	\$ 323,339	\$ 428,503	\$ 885,787
Depreciation expense	-	11,519	7,298	26,947	45,764
Disposals	-	-	(86)	(2,948)	(3,034)
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>6,780</u>	<u>2,482</u>	<u>9,262</u>
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 145,464</u>	<u>\$ 337,331</u>	<u>\$ 454,984</u>	<u>\$ 937,779</u>
Carrying amount at June 30, 2022	<u>\$ 1,489,898</u>	<u>\$ 841,275</u>	<u>\$ 56,775</u>	<u>\$ 121,949</u>	<u>\$ 2,509,897</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 1,299,846	\$ 919,692	\$ 430,880	\$ 617,307	\$ 3,267,725
Additions	-	-	6,843	22,298	29,141
Disposals	-	-	(6,205)	(96,387)	(102,592)
Effects of foreign currency exchange differences	-	-	(6,489)	(1,944)	(8,433)
Balance at June 30, 2021	<u>\$ 1,299,846</u>	<u>\$ 919,692</u>	<u>\$ 425,029</u>	<u>\$ 541,274</u>	<u>\$ 3,185,841</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2021	\$ -	\$ 113,954	\$ 362,390	\$ 473,916	\$ 950,260
Depreciation expense	-	9,995	8,091	30,140	48,226
Disposals	-	-	(6,205)	(96,174)	(102,379)
Effects of foreign currency exchange differences	-	-	(5,464)	(1,894)	(7,358)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 123,949</u>	<u>\$ 358,812</u>	<u>\$ 405,988</u>	<u>\$ 888,749</u>
Carrying amount at June 30, 2021	<u>\$ 1,299,846</u>	<u>\$ 795,743</u>	<u>\$ 66,217</u>	<u>\$ 135,286</u>	<u>\$ 2,297,092</u>

(Concluded)

No impairment assessment was performed for the six months ended June 30, 2022 and 2021 as there was no indication of impairment.

The subsidiary of the Group, Comtrend Corporation, the cash flow information of purchased property, plant and equipment are as follows:

	For the Six Months Ended June 30	
	2022	2021
Increase in property, plant and equipment	\$ 277,323	\$ 29,141
Less: Prepayment for land and building purchased at the beginning of the period	(56,796)	-
Add: Prepayment for land and building purchased at the end of the period	-	-
Paid in cash	<u>\$ 220,527</u>	<u>\$ 29,141</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	21-50 years
Machinery and equipment	2-13 years
Other equipment	1-10 years

Property, plant and equipment pledged as collateral for bank borrowings and for the issuance of bonds were set out in Note 33.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2022		December 31, 2021		June 30, 2021
<u>Carrying amount</u>					
Buildings	\$ 35,145		\$ 44,252		\$ 104,833
Transportation equipment	<u>19,931</u>		<u>9,995</u>		<u>9,444</u>
	<u>\$ 55,076</u>		<u>\$ 54,247</u>		<u>\$ 114,277</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30		
	2022	2021	2022	2021	
Additions to right-of-use assets			\$ 14,946	\$ 24,942	
Depreciation charge for right-of-use assets					
Buildings	\$ 6,566	\$ 8,428	\$ 13,538	\$ 16,994	
Transportation equipment	<u>1,059</u>	<u>917</u>	<u>2,220</u>	<u>1,407</u>	
	<u>\$ 7,625</u>	<u>\$ 9,345</u>	<u>\$ 15,758</u>	<u>\$ 18,401</u>	

Except for the aforementioned additions and recognized depreciation, the Group did not have significant subleases or impairment of right-of-use assets during the six months ended June 30, 2022 and 2021.

### b. Lease liabilities

	June 30, 2022		December 31, 2021		June 30, 2021
<u>Carrying amount</u>					
Current	<u>\$ 27,750</u>		<u>\$ 30,518</u>		<u>\$ 36,536</u>
Non-current	<u>\$ 27,684</u>		<u>\$ 24,356</u>		<u>\$ 78,563</u>

Discount rates for lease liabilities were as follows:

	June 30, 2022		December 31, 2021		June 30, 2021
Buildings	1.36-1.38%		1.36%		1.36%
Transportation equipment	1.25-1.36%		1.36%		1.36%

### c. Material lease activities and terms (the Group is lessee)

The Group leases certain transportation equipment for the use of transportation with lease terms of 1 to 8 years.

The Group also leases buildings for the use of offices and warehouses with lease terms of 2 to 15 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 305</u>	<u>\$ 783</u>	<u>\$ 933</u>	<u>\$ 1,515</u>
Total cash outflow for leases			<u>\$ (16,103)</u>	<u>\$ (25,347)</u>

The Group's leases of certain office equipment, transportation equipment, and car parking lots qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 16. INTANGIBLE ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Goodwill	\$ 23,231	\$ 23,231	\$ 23,231
Computer software	<u>9,497</u>	<u>7,155</u>	<u>7,010</u>
	<u>\$ 32,728</u>	<u>\$ 30,386</u>	<u>\$ 30,241</u>

Except for the amortization recognized, the Group did not have any significant addition, disposal, or impairment of intangible assets during the six months ended June 30, 2022 and 2021.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-11 years
-------------------	------------

## 17. OTHER FINANCIAL ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Non-current</u>			
Pension reserve fund	\$ 66,318	\$ 65,801	\$ 62,794
Reserve account	<u>-</u>	<u>400</u>	<u>-</u>
	<u>\$ 66,318</u>	<u>\$ 66,201</u>	<u>\$ 62,794</u>

The pension reserve fund comprises pension contributions to the pension fund of managerial personnel of the Company.

## 18. BORROWINGS

### a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 925,890</u>	<u>\$ 574,792</u>	<u>\$ 459,890</u>

The ranges of weighted average effective interest rates on bank loans were 1.05%-1.47%, 1.00%-1.10% and 0.99%-1.10% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

### b. Short-term bills payable

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial paper	\$ 30,000	\$ 30,000	\$ 30,000
Less: Unamortized discounts on bills payable	<u>(15)</u>	<u>(85)</u>	<u>(65)</u>
	<u>\$ 29,985</u>	<u>\$ 29,915</u>	<u>\$ 29,935</u>

The weighted average effective interest rates on commercial paper were 1.25%, 1.00% and 1.00% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

### c. Long-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured borrowings</u>			
Bank loans (Note 1)	\$ 1,375,514	\$ 1,383,914	\$ 1,392,314
Bank loans (Note 2)	<u>200,000</u>	<u>-</u>	<u>-</u>
	1,575,514	1,383,914	1,392,314
Less: Current portion	<u>(60,316)</u>	<u>(16,800)</u>	<u>(57,244)</u>
Long-term borrowings	<u>\$ 1,515,198</u>	<u>\$ 1,367,114</u>	<u>\$ 1,335,070</u>

- 1) The bank borrowings are secured by the Group's land and buildings; please refer to Note 33 for additional information. The maturity date is on February 1, 2036 and the effective annual interest rates was 1.375%. The purpose of the borrowings is to purchase land and buildings for operations.
- 2) The bank borrowings are secured by the Group's land and buildings; please refer to Note 33 for additional information. The maturity date is on January 14, 2042. The maturity period is three years and the effective interest rate from January 14, 2022 to January 14, 2024 is 1.25% to 1.375%, and the effective interest rate from January 15, 2024 to January 14, 2042 is 1.485%. The purpose of the borrowings is to purchase land and buildings for operations.

