

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

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

EDIMAX TECHNOLOGY CO., LTD.

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Edimax Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Valuation of Inventories in the Subsidiaries

The carrying amount of the Group's inventory was \$1,443,277 thousand, of which \$67,612 thousand was generated from its subsidiary, Comtrend Corporation, USA (CUSA) as of December 31, 2023. As the amount of the assessment of net realizable value and obsolescence loss of the inventory valuation of CUSA is significant to the consolidated financial statements, the assessment of net realizable value and obsolescence loss of the inventory valuation of CUSA was deemed as a key audit matter. Refer to Note 4 "summary of material accounting policy information" and Note 11 "inventories" to the consolidated financial statements.

The main audit procedures we performed to address the aforementioned key audit matter were as follows:

1. Based on our understanding of the business, industry and nature of products of CUSA, we evaluated the method and basic assumptions of inventory loss provision at the end of the year, including the appropriateness.
2. We obtained the policy provisions for inventory obsolescence losses and the inventory aging report. Furthermore, we assessed the provision of the impairment loss in accordance with the inventory impairment policy and sampled the items of inventory aging report to verify the accuracy of classification.
3. We verified if inventories were measured at the lower cost and net realizable value, using the most recent purchase price or sales price.
4. We observed the physical inventory count and assessed if any inventory was simultaneously obsolete and damaged at year-end.

Other Matter

We did not audit the financial statements of several subsidiaries included in the consolidated financial statements of the Group, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for those subsidiaries, was based solely on the reports of other auditors. The total assets of those subsidiaries were \$388,146 thousand and \$426,303 thousand, which both constituted 6% in total assets as of December 31, 2023 and 2022, respectively, and the total revenues were \$262,644 thousand and \$350,512 thousand, which constituted 6% of the consolidated total revenues for the years ended December 31, 2023 and 2022, respectively.

In addition, the financial statements of associates included in the consolidated financial statements were audited by other auditors. Thus, our opinion, insofar as it relates to the investments in associates accounted for using the equity method, the share of (loss) profit of the associates accounted for using the equity method, and the share of comprehensive income (loss) of the associates, was based solely on the reports of other auditors. Investments in associates accounted for using the equity method were \$66,806 thousand and \$71,531 thousand, respectively, which constituted both 1% of consolidated total assets as of December 31, 2023 and 2022; the share of profit of the associates was \$13,908 thousand and \$25,502 thousand, which constituted (6%) and 9% of the consolidated (loss) profit before income tax for the years ended December 31, 2023 and 2022, respectively; the share of the other comprehensive income of associates accounted for using the equity method was \$14,636 thousand and \$32,770 thousand, which constituted (7%) and 11% of the consolidated total comprehensive income (loss) for the years ended December 31, 2023 and 2022, respectively.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022 which we have issued an unmodified opinion with other matter paragraph.

Responsibilities of Management and Those Charged with Governance for 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 Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2024

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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,135,479	18	\$ 1,692,999	22
Financial assets at amortized cost - current (Notes 9 and 33)	57,194	1	14,370	-
Contract assets - current (Note 24)	1,160	-	8,355	-
Notes receivable from unrelated parties (Note 10)	2,471	-	2,462	-
Trade receivables from unrelated parties (Notes 10 and 24)	755,710	12	1,238,027	16
Other receivables from unrelated parties (Note 10)	14,563	-	8,729	-
Other receivables from related parties (Note 32)	-	-	18,637	1
Current tax assets (Note 26)	5,515	-	13,079	-
Inventories (Note 11)	1,443,277	22	1,721,919	23
Prepayments	65,510	1	75,480	1
Other current assets	12,669	-	13,794	-
Total current assets	3,493,548	54	4,807,851	63
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7, 19 and 31)	102	-	244	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	51,252	1	53,503	1
Financial assets at amortized cost - non-current (Notes 9 and 33)	21,516	-	20,197	-
Investments accounted for using the equity method (Note 13)	66,806	1	71,531	1
Property, plant and equipment (Notes 14 and 33)	2,459,584	38	2,483,468	33
Right-of-use assets (Note 15)	179,164	3	48,499	1
Intangible assets (Note 16)	33,073	1	33,718	-
Deferred tax assets (Note 26)	35,167	1	27,905	-
Refundable deposits	14,148	-	12,354	-
Net provisions for retirement (Note 22)	4,091	-	3,295	-
Other financial assets - non-current (Note 17)	70,853	1	69,800	1
Total non-current assets	2,935,756	46	2,824,514	37
TOTAL	\$ 6,429,304	100	\$ 7,632,365	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 198,000	3	\$ 739,632	10
Short-term bills payable (Note 18)	-	-	29,969	1
Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	-	-	783	-
Contract liabilities - current (Note 24)	93,624	2	93,974	1
Notes payable to unrelated parties	5,367	-	7,060	-
Accounts payable to unrelated parties	684,998	11	880,166	12
Accounts payable to related parties (Note 32)	84,531	1	153,273	2
Other payables (Notes 20 and 32)	280,420	4	330,456	4
Current tax liabilities (Note 26)	57,342	1	40,774	1
Provisions - current (Note 21)	8,770	-	7,914	-
Lease liabilities - current (Note 15)	45,853	1	22,586	-
Current portion of long-term borrowings (Notes 18 and 33)	19,300	-	16,800	-
Other current liabilities (Note 20)	54,622	1	105,307	1
Total current liabilities	1,532,827	24	2,428,694	32
NON-CURRENT LIABILITIES				
Bonds payable (Notes 19 and 33)	126,690	2	185,143	3
Long-term borrowings (Notes 18 and 33)	1,561,014	24	1,550,314	20
Deferred tax liabilities (Note 26)	2,380	-	6,737	-
Lease liabilities - non-current (Note 15)	133,715	2	26,102	-
Net defined benefit liabilities - non-current (Note 22)	75,156	1	75,392	1
Total non-current liabilities	1,898,955	29	1,843,688	24
Total liabilities	3,431,782	53	4,272,382	56
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital				
Common stock	2,134,956	33	2,070,101	27
Capital collected in advance	1,264	-	8,504	-
Total share capital	2,136,220	33	2,078,605	27
Capital surplus	261,073	4	284,928	4
Retained earnings				
Legal reserve	29,278	1	10,460	-
Special reserve	22,981	-	38,904	1
Unappropriated earnings	5,185	-	188,181	2
Total retained earnings	57,444	1	237,545	3
Other equity				
Exchange differences on arising from translation to the presentation currency	(6,595)	-	(10,792)	-
Unrealized gain/(loss) on financial assets at fair value through other comprehensive income	18,054	-	(12,189)	-
Total other equity	11,459	-	(22,981)	-
Treasury shares	(12,931)	-	(12,973)	-
Total equity attributable to owners of the Company	2,453,265	38	2,565,124	34
NON-CONTROLLING INTERESTS (Note 23)	544,257	9	794,859	10
Total equity	2,997,522	47	3,359,983	44
TOTAL	\$ 6,429,304	100	\$ 7,632,365	100

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

(With Deloitte & Touche auditors' report dated March 4, 2024)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 32)	\$ 4,260,412	100	\$ 5,963,157	100
OPERATING COSTS (Notes 11, 25 and 32)	<u>(3,204,930)</u>	<u>(75)</u>	<u>(4,509,884)</u>	<u>(75)</u>
GROSS PROFIT	<u>1,055,482</u>	<u>25</u>	<u>1,453,273</u>	<u>25</u>
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing expenses	(552,576)	(13)	(580,143)	(10)
General and administrative expenses	(301,680)	(7)	(267,465)	(5)
Research and development expenses	(448,920)	(10)	(442,021)	(7)
Expected credit loss reversed (recognized)	<u>6,704</u>	<u>-</u>	<u>(8,544)</u>	<u>-</u>
Total operating expenses	<u>(1,296,472)</u>	<u>(30)</u>	<u>(1,298,173)</u>	<u>(22)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(240,990)</u>	<u>(5)</u>	<u>155,100</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	18,858	-	38,979	1
Other gains and losses (Note 25)	(6,197)	-	108,141	2
Finance costs (Note 25)	(38,321)	(1)	(37,793)	(1)
Share of profit of associates (Note 13)	13,908	-	25,502	-
Interest income (Note 25)	<u>23,703</u>	<u>1</u>	<u>7,811</u>	<u>-</u>
Total non-operating income and expenses	<u>11,951</u>	<u>-</u>	<u>142,640</u>	<u>2</u>
(LOSS) PROFIT BEFORE INCOME TAX	(229,039)	(5)	297,740	5
INCOME TAX EXPENSE (Note 26)	<u>(31,925)</u>	<u>(1)</u>	<u>(38,763)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(260,964)</u>	<u>(6)</u>	<u>258,977</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	(249)	-	8,211	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	48,217	1	(22,614)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	(395)	-	(1,933)	-

