

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three 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 the Standards on Review Engagements of the Republic of China 2410 "Review of Interim 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 March 31, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT\$406,390 thousand and NT\$388,443 thousand, respectively, representing 6% and 5%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$86,269 thousand and NT\$77,555 thousand, respectively, both representing 2% of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were NT\$4,301 thousand and NT\$9,581 thousand, respectively, representing (12%) and 15%, respectively, of the consolidated total comprehensive income (loss). As disclosed in Note 13 to the consolidated financial statements, as of March 31, 2023 and 2022, the investments in associates accounted for using the equity method were NT\$73,599 thousand and NT\$62,521 thousand, respectively, and the share of profit of associates was NT\$2,666 thousand and NT\$3,093 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 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months then ended 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

May 10, 2023

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)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,560,940	22	\$ 1,692,999	22	\$ 1,365,145	18
Financial assets at amortized cost - current (Notes 9 and 33)	72,355	1	14,370	-	4,716	-
Contract assets - current (Note 24)	4,232	-	8,355	-	8,039	-
Notes receivable from unrelated parties (Note 10)	4,146	-	2,462	-	11,779	-
Trade receivables from unrelated parties (Notes 10 and 24)	864,213	12	1,238,027	16	1,202,589	16
Other receivables from unrelated parties (Notes 10 and 31)	4,756	-	8,729	-	8,534	-
Other receivables from related parties (Note 32)	-	-	18,637	1	-	-
Current tax assets	14,514	-	13,079	-	3,797	-
Inventories (Note 11)	1,527,326	22	1,721,919	23	2,221,198	28
Prepayments	79,935	1	75,480	1	154,320	2
Other current assets	14,417	-	13,794	-	14,574	-
Total current assets	<u>4,146,834</u>	<u>58</u>	<u>4,807,851</u>	<u>63</u>	<u>4,994,691</u>	<u>64</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7, 19 and 31)	430	-	244	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	37,105	1	53,503	1	79,485	1
Financial assets at amortized cost - non-current (Notes 9 and 33)	20,455	-	20,197	-	825	-
Investments accounted for using the equity method (Note 13)	73,599	1	71,531	1	62,521	1
Property, plant and equipment (Notes 14 and 33)	2,468,116	35	2,483,468	33	2,520,085	32
Right-of-use assets (Note 15)	202,947	3	48,499	1	53,606	1
Intangible assets (Note 16)	34,530	1	33,718	-	34,078	-
Deferred tax assets	31,340	-	27,905	-	34,099	-
Refundable deposits	11,976	-	12,354	-	12,758	-
Net provisions for retirement	3,491	-	3,295	-	-	-
Other financial assets - non-current (Note 17)	66,524	1	69,800	1	64,801	1
Total non-current assets	<u>2,950,513</u>	<u>42</u>	<u>2,824,514</u>	<u>37</u>	<u>2,862,258</u>	<u>36</u>
TOTAL	<u>\$ 7,097,347</u>	<u>100</u>	<u>\$ 7,632,365</u>	<u>100</u>	<u>\$ 7,856,949</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 399,890	6	\$ 739,632	10	\$ 932,992	12
Short-term bills payable (Note 18)	-	-	29,969	1	29,962	-
Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	418	-	783	-	31	-
Contract liabilities - current (Note 24)	124,988	2	93,974	1	115,297	1
Notes payable to unrelated parties	1,246	-	7,060	-	857	-
Accounts payable to unrelated parties	753,333	11	880,166	12	1,156,093	15
Accounts payable to related parties (Note 32)	76,884	1	153,273	2	109,108	1
Other payables (Notes 20 and 32)	252,836	3	330,456	4	298,015	4
Current tax liabilities	38,863	-	40,774	1	55,757	1
Provisions - current (Note 21)	8,049	-	7,914	-	6,012	-
Lease liabilities - current (Note 15)	48,310	1	22,586	-	29,813	-
Current portion of long-term borrowings (Notes 18 and 33)	40,346	1	16,800	-	38,558	1
Other current liabilities (Note 20)	89,539	1	105,307	1	120,652	2
Total current liabilities	<u>1,834,702</u>	<u>26</u>	<u>2,428,694</u>	<u>32</u>	<u>2,893,147</u>	<u>37</u>
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Notes 7, 19 and 31)	-	-	-	-	640	-
Bonds payable (Notes 19 and 33)	141,277	2	185,143	3	391,849	5
Long-term borrowings (Notes 18 and 33)	1,522,568	21	1,550,314	20	1,541,156	20
Deferred tax liabilities	3,068	-	6,737	-	2,229	-
Lease liabilities - non-current (Note 15)	155,068	2	26,102	-	23,987	-
Net defined benefit liabilities - non-current	67,134	1	75,392	1	79,128	1
Guarantee deposits received	-	-	-	-	5	-
Total non-current liabilities	<u>1,889,115</u>	<u>26</u>	<u>1,843,688</u>	<u>24</u>	<u>2,038,994</u>	<u>26</u>
Total liabilities	<u>3,723,817</u>	<u>52</u>	<u>4,272,382</u>	<u>56</u>	<u>4,932,141</u>	<u>63</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Share capital						
Common Stock	2,079,620	29	2,070,101	27	1,900,090	24
Capital collected in advance	34,225	1	8,504	-	7,005	-
Total share capital	<u>2,113,845</u>	<u>30</u>	<u>2,078,605</u>	<u>27</u>	<u>1,907,095</u>	<u>24</u>
Capital surplus	295,567	4	284,928	4	234,928	3
Retained earnings						
Legal reserve	10,460	-	10,460	-	10,460	-
Special reserve	38,904	1	38,904	1	38,904	-
Unappropriated earnings (accumulated deficit)	211,432	3	188,181	2	(38,113)	-
Total retained earnings	<u>260,796</u>	<u>4</u>	<u>237,545</u>	<u>3</u>	<u>11,251</u>	<u>-</u>
Other equity						
Exchange differences on translation of the financial statements of foreign operations	(12,096)	-	(10,792)	-	(36,244)	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	918	-	(12,189)	-	13,793	-
Total other equity	<u>(11,178)</u>	<u>-</u>	<u>(22,981)</u>	<u>-</u>	<u>(22,451)</u>	<u>-</u>
Treasury shares	(12,931)	-	(12,973)	-	(13,375)	-
Total equity attributable to owners of the Company	<u>2,646,099</u>	<u>38</u>	<u>2,565,124</u>	<u>34</u>	<u>2,117,448</u>	<u>27</u>
NON-CONTROLLING INTERESTS (Note 23)	<u>727,431</u>	<u>10</u>	<u>794,859</u>	<u>10</u>	<u>807,360</u>	<u>10</u>
Total equity	<u>3,373,530</u>	<u>48</u>	<u>3,359,983</u>	<u>44</u>	<u>2,924,808</u>	<u>37</u>
TOTAL	<u>\$ 7,097,347</u>	<u>100</u>	<u>\$ 7,632,365</u>	<u>100</u>	<u>\$ 7,856,949</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 10, 2023)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Note 24)	\$ 1,143,496	100	\$ 1,396,931	100
OPERATING COSTS (Notes 11, 25 and 32)	<u>(886,860)</u>	<u>(78)</u>	<u>(1,068,911)</u>	<u>(77)</u>
GROSS PROFIT	<u>256,636</u>	<u>22</u>	<u>328,020</u>	<u>23</u>
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing expenses	(132,370)	(12)	(145,116)	(10)
General and administrative expenses	(70,685)	(6)	(68,048)	(5)
Research and development expenses	(108,344)	(9)	(107,517)	(8)
Expected credit loss reversed (recognized) (Note 10)	<u>735</u>	<u>-</u>	<u>(3,214)</u>	<u>-</u>
Total operating expenses	<u>(310,664)</u>	<u>(27)</u>	<u>(323,895)</u>	<u>(23)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(54,028)</u>	<u>(5)</u>	<u>4,125</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	8,677	1	6,975	1
Other profits and losses (Note 25)	(15,676)	(1)	38,928	3
Finance costs (Note 25)	(10,585)	(1)	(7,302)	(1)
Share of profit of associates	2,666	-	3,093	-
Interest income (Note 25)	<u>2,037</u>	<u>-</u>	<u>473</u>	<u>-</u>
Total non-operating income and expenses	<u>(12,881)</u>	<u>(1)</u>	<u>42,167</u>	<u>3</u>
(LOSS) PROFIT BEFORE INCOME TAX	(66,909)	(6)	46,292	3
INCOME TAX EXPENSE (Note 26)	<u>(300)</u>	<u>-</u>	<u>(13,686)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(67,209)</u>	<u>(6)</u>	<u>32,606</u>	<u>2</u>