## 19. BONDS PAYABLE

	June 30, 2022	December 31, 2021	June 30, 2021
Secured domestic convertible bonds	<u>\$ 392,866</u>	<u>\$ 390,835</u>	<u>\$ 388,814</u>

On March 30, 2021, the Company issued 4 thousand, 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$404,000 thousand, and issued period is 5 years.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$13.88. In case of ex-right or ex-dividend, the price shall be adjusted according to the conversion price adjustment formula. The conversion price was adjusted from \$13.88 to \$13.50 as of September 1, 2021. Conversion may occur at any time during the period July 1, 2021 to March 31, 2026.

From the day following the expiration of 3 months after the issuance of the convertible bonds to the 40 days before the expiry date, if the closing price of the Company's ordinary shares exceeds 30% of the conversion price at that time for 30 consecutive business days, the Company is entitled to recover all the outstanding convertible bonds in cash based on the face value within the next 30 business day. In addition, if the outstanding balance of the convertible bonds is less than 10% of the original total amount issued, the Company is entitled to recover all the outstanding convertible bonds in cash based on the face value at any time thereafter.

The convertible bonds contain both liability and equity components. The equity components are presented in equity under the heading of capital surplus - options. The asset (liability) components are classified as embedded derivatives assets (liabilities) and non-embedded assets (liabilities). The embedded derivatives, which are measured at fair value, amounted to \$(1,520), \$520 and \$(840) thousand on June 30, 2022, December 31, 2021 and June 30, 2021. The non-derivative, which are measured at amortized cost, amounted to \$392,866, \$390,835 and \$388,814 thousand on June 20,2022, December 31, 2021 and June 30, 2021. The effective interest rate of the liability components was 1.04% per annum on initial recognition.

Proceeds from issuance at March 30, 2021 (less transaction costs of \$5,347 thousand)	\$ 398,653
Equity component (less transaction costs allocated to the equity component of \$143 thousand)	<u>(10,684)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,204 thousand)	387,969
Interest charged at an effective interest rate of 1.04%	1,007
Valuation loss on financial investments	<u>678</u>
Liability component at June 30, 2021	<u>\$ 389,654</u>
Liability component at January 1, 2022	\$ 390,315
Interest charged at an effective interest rate of 1.04%	2,031
Valuation loss on financial investments	<u>2,040</u>
Liability component at June 30, 2022	<u>\$ 394,386</u>



## 20. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Other payables			
Payable for salaries	\$ 140,839	\$ 106,715	\$ 121,494
Payable for dividends (Note)	38,275	-	-
Payable for labor fee	20,789	15,577	18,055
Payable for freight and customs fee	9,089	27,626	17,547
Payable for compensation of employees and remuneration of directors	6,477	-	29,392
Output VAT	3,205	930	7,600
Payable for royalties	2,638	2,457	2,473
Others	<u>121,276</u>	<u>164,416</u>	<u>132,929</u>
	<u>\$ 342,588</u>	<u>\$ 317,721</u>	<u>\$ 329,490</u>
Other liabilities			
Receipts under custody	\$ 53,802	\$ 61,079	\$ 59,830
Refund liabilities	43,949	37,973	35,683
Temporary credit	9,663	16,010	18,122
Others	<u>616</u>	<u>3,872</u>	<u>1,069</u>
	<u>\$ 108,030</u>	<u>\$ 118,934</u>	<u>\$ 114,704</u>

Note: Payable for dividends from Comtrend.

## 21. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Warranties	<u>\$ 6,552</u>	<u>\$ 5,382</u>	<u>\$ 4,329</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods.

## 22. RETIREMENT BENEFIT PLANS

For the three months and the six months ended June 30, 2022 and 2021, the pension expenses of defined benefit plans were \$347 thousand, \$553 thousand, \$900 thousand and \$1,106 thousand, respectively, and these were calculated based on the actuarially determined pension cost rate on December 31, 2021 and 2020, respectively.

## 23. EQUITY

### a. Share capital

#### Ordinary shares

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>190,710</u>	<u>189,370</u>	<u>189,370</u>
Shares issued	<u>\$ 1,907,095</u>	<u>\$ 1,893,702</u>	<u>\$ 1,893,702</u>
Capital collected in advance	<u>\$ 187</u>	<u>\$ 8,800</u>	<u>\$ -</u>

The Company converted employee share options of \$2,014 thousand during the period from January 1, 2021 to June 30, 2021, equivalent to 196 thousand shares, with a subscription price of \$10.25. The outstanding ordinary shares after the new shares had been issued amounted to \$1,893,702 thousand.

The Company converted employee share options of \$28,786 thousand during the period from January 1, 2021 through December 31, 2021, equivalent to 2,879 thousand shares, with a subscription price of \$10.00. The outstanding ordinary shares after the new shares had been issued amounted to \$1,893,702 thousand.

Employees exercised the share options for \$8,800 thousand which is capital collected in advance of the Company on December 31, 2021, issued 880 thousand ordinary shares, with a subscription price for \$10.00 per share. As of December 31, 2021, the Company did not change registration, so the share options were recognized as capital collected in advance. The change registration has been completed as of January 22, 2022 and April 12, 2022.

Employees exercised the share options for \$187 thousand which is capital collected in advance of the Company on June 30, 2022, issued 19 thousand ordinary shares, with a subscription price for \$10.00 per share. As of June 30, 2022, the Company did not change registration, so the share options were recognized as capital collected in advance.

### b. Capital surplus

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Premium from issuance of ordinary shares	\$ 35,101	\$ 34,447	\$ 33,665
Premium from conversion of bonds	24,662	24,662	24,662
Treasury share transactions	6,600	6,600	6,182
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	49,362	49,362	49,362

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interest in subsidiaries (2)	\$ 66,461	\$ 70,027	\$ 69,440
Others	33,437	33,437	33,437
<u>May not be used for any purpose</u>			
Employee share options	7,008	7,470	7,765
Share options from convertible bonds (Note 19)	<u>10,684</u>	<u>10,684</u>	<u>10,684</u>
	<u>\$ 233,315</u>	<u>\$ 236,689</u>	<u>\$ 235,197</u> (Concluded)

- 1) Such capital surplus may be used to offset a deficit; when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 25 (h).