(Continued)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 8,168	-	\$ 54,403	1
Other comprehensive income (loss) for the year, net of income tax	55,741	1	38,067	1
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ (205,223)	(5)	\$ 297,044	5
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (30,958)	(1)	\$ 252,658	4
Non-controlling interests	(230,006)	(5)	6,319	-
	\$ (260,964)	(6)	\$ 258,977	4
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 20,709	-	\$ 271,928	5
Non-controlling interests	(225,932)	(5)	25,116	-
	\$ (205,223)	(5)	\$ 297,044	5
(LOSS) EARNINGS PROFIT PER SHARE (Note 27)				
Basic	\$ (0.15)		\$ 1.30	
Diluted			\$ 1.14	

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

(With Deloitte & Touche auditors' report dated March 4, 2024)

(Concluded)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 23)								Other Equity			Non-controlling Interests (Note 23)	Total Equity		
	Share Capital			Retained Earnings				Exchange Differences on Translation Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares			Total	
	Common Stock	Capital Collected in Advance	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings								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															
Share-based payments (Note 28)	-	-	-	386	-	-	-	-	-	-	-	-	386	-	386
The equity method is used to recognize the number of changes in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	272	272	-	272
Disposal of the Company's common stock by subsidiaries treated as treasury shares transactions	-	-	-	237	-	-	-	-	-	-	-	252	489	963	1,452
Changes in percentage of ownership interests in subsidiaries (Note 29)	-	-	-	(4,826)	-	-	-	-	-	-	-	-	(4,826)	-	(4,826)
Recognition of employee share options by the subsidiaries (Note 28)	-	-	-	423	-	-	-	-	-	-	-	-	423	316	739
Conversion of convertible corporate bond	149,036	8,074	157,110	52,019	-	-	-	-	-	-	-	-	209,129	-	209,129
Issuance of ordinary shares under employee share options (Note 28)	27,363	(8,370)	18,993	-	-	-	-	-	-	-	-	-	18,993	-	18,993
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,275)	(22,275)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	252,658	252,658	-	-	-	-	252,658	6,319	258,977
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	2,854	2,854	39,030	(22,614)	16,416	-	19,270	18,797	38,067
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	255,512	255,512	39,030	(22,614)	16,416	-	271,928	25,116	297,044
BALANCE AT DECEMBER 31, 2022	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
Appropriation of 2022 earnings															
Legal reserve	-	-	-	-	18,818	-	(18,818)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(15,923)	15,923	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(166,370)	(166,370)	-	-	-	-	(166,370)	-	(166,370)
Other capital surplus change															
Share-based payments (Note 28)	-	-	-	3,485	-	-	-	-	-	-	-	-	3,485	-	3,485
Distribution of cash from capital surplus	-	-	-	(41,592)	-	-	-	-	-	-	-	-	(41,592)	-	(41,592)
Disposal of investments in equity instruments measured at fair value through other comprehensive income by a subsidiary (Note 8)	-	-	-	-	-	-	17,974	17,974	-	(17,974)	(17,974)	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 29)	-	-	-	(670)	-	-	-	-	-	-	-	-	(670)	(496)	(1,166)
Conversion of convertible corporate bond	51,885	(6,810)	45,075	14,922	-	-	-	-	-	-	-	-	59,997	-	59,997
Issuance of ordinary shares under employee share options (Note 28)	12,970	(430)	12,540	-	-	-	-	-	-	-	-	-	12,540	-	12,540
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	42	42	(24,174)	(24,132)
Net loss for the year ended December 31, 2023	-	-	-	-	-	-	(30,958)	(30,958)	-	-	-	-	(30,958)	(230,006)	(260,964)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(747)	(747)	4,197	48,217	52,414	-	51,667	4,074	55,741
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(31,705)	(31,705)	4,197	48,217	52,414	-	20,709	(225,932)	(205,223)
BALANCE AT DECEMBER 31, 2023	\$ 2,134,956	\$ 1,264	\$ 2,136,220	\$ 261,073	\$ 29,278	\$ 22,981	\$ 5,185	\$ 57,444	\$ (6,595)	\$ 18,054	\$ 11,459	\$ (12,931)	\$ 2,453,265	\$ 544,257	\$ 2,997,522

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 4, 2024)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) profit before income tax	\$ (229,039)	\$ 297,740
Adjustments for:		
Depreciation expense	134,588	125,063
Amortization expense	8,996	10,429
Expected credit loss (reversed) recognized	(6,704)	8,544
Net (gain) loss on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	(641)	1,059
Finance costs	38,321	37,793
Interest income	(23,703)	(7,811)
Dividend income	(4,754)	(733)
Share-based payment	3,485	1,125
Share of profit of associates	(13,908)	(25,502)
Loss (gain) on disposal of property, plant and equipment	45	(1)
Loss for market price decline and obsolete and slow-moving inventories	117,606	20,429
Loss on modification of lease	8	-
Changes in operating assets and liabilities		
Contract assets	7,195	(2,573)
Notes receivable	(9)	13,383
Trade receivables	488,948	(147,107)
Other receivables (including related parties)	(5,834)	(3,619)
Inventories	163,256	502,939
Prepayment	9,970	90,093
Other current assets	1,125	1,802
Net provision for retirement	(796)	-
Contract liabilities	(350)	(17,520)
Note payables	(1,693)	(3,243)
Trade payables (including related parties)	(263,910)	(341,004)
Other payables	(50,036)	12,735
Provisions	856	2,532
Other current liabilities	(50,685)	(13,627)
Net defined benefit liabilities	(236)	(13,931)
Cash generated from operations	322,101	548,995
Interest received	23,703	7,811
Interest paid	(35,153)	(32,324)
Income tax paid	(20,057)	(34,455)
Net cash generated from operating activities	<u>290,594</u>	<u>490,027</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	53,864	-

(Continued)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Purchase of financial assets measured at amortized cost	\$ (44,143)	\$ (29,041)
Payments for property, plant and equipment	(63,537)	(239,905)
Proceeds from disposal of property, plant and equipment	584	107
Increase in refundable deposits	(1,794)	-
Decrease in refundable deposits	-	3,288
Payments for intangible assets	(8,234)	(13,069)
Increase in other financial assets	(1,053)	(3,599)
Decrease in other non-current assets	-	5
Dividends received	<u>42,753</u>	<u>17,341</u>
Net cash used in investing activities	<u>(24,956)</u>	<u>(264,873)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	164,840
Repayments of short-term borrowings	(541,632)	-
Repayment of short-term bonds payable	(29,969)	-
Proceeds from long-term borrowings	30,000	200,000
Repayments of long-term borrowings	(16,800)	(16,800)
Decrease in refundable deposits	-	(5)
Repayment of the principal portion of lease liabilities	(59,461)	(35,031)
Dividends paid	(207,962)	-
Exercise of employee share option	12,540	18,993
Proceeds from reissuance of treasury shares	-	1,472
Dividends paid to non-controlling interests	(27,313)	(38,271)
Difference in non-controlling interests	<u>3,139</u>	<u>11,640</u>
Net cash (used in) generated from financing activities	<u>(837,458)</u>	<u>306,838</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>14,300</u>	<u>50,418</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(557,520)</u>	<u>582,410</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,692,999</u>	<u>1,110,589</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,135,479</u>	<u>\$ 1,692,999</u>

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

(With Deloitte & Touche auditors' report dated March 4, 2024)

(Concluded)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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. The Company 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 March 4, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- 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 an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. 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).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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, Tables 5 and 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items (denominated in foreign currency) that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency which are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries operation in other countries or those that use currencies that are different from the Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss.

f. Inventories

Inventories consist of raw materials, finished goods, work-in-process, semifinished goods and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost and stated at the lower of cost or net realizable value on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest revenue, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit-impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit and loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except for the financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL include financial liabilities may be designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which does not incorporate any interest or dividends paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Convertible bonds

The group issued compound financial instruments (convertible bonds) are based on the definition of contract agreement substance, financial liabilities, and equity instruments, and their compositions classified into financial liabilities and equity at initial recognition. The fair value of liabilities composition is estimated by current market value of similar non-convertible instruments, measured at amortized cost using the effective rate before converting or maturity date. The liabilities composition of embedded non-equity derivatives is measured at fair value. It classified as convertible options of equity, equaling to the fair value of whole compound financial instruments eliminates the remaining amount of liability composition by individually determined, recognized as equity through deducting tax effects, and it would not be measured afterwards. When the option of equity is conducted, relative liability composition and the amount of equity will be covertly recognized as ordinary shares and share capital - capital surplus. If the option of convertible bonds was still not be conducted, the amount of equity covertly recognized as share capital - capital surplus. The relative transaction of issued cost of convertible bonds, divided by the proportion of all amount allocated to liability (recognized as the book value of liability) and equity composition (recognized as equity.)