(Continued)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 32,473	3	\$ 3,368	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(281)</u>	<u>-</u>	<u>26,525</u>	<u>2</u>
Other comprehensive income for the period, net of income tax	<u>32,192</u>	<u>3</u>	<u>29,893</u>	<u>2</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ (35,017)</u>	<u>(3)</u>	<u>\$ 62,499</u>	<u>4</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,885	-	\$ 29,218	2
Non-controlling interests	<u>(71,094)</u>	<u>(6)</u>	<u>3,388</u>	<u>-</u>
	<u>\$ (67,209)</u>	<u>(6)</u>	<u>\$ 32,606</u>	<u>2</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 35,054	3	\$ 46,164	3
Non-controlling interests	<u>(70,071)</u>	<u>(6)</u>	<u>16,335</u>	<u>1</u>
	<u>\$ (35,017)</u>	<u>(3)</u>	<u>\$ 62,499</u>	<u>4</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 0.02</u>		<u>\$ 0.15</u>	
Diluted	<u>\$ 0.02</u>		<u>\$ 0.14</u>	

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

(With Deloitte & Touche review report dated May 10, 2023)

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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)														
	Share Capital		Total	Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Total	Non-controlling Interests (Note 23)	Total Equity
	Common Stock	Capital Collected in Advance			Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Loss)	Total				
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	-	-	-	96	-	-	-	-	-	-	-	-	96	-	96
Share-based payments (Note 28)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	(2,108)	-	-	-	-	-	-	-	-	(2,108)	-	(2,108)
Recognition of employee share options by the subsidiaries	-	-	-	251	-	-	-	-	-	-	-	-	251	488	739
Issuance of ordinary shares under employee share options	6,388	(1,795)	4,593	-	-	-	-	-	-	-	-	-	4,593	-	4,593
Net profit for the three months ended March 31, 2022	-	-	-	-	-	-	29,218	29,218	-	-	-	-	29,218	3,388	32,606
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	-	13,578	3,368	16,946	-	16,946	12,947	29,893
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	-	29,218	29,218	13,578	3,368	16,946	-	46,164	16,335	62,499
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	122	122	(202)	(80)
BALANCE AT MARCH 31, 2022	\$ 1,900,090	\$ 7,005	\$ 1,907,095	\$ 234,928	\$ 10,460	\$ 38,904	\$ (38,113)	\$ 11,251	\$ (36,244)	\$ 13,793	\$ (22,451)	\$ (13,375)	\$ 2,117,448	\$ 807,360	\$ 2,924,808
BALANCE AT JANUARY 1, 2023	\$ 2,070,101	\$ 8,504	\$ 2,078,605	\$ 284,928	\$ 10,460	\$ 38,904	\$ 188,181	\$ 237,545	\$ (10,792)	\$ (12,189)	\$ (22,981)	\$ (12,973)	\$ 2,565,124	\$ 794,859	\$ 3,359,983
Changes in percentage of ownership interests in subsidiaries	-	-	-	(1,166)	-	-	-	-	-	-	-	-	(1,166)	-	(1,166)
Issuance of ordinary shares under employee share options by subsidiaries	-	-	-	496	-	-	-	-	-	-	-	-	496	(496)	-
Issuance of ordinary shares under employee share options	1,445	758	2,203	-	-	-	-	-	-	-	-	-	2,203	-	2,203
Conversion of convertible corporate bonds	8,074	24,963	33,037	11,309	-	-	-	-	-	-	-	-	44,346	-	44,346
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	19,366	19,366	-	(19,366)	(19,366)	-	-	-	-
Net profit for the three months ended March 31, 2023	-	-	-	-	-	-	3,885	3,885	-	-	-	-	3,885	(71,094)	(67,209)
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	-	(1,304)	32,473	31,169	-	31,169	1,023	32,192
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	3,885	3,885	(1,304)	32,473	31,169	-	35,054	(70,071)	(35,017)
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	42	42	3,139	3,181
BALANCE AT MARCH 31, 2023	\$ 2,079,620	\$ 34,225	\$ 2,113,845	\$ 295,567	\$ 10,460	\$ 38,904	\$ 211,432	\$ 260,796	\$ (12,096)	\$ 918	\$ (11,178)	\$ (12,931)	\$ 2,646,099	\$ 727,431	\$ 3,373,530

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

(With Deloitte & Touche review report dated May 10, 2023)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (66,909)	\$ 46,292
Adjustments for:		
Depreciation expense	32,291	31,387
Amortization expense	2,550	1,773
Expected credit loss (reversed) recognized	(735)	3,214
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(123)	1,191
Finance costs	10,585	7,302
Interest income	(2,037)	(473)
Dividend income	(324)	-
Share-based payments	-	835
Share of profit of associates	(2,666)	(3,093)
Write-down of inventories	20,008	16,807
Changes in operating assets and liabilities		
Contract assets	4,123	(2,257)
Notes receivable	(1,684)	4,066
Trade receivables	374,594	(106,040)
Other receivables (including related parties)	22,610	13,184
Inventories	174,331	6,789
Prepayments	(4,455)	11,253
Other current assets	(623)	1,022
Net defined benefit assets	(196)	-
Financial liabilities at fair value through profit or loss	(428)	-
Contract liabilities	31,014	3,803
Notes payable and trade payables (including related parties)	(209,036)	(118,688)
Other payables	(77,620)	(19,706)
Provisions	135	630
Other current liabilities	(15,768)	1,718
Net defined benefit liabilities - non-current	<u>(8,258)</u>	<u>(6,900)</u>
Cash used in operations	281,379	(105,891)
Interest received	2,037	473
Interest paid	(9,814)	(6,042)
Income tax paid	<u>(10,750)</u>	<u>(2,093)</u>
Net cash generated from (used in) operating activities	<u>262,852</u>	<u>(113,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(3,396)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	52,267	-

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EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
Purchase of financial assets at amortized cost	\$ (58,243)	\$ (15)
Payments for property, plant and equipment	(7,311)	(264,227)
Proceeds from disposal of property, plant and equipment	239	-
Decrease in refundable deposits	378	2,884
Payments for intangible assets	(3,368)	(4,426)
Decrease in other financial assets	3,276	1,400
Decrease in other non-current assets	-	56,801
Dividends received	324	-
Net cash used in investing activities	<u>(15,834)</u>	<u>(207,583)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	358,200
Repayments of short-term borrowings	(339,742)	-
Repayments of short-term bills payable	(29,969)	-
Proceeds from long-term borrowings	-	200,000
Repayments of long-term borrowings	(4,200)	(4,200)
Repayment of the principal portion of lease liabilities	(10,616)	(5,363)
Exercise of employee share option	2,203	4,593
Difference in non-controlling interests	2,016	(739)
Net cash (used in) generated from financing activities	<u>(380,308)</u>	<u>552,491</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>1,231</u>	<u>23,201</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(132,059)	254,556
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,692,999</u>	<u>1,110,589</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,560,940</u>	<u>\$ 1,365,145</u>

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

(With Deloitte & Touche review report dated May 10, 2023)

(Concluded)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (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 May 10, 2023.

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 in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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 (unadjusted) 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 material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

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) Income tax expense

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. MATERIAL 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, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 825	\$ 933	\$ 1,176
Checking accounts and demand deposits	1,193,806	1,388,493	1,349,656
Cash equivalents (investments with original maturities 3 months or less)			
Time deposits	<u>366,309</u>	<u>303,573</u>	<u>14,313</u>
	<u>\$ 1,560,940</u>	<u>\$ 1,692,999</u>	<u>\$ 1,365,145</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets - non-current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Redeemable and puttable options of convertible bonds (Note 19)	\$ 430	\$ 244	\$ -
<u>Financial liabilities - current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Foreign exchange forward contracts	\$ 418	\$ 783	\$ 31
<u>Financial liabilities - non-current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Redeemable and puttable options of convertible bonds (Note 19)	\$ -	\$ -	\$ 640

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2023</u>			
Foreign exchange forward contracts	EUR/USD	2023.07.24	EUR300/USD315
<u>December 31, 2022</u>			
Foreign exchange forward contracts	EUR/USD	2023.01.20	EUR200/USD207
Foreign exchange forward contracts	EUR/USD	2023.07.24	EUR300/USD315
Foreign exchange forward contracts	EUR/USD	2023.07.24	EUR200/USD210
Foreign exchange forward contracts	EUR/USD	2023.07.25	EUR200/USD210
<u>March 31, 2022</u>			
Foreign exchange forward contracts	EUR/USD	2022.07.01	EUR300/USD334
Foreign exchange forward contracts	EUR/USD	2022.07.05	EUR300/USD336

The Group engaged in derivative transactions mainly to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity instruments at FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Overseas unlisted ordinary shares			
Bluechip Infotech Pty. Ltd.	\$ 20,369	\$ 18,798	\$ 21,017
Domestic unlisted ordinary shares			
Status Internet Co., Ltd.	3,950	4,516	5,200
Ecobear Technology Corp.	9,987	6,621	7,457
Onward Security Corp.	-	17,070	22,615
Newgreen Tech Co., Ltd.	<u>2,799</u>	<u>6,498</u>	<u>23,196</u>
	<u>\$ 37,105</u>	<u>\$ 53,503</u>	<u>\$ 79,485</u>

The Group acquired 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.