Under the dividends policy of the Company, no less than 20% of the undistributed retained earnings should be distributed as dividends to shareholders unless the undistributed retained earnings is less than 20% of outstanding ordinary shares. The dividends can be distributed in the form of shares or cash, but the cash dividends should not be less than 10% of total dividends. The Company determines the dividend distribution in consideration of the investment environment, capital demand, financial structure, earnings, domestic and international competition and shareholders' interest and the future development plan.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2020 that was approved in the shareholders' meeting on July 30, 2021 is as follows:

	<b>For the Year Ended December 31, 2020</b>
Legal reserve	\$ 8,658
Special reserve	<u>\$ 22,690</u>
Cash dividends per share (NT\$)	\$ 0.29

The Company held a regular shareholders' meeting on June 1, 2022, and resolved to approve the loss make-up proposal for 2021.

d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Cancelled (In Thousands of Shares)</b>	<b>Shares Held by Its Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2022	-	-	1,440	1,440
Decrease during the period	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>
Number of shares at June 30, 2022	<u>-</u>	<u>-</u>	<u>1,417</u>	<u>1,417</u>
Number of shares at January 1, 2021	-	-	1,463	1,463
Decrease during the period	<u>-</u>	<u>-</u>	<u>(21)</u>	<u>(21)</u>
Number of shares at June 30, 2021	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>1,442</u>

The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>June 30, 2022</u>			
Comtrend	1,417	\$ 13,277	\$ 17,283
<u>December 31, 2021</u>			
Comtrend	1,440	13,497	20,523
<u>June 30, 2021</u>			
Comtrend	1,442	13,513	16,005

As of June 30, 2022, December 31, 2021 and June 30, 2021, Comtrend held 4,200 thousand ordinary shares of the Company, and the Company recognized treasury shares amounting to 1,417 thousand, 1,440 thousand and 1,442 thousand based on their ownership percentage of 33.73%, 34.29% and 34.33% as at June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, were bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

e. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 790,739	\$ 873,808
Share of loss for the period	(7,460)	(6,241)
Other comprehensive income (loss) during the period		
Exchange differences on translating the financial statements of foreign operations	7,148	3,802
Cash dividends of the subsidiaries	(38,275)	-
Employee share options of the subsidiaries	490	163
Share of changes in capital surplus of subsidiaries	<u>13,014</u>	<u>5,345</u>
Balance at June 30	<u>\$ 765,656</u>	<u>\$ 876,877</u>

## 24. REVENUE

a. Disaggregation of revenue

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenue from the sale of goods	\$ 1,492,169	\$ 1,310,664	\$ 2,885,485	\$ 2,516,437
Revenue from the rendering of services	4,638	1,734	8,213	6,010
Other income	<u>289</u>	<u>34</u>	<u>329</u>	<u>61</u>
	<u>\$ 1,497,096</u>	<u>\$ 1,312,432</u>	<u>\$ 2,894,027</u>	<u>\$ 2,522,508</u>

b. Contract balances

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>	<b>January 1, 2021</b>
Trade receivables (Note 10)	<u>\$ 1,376,635</u>	<u>\$ 1,168,257</u>	<u>\$ 1,180,582</u>	<u>\$ 1,283,544</u>
Contract assets - sale of goods	<u>\$ 8,139</u>	<u>\$ 5,782</u>	<u>\$ 1,937</u>	<u>\$ 1,420</u>
Contract liabilities - sale of goods	<u>\$ 137,077</u>	<u>\$ 111,494</u>	<u>\$ 154,246</u>	<u>\$ 126,623</u>

Changes in contract assets are mainly due to contracts with a right of return signed by customers under repurchase agreements. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

## 25. NET PROFIT (LOSS)

### a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Bank deposits	\$ 995	\$ 1,004	\$ 1,468	\$ 2,282

### b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Dividends				
Investments in equity instruments at FVTOCI	\$ 551	\$ -	\$ 551	\$ 520
Others	11,906	3,674	18,881	9,961
	\$ 12,457	\$ 3,674	\$ 19,432	\$ 10,481

### c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net foreign exchange gain (loss)	\$ 34,948	\$ (21,619)	\$ 82,544	\$ (26,719)
Gain on disposal of property, plant and equipment	743	171	743	185
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	(849)	(678)	(2,040)	(678)
Others	(2,687)	(2,897)	(10,164)	(4,496)
	\$ 32,155	\$ (25,023)	\$ 71,083	\$ (31,708)

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 8,080	\$ 5,212	\$ 14,169	\$ 11,504
Interest on convertible bonds	1,017	1,007	2,031	1,007
Interest on lease liabilities	<u>193</u>	<u>363</u>	<u>392</u>	<u>755</u>
	<u>\$ 9,290</u>	<u>\$ 6,582</u>	<u>\$ 16,592</u>	<u>\$ 13,266</u>

e. Impairment losses recognized (reversed)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Trade receivables	<u>\$ 1,950</u>	<u>\$ 4,618</u>	<u>\$ 5,164</u>	<u>\$ 8,288</u>
Inventories (included in operating costs)	<u>\$ 25,578</u>	<u>\$ 27,815</u>	<u>\$ 42,385</u>	<u>\$ 30,612</u>

f. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 22,510	\$ 23,864	\$ 45,764	\$ 48,226
Right-of-use assets	7,625	9,345	15,758	18,401
Intangible assets	<u>3,158</u>	<u>845</u>	<u>4,931</u>	<u>2,630</u>
	<u>\$ 33,293</u>	<u>\$ 34,054</u>	<u>\$ 66,453</u>	<u>\$ 69,257</u>
An analysis of depreciation by function				
Operating costs	\$ 7,013	\$ 8,404	\$ 14,597	\$ 16,775
Operating expenses	<u>23,122</u>	<u>24,805</u>	<u>46,925</u>	<u>49,852</u>
	<u>\$ 30,135</u>	<u>\$ 33,209</u>	<u>\$ 61,522</u>	<u>\$ 66,627</u>
An analysis of amortization by function				
Operating costs	\$ 236	\$ 214	\$ 434	\$ 418
Operating expenses	<u>2,922</u>	<u>631</u>	<u>4,497</u>	<u>2,212</u>
	<u>\$ 3,158</u>	<u>\$ 845</u>	<u>\$ 4,931</u>	<u>\$ 2,630</u>

g. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Post-employment benefits				
Defined contribution plans	\$ 7,684	\$ 6,654	\$ 15,323	\$ 13,357
Defined benefit plans (Note 22)	<u>553</u>	<u>553</u>	<u>1,106</u>	<u>1,106</u>
	<u>8,237</u>	<u>7,207</u>	<u>16,429</u>	<u>14,463</u>
Share-based payments				
Equity-settled	<u>96</u>	<u>370</u>	<u>931</u>	<u>740</u>
Other employee benefits	<u>247,918</u>	<u>227,576</u>	<u>503,429</u>	<u>468,739</u>
Total employee benefits expense	<u>\$ 256,251</u>	<u>\$ 235,153</u>	<u>\$ 520,789</u>	<u>\$ 483,942</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 53,650	\$ 50,907	\$ 109,034	\$ 99,949
Operating expenses	<u>202,601</u>	<u>184,246</u>	<u>411,755</u>	<u>383,993</u>
	<u>\$ 256,251</u>	<u>\$ 235,153</u>	<u>\$ 520,789</u>	<u>\$ 483,942</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