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic equipment and networking telecommunication equipment.

Electronic equipment and networking telecommunication equipment are recognized as revenues and trade receivables when the goods are shipped.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control of materials ownership.

2) Rendering of services

Services income is recognized when services are provided.

3) Service revenue

Services income is recognized when cloud services and multimedia applications are provided.

o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

- The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and past service cost) and net defined benefit liabilities (assets) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit or the date when the Group recognized any related restructuring costs.

q. Share-based payment arrangements - employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Material accounting judgments

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 755	\$ 933
Checking accounts and demand deposits	854,015	1,388,493
Cash equivalents (investments with original maturities within 3 months)		
Time deposits	<u>280,709</u>	<u>303,573</u>
	<u>\$ 1,135,479</u>	<u>\$ 1,692,999</u>

The market rate intervals of cash in the bank at the end of the reporting periods were as follows:

	December 31	
	2023	2022
Demand deposits	0.005%-4.75%	0.001%-3.50%
Time deposits	1.34%-5.50%	1.20%-4.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets - current</u>		
Held for trading		
Derivative instruments (not designated as hedge)		
Convertible bonds redemption and sale option (Note 19)	\$ <u>102</u>	\$ <u>244</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivative instruments (not designated as hedge)		
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>783</u>

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

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange forward contracts	EUR to USD	2023.01.20	EUR200/USD207
Foreign exchange forward contracts	EUR to USD	2023.07.24	EUR300/USD315
Foreign exchange forward contracts	EUR to USD	2023.07.24	EUR200/USD210
Foreign exchange forward contracts	EUR to USD	2023.07.25	EUR200/USD210

The purpose of the Group trading in derivative financial instruments is to avoid the risks of foreign currency assets and liabilities from exchange rate fluctuations. However, such derivative financial instrument does not meet the conditions for effective hedging; therefore, hedge accounting is inapplicable.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	2022
<u>Non-current</u>		
Overseas unlisted ordinary shares		
Bluechip Infotech Pty. Ltd.	\$ 37,251	\$ 18,798
Domestic unlisted ordinary shares		
Status Internet Co., Ltd.	4,174	4,516
Ecobear Technology Corp.	9,827	6,621
Onward Security Corp.	-	17,070
Newgreen Tech Co., Ltd.	-	6,498
	<u>\$ 51,252</u>	<u>\$ 53,503</u>

The Group acquired ordinary shares of Bluechip Infotech Pty. Ltd., Status Internet Co., Ltd., Ecobear Technology Corp., Onward Security Corp., and Newgreen Tech Co., Ltd. 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 \$53,864 thousand, with unrealized gain on financial assets at FVTOCI in other equity and a corresponding amount reclassified to retained earnings for \$17,974 thousand in 2023.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 57,194</u>	<u>\$ 14,370</u>
<u>Non-current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 21,516</u>	<u>\$ 20,197</u>

- As the years ended December 31, 2023 and 2022, the ranges of interest rates for time deposits with original maturities of more than 3 months were from 1.57% to 5.85% and 0.98% to 5.85% per annum respectively.
- 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

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,471	\$ 2,462
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 759,899	\$ 1,296,717
Less: Allowance for impairment loss	(4,189)	(58,690)
	<u>\$ 755,710</u>	<u>\$ 1,238,027</u>
<u>Other receivables</u>		
Others	\$ 14,563	\$ 8,729

The average credit period of the Group's sales of goods varies among customers due to their different credit ratings, and no interest was charged on trade receivables. The Group uses other publicly available financial information or 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 by reference to 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.

December 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	0.21%	1.31%	3.38%	29.27%	54.76%	
Gross carrying amount	\$ 649,831	\$ 67,990	\$ 40,915	\$ 427	\$ 736	\$ 759,899
Loss allowance (Lifetime ECLs)	<u>(1,384)</u>	<u>(893)</u>	<u>(1,384)</u>	<u>(125)</u>	<u>(403)</u>	<u>(4,189)</u>
Amortized cost	<u>\$ 648,447</u>	<u>\$ 67,097</u>	<u>\$ 39,531</u>	<u>\$ 302</u>	<u>\$ 333</u>	<u>\$ 755,710</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>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 58,690	\$ 68,349
Add: Net remeasurement of loss allowance	-	8,544
Less: Reversals of impairment loss	(6,704)	-
Less: Amounts written off (Note)	(47,870)	(18,647)
Foreign exchange gains and losses	<u>73</u>	<u>444</u>
Balance at December 31	<u>\$ 4,189</u>	<u>\$ 58,690</u>

Note: During the year 2023 and 2022, the Group wrote off trade receivables of \$47,870 thousand and \$18,647, respectively, and the related loss allowance of \$47,870 thousand and \$18,647, respectively, due to partial trade receivables could not be recovered.

11. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Raw materials	\$ 474,271	\$ 580,526
Finished goods	352,021	254,619
Work in progress and semi-finished goods	270,558	624,171
Merchandise	<u>346,427</u>	<u>262,603</u>
	<u>\$ 1,443,277</u>	<u>\$ 1,721,919</u>

The costs of inventories recognized as cost of goods sold included write-down of \$117,606 thousand and \$20,429 thousand, respectively.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31		Remark
			2023	2022	
The Company	Edimax Computer Co. (“Edimax USA”)	Networking equipment wholesale	100.00%	100.00%	
	Edimax Technology Europe B.V. (“Edimax Europe”)	Networking equipment wholesale	100.00%	100.00%	
	Edimax Technology (BVI) Co., Ltd. (“Edimax BVI”)	Networking equipment wholesale	100.00%	100.00%	
	ABS Telecom Inc. (“ABS Telecom”)	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	
	Edimax Technology Australia Pty, Ltd. (“Edimax AU”)	Networking equipment wholesale	-	-	(3)
	SMAX Technology Co., Ltd. (“SMAX Technology”)	Wired and wireless telecommunication equipment for manufacturing	100.00%	100.00%	
	Comtrend Corporation (“Comtrend”)	Cable and telecommunication transmission equipment	33.49%	33.60%	(1)
Edimax Europe	Edimax Technology Poland. Sp. Zo.o. (“Edimax Poland”)	Networking equipment wholesale	-	-	(3)
Edimax BVI	Datamax (HK) Co., Ltd. (“Datamax HK”)	Investing	100.00%	100.00%	
ABS Telecom	ABST Information International Inc. (“ABST”)	Investing	100.00%	100.00%	
SMAX Technology	Smax Japan Co., Ltd. (“Smax Japan”)	Networking equipment wholesale	100.00%	100.00%	
Comtrend	Comtrend Corporation, USA (“CUSA”)	Cable and cableless transmission equipment wholesale, retail sale, and international trade	100.00%	100.00%	
	Interchan Global Limited (“Interchan Global”)	Investing	-	-	(2)
	Comtrend Technology (Netherlands) B.V. (“CTBV”)	Wholesale, retail sale, and international trade	100.00%	100.00%	
Datamax HK	Edimax Electronic (Dongguan) Co., Ltd.	Networking production and marketing	100.00%	100.00%	
ABST	ABST Information Telecom Service Inc.	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	
Interchan Global	Interchan Taiwan (“8086”)	Telecommunication value-added services	-	-	(2)
CTBV	Comtrend Central Europe S.R.O. (“CCE”)	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	100.00%	100.00%	
	Comtrend Iberia S.L. (“Comtrend Iberia”)	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	100.00%	100.00%	

- 1) For the changes in the proportion of ownership held by the Group, please refer to Note 29 for additional information.
- 2) The Group completed the liquidation procedures of Interchan Global and 8086 in December 2022 and July 2022, respectively.
- 3) The Group completed the deregistration process of Edimax Poland and Edimax AU in July 2022 and September 2022, respectively.

As of December 31, 2023 and 2022, the Group held 33.49% and 33.60% of Comtrend’s voting shares, respectively, but the Group has the practical ability to direct the relevant activities of Comtrend; thus, Comtrend was listed as a subsidiary of the Group.

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

		Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
Name of Subsidiary	Principal Place of Business	2023	2022
Comtrend	Taiwan	66.51%	66.40%

Profit Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
For the Year Ended December 31		December 31		
Name of Subsidiary	2023	2022	2023	2022
Comtrend	\$ (230,006)	\$ 6,319	\$ 544,257	\$ 794,859

The summarized financial information below represents amounts before intragroup eliminations.