In order to manage a portfolio of investments, the Group disposed its investments in Onward Security Corp. and Newgreen Tech Co., Ltd. at fair value of \$52,267 thousand, with unrealized gain on financial assets at FVTOCI in other equity and a corresponding amount reclassified to retained earnings for \$19,366 thousand in March 2023.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	<u>\$ 72,355</u>	<u>\$ 14,370</u>	<u>\$ 4,716</u>
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	<u>\$ 20,455</u>	<u>\$ 20,197</u>	<u>\$ 825</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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 4,146	\$ 2,462	\$ 11,779
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 922,123	\$ 1,296,717	\$ 1,274,297
Less: Allowance for impairment loss	(57,910)	(58,690)	(71,708)
	<u>\$ 864,213</u>	<u>\$ 1,238,027</u>	<u>\$ 1,202,589</u>
<u>Other receivables</u>			
Others	<u>\$ 4,756</u>	<u>\$ 8,729</u>	<u>\$ 8,534</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:

March 31, 2023

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.27%	2.81%	6.10%	45.97%	95.12%	
Gross carrying amount	\$ 815,583	\$ 36,429	\$ 5,735	\$ 14,121	\$ 50,255	\$ 922,123
Loss allowance (Lifetime ECLs)	<u>(2,236)</u>	<u>(1,027)</u>	<u>(350)</u>	<u>(6,492)</u>	<u>(47,805)</u>	<u>(57,910)</u>
Amortized cost	<u>\$ 813,347</u>	<u>\$ 35,402</u>	<u>\$ 5,385</u>	<u>\$ 7,629</u>	<u>\$ 2,450</u>	<u>\$ 864,213</u>

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.27%	1.37%	7.28%	42.97%	95.21%	
Gross carrying amount	\$ 1,111,472	\$ 101,044	\$ 24,157	\$ 8,842	\$ 51,202	\$ 1,296,717
Loss allowance (Lifetime ECLs)	<u>(2,998)</u>	<u>(1,384)</u>	<u>(1,758)</u>	<u>(3,799)</u>	<u>(48,751)</u>	<u>(58,690)</u>
Amortized cost	<u>\$ 1,108,474</u>	<u>\$ 99,660</u>	<u>\$ 22,399</u>	<u>\$ 5,043</u>	<u>\$ 2,451</u>	<u>\$ 1,238,027</u>

March 31, 2022

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.05%	0.60%	17.70%	13.80%	98.77%	
Gross carrying amount	\$ 1,030,336	\$ 138,967	\$ 35,262	\$ 5,638	\$ 64,094	\$ 1,274,297
Loss allowance (Lifetime ECLs)	<u>(549)</u>	<u>(837)</u>	<u>(6,240)</u>	<u>(778)</u>	<u>(63,304)</u>	<u>(71,708)</u>
Amortized cost	<u>\$ 1,029,787</u>	<u>\$ 138,130</u>	<u>\$ 29,022</u>	<u>\$ 4,860</u>	<u>\$ 790</u>	<u>\$ 1,202,589</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 58,690	\$ 68,349
Add: Net remeasurement of loss allowance	-	3,214
Less: Reversals of impairment loss	(735)	-
Foreign exchange gains and losses	<u>(45)</u>	<u>145</u>
Balance at March 31	<u>\$ 57,910</u>	<u>\$ 71,708</u>

11. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 672,791	\$ 580,526	\$ 1,307,626
Finished goods	361,886	254,619	223,666
Work-in-process and semi-finished goods	304,067	624,171	436,740
Merchandise	<u>188,582</u>	<u>262,603</u>	<u>253,166</u>
	<u>\$ 1,527,326</u>	<u>\$ 1,721,919</u>	<u>\$ 2,221,198</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 was \$886,860 thousand and \$1,068,911 thousand, respectively. The cost of goods sold included inventory write-downs of \$20,008 thousand and \$16,807 thousand, respectively.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
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)
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%	2), 4)
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	33.49%	33.60%	33.98%	
Edimax Europe	Edimax Technology Poland. Sp. Zo.o. ("Edimax Poland")	Networking equipment wholesale	-	-	100.00%	2), 3)
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%	100.00%	1), 2)
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%	2), 5)
Comtrend	Comtrend Technology (Netherlands) B.V. ("CTBV")	Cable and cableless transmission equipment wholesale, retail sale, and international trade	100.00%	100.00%	100.00%	
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 value-added services	-	-	100.00%	2), 3)
CTBV	Comtrend Central Europe S.R.O. ("CCE")	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	100.00%	100.00%	100.00%	
CTBV	Comtrend Iberia S.L. ("Comtrend Iberia")	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	100.00%	100.00%	100.00%	

- 1) As the subsidiary is not a major subsidiary, its financial statements for the three months ended March 31, 2023 have not been reviewed.
- 2) As the subsidiary is not a major subsidiary, its financial statements for the three months ended March 31, 2022 have not been reviewed.
- 3) The Group completed the liquidation procedures of Edimax Poland and 8086 in July 2022.
- 4) The Group completed the liquidation procedures of Edimax AU in September 2022.
- 5) The Group completed the liquidation procedures of Interchan Global in December 2022.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company held 33.49%, 33.60% and 33.98% of Comtrend's voting shares, respectively, but the Company 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:

	March 31	
	2023	2022
Unreviewed total assets	<u>\$ 406,390</u>	<u>\$ 388,443</u>
Proportion of total consolidated assets	<u>6%</u>	<u>5%</u>
Unreviewed total liabilities	<u>\$ 86,269</u>	<u>\$ 77,555</u>
Proportion of total consolidated liabilities	<u>2%</u>	<u>2%</u>
	For the Three Months Ended	
	March 31	
	2023	2022
Unreviewed comprehensive income	<u>\$ 4,301</u>	<u>\$ 9,581</u>
Proportion of total consolidated comprehensive income (loss)	<u>(12%)</u>	<u>15%</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			
		March 31, 2023	December 31, 2022	March 31, 2022	
Comtrend	Taiwan	66.51%	66.40%	66.02%	
		Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
Name of Subsidiary	For the Three Months Ended		March 31, 2023	December 31, 2022	March 31, 2022
	2023	2022	2023	2022	2022
Comtrend	<u>\$ (71,094)</u>	<u>\$ 3,388</u>	<u>\$ 727,431</u>	<u>\$ 794,859</u>	<u>\$ 807,360</u>

The summarized financial information below represents amounts before intragroup eliminations.

Comtrend and subsidiaries

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 1,257,410	\$ 1,423,427	\$ 1,610,795
Non-current assets	366,947	365,123	355,131
Current liabilities	(251,328)	(320,674)	(476,518)
Non-current liabilities	<u>(210,302)</u>	<u>(208,609)</u>	<u>(214,846)</u>
Equity	<u>\$ 1,162,727</u>	<u>\$ 1,259,267</u>	<u>\$ 1,274,562</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Equity attributable to:			
Owners of Comtrend	\$ 389,397	\$ 423,114	\$ 433,096
Non-controlling interests of Comtrend	<u>773,330</u>	<u>836,153</u>	<u>841,466</u>
	<u>\$ 1,162,727</u>	<u>\$ 1,259,267</u>	<u>\$ 1,274,562</u> (Concluded)