For the three months and the six months ended June 30, 2022, the employees' compensation and the remuneration of directors are as follows:

Accrual rate

	For the Six Months Ended June 30, 2022
Employees' compensation	7%
Remuneration of directors	2%

Amount

	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Employees' compensation	<u>\$ 5,038</u>	<u>\$ 5,038</u>
Remuneration of directors	<u>\$ 1,439</u>	<u>\$ 1,439</u>

There was no compensation of employees and remuneration of directors estimated as the Company reported a net loss before tax for the six months ended June 30, 2021.



If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no compensation of employees and remuneration of directors estimated as the Company reported a net loss before tax for 2021.

The appropriations of compensation of employees and remuneration of directors for 2020 that were resolved by the board of directors on March 23, 2021 are as shown below:

Accrual rate

	<b>For the Year Ended December 31, 2020</b>
Compensation of employees	7%
Remuneration of directors	2%

Amount

	<b>For the Year Ended December 31, 2020</b>
Compensation of employees	\$ 7,818
Remuneration of directors	2,233

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gain or loss on foreign currency exchange

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 71,761	\$ 23,824	\$ 129,450	\$ 67,154
Foreign exchange losses	<u>(36,813)</u>	<u>(45,443)</u>	<u>(46,906)</u>	<u>(93,873)</u>
	<u>\$ 34,948</u>	<u>\$ (21,619)</u>	<u>\$ 82,544</u>	<u>\$ (26,719)</u>

## 26. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax (expense) benefit are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ (3,832)	\$ (7,732)	\$ (18,405)	\$ (4,800)
Adjustment for prior years	<u>362</u>	<u>-</u>	<u>1,546</u>	<u>-</u>
	(3,470)	(7,732)	(16,859)	(4,800)
Deferred tax				
In respect of the current period	<u>(409)</u>	<u>9,878</u>	<u>(706)</u>	<u>4,950</u>
Income tax (expense) benefit recognized in profit or loss	<u>\$ (3,879)</u>	<u>\$ 2,146</u>	<u>\$ (17,565)</u>	<u>\$ 150</u>

### b. Income tax assessments

As of June 30, 2022, the tax returns of the Company and its subsidiaries have been assessed by the tax authorities as follows:

	<u>Last Assessed Tax Year</u>
The Company	2019
Edimax Electronic (Dongguan) Co., Ltd.	2020
Comtrend	2019
CUSA	2021
CTBV	2021
CCE	2021
Comtrend Iberia	2020
8086	2020
ABS Telecom	2020
SMAX Technology	2020

## 27. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic earnings (loss) per share	<u>\$ 0.47</u>	<u>\$ (0.17)</u>	<u>\$ 0.62</u>	<u>\$ (0.33)</u>
Diluted earnings (loss) per share	<u>\$ 0.41</u>		<u>\$ 0.55</u>	

The net profit (loss) of earnings (loss) per share and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings per share were as follows:

**Net Profit (Loss) for the Year**

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit (loss) used in the computation of earnings (loss) per share	\$ 87,941	\$ (32,451)	\$ 117,159	\$ (62,805)
Effect of potentially dilutive ordinary shares				
Interest on convertible bonds (after tax)	<u>1,897</u>	<u>-</u>	<u>4,071</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 89,838</u>	<u>\$ (32,451)</u>	<u>\$ 121,230</u>	<u>\$ (62,805)</u>

Weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	189,082	187,490	188,961	187,490
Effect of potentially dilutive ordinary shares				
Employee share options	353	-	538	-
Employees' compensation or bonuses issued to employees	531	-	531	-
Convertible bonds	<u>29,630</u>	<u>-</u>	<u>29,926</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>219,596</u>	<u>187,490</u>	<u>219,956</u>	<u>187,490</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares can be distributed to employees is resolved in the following year.

The Company had after-tax deficits for the six months ended June 30, 2021. If the outstanding convertible bonds issued by the Company were converted to ordinary shares, they would be anti-dilutive and excluded from the computation of diluted earnings per share.

## 28. SHARE-BASED PAYMENT ARRANGEMENTS

### a. Employee share option plan of the Company

The Company did not issue any employee share options during the six months ended June 30, 2022 and 2021.

Information on outstanding issued employee share options is as follows:

	<b>For the Six Months Ended June 30</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	\$ 3,512	\$10.00	4,873	\$10.25
Options exercised	(478)	10.00	(197)	10.25
Options forfeited	<u>(206)</u>	10.00	<u>(149)</u>	10.25
Balance at June 30	<u>2,828</u>	10.00	<u>4,527</u>	10.25
Options exercisable, end of period	<u>2,121</u>		<u>2,264</u>	

Compensation costs recognized by the Company were \$96 thousand, \$246 thousand, \$192 thousand and \$492 thousand for the three months and the six months ended June 30, 2022 and 2021, respectively.

### b. Employee share option plan of the subsidiaries

Comtrend did not issue any employee share options during the six months ended June 30, 2022 and 2021.

Information on outstanding employee share options is as follows:

	<b>For the Six Months Ended June 30</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	1,547	\$ 10.00	2,513	\$ 10.00
Options forfeited	(3)	10.00	(43)	10.00
Options exercised	<u>(942)</u>	10.00	<u>(846)</u>	10.00
Balance at June 30	<u>602</u>	10.00	<u>1,624</u>	10.00
Options exercisable, end of period	<u>602</u>		<u>543</u>	

Compensation costs recognized by the subsidiary were \$0, \$124 thousand, \$739 thousand and \$248 thousand for the three months and the six months ended June 30, 2022 and 2021, respectively.

## 29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In March 2021 and June 2021, Comtrend exercised employee share options, decreasing the Group continuing interest from 34.84% to 34.33%.

In March 2022 and June 2022, Comtrend exercised employee share options, decreasing the Group continuing interest from 34.29% to 33.73%.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over the subsidiaries.