Comtrend and subsidiaries

	December 31	
	2023	2022
Current assets	\$ 1,334,880	\$ 1,423,427
Non-current assets	383,272	365,123
Current liabilities	(608,425)	(320,674)
Non-current liabilities	<u>(225,294)</u>	<u>(208,609)</u>
Equity	<u>\$ 884,433</u>	<u>\$ 1,259,267</u>
Equity attributable to:		
Owners of Comtrend	\$ 296,197	\$ 423,114
Non-controlling interests of Comtrend	<u>588,236</u>	<u>836,153</u>
	<u>\$ 884,433</u>	<u>\$ 1,259,267</u>
	For the Year Ended December 31	
	2023	2022
Revenue	<u>\$ 888,721</u>	<u>\$ 1,921,542</u>
Net (loss) profit for the year	\$ (345,823)	\$ 9,271
Other comprehensive income (loss) for the year	<u>10,039</u>	<u>32,117</u>
Total comprehensive income (loss) for the year	<u>\$ (335,784)</u>	<u>\$ 41,388</u>
Net (loss) profit attributable to:		
Owners of Comtrend	\$ (115,817)	\$ 2,952
Non-controlling interests of Comtrend	<u>(230,006)</u>	<u>6,319</u>
	<u>\$ (345,823)</u>	<u>\$ 9,271</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Total comprehensive income attributable to:		
Owners of Comtrend	\$ (109,852)	\$ 16,272
Non-controlling interests of Comtrend	<u>(225,932)</u>	<u>25,116</u>
	<u>\$ (335,784)</u>	<u>\$ 41,388</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (138,249)	\$ 114,095
Investing activities	(21,436)	(239,181)
Financing activities	123,897	139,778
Effect of exchange rate	<u>5,144</u>	<u>26,452</u>
Net cash (outflow) inflow	<u>\$ (30,644)</u>	<u>\$ 41,144</u>
		(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 66,806</u>	<u>\$ 71,531</u>
	For the Year Ended December 31	
	2023	2022
The Group's share of		
Net profit for the year	\$ 13,909	\$ 25,502
Other comprehensive income (loss)	<u>728</u>	<u>7,268</u>
Total comprehensive income for the year	<u>\$ 14,637</u>	<u>\$ 32,770</u>

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

14. PROPERTY, PLANT AND EQUIPMENT

	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	12,684	5,300	3,974	41,579	63,537
Disposals	-	-	(255,870)	(71,296)	(327,166)
Reclassified	-	(5,194)	-	5,194	-
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>(2,612)</u>	<u>(461)</u>	<u>(3,073)</u>
Balance at December 31, 2023	<u>\$ 1,502,582</u>	<u>\$ 986,845</u>	<u>\$ 137,680</u>	<u>\$ 501,552</u>	<u>\$ 3,128,659</u>
					(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 156,983	\$ 341,734	\$ 413,176	\$ 911,893
Depreciation expense	-	23,162	10,573	52,249	85,984
Disposals	-	-	(255,870)	(70,667)	(326,537)
Reclassified	-	(5,194)	-	5,194	-
Effect of foreign currency exchange differences	-	-	(1,873)	(392)	(2,265)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 174,951</u>	<u>\$ 94,564</u>	<u>\$ 399,560</u>	<u>\$ 669,075</u>
Carrying amounts at December 31, 2023	<u>\$ 1,502,582</u>	<u>\$ 811,894</u>	<u>\$ 43,116</u>	<u>\$ 101,992</u>	<u>\$ 2,459,584</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 1,299,846	\$ 919,692	\$ 385,623	\$ 557,529	\$ 3,162,690
Additions	190,052	67,047	832	38,770	296,701
Disposals	-	-	(207)	(17,955)	(18,162)
Reclassified	-	-	-	(53,686)	(53,686)
Effect of foreign currency exchange differences	-	-	5,940	1,878	7,818
Balance at December 31, 2022	<u>\$ 1,489,898</u>	<u>\$ 986,739</u>	<u>\$ 392,188</u>	<u>\$ 526,536</u>	<u>\$ 3,395,361</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 133,945	\$ 323,339	\$ 428,503	\$ 885,787
Depreciation expense	-	23,038	13,715	54,129	90,882
Disposals	-	-	(212)	(17,844)	(18,056)
Reclassified	-	-	-	(53,511)	(53,511)
Effect of foreign currency exchange differences	-	-	4,892	1,899	6,791
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 156,983</u>	<u>\$ 341,734</u>	<u>\$ 413,176</u>	<u>\$ 911,893</u>
Carrying amounts at December 31, 2022	<u>\$ 1,489,898</u>	<u>\$ 829,756</u>	<u>\$ 50,454</u>	<u>\$ 113,360</u>	<u>\$ 2,483,468</u> (Concluded)

- a. No impairment loss was recognized or reversal for the years ended December 31, 2023 and 2022.
- b. The cash flow information for the acquisition of property, plant and equipment by the Group for the years ended December 31, 2023 and 2022 is adjusted as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Increase in property, plant and equipment	\$ 63,537	\$ 296,701
Less: Prepayments for land and buildings purchased at the beginning of period	-	(56,796)
Add: Prepayments for land and buildings purchased at the end of period	-	-
Paid in cash	<u>\$ 63,537</u>	<u>\$ 239,905</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 were set out in Note 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Buildings	\$ 176,680	\$ 41,593
Transportation equipment	<u>2,484</u>	<u>6,906</u>
	<u>\$ 179,164</u>	<u>\$ 48,499</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 188,717</u>	<u>\$ 26,867</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 44,189	\$ 27,730
Transportation equipment	<u>4,415</u>	<u>6,451</u>
	<u>\$ 48,604</u>	<u>\$ 34,181</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 years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 45,853</u>	<u>\$ 22,586</u>
Non-current	<u>\$ 133,715</u>	<u>\$ 26,102</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.11%-1.75%	1.38%-1.50%
Transportation equipment	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 Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 5,817</u>	<u>\$ 5,821</u>
Total cash outflow for leases	<u>\$ (66,902)</u>	<u>\$ (41,841)</u>

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

16. INTANGIBLE ASSETS

	Goodwill	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 31,842	\$ 90,840	\$ 122,682
Additions	-	8,234	8,234
Effect of foreign currency exchange differences	<u>-</u>	<u>117</u>	<u>117</u>
Balance at December 31, 2023	<u>\$ 31,842</u>	<u>\$ 99,191</u>	<u>\$ 131,033</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 8,611	\$ 80,353	\$ 88,964
Amortization expense	<u>-</u>	<u>8,996</u>	<u>8,996</u>
Balance at December 31, 2023	<u>\$ 8,611</u>	<u>\$ 89,349</u>	<u>\$ 97,960</u>
Carrying amounts at December 31, 2023	<u>\$ 23,231</u>	<u>\$ 9,842</u>	<u>\$ 33,073</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 31,842	\$ 74,602	\$ 106,444
Additions	-	13,069	13,069
Reclassified	-	2,652	2,652
Effect of foreign currency exchange differences	<u>-</u>	<u>517</u>	<u>517</u>
Balance at December 31, 2022	<u>\$ 31,842</u>	<u>\$ 90,840</u>	<u>\$ 122,682</u>

(Continued)

	Goodwill	Computer Software	Total
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 8,611	\$ 67,447	\$ 76,058
Amortization expense	-	10,429	10,429
Reclassified	<u>-</u>	<u>2,477</u>	<u>2,477</u>
Balance at December 31, 2022	<u>\$ 8,611</u>	<u>\$ 80,353</u>	<u>\$ 88,964</u>
Carrying amounts at December 31, 2022	<u>\$ 23,231</u>	<u>\$ 10,487</u>	<u>\$ 33,718</u> (Concluded)

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

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

Computer software	1-11 years
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17. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
<u>Non-current</u>		
Pension reserve fund	\$ 68,366	\$ 69,400
Reserve account	<u>2,487</u>	<u>400</u>
	<u>\$ 70,853</u>	<u>\$ 69,800</u>

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

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 198,000</u>	<u>\$ 739,632</u>

The ranges of weighted average effective interest rates on bank loans were 2.00%-6.77% and 1.49%-2.19% per annum for the years ended December 31, 2023 and 2022, respectively.

b. Short-term bills payable

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

As of December 31, 2022, the weighted average effective interest rate on commercial paper was 2.04%.

c. Long-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings</u>		
Bank loans (1)	\$ 1,350,314	\$ 1,367,114
Bank loans (2)	200,000	200,000
Bank loans (3)	<u>30,000</u>	<u>-</u>
	1,580,314	1,567,114
Less: Current portions	<u>(19,300)</u>	<u>(16,800)</u>
	<u>\$ 1,561,014</u>	<u>\$ 1,550,314</u>

- 1) The bank loans 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 rate were 1.86% and 1.63%, respectively. The purpose of the borrowings is to purchase land and buildings for operations.
- 2) The bank loans are secured by the Group's land and buildings, please refer to Note 33 for additional information. The maturity date is January 14, 2042 and the grace period is three years. The effective annual interest rate from January 14, 2022 to January 14, 2025 is 1.25% to 1.75%, and the effective annual interest rate from January 15, 2025 to January 14, 2042 is 1.86%. The purpose of the borrowings is to purchase land and buildings for operations.
- 3) The bank borrowings are secured by the Group's land and buildings; please refer to Note 33 for additional information. The maturity date is on September 25, 2028 and the effective annual interest rates was 2.10%. The purpose of the borrowings is to purchase land and buildings for operations.