	For the Three Months Ended March 31	
	2023	2022
Revenue	<u>\$ 195,858</u>	<u>\$ 474,367</u>
Net (loss) profit for the period	\$ (106,892)	\$ 5,132
Other comprehensive income for the period	<u>8,336</u>	<u>241</u>
Total comprehensive income (loss) for the period	<u>\$ (98,556)</u>	<u>\$ 5,373</u>
(Loss) profit attributable to:		
Owners of Comtrend	\$ (35,798)	\$ 1,744
Non-controlling interests of Comtrend	<u>(71,094)</u>	<u>3,388</u>
	<u>\$ (106,892)</u>	<u>\$ 5,132</u>
Total comprehensive income (loss) attributable to:		
Owners of Comtrend	\$ (28,485)	\$ (10,962)
Non-controlling interests of Comtrend	<u>(70,071)</u>	<u>16,335</u>
	<u>\$ (98,556)</u>	<u>\$ 5,373</u>
Net cash inflow from:		
Operating activities	\$ 123,850	\$ 61,715
Investing activities	(2,899)	(201,994)
Financing activities	(1,719)	265,730
Effects of exchange rates	<u>1,139</u>	<u>9,390</u>
Net cash inflow	<u>\$ 120,371</u>	<u>\$ 134,841</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Associates that are not individually material	<u>\$ 73,599</u>	<u>\$ 71,531</u>	<u>\$ 62,521</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 not been audited. Management considers there is no material impact on the amounts of equity method of accounting 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

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 1,489,898	\$ 986,739	\$ 392,188	\$ 526,536	\$ 3,395,361
Additions	-	-	365	6,946	7,311
Disposals	-	-	(253,014)	(55,382)	(308,396)
Effects of foreign currency exchange differences	-	-	2,441	453	2,894
Balance at March 31, 2023	<u>\$ 1,489,898</u>	<u>\$ 986,739</u>	<u>\$ 141,980</u>	<u>\$ 478,553</u>	<u>\$ 3,097,170</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 156,983	\$ 341,734	\$ 413,176	\$ 911,893
Depreciation expense	-	5,760	3,011	13,902	22,673
Disposals	-	-	(253,014)	(55,143)	(308,157)
Effects of foreign currency exchange differences	-	-	2,207	438	2,645
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 162,743</u>	<u>\$ 93,938</u>	<u>\$ 372,373</u>	<u>\$ 629,054</u>
Carrying amount at March 31, 2023	<u>\$ 1,489,898</u>	<u>\$ 823,996</u>	<u>\$ 48,042</u>	<u>\$ 106,180</u>	<u>\$ 2,468,116</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 1,299,846	\$ 919,692	\$ 385,623	\$ 557,529	\$ 3,162,690
Additions	189,267	67,832	219	6,909	264,227
Disposals	-	-	(84)	(1,509)	(1,593)
Effects of foreign currency exchange differences	-	-	13,363	4,357	17,720
Balance at March 31, 2022	<u>\$ 1,489,113</u>	<u>\$ 987,524</u>	<u>\$ 399,121</u>	<u>\$ 567,286</u>	<u>\$ 3,443,044</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 133,945	\$ 323,339	\$ 428,503	\$ 885,787
Depreciation expense	-	5,760	3,859	13,635	23,254
Disposals	-	-	(84)	(1,509)	(1,593)
Effects of foreign currency exchange differences	-	-	11,311	4,200	15,511
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 139,705</u>	<u>\$ 338,425</u>	<u>\$ 444,829</u>	<u>\$ 922,959</u>
Carrying amount at March 31, 2022	<u>\$ 1,489,113</u>	<u>\$ 847,819</u>	<u>\$ 60,696</u>	<u>\$ 122,457</u>	<u>\$ 2,520,085</u>

a. No impairment was recognized or reversed for the three months ended March 31, 2023 and 2022.

- b. The cash flow information for the acquisition of property, plant and equipment by the Group for the three months ended March 31, 2023 and 2022 is adjusted as follows:

	For the Three Months Ended March 31	
	2023	2022
Increase in property, plant and equipment	\$ 7,311	\$ 264,227
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	<u>-</u>	<u>-</u>
Paid in cash	<u>\$ 7,311</u>	<u>\$ 207,431</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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Buildings	\$ 197,103	\$ 41,593	\$ 43,591
Transportation equipment	<u>5,844</u>	<u>6,906</u>	<u>10,015</u>
	<u>\$ 202,947</u>	<u>\$ 48,499</u>	<u>\$ 53,606</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 165,015</u>	<u>\$ 4,090</u>
Depreciation charge for right-of-use assets			
Buildings		\$ 8,514	\$ 6,972
Transportation equipment		<u>1,104</u>	<u>1,161</u>
		<u>\$ 9,618</u>	<u>\$ 8,133</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 three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	\$ 48,310	\$ 22,586	\$ 29,813
Non-current	<u>\$ 155,068</u>	<u>\$ 26,102</u>	<u>\$ 23,987</u>

Discount rates for lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	1.36%-1.63%	1.38%-1.50%	1.36%
Transportation equipment	1.25%-1.36%	1.25%-1.36%	1.25%-1.36%

c. Material lease activities and terms

The Group leases certain transportation equipment for the use of transportation with lease terms of 3 to 5 years.

The Group also leases buildings for the use of offices and warehouses with lease terms of 1 to 6 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 March 31	
	2023	2022
Expenses relating to low-value asset leases	<u>\$ 1,783</u>	<u>\$ 628</u>
Total cash (outflow) for leases	<u>\$ (12,690)</u>	<u>\$ (6,190)</u>

16. INTANGIBLE ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Goodwill	\$ 23,231	\$ 23,231	\$ 23,231
Computer software	<u>11,299</u>	<u>10,487</u>	<u>10,847</u>
	<u>\$ 34,530</u>	<u>\$ 33,718</u>	<u>\$ 34,078</u>

Except for the amortization recognized, the Group did not have any significant addition, disposal, or impairment of intangible assets during the three months ended March 31, 2023 and 2022.

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

Computer software	1-11 years
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17. OTHER FINANCIAL ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Pension reserve fund	\$ 64,038	\$ 69,400	\$ 64,801
Reserve account	<u>2,486</u>	<u>400</u>	<u>-</u>
	<u>\$ 66,524</u>	<u>\$ 69,800</u>	<u>\$ 64,801</u>

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

18. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 399,890</u>	<u>\$ 739,632</u>	<u>\$ 932,992</u>

The ranges of weighted average effective interest rates on bank loans were 1.73%-2.01%, 1.49%-2.19% and 1.00%-1.34% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

b. Short-term bills payable

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial paper	\$ -	\$ 30,000	\$ 30,000
Less: Unamortized discounts on bills payable	<u>-</u>	<u>(31)</u>	<u>(38)</u>
	<u>\$ -</u>	<u>\$ 29,969</u>	<u>\$ 29,962</u>

c. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings</u>			
Bank loans (Note 1)	\$ 1,362,914	\$ 1,367,114	\$ 1,379,714
Bank loans (Note 2)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
	1,562,914	1,567,114	1,579,714
Less: Current portion	<u>(40,346)</u>	<u>(16,800)</u>	<u>(38,558)</u>
Long-term borrowings	<u>\$ 1,522,568</u>	<u>\$ 1,550,314</u>	<u>\$ 1,541,156</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 February 1, 2036 and the effective annual interest rates was 1.86%. 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 January 14, 2042 with grace period of 3 years, and the effective annual interest rates were 1.25%-1.75% and 1.86% on January 14, 2022 to January 14, 2025 and January 15, 2025 to January 14, 2042, respectively. The purpose of the borrowings is to purchase land and buildings for operations.

19. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Secured domestic convertible bonds	<u>\$ 141,277</u>	<u>\$ 185,143</u>	<u>\$ 391,849</u>

On March 30, 2021, the Company issued 4 thousand of five-year zero coupon unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$404,000 thousand.

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 from July 1, 2021 to March 30, 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 derivative assets (liabilities) and non-embedded derivative assets (liabilities). The embedded derivatives, which are measured at fair value, amounted to \$430 thousand, \$244 thousand and \$(640) thousand on March 31, 2023, December 31, 2022 and March 31, 2022, respectively, and recognized financial assets (liabilities) at FVTPL - non-current. The non-derivatives, which are measured at amortized cost, amounted to \$141,277 thousand, \$185,143 thousand and \$391,849 thousand on March 31, 2023, December 31, 2022 and March 31, 2022, respectively. The effective interest rate of the liability components was 1.04% per annum on initial recognition.

Liability component at March 31, 2022	\$ 390,315
Interest charged at an effective interest rate of 1.04%	1,014
Valuation loss on financial investments	<u>1,160</u>
Liability component at March 31, 2022	<u>\$ 392,489</u>
Liability component at January 1, 2023	\$ 184,899
Interest charged at an effective interest rate of 1.04%	480
Conversion of convertible bonds into common stock	(44,346)
Valuation gain on financial investments	<u>(186)</u>
Liability component at March 31, 2023	<u>\$ 140,847</u>

As of March 31, 2023, the convertible bonds with face value of \$256,700 thousand were converted into 19,015 thousand ordinary shares.

20. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Other payables			
Payables for salaries	\$ 95,341	\$ 97,648	\$ 137,055
Payables for labor fee	18,328	17,713	19,462
Payables for freight and customs fee	4,756	5,785	17,142
Payables for royalties	2,703	2,726	2,541
Payables for compensation of employees and remuneration of directors	20,283	22,821	813
Others	<u>111,425</u>	<u>183,763</u>	<u>121,002</u>
	<u>\$ 252,836</u>	<u>\$ 330,456</u>	<u>\$ 298,015</u>
Other liabilities			
Receipts under custody	\$ 42,948	\$ 40,453	\$ 62,292
Refund liabilities	24,321	35,269	43,535
Temporary credit	22,270	29,585	13,429
Others	<u>-</u>	<u>-</u>	<u>1,396</u>
	<u>\$ 89,539</u>	<u>\$ 105,307</u>	<u>\$ 120,652</u>

21. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Warranties	<u>\$ 8,049</u>	<u>\$ 7,914</u>	<u>\$ 6,012</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 ended March 31, 2023 and 2022, the pension expenses of defined benefit plans both were \$553 thousand, and these were calculated based on the actuarially determined pension cost rate on December 31, 2022 and 2021, respectively.

23. EQUITY

a. Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
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>207,962</u>	<u>207,010</u>	<u>190,009</u>
Shares issued	<u>\$ 2,079,620</u>	<u>\$ 2,070,101</u>	<u>\$ 1,900,090</u>
Capital collected in advance	<u>\$ 34,225</u>	<u>\$ 8,504</u>	<u>\$ 7,005</u>

Employees exercised the share options for \$7,005 thousand which is capital collected in advance of the Company on March 31, 2022, issued 701 thousand ordinary shares, with a subscription price for \$10 per share. As of March 31, 2022, 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 April 12, 2022.

The capital collected in advance of the Company on December 31, 2022 was resulted from exercising the options of \$430 thousand, the issuance of the ordinary shares was 43 thousand units, the exercise price was \$10. As of December 31, 2022, the applying for change of registration was not done, therefore, the share options were recognized as capital collected in advance. The change registration has been completed as of March 21, 2023.

In addition, as of December 31, 2022, the holders of the Company's unsecured convertible bond claimed the conversion into ordinary shares of \$8,074 thousand, the issuance of the ordinary shares was 807 thousand units. As of December 31, 2022, the applying for change of registration was not done, therefore, the share options were recognized as capital collected in advance. The change registration has been completed as of March 21, 2023.

The capital collected in advance of the Company on March 31, 2023 resulted from the exercise of the options of \$1,188 thousand, 119 thousand ordinary shares were issued, and the exercise price was \$10. As of March 31, 2023, the application for the change of registration was not completed; therefore, the share options were recognized as capital collected in advance.

In addition, as of March 31, 2023, the holders of the Company's unsecured convertible bonds converted the bonds into ordinary shares of \$33,037 thousand, and 3,304 thousand ordinary shares were issued. As of March 31, 2023, the application for the change of registration was not completed; therefore, the share options were recognized as capital collected in advance.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Premium from issuance of ordinary shares	\$ 42,726	\$ 41,417	\$ 34,447
Premium from conversion of bonds	87,990	76,681	24,662
Treasury share transactions	6,836	6,836	6,600
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
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interest in subsidiaries (2)	64,956	65,624	68,170
Others	33,437	33,437	33,437
<u>May not be used for any purpose</u>			
Employee share options	6,433	6,552	7,566
Share options from convertible bonds (Note 19)	<u>3,827</u>	<u>5,019</u>	<u>10,684</u>
	<u>\$ 295,567</u>	<u>\$ 284,928</u>	<u>\$ 234,928</u>

- 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 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 offset of deficit for 2021, which had been proposed by the Company's board of directors in 2022, was approved in the shareholders' meeting on June 1, 2022.

The appropriation of earnings for 2022 which had been proposed by the Company's board of directors on March 3, 2023 is as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ 18,818
Special reserve	\$ (15,923)
Cash dividends	\$ 166,370
Capital reserve cash dividends	\$ 41,592
Cash dividends per share	\$ 0.8
Capital reserve cash dividends per share	\$ 0.2

The appropriation of earnings for 2022 is subject to the resolution of the shareholders' meeting scheduled to be held on June 14, 2023.

d. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)	Shares Cancelled (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2023	-	-	1,384	1,384
Decrease during the period	-	-	(4)	(4)
Number of shares at March 31, 2023	-	-	1,380	1,380
Number of shares at January 1, 2022	-	-	1,440	1,440
Decrease during the period	-	-	(13)	(13)
Number of shares at March 31, 2022	-	-	1,427	1,427

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>March 31, 2023</u>			
Comtrend	1,380	\$ 12,931	\$ 23,111
<u>December 31, 2022</u>			
Comtrend	1,384	12,974	20,903
<u>March 31, 2022</u>			
Comtrend	1,427	13,375	17,554

As of March 31, 2023, December 31, 2022 and March 31, 2022, Comtrend held 4,120 thousand, 4,120 thousand and 4,200 thousand ordinary shares of the Company, respectively and the Company recognized treasury shares of 1,380 thousand, 1,384 thousand and 1,427 thousand based on the ownership percentage of 33.49%, 33.60% and 33.98% as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 794,859	\$ 790,739
Share of (loss) profit for the period	(71,094)	3,388
Other comprehensive income during the period		
Exchange differences on translating the financial statements of foreign operations	1,023	12,947
Employee share options of the subsidiaries	(496)	488
Share of changes in ownership of subsidiaries	<u>3,139</u>	<u>(202)</u>
Balance at March 31	<u>\$ 727,431</u>	<u>\$ 807,360</u>

24. REVENUE

a. Disaggregation of revenue

	For the Three Months Ended March 31	
	2023	2022
Revenue from the sale of goods	\$ 1,141,788	\$ 1,393,316
Revenue from the rendering of services	1,708	3,575
Other income	<u>-</u>	<u>40</u>
	<u>\$ 1,143,496</u>	<u>\$ 1,396,931</u>

b. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 922,123</u>	<u>\$ 1,296,717</u>	<u>\$ 1,274,297</u>	<u>\$ 1,168,257</u>
Contract assets sale of goods	<u>\$ 4,232</u>	<u>\$ 8,355</u>	<u>\$ 8,039</u>	<u>\$ 5,782</u>
Contract liabilities sale of goods	<u>\$ 124,988</u>	<u>\$ 93,974</u>	<u>\$ 115,297</u>	<u>\$ 111,494</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 (LOSS) PROFIT

a. Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank deposits	<u>\$ 2,037</u>	<u>\$ 473</u>

b. Other income

	For the Three Months Ended March 31	
	2023	2022
Dividends		
Investments in equity instruments at FVTOCI	\$ 324	\$ -
Others	<u>8,353</u>	<u>6,975</u>
	<u>\$ 8,677</u>	<u>\$ 6,975</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Gain (loss) on fair value changes of financial assets and liabilities at FVTPL	\$ 123	\$ (1,191)
Net foreign exchange (loss) gain	(14,796)	47,596
Others	<u>(1,003)</u>	<u>(7,477)</u>
	<u>\$ (15,676)</u>	<u>\$ 38,928</u>

d. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 9,814	\$ 6,089
Interest on convertible bonds	480	1,014
Interest on lease liabilities	<u>291</u>	<u>199</u>
	<u>\$ 10,585</u>	<u>\$ 7,302</u>

e. Impairment losses (reversed) recognized

	For the Three Months Ended March 31	
	2023	2022
Trade receivables	<u>\$ (735)</u>	<u>\$ 3,214</u>
Inventories (included in operating costs)	<u>\$ 20,008</u>	<u>\$ 16,807</u>

f. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
Property, plant and equipment	\$ 22,673	\$ 23,254
Right-of-use assets	9,618	8,133
Intangible assets	<u>2,550</u>	<u>1,773</u>
	<u>\$ 34,841</u>	<u>\$ 33,160</u>
An analysis of depreciation by function		
Operating costs	\$ 9,155	\$ 7,584
Operating expenses	<u>23,136</u>	<u>23,803</u>
	<u>\$ 32,291</u>	<u>\$ 31,387</u>

(Continued)

	For the Three Months Ended March 31	
	2023	2022
An analysis of amortization by function		
Operating costs	\$ 135	\$ 198
Operating expenses	<u>2,415</u>	<u>1,575</u>
	<u>\$ 2,550</u>	<u>\$ 1,773</u>
		(Concluded)

g. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 7,855	\$ 7,639
Defined benefit plans (Note 22)	<u>553</u>	<u>553</u>
	<u>8,408</u>	<u>8,192</u>
Share-based payments		
Equity-settled	<u>-</u>	<u>835</u>
Other employee benefits	<u>246,609</u>	<u>255,511</u>
Total employee benefits expense	<u>\$ 255,017</u>	<u>\$ 264,538</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 43,250	\$ 55,384
Operating expenses	<u>211,767</u>	<u>209,154</u>
	<u>\$ 255,017</u>	<u>\$ 264,538</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues 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.