## 30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. Key management personnel of the Group review the capital structure on an annual basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

## 31. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

Except for the following, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

#### June 30, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 392,866</u>	<u>\$ -</u>	<u>\$ 379,920</u>	<u>\$ -</u>	<u>\$ 379,920</u>

#### December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 390,835</u>	<u>\$ -</u>	<u>\$ 390,240</u>	<u>\$ -</u>	<u>\$ 390,240</u>

June 30, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 388,814	\$ -	\$ 389,920	\$ -	\$ 389,920

Level 2 inputs are except quoted prices according to an active market that are observable for the asset or liability, either directly or indirectly.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 17,913	\$ 17,913
Domestic unlisted shares	-	-	43,869	43,869
	\$ -	\$ -	\$ 61,782	\$ 61,782
<u>Financial liabilities at FVTOCI - non-current</u>				
Redeemable and puttable options of convertible bonds				
	\$ -	\$ 1,520	\$ -	\$ -

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 24,149	\$ 24,149
Domestic unlisted shares	-	-	51,968	51,968
	\$ -	\$ -	\$ 76,117	\$ 76,117
<u>Financial liabilities at FVTOCI - non-current</u>				
Redeemable and puttable options of convertible bonds				
	\$ -	\$ 520	\$ -	\$ 520

June 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 24,455	\$ 24,455
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>37,487</u>	<u>37,487</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,942</u>	<u>\$ 61,942</u>
<u>Financial liabilities at FVTOCI - non-current</u>				
Redeemable and puttable options of convertible bonds	<u>\$ -</u>	<u>\$ 840</u>	<u>\$ -</u>	<u>\$ 840</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Financial liabilities - convertible corporate bonds	The evaluation is based on the binary tree convertible bonds evaluation model, which is based on the evaluation of share price volatility, risk-free interest rate, risk discount rate and the number of remaining years.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities - ROC were determined using the market approach.

c. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ -	\$ 520	\$ -
Financial assets at amortized cost (1)	2,761,237	2,335,429	2,939,853
Financial assets at FVTOCI			
Equity instruments	61,782	76,117	61,942
<u>Financial liabilities</u>			
FVTPL			
Held for trading	1,520	-	840
Amortized cost (2)	4,426,395	4,081,928	3,903,789

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets measured at cost, notes receivable, trade receivables, other receivables, other receivables from related parties, other financial assets, and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes payable, trade payables, trade payable to related parties, other payables, bonds payable, long-term loans (including current portion), and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, bonds payable, borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the USD and the EUR.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A negative number below indicates a decrease in pre-tax profit (loss) and other equity when the New Taiwan dollar or other functional currency weakens by 1% against the relevant foreign currency. Conversely, a positive number indicates an increase in pre-tax profit (loss) when the functional currency strengthens by 1% against the relevant foreign currency.

	<b>USD Impact</b>		<b>EUR Impact</b>	
	<b>For the Six Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (10,458)*	\$ (10,076)*	\$ (299)*	\$ (1,459)*



\* This was mainly attributable to the exposure of outstanding USD receivables and payables which were not hedged at the end of the reporting period.

The Group's sensitivity to USD currency increased during the current period due to the increase in the balance of accounts receivable denominated in USD.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Fair value interest rate risk			
Financial assets	\$ 119,598	\$ 19,366	\$ 317,513
Financial liabilities	2,979,689	2,434,331	2,386,052
Cash flow interest rate risk			
Financial assets	1,308,875	1,161,939	1,474,608

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the assets outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax (loss) profit for the six months ended June 30, 2022 and 2021 would increase/decrease by \$6,544 thousand and \$7,373 thousand, respectively.

The Group's sensitivity to interest rates was not significantly different during the current period compared to the previous period.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes; the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the period.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the six months ended June 30, 2022 and 2021 would have increased/decreased by \$618 thousand and \$619 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices was not significantly different during the current period compare to the previous period.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral and factoring of trade receivables, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group transacted with a large number of unrelated customers; thus, no concentration of credit risk was observed.

## 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the remaining contractual maturities of the Group's non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

June 30, 2022

	Carrying Amount	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 925,890	\$ 845,947	\$ 79,943	\$ -	\$ -
Notes and trade payables	1,159,547	935,312	224,187	48	-
Short-term bills payable	29,985	29,985	-	-	-
Other payables	342,588	301,597	22,097	18,894	-
Current portion of long-term loans payable	81,744	9,606	72,138	-	-
Lease liabilities	60,858	9,020	22,659	22,755	6,424
Bonds payable	392,866	-	-	392,866	-
Long-term loans payable	<u>1,661,487</u>	<u>-</u>	<u>-</u>	<u>513,241</u>	<u>1,148,246</u>
	<u>\$ 4,654,965</u>	<u>\$ 2,131,467</u>	<u>\$ 421,024</u>	<u>\$ 947,804</u>	<u>\$ 1,154,670</u>

Additional information about the maturity analysis for the above-mentioned financial liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 31,679</u>	<u>\$ 22,755</u>	<u>\$ 3,742</u>	<u>\$ 2,682</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term loans payable	<u>\$ 81,744</u>	<u>\$ 513,241</u>	<u>\$ 616,752</u>	<u>\$ 443,808</u>	<u>\$ 87,687</u>	<u>\$ -</u>

December 31, 2021

	Carrying Amount	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 574,792	\$ 484,792	\$ 90,000	\$ -	\$ -
Lease liabilities	56,613	8,302	22,939	19,322	6,050
Short-term bills payable	29,915	29,915	-	-	-
Long-term loans payable	1,367,114	-	-	415,326	951,788
Notes and trade payables	1,384,746	1,127,137	250,204	7,405	-
Other payables	317,721	274,049	29,650	14,022	-
Bonds payable	390,835	-	-	390,835	-
Current portion of long-term loans payable	<u>16,800</u>	<u>4,200</u>	<u>12,600</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,138,536</u>	<u>\$ 1,928,395</u>	<u>\$ 405,393</u>	<u>\$ 846,910</u>	<u>\$ 957,838</u>

Additional information about the maturity analysis for the above-mentioned financial liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 31,241</u>	<u>\$ 19,322</u>	<u>\$ 3,742</u>	<u>\$ 2,308</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term loans payable	<u>\$ 16,800</u>	<u>\$ 415,326</u>	<u>\$ 519,157</u>	<u>\$ 432,631</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2021

	<b>Carrying Amount</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 459,890	\$ 429,890	\$ 30,000	\$ -	\$ -
Lease liabilities	113,506	9,593	27,156	53,387	23,370
Short-term bills payable	29,935	29,935	-	-	-
Long-term loans payable	1,335,070	-	-	390,752	944,318
Notes and trade payables	1,303,247	1,001,760	301,013	474	-
Other payables	329,490	308,379	1,289	19,822	-
Bonds payable	388,814	-	-	388,814	-
Current portion of long-term loans payable	<u>57,244</u>	<u>4,200</u>	<u>53,044</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,017,196</u>	<u>\$ 1,783,757</u>	<u>\$ 412,502</u>	<u>\$ 853,249</u>	<u>\$ 967,688</u>