19. CONVERTIBLE BONDS

	December 31	
	2023	2022
Secured domestic convertible bonds	<u>\$ 126,690</u>	<u>\$ 185,143</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 in September 1, 2021. In addition, the conversion price was adjusted from \$13.50 to \$12.66 as of September 18, 2023. 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 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 days. 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 components are classified as embedded derivatives assets and non-embedded assets. The embedded derivatives, which are measured at fair value amounted to \$102 thousand and \$244 thousand on December 31, 2023 and 2022. and classified as non-current financial assets at fair value through profit or loss. The non-derivative, which are measured at amortized cost amounted to \$126,690 thousand and \$185,143 thousand on December 31, 2023 and 2022, respectively. The effective interest rate of the liability components was 1.04% per annum on initial recognition.

Liability component at January 1, 2022	\$ 390,315
Interest charged at an effective interest rate of 1.04%	3,437
Conversion of convertible bonds into common stock	(209,129)
Valuation loss on financial investments	<u>276</u>
Liability component at December 31, 2022	<u>\$ 184,899</u>
Liability component at January 1, 2023	\$ 184,899
Interest charged at an effective interest rate of 1.04%	1,544
Conversion of convertible bonds into common stock	(59,997)
Valuation loss on financial investments	<u>142</u>
Liability component at December 31, 2023	<u>\$ 126,588</u>

As of December 31, 2023, the convertible bonds with face value of \$272,400 thousand were converted into 20,218 thousand ordinary shares.

20. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payable for salaries	\$ 110,845	\$ 97,648
Payable for employees' bonuses and directors' remuneration	-	22,821
Payable for labor fee	20,892	17,713
Payable for freight and customs fee	7,370	5,785
		(Continued)

	December 31	
	2023	2022
Payable for royalties	\$ -	\$ 2,726
Others	<u>141,313</u>	<u>183,763</u>
	<u>\$ 280,420</u>	<u>\$ 330,456</u>
Other liabilities		
Receipts under custody	\$ 27,509	\$ 40,453
Refund liabilities	11,187	35,269
Temporary credit	<u>15,926</u>	<u>29,585</u>
	<u>\$ 54,622</u>	<u>\$ 105,307</u>
		(Concluded)

21. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Warranties	<u>\$ 8,770</u>	<u>\$ 7,914</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

	December 31	
	2023	2022
Defined contribution plans	\$ 24,405	\$ 25,460
Net defined benefit liabilities	<u>46,660</u>	<u>46,637</u>
	<u>\$ 71,065</u>	<u>\$ 72,097</u>

a. Defined contribution plans

The Company and domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Company contributes a certain percentage of total monthly salaries and wages of managerial personnel to a pension reserve fund account (classified as other financial assets - non-current) from July 2005. Refer to Note 17 for information relating to the pension reserve fund. The actual pension amounts paid in 2023 and 2022 were both \$0 and the Company's contributions to the fund amounted to \$24,405 thousand and \$25,460 thousand for the years ended December 31, 2023 and 2022, respectively.

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company, Comtrend and ABS Telecom of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company, Comtrend and ABS Telecom contribute a certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 140,360	\$ 146,287
Fair value of plan assets	<u>(93,700)</u>	<u>(99,650)</u>
Net defined benefit plans liability	<u>\$ 46,660</u>	<u>\$ 46,637</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 149,378</u>	<u>\$ (86,790)</u>	<u>\$ 62,588</u>
Service cost			
Current service cost	2,163	-	2,163
Net interest expense (income)	<u>901</u>	<u>(902)</u>	<u>(1)</u>
Recognized in profit or loss	<u>3,064</u>	<u>(902)</u>	<u>2,162</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,467)	(4,467)
Actuarial loss - changes in demographic assumptions	1,444	-	1,444
Actuarial gain - changes in financial assumptions	(7,783)	-	(7,783)
Actuarial loss - experience adjustments	<u>2,595</u>	<u>-</u>	<u>2,595</u>
Recognized in other comprehensive income	<u>(3,744)</u>	<u>(4,467)</u>	<u>(8,211)</u>
Contributions from the employer	<u>-</u>	<u>(9,902)</u>	<u>(9,902)</u>
Benefit expenses	<u>(2,411)</u>	<u>2,411</u>	<u>-</u>
Balance at December 31, 2022	<u>146,287</u>	<u>(99,650)</u>	<u>46,637</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	\$ 955	\$ -	\$ 955
Net interest expense (income)	<u>1,881</u>	<u>(2,142)</u>	<u>(261)</u>
Recognized in profit or loss	<u>2,836</u>	<u>(2,142)</u>	<u>694</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	25	25
Actuarial gain - changes in financial assumptions	(806)	-	(806)
Actuarial loss - experience adjustments	<u>1,030</u>	<u>-</u>	<u>1,030</u>
Recognized in other comprehensive income	<u>224</u>	<u>25</u>	<u>249</u>
Contributions from the employer	<u>-</u>	<u>(2,887)</u>	<u>(2,887)</u>
Benefit expenses	<u>(8,987)</u>	<u>8,987</u>	<u>-</u>
Others	<u>-</u>	<u>1,967</u>	<u>1,967</u>
Balance at December 31, 2023	<u>\$ 140,360</u>	<u>\$ (93,700)</u>	<u>\$ 46,660</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Selling and marketing expenses	\$ 184	\$ 597
General and administrative expenses	84	326
Research and development expenses	<u>426</u>	<u>1,239</u>
	<u>\$ 694</u>	<u>\$ 2,162</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.25%-1.38%	1.25%-1.38%
Expected rates of salary increase	2.00%-2.75%	2.00%-3.00%
Turnover rates	3.67%-12.88%	3.67%-17.17%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.5% increase	\$ (4,782)	\$ (5,348)
0.5% decrease	\$ 5,017	\$ 5,611
Expected rate of salary increase		
0.5% increase	\$ 4,909	\$ 5,481
0.5% decrease	\$ (4,681)	\$ (5,221)

The sensitivity analysis previously presented may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	\$ 9,008	\$ 9,077
The average duration of the defined benefit obligation	9.08 years	8.23 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	\$ 3,000,000	\$ 3,000,000
Number of shares issued and fully paid (in thousands)	213,496	207,010
Shares issued	\$ 2,134,956	\$ 2,070,101
Capital collected in advance	\$ 1,264	\$ 8,504

The capital collected in advance of the Company on December 31, 2022, resulted from exercising the options of \$430 thousand, and 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.

In addition, as of December 31, 2023, the holders of the Company's unsecured convertible bond claimed the conversion into ordinary shares of \$1,264 thousand, the issuance of the ordinary shares was 126 thousand units. As of December 31, 2023, the applying for change of registration was not done, therefore, the share options were recognized as capital collected in advance.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Premium from issuance of common shares	\$ 2,673	\$ 41,417
Premium from conversion of bonds	91,427	71,016
Treasury share transactions	6,836	6,836
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
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interest in subsidiaries (2)	64,954	65,624
Others	33,437	33,437
<u>May not be used for any purpose</u>		
Employee share options	8,976	6,552
Convertible bond stock options (Note 19)	<u>3,408</u>	<u>10,684</u>
	<u>\$ 261,073</u>	<u>\$ 284,928</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 employees' compensation and remuneration of directors after the amendment, refer to employees' compensation 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 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 amount of cash dividends distributed should not be less than 10% of total dividends distributed. 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 future development plan.

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

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

The appropriation of earnings 2022 that was approved in the shareholders' meeting on June 14, 2023 was as follows:

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

The deficit compensation for 2023 is subject to the resolution of the shareholders' meeting scheduled to be held on June 14, 2024.

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 year	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Number of shares at December 31, 2023	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>1,380</u>
Number of shares at January 1, 2022	-	-	1,440	1,440
Decrease during the year	<u>-</u>	<u>-</u>	<u>(56)</u>	<u>(56)</u>
Number of shares at December 31, 2022	<u>-</u>	<u>-</u>	<u>1,384</u>	<u>1,384</u>

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>December 31, 2022</u>			
Comtrend	1,380	\$ 12,931	\$ 22,146
<u>December 31, 2022</u>			
Comtrend	1,384	12,973	20,903

For both of the years ended December 31, 2023 and 2022, Comtrend held both 4,120 thousand ordinary shares of the Company and the Company recognized 1,380 thousand and 1,384 thousand treasury shares based on the ownership percentage of 33.49% and 33.60% as at December 31, 2023 and 2022, respectively.