There was no compensation of employees and remuneration of directors estimated for the three months ended March 31, 2023.

There was no compensation of employees and remuneration of directors estimated as the Company reported a net loss before tax for the three months ended March 31, 2022.

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.

The appropriations of compensation of employees and remuneration of directors for 2022 that was resolved by the board of directors on March 3, 2023, are as shown below:

Amount

	For the Year Ended December 31, 2022
Compensation of employees	\$ 14,534
Remuneration of directors	4,152

There was no compensation of employees and remuneration of directors estimated as the Company reported a net loss before tax for the year ended December 31, 2021.

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

	For the Three Months Ended March 31	
	2023	2022
Foreign exchange gains	\$ 26,748	\$ 57,689
Foreign exchange losses	<u>(41,544)</u>	<u>(10,093)</u>
	<u>\$ (14,796)</u>	<u>\$ 47,596</u>

26. INCOME TAXES

- a. Income tax recognized in profit or loss

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

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 71	\$ (14,573)
Adjustments for prior years	(5)	1,184
Deferred tax		
In respect of the current period	<u>234</u>	<u>(297)</u>
Income tax benefit (expense) recognized in profit or loss	<u>\$ 300</u>	<u>\$ (13,686)</u>

b. Income tax assessments

As of March 31, 2023, the tax returns of the Company and its subsidiaries have been assessed as follows:

	Last Assessed Tax Year
The Company	2020
Edimax Electronic (Dongguan) Co., Ltd.	2020
Comtrend	2020
CUSA	2021
CTBV	2021
CCE	2022
Iberia	2021
ABS Telecom	2020
SMAX Technology	2020

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2023	2022
Basic earnings per share	<u>\$ 0.02</u>	<u>\$ 0.15</u>
Diluted earnings per share	<u>\$ 0.02</u>	<u>\$ 0.14</u>

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

Net Profit for the Year

	For the Three Months Ended March 31	
	2023	2022
Profit used in the computation of earnings per share	\$ 3,885	\$ 29,218
Effect of potentially dilutive ordinary shares		
Convertible corporate bonds	<u> -</u>	<u> 1,014</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 3,885</u>	<u>\$ 30,232</u>

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

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	206,330	188,868
Effect of potentially dilutive ordinary shares		
Convertible bonds	-	29,926
Compensation of employees	634	-
Employee share options	<u>417</u>	<u>738</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>207,381</u>	<u>219,532</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 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.

If the outstanding convertible bonds issued by the Company were converted to ordinary shares for the three months ended March 31, 2023, 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 three months ended March 31, 2023 and 2022.

Information on outstanding issued employee share options is as follows:

	For the Three Months Ended March 31			
	2023		2022	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,334	\$10.00	3,512	\$10.00
Options exercised	(220)	10.00	(459)	10.00
Options forfeited	<u>-</u>	10.00	<u>(58)</u>	10.00
Balance at March 31	<u>1,114</u>	10.00	<u>2,995</u>	10.00
Options exercisable, end of period	<u>1,114</u>		<u>1,498</u>	

Compensation costs recognized by the Company were \$0 thousand and \$96 thousand for the three months ended March 31, 2023 and 2022, respectively.

b. Employee share option plan of the subsidiaries

Comtrend did not issue any employee share options during the three months ended March 31, 2023 and 2022.

Information on outstanding employee share options is as follows:

	For the Three Months Ended March 31			
	2023		2022	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	380	\$ 10.00	1,547	\$ 10.00
Options exercised	(202)	10.00	(519)	10.00
Options forfeited	<u>(178)</u>	10.00	<u>(1)</u>	10.00
Balance at March 31	<u><u>-</u></u>	10.00	<u><u>1,027</u></u>	10.00
Options exercisable, end of period	<u><u>-</u></u>		<u><u>1,027</u></u>	

Compensation costs recognized by the subsidiary were \$0 thousand and \$739 thousand for the three months ended March 31, 2023 and 2022, respectively.

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In March 2022, Comtrend exercised employee share options, decreasing the Group continuing interest from 34.29% to 33.98%.

In March 2023, Comtrend exercised employee share options, decreasing the Group continuing interest from 33.60% to 33.49%.

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.

March 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 141,277	\$ -	\$ 137,167	\$ -	\$ 137,167

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 185,143	\$ -	\$ 178,467	\$ -	\$ 178,467

March 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 391,849	\$ -	\$ 386,600	\$ -	\$ 386,600

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

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL - non-current</u>				
Redeemable and puttable options of convertible bonds	\$ -	\$ 430	\$ -	\$ 430
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 20,369	\$ 20,369
Domestic unlisted shares	-	-	16,736	16,736
	\$ -	\$ -	\$ 37,105	\$ 37,105
<u>Financial liabilities at FVTPL - current</u>				
Derivatives	\$ -	\$ 418	\$ -	\$ 418

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL - non-current</u>				
Redeemable and puttable options of convertible bonds	\$ -	\$ 244	\$ -	\$ 244
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 18,798	\$ 18,798
Domestic unlisted shares	-	-	34,705	34,705
	\$ -	\$ -	\$ 53,503	\$ 53,503
<u>Financial liabilities at FVTPL - current</u>				
Derivatives	\$ -	\$ 783	\$ -	\$ 783

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 21,017	\$ 21,017
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>58,468</u>	<u>58,468</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,485</u>	<u>\$ 79,485</u>
<u>Financial liabilities at FVTPL - current</u>				
Derivatives	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 31</u>
<u>Financial liabilities at FVTPL - non-current</u>				
Redeemable and puttable options of convertible bonds	<u>\$ -</u>	<u>\$ 640</u>	<u>\$ -</u>	<u>\$ 640</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 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.
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contractual forward exchange rates, discounted at a rate that reflects the credit risk of various.

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 430	\$ 244	\$ -
Financial assets at amortized cost (Note 1)	2,605,365	3,077,575	2,671,147
Financial assets at FVTOCI			
Equity instruments	37,105	53,503	79,485
<u>Financial liabilities</u>			
FVTPL			
Held for trading	418	783	671
Amortized cost (Note 2)	3,188,380	3,892,813	4,498,595

- 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 payables to related parties, other payables, bonds payable, long-term loans (including current portions), 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 positive number below indicates an increase/a decrease in pre-tax profit or loss and other equity when the functional currency strengthening by 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit or loss and other equity, and the balances below would be negative.

	USD Impact		EUR Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
Profit or loss	\$ (4,520) (i)	\$ (11,467) (i)	\$ (844) (i)	\$ (1,070) (i)

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

The Group's sensitivity to foreign currency decreased during the current period due to the decrease 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 459,118	\$ 338,140	\$ 19,854
Financial liabilities	2,307,459	2,570,546	2,988,317
Cash flow interest rate risk			
Financial assets	1,260,331	1,458,293	1,414,457

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 three months ended March 31, 2023 and 2022 would have increased/decreased by \$3,151 thousand and \$3,536 thousand, respectively.

The Group's sensitivity to interest rates was not significantly different during the current period compare 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 three months ended March 31, 2023 and 2022 would have increased/decreased by \$371 thousand and \$795 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 March 31, 2023, December 31, 2022 and March 31, 2022, 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.