Additional information about the maturity analysis for lease liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 36,749</u>	<u>\$ 53,387</u>	<u>\$ 20,688</u>	<u>\$ 2,682</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term loans payable	<u>\$ 57,244</u>	<u>\$ 390,752</u>	<u>\$ 390,752</u>	<u>\$ 390,752</u>	<u>\$ 162,814</u>	<u>\$ -</u>

Bank loans with a repayment on demand clause were included in the above maturity analysis. As of June 30, 2022, December 31, 2021 and June 30, 2021, the aggregate undiscounted principal amounts of these bank loans amounted to \$2,501,404, \$1,367,114 and \$0, respectively. Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid within two years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to \$2,669,178, \$1,457,685 and \$0, respectively.

b) Financing facilities

As of June 30, 2022, December 31, 2021 and June 30, 2021, unused financing facilities amounted to \$1,018,836 thousand, \$1,135,078 thousand and \$1,264,685 thousand, respectively,

### 32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Talent Vantage Limited (ITI)	Associate
Crystal Centre Int'l Corp. (Crystal)	Associate
Onward Security Corp	Related party in substance

b. Sale of goods

Line Item	Related Party Category	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
		2022	2021	2022	2021
Sales	Associate	<u>\$ -</u>	<u>\$ 1,899</u>	<u>\$ -</u>	<u>\$ 2,770</u>

There was no significant difference between related parties and clients regarding transaction terms of sale prices and collection terms.

c. Purchases of goods

Related Party Category	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2022	2021	2022	2021
Associate - ITI	<u>\$ 249,173</u>	<u>\$ 181,665</u>	<u>\$ 437,796</u>	<u>\$ 320,268</u>

The purchase prices and payment terms for transactions with related parties were not significantly different from third parties.

d. Receivables from related parties

Line Item	Related Party Category	June 30, 2022	December 31, 2021	June 30, 2021
Other receivables from related parties	Associate - Crystal	<u>\$ -</u>	<u>\$ 16,608</u>	<u>\$ -</u>

Other receivables are dividends receivable from related parties.

e. Payables to related parties

Line Item	Related Party Category	June 30, 2022	December 31, 2021	June 30, 2021
Accounts payable	Associate - ITI	<u>\$ 205,928</u>	<u>\$ 147,329</u>	<u>\$ 124,106</u>
Other payables	Associate	<u>\$ 4,726</u>	<u>\$ 1,556</u>	<u>\$ -</u>
Other payables	Related party in substance	<u>\$ -</u>	<u>\$ 562</u>	<u>\$ 300</u>

The outstanding trade payables to related parties are unsecured.

f. Other transactions with related parties

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
Operating expense	Associate	\$ 661	\$ 275	\$ 1,496	\$ 649
Operating expense	Related party in substance	\$ -	\$ -	\$ 142	\$ 142

g. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 11,025	\$ 9,404	\$ 21,184	\$ 21,285
Share-based payments	<u>32</u>	<u>73</u>	<u>201</u>	<u>144</u>
	<u>\$ 11,057</u>	<u>\$ 9,477</u>	<u>\$ 21,385</u>	<u>\$ 21,429</u>

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

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, convertible bonds and the court's provisional attachment of property:

	June 30, 2022	December 31, 2021	June 30, 2021
Pledged deposits (classified as financial assets at amortized cost)	\$ 4,716	\$ 5,526	3,583
Property, plant and equipment	<u>2,209,781</u>	<u>2,007,999</u>	<u>1,973,139</u>
	<u>\$ 2,214,497</u>	<u>\$ 2,013,525</u>	<u>\$ 1,976,722</u>

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of June 30, 2022 were as follows:

- As of June 30, 2022, the Group issued promissory notes with stated amounts of \$1,841,000 thousand and US\$24,000 thousand, as collateral for loans and foreign exchange forward contracts.
- Taipei Fubon Bank issued to the Taipei Customs Office a guarantee note for customs duties on the bonded warehouse of the Group; the stated amount of the note was \$2,000 thousand as of June 30, 2022.

- c. As of June 30, 2022, the Group made endorsements and guarantees for SMAX Technology and Edimax Europe with stated amounts of \$20,000 thousand and \$62,100 thousand, respectively, and actual borrowings amounted to \$0 thousand and \$18,630 thousand, respectively.

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities of the Group's entities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

June 30, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 63,455	29.72 (USD:NTD)	\$ 1,885,883
USD	1,261	0.96 (USD:EUR)	37,482
USD	991	23.82 (USD:CZK)	29,453
EUR	1,793	31.05 (EUR:NTD)	55,673
EUR	431	24.74 (EUR:CZK)	13,391
Non-monetary items			
Investments accounted for using the equity method			
USD	2,391	29.72 (USD:NTD)	71,047

Financial liabilities

Monetary items			
USD	27,436	29.72 (USD:NTD)	815,398
USD	2,119	6.70 (USD:RMB)	63,022
USD	964	0.96 (USD:EUR)	28,641
EUR	1,261	31.05 (EUR:NTD)	39,170

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 54,342	27.68 (USD:NTD)	\$ 1,504,187
USD	13,905	6.37 (USD:RMB)	384,769
USD	1,243	21.95 (USD:CZK)	34,417
USD	1,340	0.88 (USD:EUR)	37,091
EUR	6,811	31.32 (EUR:NTD)	213,321
EUR	708	24.86 (EUR:CZK)	22,175
Non-monetary items			
Investments accounted for using the equity method			
USD	2,074	27.68 (USD:NTD)	57,398

(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 29,664	27.68 (USD:NTD)	\$ 821,100
USD	2,723	6.37 (USD:RMB)	75,349
USD	723	0.88 (USD:EUR)	20,024
USD	451	21.95 (USD:CZK)	12,489
			(Concluded)

June 30, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 60,798	27.86 (USD:NTD)	\$ 1,693,832
USD	978	21.44 (USD:CZK)	27,238
USD	5,284	0.84 (USD:EUR)	147,223
EUR	3,562	33.15 (EUR:NTD)	118,080
EUR	838	25.48 (EUR:CZK)	27,793
Non-monetary items			
Investments accounted for using the equity method			
USD	2,254	27.86 (USD:NTD)	62,793

Financial liabilities

Monetary items			
USD	27,310	27.86 (USD:NTD)	760,857
USD	3,366	6.47 (USD:RMB)	93,841
USD	215	21.44 (USD:CZK)	5,986

The Group is mainly exposed to the USD and the EUR. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