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

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 794,859	\$ 790,739
Share of (loss) profit for the year	(230,006)	6,319
Other comprehensive income/(loss) during the year		
Exchange differences arising on translation of foreign operations	3,971	15,373
Remeasurement of defined benefit plans	128	4,279
Related income tax	(25)	(855)
Cash dividends distributed by the subsidiaries	(27,313)	(38,271)
Employee share options of the subsidiaries	(496)	316
Share of changes in capital surplus of subsidiaries	<u>3,139</u>	<u>16,959</u>
Balance at December 31	<u>\$ 544,257</u>	<u>\$ 794,859</u>

24. REVENUE

a. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	\$ 4,246,372	\$ 5,949,021
Revenue from the rendering of services	14,028	13,707
Other income	<u>12</u>	<u>429</u>
	<u>\$ 4,260,412</u>	<u>\$ 5,963,157</u>

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 759,899</u>	<u>\$ 1,296,717</u>	<u>\$ 1,168,257</u>
Contract assets sale of goods	<u>\$ 1,160</u>	<u>\$ 8,355</u>	<u>\$ 5,782</u>
Contract liabilities sale of goods	<u>\$ 93,624</u>	<u>\$ 93,974</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 Year Ended December 31	
	2023	2022
Bank deposits	<u>\$ 23,703</u>	<u>\$ 7,811</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividends		
Investments in equity instruments at FVTOCI	\$ 4,754	\$ 733
Others	<u>14,104</u>	<u>38,246</u>
	<u>\$ 18,858</u>	<u>\$ 38,979</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
(Loss) gain on disposal of property, plant and equipment	\$ (45)	\$ 1
Net foreign exchange (loss) gain	(3,234)	130,155
Gain (loss) on fair value changes of financial assets and financial liabilities as at FVTPL	641	(1,059)
Others	<u>(3,559)</u>	<u>(20,956)</u>
	<u>\$ (6,197)</u>	<u>\$ 108,141</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 35,153	\$ 33,367
Interest on lease liabilities	1,624	989
Interest on convertible bonds	<u>1,544</u>	<u>3,437</u>
	<u>\$ 38,321</u>	<u>\$ 37,793</u>

e. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2023	2022
Trade receivables	\$ (6,704)	\$ 8,544
Inventories (included in operating costs)	<u>\$ 117,606</u>	<u>\$ 20,429</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 85,984	\$ 90,882
Right-of-use assets	48,604	34,181
Intangible assets	<u>8,996</u>	<u>10,429</u>
	<u>\$ 143,584</u>	<u>\$ 135,492</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 43,796	\$ 17,695
Operating expenses	<u>90,792</u>	<u>107,368</u>
	<u>\$ 134,588</u>	<u>\$ 125,063</u>
An analysis of amortization by function		
Operating costs	\$ 691	\$ 779
Operating expenses	<u>8,305</u>	<u>9,650</u>
	<u>\$ 8,996</u>	<u>\$ 10,429</u>
		(Concluded)

g. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2023	2022
Post-employment benefits (Note 22)		
Defined contribution plans	\$ 38,013	\$ 30,862
Defined benefit plans	<u>694</u>	<u>2,162</u>
	<u>38,707</u>	<u>33,024</u>
Share-based payments		
Equity-settled	<u>3,485</u>	<u>1,125</u>
Termination benefits	<u>7,361</u>	<u>1,132</u>
Other employee benefits	<u>955,187</u>	<u>1,006,010</u>
Total employee benefits expense	<u>\$ 1,004,740</u>	<u>\$ 1,041,291</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 167,786	\$ 202,379
Operating expenses	<u>836,954</u>	<u>838,912</u>
	<u>\$ 1,004,740</u>	<u>\$ 1,041,291</u>

h. Compensation of employees and remuneration of directors

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

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, 2023.

The employees' compensation and the remuneration of directors for the year ended December 31, 2022 approved by the Company's board of directors on March 3, 2023 are as follows:

Amount

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

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

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022.

Information on the employees' compensation 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 Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 109,291	\$ 268,025
Foreign exchange losses	<u>(112,525)</u>	<u>(137,870)</u>
	<u>\$ (3,234)</u>	<u>\$ 130,155</u>

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 43,260	\$ 29,228
Income tax on unappropriated earnings	946	-
Adjustments for prior periods	<u>(267)</u>	<u>(2,571)</u>
	<u>43,939</u>	<u>26,657</u>
Deferred tax		
In respect of the current year	<u>(12,014)</u>	<u>12,106</u>
Income tax expense recognized in profit or loss	<u>\$ 31,925</u>	<u>\$ 38,763</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Net (loss) profit before tax	<u>\$ (229,039)</u>	<u>\$ 297,740</u>
Net (loss) profit income tax expense calculated at the statutory rate	\$ (54,074)	\$ 85,182
Nondeductible expenses in determining taxable income	19,451	22,013
Tax-exempt income	(8,382)	(9,844)
Income tax on unappropriated earnings	946	-
Realization of investment losses	-	(4,412)
Loss carryforwards	-	7,878
Unrecognized loss carryforwards/deductible temporary differences	74,251	(59,483)
Adjustments for prior years' tax	<u>(267)</u>	<u>(2,571)</u>
Income tax expense recognized in profit or loss	<u>\$ 31,925</u>	<u>\$ 38,763</u>
b. Income tax recognized in other comprehensive income		
	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year:		
Remeasurement of defined benefit plans	<u>\$ (395)</u>	<u>\$ (1,933)</u>
Total tax (expense) recognized in other comprehensive income	<u>\$ (395)</u>	<u>\$ (1,933)</u>
c. Current tax assets and liabilities		
	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 5,515</u>	<u>\$ 13,079</u>
Current tax liabilities		
Income tax payable	<u>\$ 57,372</u>	<u>\$ 40,774</u>

d. Deferred tax liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Defined benefit plans	\$ (669)	\$ (71)	\$ (38)	\$ (778)
Loss on market price decline of inventories	6,794	5,845	-	12,639
Warranty expenses	1,583	171	-	1,754
Unrealized profits from downstream transactions	10,163	1,011	-	11,174
Financial liabilities at fair value through profit or loss	157	(157)	-	-
Others	<u>2,619</u>	<u>501</u>	<u>-</u>	<u>3,120</u>
	20,647	7,300	(38)	27,909
Loss carryforwards	<u>7,258</u>	<u>-</u>	<u>-</u>	<u>7,258</u>
	<u>\$ 27,905</u>	<u>\$ 7,300</u>	<u>\$ (38)</u>	<u>\$ 35,167</u>
<u>Deferred tax liabilities</u>				
Unrealized foreign exchange gains	\$ 6,092	\$ (6,083)	\$ -	\$ 9
Defined benefit obligations	645	-	357	1,002
Others	<u>-</u>	<u>1,369</u>	<u>-</u>	<u>1,369</u>
	<u>\$ 6,737</u>	<u>\$ (4,714)</u>	<u>\$ 357</u>	<u>\$ 2,380</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Defined benefit plans	\$ 1,683	\$ (1,064)	\$ (1,288)	\$ (669)
Loss on market price decline of inventories	9,333	(2,539)	-	6,794
Warranty expenses	1,077	506	-	1,583
Unrealized profits from downstream transactions	4,587	5,576	-	10,163
Unrealized exchange losses	1,773	(1,773)	-	-
Financial liabilities at fair value through profit or loss	-	157	-	157
Others	<u>2,725</u>	<u>(106)</u>	<u>-</u>	<u>2,619</u>
	21,178	757	(1,288)	20,647
Loss carryforwards	<u>14,738</u>	<u>(7,480)</u>	<u>-</u>	<u>7,258</u>
	<u>\$ 35,916</u>	<u>\$ (6,723)</u>	<u>\$ (1,288)</u>	<u>\$ 27,905</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Unrealized foreign exchange gains	\$ 709	\$ 5,383	\$ -	\$ 6,092
Defined benefit obligations	<u>-</u>	<u>-</u>	<u>645</u>	<u>645</u>
	<u>\$ 709</u>	<u>\$ 5,383</u>	<u>\$ 645</u>	<u>\$ 6,737</u>
				(Concluded)

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	2023	2022
Loss carryforwards	\$ 241,673	\$ 464,249
Deductible temporary differences	<u>308,902</u>	<u>80,754</u>
	<u>\$ 550,575</u>	<u>\$ 545,003</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
\$ 20,771	2024
5,830	2025
80,592	2026
16,331	2028
53,909	2031
93,929	2033
2,226	2037
1,595	2038
<u>2,783</u>	2042
<u>\$ 277,966</u>	

- g. Income tax assessments

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

	Last Tax Assessment Year
The Company	2021
Edimax Electronic (Dongguan) Co., Ltd.	2021
Comtrend	2021
	(Continued)

	Last Tax Assessment Year
CUSA	2022
CTBV	2022
CCE	2022
Iberia	2022
ABS Telecom	2021
SMAX Technology	2021 (Concluded)