March 31, 2023

	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	\$ 399,890	\$ 159,890	\$ 240,000	\$ -	\$ -
Lease liabilities	212,314	13,050	37,947	131,330	29,987
Long-term loans payable	1,706,520	-	-	572,567	1,133,953
Notes and trade payables	831,463	657,259	174,049	115	40
Other payables	252,836	78,350	158,598	13,443	2,445
Bonds payable	143,300	-	-	143,300	-
Current portion of long-term loans payable	<u>69,007</u>	<u>11,396</u>	<u>57,611</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,615,330</u>	<u>\$ 919,945</u>	<u>\$ 668,205</u>	<u>\$ 860,755</u>	<u>\$ 1,166,425</u>

Additional information about the maturity analysis was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 50,996</u>	<u>\$ 131,330</u>	<u>\$ 27,867</u>	<u>\$ 2,121</u>	<u>\$ -</u>
Long-term loans payable	<u>\$ 69,007</u>	<u>\$ 572,567</u>	<u>\$ 679,920</u>	<u>\$ 401,395</u>	<u>\$ 52,638</u>
Notes and trade payables	<u>\$ 831,308</u>	<u>\$ 115</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ -</u>
Other payables	<u>\$ 236,948</u>	<u>\$ 13,443</u>	<u>\$ 2,445</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 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	\$ 739,632	\$ 399,632	\$ 340,000	\$ -	\$ -
Lease liabilities	50,678	7,324	15,785	22,268	5,301
Short-term bills payable	30,000	30,000	-	-	-
Long-term loans payable	1,728,417	-	-	565,735	1,162,682
Notes and trade payables	1,040,499	853,028	187,415	56	-
Other payables	330,456	282,857	32,586	15,013	-
Bonds payable	187,900	-	-	187,900	-
Current portion of long-term loans payable	<u>43,631</u>	<u>10,932</u>	<u>32,699</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,151,213</u>	<u>\$ 1,583,773</u>	<u>\$ 608,485</u>	<u>\$ 790,972</u>	<u>\$ 1,167,983</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 23,109</u>	<u>\$ 22,268</u>	<u>\$ 3,742</u>	<u>\$ 1,559</u>	<u>\$ -</u>
Long-term loans payable	<u>\$ 43,631</u>	<u>\$ 565,735</u>	<u>\$ 677,850</u>	<u>\$ 429,327</u>	<u>\$ 55,505</u>

March 31, 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	\$ 932,992	\$ 779,152	\$ 153,840	\$ -	\$ -
Lease liabilities	56,102	8,272	22,055	19,164	6,611
Short-term bills payable	29,962	29,962	-	-	-
Long-term loans payable	1,681,539	-	-	505,585	1,173,466
Notes and trade payables	1,266,058	951,393	308,642	6,023	-
Other payables	298,015	270,779	14,848	12,388	-
Bonds payable	391,849	-	-	391,849	-
Current portion of long-term loans payable	<u>58,173</u>	<u>9,120</u>	<u>49,053</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,714,690</u>	<u>\$ 2,048,678</u>	<u>\$ 548,438</u>	<u>\$ 935,009</u>	<u>\$ 1,180,077</u>

Additional information about the maturity analysis was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 30,327</u>	<u>\$ 19,164</u>	<u>\$ 3,742</u>	<u>\$ 2,869</u>	<u>\$ -</u>
Long-term loans payable	<u>\$ 58,173</u>	<u>\$ 505,585</u>	<u>\$ 626,987</u>	<u>\$ 482,759</u>	<u>\$ 63,720</u>

Bank loans with a repayment on demand clause were included in the above maturity analysis. As of March 31, 2023, December 31, 2022 and March 31, 2022, the aggregate undiscounted principal amounts of these bank loans amounted to \$1,962,804 thousand, \$2,306,746 thousand and \$2,512,706 thousand, respectively. After considering financial situation of the Group, it is unfeasible that the bank will require the Group to settle the loans immediately in management opinion. Management believes the bank loans will be settled in 2 years after the end of reporting period according to agreement, and the cash outflow of principal and interest are \$2,175,417 thousand, \$2,511,680 thousand and \$2,670,307 thousand, respectively.

b) Liquidity and interest rate risk table for derivative financial liabilities

The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that require net settlement; the table is based on the undiscounted contractual gross cash inflows and outflows on derivative instruments that require gross settlement. When the amount of payable or receivable is not fixed, the amount of disclosures is determined based on the estimated interest rate estimated by the yield curve on the balance sheet date.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years
Foreign exchange forward contracts					
Inflows	\$ -	\$ -	\$ 9,580	\$ -	\$ -
Outflows	<u>-</u>	<u>-</u>	<u>(9,998)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (418)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years
Foreign exchange forward contracts					
Inflows	\$ 6,362	\$ -	\$ 22,580	\$ -	\$ -
Outflows	<u>(6,550)</u>	<u>-</u>	<u>(23,175)</u>	<u>-</u>	<u>-</u>
	<u>\$ (188)</u>	<u>\$ -</u>	<u>\$ (595)</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years
Foreign exchange forward contracts					
Inflows	\$ -	\$ -	\$ 19,148	\$ -	\$ -
Outflows	<u>-</u>	<u>-</u>	<u>(19,179)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31)</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

As of March 31, 2023, December 31, 2022 and March 31, 2022, unused financing facilities amounted to \$1,674,518 thousand, \$1,320,417 thousand and \$566,269 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.	Associate
Onward Security Corp.	Related party in substance

b. Purchases of goods

<u>Related Party Category</u>	<u>For the Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Associate - ITI	<u>\$ 136,668</u>	<u>\$ 188,623</u>

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

c. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other receivables from related parties	Associate - Crystal	<u>\$ -</u>	<u>\$ 18,637</u>	<u>\$ -</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

Other receivables are dividends receivable from related parties.

d. Payables to related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts payable	Associate - ITI	<u>\$ 76,884</u>	<u>\$ 153,273</u>	<u>\$ 109,108</u>
Other payables	Associate	<u>\$ 870</u>	<u>\$ 4,516</u>	<u>\$ 1,030</u>
Other payables	Related party in substance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142</u>

The outstanding trade payables to related parties are unsecured.

e. Other transactions with related parties

Line Item	Related Party Category	For the Three Months Ended March 31	
		2023	2022
Operating expense	Associate	\$ 198	\$ 835
	Related party in substance	<u>-</u>	<u>142</u>
		<u>\$ 198</u>	<u>\$ 977</u>

f. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 9,472	\$ 10,159
Share-based payments	<u>-</u>	<u>362</u>
	<u>\$ 9,472</u>	<u>\$ 10,521</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:

	March 31, 2023	December 31, 2022	March 31, 2022
Pledged deposits (classified as financial assets at amortized cost)	\$ 3,370	\$ 3,370	\$ 5,541
Property, plant and equipment	<u>2,193,702</u>	<u>2,202,292</u>	<u>2,214,792</u>
	<u>\$ 2,197,072</u>	<u>\$ 2,205,662</u>	<u>\$ 2,220,333</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 March 31, 2023 were as follows:

- As of March 31, 2023, the Group issued promissory notes with stated amounts of \$1,871,000 thousand and US\$23,500 thousand, as collateral for loans, foreign exchange forward contracts and convertible bonds.
- 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 March 31, 2023.

- c. As of March 31, 2023, the Group made endorsements and guarantees for SMAX Technology and Edimax Europe with stated amounts of \$20,000 thousand and \$66,300 thousand, respectively, and actual borrowings amounted to \$0 and \$19,890 thousand, respectively.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities 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:

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 33,446	30.45 (USD:NTD)	\$ 1,018,431
USD	2,533	21.60 (USD:CZK)	77,115
USD	476	0.92 (USD:EUR)	14,490
EUR	2,364	33.15 (EUR:NTD)	78,367
EUR	716	23.49 (EUR:CZK)	23,742
Non-monetary items			
Investments accounted for using the equity method			
USD	2,417	30.45 (USD:NTD)	73,599
<u>Financial liabilities</u>			
Monetary items			
USD	18,576	30.45 (USD:NTD)	565,639
USD	1,606	6.87 (USD:RMB)	48,903
USD	1,430	21.60 (USD:CZK)	43,546
EUR	535	23.49 (EUR:CZK)	17,719

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 66,663	30.71 (USD:NTD)	\$ 2,047,221
USD	12,957	6.97 (USD:RMB)	398,088
USD	3,099	22.62 (USD:CZK)	95,173
USD	1,582	0.94 (USD:EUR)	48,580
EUR	2,901	32.72 (EUR:NTD)	94,921
EUR	647	24.12 (EUR:CZK)	21,158
Non-monetary items			
Investments accounted for using the equity method			
USD	2,329	30.71 (USD:NTD)	71,532

Financial liabilities

Monetary items			
USD	20,954	30.71 (USD:NTD)	643,497
USD	1,428	6.97 (USD:RMB)	43,874
USD	1,119	0.94 (USD:EUR)	34,377
USD	1,825	22.62 (USD:CZK)	56,059
EUR	494	24.12 (EUR:CZK)	16,148

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 67,157	28.63 (USD:NTD)	\$ 1,922,369
USD	943	21.96 (USD:CZK)	26,982
USD	2,811	0.90 (USD:EUR)	80,472
EUR	4,964	31.92 (EUR:NTD)	158,451
EUR	499	24.39 (EUR:CZK)	15,915
Non-monetary items			
Investments accounted for using the equity method			
USD	2,184	28.63 (USD:NTD)	62,521

Financial liabilities

Monetary items			
USD	26,397	28.63 (USD:NTD)	755,586
USD	2,360	6.35 (USD:RMB)	67,527
USD	2,097	0.90 (USD:EUR)	60,030
EUR	2,111	31.92 (EUR:NTD)	67,399

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 (losses) gains were as follows:

Functional Currency	For the Three Months Ended March 31			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ (2,686)	1 (NTD:NTD)	\$ 42,319
USD	30.40 (USD:NTD)	(12,337)	28.44 (USD:NTD)	5,209
EUR	32.62 (EUR:NTD)	<u>227</u>	31.34 (EUR:NTD)	<u>68</u>
		<u>\$ (14,796)</u>		<u>\$ 47,596</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 (Note 7).
- 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.