<b>For the Three Months Ended June 30</b>				
<b>2022</b>			<b>2021</b>	
<b>Functional Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Loss</b>
NTD	1 (NTD:NTD)	\$ 55,096	1 (NTD:NTD)	\$ (32,943)
USD	29.46 (USD:NTD)	(20,570)	27.98 (USD:NTD)	11,364
EUR	31.37 (EUR:NTD)	<u>422</u>	33.73 (EUR:NTD)	<u>(40)</u>
		<u>\$ 34,948</u>		<u>\$ (21,619)</u>



<b>For the Six Months Ended June 30</b>					
		<b>2022</b>			<b>2021</b>
<b>Functional Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Loss</b>	
NTD	1 (NTD:NTD)	\$ 97,415	1 (NTD:NTD)	\$ (39,557)	
USD	28.73 (USD:NTD)	(15,361)	28.17 (USD:NTD)	13,515	
EUR	31.41 (EUR:NTD)	<u>490</u>	33.96 (EUR:NTD)	<u>(677)</u>	
		<u>\$ 82,544</u>		<u>\$ (26,719)</u>	

### 36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (None).
- 2) Endorsements/guarantees provided (Table 1).
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities) (Table 2).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None).
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None).
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None).
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4).
- 9) Trading in derivative instruments (None).
- 10) Intercompany relationships and significant intercompany transactions (Table 8).

b. Information on investees (Table 5).

c. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6).

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9).

### 37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments by business areas were as follows:

#### Segment Revenue and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	<b>Enterprise, Retail Products and Services</b>	<b>Telecommuni- cation Products and Services</b>	<b>Others</b>	<b>Total</b>
For the six months ended <u>June 30, 2022</u>				
Revenues from external customers	<u>\$ 1,916,775</u>	<u>\$ 885,150</u>	<u>\$ 92,102</u>	<u>\$ 2,894,027</u>
Segment income (loss)	<u>\$ 58,835</u>	<u>\$ (26,260)</u>	<u>\$ 10,196</u>	<u>\$ 42,771</u>
Non-operating income and expense				<u>84,493</u>
Profit before tax				<u>\$ 127,264</u>

(Continued)

	<b>Enterprise, Retail Products and Services</b>	<b>Telecommuni- cation Products and Services</b>	<b>Others</b>	<b>Total</b>
For the six months ended <u>June 30, 2021</u>				
Revenues from external customers	<u>\$ 1,683,209</u>	<u>\$ 759,651</u>	<u>\$ 79,648</u>	<u>\$ 2,522,508</u>
Segment income (loss)	<u>\$ (37,104)</u>	<u>\$ (9,234)</u>	<u>\$ 7,340</u>	\$ (38,998)
Non-operating income and expense				<u>(30,198)</u>
Profit before tax				<u>\$ (69,196)</u> (Concluded)

Segment profit represents the profit before tax earned by each segment without allocation of interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	The Company	SMAX Technology	b.	\$ 439,205	\$ 20,000	\$ 20,000	\$ -	\$ -	0.91	\$ 1,098,012	Y	N	N	Note 3
		Edimax Europe	b.	439,205	63,840	62,100	18,630	-	2.83	1,098,012	Y	N	N	Note 3

Note 1: Endorser/Guarantor is numbered as follows:

- a. Parent: 0.
- b. Subsidiaries are numbered starting from 1.

Note 2: Relationship between endorser/guarantor and endorsee/guarantee are categorized as follows:

- a. Business deals between the Company and guarantee party.
- b. Sum of direct holding of the subsidiaries' ordinary shares through the Company and its subsidiaries for more than 50%.
- c. Direct and indirect holding of the subsidiaries' ordinary shares through the Company and its subsidiaries for more than 50%.
- d. Sum of direct holding of the subsidiaries' ordinary shares through the Company and its subsidiaries for more than 90%.
- e. Owing to the joint venture funded by all shareholders on its endorsement of its holding company.
- f. Owing to the joint venture funded by each shareholders on its endorsement of its holding company.
- g. Inter-industry performance guarantee joint guarantees for pre-sale house sales contracts in accordance with the Consumer Protection Law.

Note 3: a. The limit on endorsement/guarantee given on behalf of each party is 20% of the individual companies' net assets based on the most recent financial statements.  
b. The aggregate endorsement/guarantee limit is 50% of the individual companies' net assets based on the most recent financial statements.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

JUNE 30, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2022				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
The Company	<u>Shares</u>							
	Bluechip Infotech Pty Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	333	\$ 17,913	6.58	\$ 17,913	
	Status Internet Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	300	4,518	16.66	4,518	
	Ecobear Technology Corp.	None	Financial assets at fair value through other comprehensive income - non-current	1,212	5,978	14.47	5,978	
	Onward Security Corp.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	6,230	22,117	10.04	22,117	
	Newgreen tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	300	11,256	8.33	11,256	
Comtrend	<u>Shares</u>							
	EMMT Systems	None	Financial assets at fair value through other comprehensive income - non-current	324	-	0.52	-	Note 2
	Edimax	Parent company	Financial assets at fair value through other comprehensive income - current	4,200	51,240	2.20	51,240	

Note 1: For information about investments in subsidiaries, please refer to Table 5 and Table 6.

Note 2: The Company has recognized an impairment loss on these securities.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Comtrend Edimax Electronic (Dongguan) Co., Ltd. ITI	Subsidiary Subsidiary Associate	Sales	\$ (111,683)	(5.62)	Normal	Normal	Normal	\$ 61,746	4.94	
			Processing fee	547,165	23.43	By operating condition	Normal	By operating condition	141,387	24.47	
			Purchase	405,683	17.37	By operating condition	Normal	By operating condition	(172,320)	(29.82)	
Comtrend	CUSA	Subsidiary	Sales	(216,015)	(28.75)	Normal; collection period: 60-180 days	Normal	Normal; collection period: 60-180 days	91,844	35.93	
	CTBV	Subsidiary	Sales	(241,960)	(32.21)	Normal; collection period: 60-180 days	Normal	Normal; collection period: 60-180 days	65,791	25.74	

Note: Except for ITI, the transactions with the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2022.