27. (LOSS) EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic (losses) earnings per share	\$ (0.15)	\$ 1.30
Diluted earnings per share		\$ 1.14

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

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2023	2022
Net (loss) profit used in the computation of (losses) earnings per share	\$ (30,958)	\$ 252,658
Effect of potentially dilutive ordinary shares:		
Convertible corporate bonds		3,713
Used to calculate net profit on diluted earnings per share		\$ 256,371

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

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic (losses) earnings per share	209,619	194,012
Effect of potentially dilutive ordinary shares		
Convertible corporate bonds		29,630
Employee share options		391
Employees' compensation		963
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share		224,996

Since 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 will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

As the Company reported a net loss after tax for the year ended December 31, 2023, the convertible bonds have been anti-dilutive and therefore have been excluded from the computation of diluted earnings per share.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Company

Qualified employees of the Company were granted 8,000 thousand options on September 30, 2017 and August 10, 2023, respectively. Information on outstanding issued employee share options was as follows:

	For the Year Ended December 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 give	8,000	15.25	-	-
Options exercised	(1,254)	10.00	(1,899)	10.00
Options forfeited	<u>(80)</u>	10.00	<u>(279)</u>	10.00
Balance at December 31	<u>8,000</u>	14.30	<u>1,334</u>	10.00
Options exercisable, end of year	<u>-</u>	14.30	<u>1,334</u>	10.00

Compensation costs recognized were \$3,485 thousand and \$386 thousand for the years ended December 31, 2023 and 2022, respectively.

Information on outstanding options is as follows:

	For the Year Ended December 31, 2023
Range of exercise price (NT\$)	\$10-\$14.30
Weighted-average remaining contractual life (years)	0-5.58 years

The Company granted the employee share options in August 2023 were valued using the Binomial Option Valuation Model, and the inputs used in the valuation model were as follows:

	August 2023
Stock price on the date of grant	\$15.25
Exercise price (Note)	14.30
Expected volatility	41.08%
Duration	6 years
Risk-free interest rate	1.0261%

Note: The closing price of our ordinary share on the issuance date of 2023 employee share options was \$15.25, and then the share option price was adjusted to \$14.30 as of December 31, 2023 due to the payment of 2022 cash dividends.

b. Employee share option plan of the subsidiaries

Comtrend did not issue employee share options during the years ended December 31, 2023 and 2022.

Information on outstanding employee share options is as follows:

	For the Year Ended December 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	(1,164)	10.00
Options forfeited	<u>(178)</u>	10.00	<u>(3)</u>	10.00
Balance at December 31	<u>-</u>		<u>380</u>	10.00
Options exercisable, end of year	<u>-</u>		<u>380</u>	10.00

Information on outstanding options as of December 31, 2023 and 2022 is as follows:

	December 31	
	2023	2022
Range of exercise price (NT\$)	\$ -	\$ 10.00
Weighted-average remaining contractual life (in years)	-	0.07 years

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

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

As the employees of Comtrend exercised the share options in March, June, September and December 2022, the Group's shareholding decreased from 34.29% to 33.60%.

As the employees of Comtrend exercised the share options in March, June, September and December 2023, the Group's shareholding decreased 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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values except detailed information show as the table below.

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bond	\$ 126,690	\$ -	\$ 123,530	\$ -	\$ 123,530

December 31, 2022

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

Level 2 inputs are inputs except quoted prices with reference 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

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value thought profit or loss - <u>non-current</u>				
Convertible bonds redemption and sale option	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ 102</u>
Financial assets at FVTOCI - <u>non-current</u>				
Investment in equity instruments at FVTOCI				
Foreign unlisted shares	\$ -	\$ -	\$ 37,251	\$ 37,251
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>14,001</u>	<u>14,001</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,252</u>	<u>\$ 51,252</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value thought profit or loss - <u>non-current</u>				
Convertible bonds redemption and sale option	<u>\$ -</u>	<u>\$ 244</u>	<u>\$ -</u>	<u>\$ 244</u>
Financial assets at FVTOCI - <u>non-current</u>				
Investment in equity instruments at FVTOCI				
Foreign unlisted shares	\$ -	\$ -	\$ 18,798	\$ 18,798
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>34,705</u>	<u>34,705</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,503</u>	<u>\$ 53,503</u>
Financial liability at fair value thought profit or loss - <u>current</u>				
Derivative	<u>\$ -</u>	<u>\$ 783</u>	<u>\$ -</u>	<u>\$ 783</u>

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

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

<u>Types of Financial Instruments</u>	<u>Evaluation Techniques and Input Values</u>
Financial liabilities - convertible bonds	Evaluated by binary tree convertible bond valuation model, evaluated by stock price volatility, risk-free interest rate, risk discount rate and remaining maturity.
Derivatives - forward foreign exchange contracts	Discounted cash flow method: The future cash flow is estimated based on the observable forward exchange rates and the exchange rates set in the contracts at the end of the period, and discounted separately at the discount rate that can reflect the credit risk of each counterparty.

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

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

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Mandatorily classified as at FVTPL	\$ 102	\$ 244
Financial assets at amortized cost (1)	2,071,934	3,077,575
Financial assets at FVTOCI		
Equity instruments	51,252	53,503
<u>Financial liabilities</u>		
Held for trading at FVTPL	-	783
Amortized cost (2)	2,960,320	3,892,813

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 include 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, and 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 currencies USD and the EUR.

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

	<u>Currency USD Impact</u>		<u>Currency EUR Impact</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit or loss	\$ (8,745) (i)	\$ (18,113) (i)	\$ (746) (i)	\$ (999) (i)

- i. This was mainly attributable to the exposure of outstanding USD receivables and payables which were not hedged at the end of the year.
- ii. This was mainly attributable to the exposure of outstanding EUR receivables and payables which were not hedged at the end of the year.

The Group's sensitivity to USD was increasing during the current year mainly due to the balance of accounts receivable denominated in USD was increasing.

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:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 359,419	\$ 338,140
Financial liabilities	2,084,572	2,570,546
Cash flow interest rate risk		
Financial assets	924,869	1,458,293

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 profit for the years ended December 31, 2023 and 2022 would increase/decrease by \$9,249 thousand and \$14,583 thousand, respectively.

The Group's sensitivity to interest rates was decreasing during the current period mainly due to the bank deposits was decreasing.

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 year.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$513 thousand and \$535 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices was decreasing during the years ended December 31, 2023 and 2022 mainly due to the gain (loss) of remeasurement of equity securities was decreasing.

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 transacts 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 December 31, 2023, and 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 Group's 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.

December 31, 2023

	Book Value	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 199,172	\$ 144,267	\$ 54,905	\$ -	\$ -
Lease liabilities	188,367	12,770	35,018	137,214	3,365
Long-term loans payable	1,735,341	-	-	642,144	1,093,197
Notes and trade payables	774,896	521,814	252,550	532	-
Other payables	280,420	89,872	181,779	8,769	-
Bonds payable	127,600	-	-	127,600	-
Current portion of long-term loans payable	<u>48,395</u>	<u>11,505</u>	<u>36,890</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,354,191</u>	<u>\$ 780,228</u>	<u>\$ 561,142</u>	<u>\$ 916,259</u>	<u>\$ 1,096,562</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	\$ 47,788	\$ 137,214	\$ 3,365	\$ -	\$ -
Long-term loans payable	\$ 48,395	\$ 642,144	\$ 982,200	\$ 68,658	\$ 42,339

December 31, 2022

	Book Value	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	43,631	10,932	32,699	-	-
	<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

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

Bank loans with a repayment on demand clause were included the period within 1-5 years of the maturity analysis table. As of December 31, 2023 and 2022, undiscounted principals of bank loans were \$1,778,314 thousand and \$2,306,746 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 \$1,981,439 thousand and \$2,711,680 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.

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>

c) Financing facilities

As of December 31, 2023 and 2022, unused financing facilities amounted to \$2,327,350 thousand and \$1,320,417 thousand, respectively.