	Enterprise, Retail Products and Services	Telecommuni- cation Products and Services	Others	Total
For the three months ended <u>March 31, 2023</u>				
Revenue from external customers	<u>\$ 902,390</u>	<u>\$ 195,858</u>	<u>\$ 45,248</u>	<u>\$ 1,143,496</u>
Segment income (loss)	<u>\$ 49,518</u>	<u>\$ (107,725)</u>	<u>\$ 4,179</u>	<u>\$ (54,028)</u>
Non-operating income and expense				<u>(12,881)</u>
Loss before tax				<u>\$ (66,909)</u>
For the three months ended <u>March 31, 2022</u>				
Revenue from external customers	<u>\$ 882,865</u>	<u>\$ 474,367</u>	<u>\$ 39,699</u>	<u>\$ 1,396,931</u>
Segment income (loss)	<u>\$ (2,346)</u>	<u>\$ 3,818</u>	<u>\$ 2,653</u>	<u>\$ 4,125</u>
Non-operating income and expense				<u>42,167</u>
Profit before tax				<u>\$ 46,292</u>

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 THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	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 Edimax Europe	b b	\$ 529,220 529,220	\$ 20,000 66,300	\$ 20,000 66,300	\$ - 19,890	\$ - -	0.75 2.50	\$ 1,323,050 1,323,050	Y Y	N N	N N	Note 3 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 Act.

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

MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				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 FVTOCI - non-current	333	\$ 20,369	6.58	\$ 20,369	
	Status Internet Co., Ltd.	None	Financial assets at FVTOCI - non-current	345	3,950	14.49	3,950	
	Ecobear Technology Corp.	None	Financial assets at FVTOCI - non-current	1,783	9,987	19.91	9,987	
	Newgreen tech Co., Ltd.	None	Financial assets at FVTOCI - non-current	130	2,799	3.61	2,799	
Comtrend	<u>Shares</u>							
	EMMT Systems	None	Financial FVTOCI - non-current	357	-	0.52	-	Note 2
	Edimax	Parent company	Financial FVTOCI - current	4,120	69,010	1.98	69,010	

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

Note 2: There was no available information on equity as of March 31, 2023. 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 \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(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	Edimax Electronic (Dongguan) Co., Ltd. ITI	Subsidiary Associate	Processing fee Purchase	\$ 274,473 132,324	32.11 15.48	By operating condition By operating condition	Normal Normal	By operating condition By operating condition	\$ 26,614 (68,070)	6.03 (15.42)	

Note: Except for ITI, the transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2023.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2023

(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		
Comtrend	CUSA	Subsidiary	\$ 146,647	1.56	\$ 62,681	Subsidiary repayment has been actively arranged	\$ 6,131	\$ -

Note: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2023.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	Edimax USA	USA	Networking equipment wholesale	\$ 49,803	\$ 49,803	17,046	100.00	\$ 69,689	\$ (643)	\$ 223	Subsidiary
	Edimax BVI	British Virgin Islands	Networking equipment wholesale	287,735	287,735	8,966,076	100.00	138,244	(16,652)	(16,652)	Subsidiary
	Edimax Europe	Netherlands	Networking equipment wholesale	196,773	196,773	1,600	100.00	28,190	1,212	2,545	Subsidiary
	ABS Telecom	Taiwan	Telecommunication equipment wholesale, transmission and rental	66,000	66,000	10,500,000	100.00	151,965	733	33	Subsidiary
	SMAX Technology	Taiwan	Wired/wireless telecommunications equipment manufacturing	137,175	137,175	2,139,400	100.00	25,532	2,998	2,998	Subsidiary
	Comtrend	Taiwan	Cable and cableless transmission equipment wholesale, research and development and retail sale	278,084	278,084	19,649,060	33.49	389,354	(106,892)	(35,887)	(35,887)
	Crystal	Seychelles	Seychelles General import and export trade and investing	31,815	31,815	1,050,000	30.00	73,599	8,888	2,666	Associate
Edimax BVI	Datamax HK	Hong Kong	Investing	271,417	271,417	64,906,002	100.00	(17,552)	(20,263)	(20,263)	Second-tier subsidiary
ABS Telecom	ABST	Mauritius	Investing	4,175	4,175	140,000	100.00	13,290	360	360	Second-tier subsidiary
SMAX Technology	Smax Japan Inc.	Japan	Networking equipment wholesale	1,992	1,992	8,000,000	100.00	(534)	(297)	(297)	Second-tier subsidiary
Comtrend	CUSA	USA	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	98,341	98,341	200,000	100.00	20,174	(44,501)	(52,206)	Second-tier subsidiary
	CTBV	Netherlands	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	50,901	50,901	1,518,000	100.00	101,651	(6,987)	(6,987)	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	50,775	(5,070)	(5,070)	Second-tier subsidiary
	Iberia	Spain	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	12,294	12,294	-	100.00	6,935	(2,147)	(2,147)	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 loss of \$643 thousand plus the unrealized gross loss of \$866 thousand on intercompany transactions.

Note 3: The share of profits/losses of the investee included net income of \$1,212 thousand plus the unrealized gross loss of \$1,333 thousand on intercompany transactions.

Note 4: The share of profits/losses of the investee included net income of \$733 thousand less the unrealized gross profit of \$700 thousand on intercompany transactions.

Note 5: The share of profits/losses of the investee included net loss of \$35,798 thousand less the unrealized gross profit of \$89 thousand on intercompany transactions.

Note 6: The share of profits/losses of the investee included loss of \$44,501 thousand less the unrealized gross profit of \$7,705 thousand on intercompany transactions.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023	Note
					Outward	Inward							
Edimax Electronic (Dongguan) Co., Ltd.	Networking production and marketing	\$ 257,046	b.	\$ 257,046	\$ -	\$ -	\$ 257,046	\$ (20,262)	100	\$ (20,262)	\$ (17,623)	\$ -	Note 2
ABST Information Telecom Service	Telecommunication equipment wholesale, transmission and rental	4,175	b.	4,175	-	-	4,175	360	100	360	14,070	-	Note 3

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$264,698	\$277,205 (Note 4)	\$1,587,659

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 three months ended March 31, 2023.

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 THREE MONTHS ENDED MARCH 31, 2023
(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	\$ 274,473	32.11	Normal	By operating conditions	By operating conditions	\$ 26,614	6.03	\$ -	

Note: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2023.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	The Company	For the three months ended March 31, 2023					
		Edimax Europe	a	Sales revenue	\$ 12,874	Normal	1.13
		Edimax Europe	a	Accounts receivable	14,662	Normal	0.21
		Comtrend	a	Sales revenue	26,258	Normal	2.30
		Comtrend	a	Accounts receivable	25,823	Normal	0.36
		Edimax Electronic (Dongguan)	a	Processing fees	274,473	By operating condition	24.00
		Edimax Electronic (Dongguan)	a	Accounts payable	26,614	By operating condition	0.37
1	Comtrend	CUSA	a	Sales revenue	66,960	Normal	34.19
		CUSA	a	Accounts receivable	146,647	Normal, collection period: 60-180 days	9.03
		CCE	a	Sales revenue	6,371	Normal	3.25
		CCE	a	Accounts receivable	57,183	Normal, collection period: 60-180 days	3.52
		CTBV	a	Sales revenue	52,624	Normal	26.87
		CTBV	a	Accounts receivable	40,679	Normal, collection period: 60-180 days	2.50

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. Subsidiary to parent.
- c. 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.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Trust account of CTBC Bank Co., Ltd. for employee stock ownership of Edimax Technology Co., Ltd.	10,787,573	5.10

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.