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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**JUNE 30, 2022**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	Edimax Electronic (Dongguan) Co., Ltd.	Subsidiary	\$ 141,387	13.78	\$ -	-	\$ 103,162	\$ -

Note: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2022.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount			
The Company	Edimax USA	USA	Networking equipment wholesale	\$ 49,803	\$ 49,803	17	100.00	\$ 72,208	\$ 4,799	\$ 3,793	Subsidiary
	Edimax BVI	British Virgin Islands	Networking equipment wholesale	287,735	287,735	8,966	100.00	144,929	(19,076)	(19,076)	Subsidiary
	Edimax Europe	Netherlands	Networking equipment wholesale	196,773	196,773	2	100.00	32,275	1,330	1,448	Subsidiary
	Edimax AU	Australia	Networking equipment wholesale	22,641	22,641	800	100.00	481	-	-	Subsidiary
	ABS Telecom	Taiwan	Telecommunication equipment wholesale, transmission and rental	66,000	66,000	10,500	100.00	140,134	11,149	8,015	Subsidiary
	SMAX Technology	Taiwan	Wired/wireless telecommunications equipment manufacturing	137,175	137,175	2,139	100.00	19,632	(2,186)	(2,186)	Subsidiary
Comtrend	Taiwan	Cable and cableless transmission equipment wholesale, research and development and retail sale	278,084	278,084	19,649	33.73	412,678	(11,238)	(3,338)	(3,338)	Subsidiary
Crystal	Seychelles	Seychelles General import and export trade and investing	31,815	31,815	1,050	30.00	71,047	30,341	9,102	9,102	Associate
Edimax BVI	Datamax HK	Hong Kong	Investing	271,417	271,417	64,906	100.00	2,781	(29,888)	(29,888)	Second-tier subsidiary
Edimax Europe	Edimax Poland	Poland	Networking equipment wholesale	10,801	10,801	2	100.00	(6,419)	-	-	Second-tier subsidiary
ABS Telecom	ABST	Mauritius	Investing	4,175	4,175	140	100.00	10,742	(28)	(28)	Second-tier subsidiary
SMAX Technology	Smax Japan Inc.	Japan	Networking equipment wholesale	1,992	1,992	8,000	100.00	331	(641)	(641)	
Comtrend	CUSA	USA	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	98,341	98,341	200	100.00	97,423	(10,209)	(19,405)	Subsidiary
	Interchan	Samoa	Investing	42,393	42,393	1,299	100.00	29,547	(132)	(132)	Subsidiary
	CTBV	Netherlands	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	50,901	50,901	1,518	100.00	91,255	(4,697)	(4,697)	Subsidiary
Interchan	8086	Taiwan	Telecommunication value-added services	2,915	2,915	292	100.00	-	-	-	Second-tier subsidiary
CTBV	CCE	Czech Republic	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	71,438	71,438	-	100.00	43,892	(6,082)	(6,082)	Second-tier subsidiary
	Iberia	Spain	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	12,294	12,294	-	100.00	8,399	960	960	Second-tier subsidiary

Note 1: Please refer to Table 6 for the information on investments in mainland China.

Note 2: The share of profits/losses of the investee included net income of \$4,799 thousand less the unrealized gross profit of \$1,006 thousand on intercompany transactions.

Note 3: The share of profits/losses of the investee included net loss of \$1,330 thousand plus the unrealized gross profit of \$118 thousand on intercompany transactions.

Note 4: The share of profits/losses of the investee included net income of \$11,149 thousand less the unrealized gross loss of \$3,134 thousand on intercompany transactions.

Note 5: The share of profits/losses of the investee included net loss of \$11,238 thousand plus the unrealized gross profit of \$7,900 thousand on intercompany transactions.

Note 6: The share of profits/losses of the investee included net income of \$10,209 thousand less the unrealized gross loss of \$9,196 thousand on intercompany transactions.

Note 7: Except for Crystal, the transactions with the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2022.



## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2022	Accumulated Repatriation of Investment Income as of June 30, 2022	Note
					Outward	Inward							
Edimax Electronic (Dongguan) Co., Ltd.	Networking production and marketing	\$ 257,046	b	\$ 257,046	\$ -	\$ -	\$ 257,046	\$ (29,890)	100	\$ (29,890)	\$ 2,735	\$ -	Note 2
ABST Information Telecom Service	Telecommunication equipment wholesale, transmission and rental	4,175	b	4,175	-	-	4,175	(27)	100	(27)	11,413	-	Note 3

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$264,698	\$270,559 (Note 4)	\$1,317,615

Note 1: The methods of making investments in mainland China include the following:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region.
- c. Other methods.

Note 2: Calculated based on the financial statements of the investee company reviewed by an accountant during the same period.

Note 3: Calculated based on the financial statements of the investee company that have not been reviewed by an accountant during the same period.

Note 4: The conversion is based on the spot exchange rate on the balance sheet date.

Note 5: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2022.

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

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transaction	Ending Balance	%		
Edimax Electronic (Dongguan)	Processing fees	\$ 547,165	23.43	Normal	By operating conditions	By operating conditions	\$ 141,387	24.47	\$ -	

Note: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2022.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
0	The Company	<u>For the six months ended June 30, 2021</u>					
		Edimax Europe	a	Sales revenue	\$ 27,096	Normal	0.94
		Edimax Europe	a	Accounts receivable	5,495	Normal	0.07
		Comtrend	a	Sales revenue	111,683	Normal	3.86
		Comtrend	a	Accounts receivable	61,746	Normal	0.79
		Edimax Electronic (Dongguan)	a	Processing fees	547,165	By operating condition	18.91
		Edimax Electronic (Dongguan)	a	Accounts receivable	141,387	By operating condition	1.81
		USA	a	Sales revenue	21,314	Normal	0.74
		USA	a	Accounts receivable	16,100	Normal	0.21
		ABST Information Telecom Service	b	Sales revenue	5,842	Normal	0.20
1	Comtrend	CUSA	a	Sales revenue	216,015	Normal	24.40
		CUSA	a	Labor income	12,215	Normal	1.38
		CUSA	a	Accounts receivable	91,844	Normal, collection period: 60-180 days	4.55
		CCE	a	Sales revenue	17,769	Normal	2.01
		CTBV	a	Sales revenue	241,960	Normal	27.34
		CTBV	a	Accounts receivable	65,791	Normal, collection period: 60-180 days	3.26

Note 1: Business relationships between the parent and subsidiaries are numbered as follows:

- a. Parent: 0.
- b. Subsidiaries are numbered from 1 in order.

Note 2: Relationships between parties are numbered as follows:

- a. Parent to subsidiary.
- b. Parent to sub-subsidiary.
- c. Subsidiary to parent.
- d. One subsidiary to another subsidiary.

Note 3: Percentage of consolidated operating revenue or consolidated total assets: For balance sheet accounts, the percentage is calculated by dividing the ending balance of the account by consolidated total assets; for income statement accounts, the percentage is calculated by dividing the ending balance of the account by the consolidated operating revenues.

Note 4: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2021.

Note 5: The amount of the significant transactions between related parties listed above is over NT\$5 million.

**EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2022**

<b>Name of Major Shareholder</b>	<b>Shares</b>	
	<b>Number of Shares</b>	<b>Percentage of Ownership (%)</b>
Trust account of CTBC Bank Co., Ltd for employee stock ownership of Edimax Technology Co., Ltd.	10,864,338	5.69

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different basis in preparation.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have the right to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.