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Sale of goods

Line Item	Related Party Category	<u>For the Year Ended December 31</u>	
		2023	2022
Sales	Associate	<u>\$ 1,637</u>	<u>\$ -</u>

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

c. Purchases of goods

Related Party Category	<u>For the Year Ended December 31</u>	
	2023	2022
Associate - ITI	<u>\$ 545,139</u>	<u>\$ 872,267</u>

There was no significant difference between related parties and third parties regarding transaction terms of purchase prices and payment terms.

d. Receivables from related parties

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

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

Other receivables are dividends receivable from related parties.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2023	2022
Accounts payable	Associate - ITI	\$ <u>84,531</u>	\$ <u>153,273</u>
Other payables	Associate	\$ <u>2,931</u>	\$ <u>4,516</u>

The outstanding trade payables to related parties are unsecured.

f. Acquisition of property, plant and equipment

Related Party Category	For the Year Ended December 31	
	2023	2022
Associate - ITI	\$ <u>796</u>	\$ <u>-</u>

g. Other transaction with related parties

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Operating expenses	Associate	\$ <u>4,298</u>	\$ <u>4,786</u>
Operating expenses	Related party in substance	\$ <u>-</u>	\$ <u>142</u>

h. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ <u>42,497</u>	\$ <u>62,563</u>
Share-based payments	<u>279</u>	<u>400</u>
	\$ <u>42,776</u>	\$ <u>62,963</u>

The remuneration of directors and other key management personnel, 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:

	December 31	
	2023	2022
Pledged deposits (classified as financial assets at amortized cost)	\$ 5,359	\$ 3,370
Property, plant and equipment	<u>2,178,040</u>	<u>2,202,292</u>
	<u>\$ 2,183,399</u>	<u>\$ 2,205,662</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 December 31, 2023 were as follows:

- As of December 31, 2023, the Group issued promissory notes with stated amounts of \$1,918,000 thousand and US\$23,500 thousand as collateral for loans and foreign exchange forward contracts.
- Taipei Fubon Bank issued to the Taipei Customs Office a guarantee note for customs duties on the bonded warehouse of the Group; the stated amount of the note was \$2,000 thousand as of December 31, 2023.
- As of December 31, 2023, the Group made endorsements and guarantees for SMAX Technology and Edimax Europe with stated amounts of \$20,000 thousand and \$67,960 thousand, respectively, and actual borrowings amounted to \$0 and \$20,388 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 the 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:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 51,337	30.71 (USD:NTD)	\$ 1,576,559
USD	906	22.38 (USD:CZK)	27,820
EUR	2,125	33.98 (EUR:NTD)	72,208
EUR	394	24.73 (EUR:CZK)	13,377
Non-monetary items			
Investments accounted for using the equity method			
USD	2,176	30.71 (USD:NTD)	66,806

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 22,282	30.71 (USD:NTD)	\$ 684,154
USD	1,163	7.10 (USD:RMB)	35,714
USD	325	22.38 (USD:CZK)	9,967
EUR	169	33.98 (EUR:NTD)	5,760
EUR	154	24.73 (EUR:CZK)	5,217
			(Concluded)

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

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

For the Year Ended December 31				
Functional Currency	Exchange Rate	2023	Exchange Rate	2022
		Net Foreign Exchange Gain (Loss)		Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ 42,736	1 (NTD:NTD)	\$ 178,327
USD	31.16 (USD:NTD)	(46,129)	29.81 (USD:NTD)	(47,365)
EUR	33.70 (EUR:NTD)	<u>159</u>	31.36 (EUR:NTD)	<u>(807)</u>
		<u>\$ (3,234)</u>		<u>\$ 130,155</u>

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

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

b. Information on investees (Table 5).

c. Information on investment 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 receiving 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:

a. Segment revenues 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 year ended <u>December 31, 2023</u>				
Revenues from external customers	<u>\$ 3,185,917</u>	<u>\$ 888,721</u>	<u>\$ 185,774</u>	<u>\$ 4,260,412</u>
Segment income	<u>\$ 91,932</u>	<u>\$ (353,150)</u>	<u>\$ 20,228</u>	<u>\$ (240,990)</u>
Nonoperating income and expense				<u>11,951</u>
Loss before tax				<u>\$ (229,039)</u>
For the year ended <u>December 31, 2022</u>				
Revenues from external customers	<u>\$ 3,828,878</u>	<u>\$ 1,921,542</u>	<u>\$ 212,737</u>	<u>\$ 5,963,157</u>
Segment income	<u>\$ 139,140</u>	<u>\$ (12,797)</u>	<u>\$ 28,757</u>	<u>\$ 155,100</u>
Nonoperating income and expense				<u>142,640</u>
Profit before tax				<u>\$ 297,740</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.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations classified by major products and services:

	For the Year Ended December 31	
	2023	2022
Enterprise and consumer communication equipment	\$ 3,186,037	\$ 3,828,878
Telecommunications business communication equipment	874,693	1,907,835
Communication services	158,476	198,341
Others	<u>41,206</u>	<u>28,103</u>
	<u>\$ 4,260,412</u>	<u>\$ 5,963,157</u>

c. Geographical information

The Group operates in three principal geographical areas - Europe, United States, and Asia and others.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Europe	\$ 544,525	\$ 1,012,149	\$ 4,774	\$ 34
United States	491,497	1,077,488	34,614	1,260
Asia and others	<u>3,224,390</u>	<u>3,873,520</u>	<u>2,617,599</u>	<u>2,546,322</u>
	<u>\$ 4,260,412</u>	<u>\$ 5,963,157</u>	<u>\$ 2,656,987</u>	<u>\$ 2,547,616</u>

Non-current assets exclude financial assets at fair value through profit or loss - non-current, financial assets at fair value through other comprehensive income - non-current, financial assets at amortized cost - non-current, investments accounted for using the equity method, intangible assets, deferred tax assets, and other financial assets - non-current.

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	December 31			
	2023		2022	
	Amount	% of Sales Revenue	Amount	% of Sales Revenue
Customer A	\$ 598,474	14	\$ 876,861	15

In addition to the above, there was no other revenue from a single customer that exceed 10% of the total consolidated revenue for both 2023 and 2022.

TABLE 1

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 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	b	\$ 490,653	\$ 20,000	\$ 20,000	\$ -	\$ -	0.82	\$ 1,226,632	Y	N	N	Note 3
		Edimax Europe	b	490,653	69,420	67,960	20,388	-	2.77	1,226,632	Y	N	N	Note 3

Note 1: Endorser/Guarantor is numbered as follows:

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

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

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

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

TABLE 2

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 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	December 31, 2023				Note
				Number of Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
The Company	<u>Stock</u>							
	Bluechip Infotech Pty Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	333	\$ 37,251	5.82	\$ 37,251	
	Status Internet Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	345	4,174	16.31	4,174	
	Ecobear Technology Corp.	None	Financial assets at fair value through other comprehensive income - non-current	1,783	9,827	19.91	9,827	
Comtrend	<u>Stock</u>							
	EMMT Systems	None	Financial assets at fair value through other comprehensive income - non-current	482	-	0.52	-	Note 2
	Edimax	Parent company	Financial assets at fair value through other comprehensive income - current	4,120	66,126	1.94	66,126	

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

Note 2: There was no available information on equity as of December 31, 2023. The Company has recognized an impairment loss on these securities.

TABLE 3

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 YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Comtrend Edimax Electronic (Dongguan) ITI	Subsidiary	Sales	\$ 173,297	5.27	Normal	Normal	Normal	\$ 25,907	4.50	
		Subsidiary	Processing fee	1,037,173	31.49	By operating condition	Normal	By operating condition	(6,170)	(2.31)	
		Associate	Purchase	540,074	16.40	By operating condition	Normal	By operating condition	(84,233)	(31.59)	
Comtrend	CUSA	Subsidiary	Sales	(199,953)	(24.51)	Normal; collection period: 60-180 days	Normal	Normal; collection period: 60-180 days	130,889	43.84	
	CTBV	Subsidiary	Sales	(118,519)	(14.53)	Normal; collection period: 60-180 days	Normal	Normal; collection period: 60-180 days	64,368	21.56	
	EDIMAX	Parent company	Purchase	173,285	22.05	Normal	Normal	Normal	(26,173)	(7.85)	

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

TABLE 4

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 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	Actions Taken		
Comtrend	CUSA	Subsidiary	\$ 130,889	1.22	\$ 18,340	Subsidiary repayment has been actively arranged	\$ 11,043	\$ -

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

TABLE 5

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 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	\$ 66,783	\$ (5,182)	\$ (3,385) (Note 3)	Subsidiary
	Edimax BVI	British Virgin Islands	Networking equipment wholesale	287,735	287,735	8,966,076	100.00	149,734	(6,434)	(6,434)	Subsidiary
	Edimax Europe	Netherlands	Networking equipment wholesale	196,773	196,773	1,600	100.00	28,849	232	2,150 (Note 4)	Subsidiary
	ABS Telecom	Taiwan	Telecommunication equipment wholesale, transmission and rental	66,000	66,000	10,500,000	100.00	146,557	15,501	18,452 (Note 5)	Subsidiary
	SMAX Technology	Taiwan	Wired/wireless telecommunications equipment manufacturing	137,175	137,175	2,139,400	100.00	22,547	857	853 (Note 6)	Subsidiary
	Comtrend	Taiwan	Cable and cableless transmission equipment wholesale, research and development and retail sale	278,084	278,084	19,649,060	33.49	297,274	(345,822)	(115,750) (Note 7)	Subsidiary
	Crystal	Seychelles	Seychelles General import and export trade and investing	31,815	31,815	1,050,000	30.00	66,806	46,364	13,909	Associate
Edimax BVI	Datamax HK	Hong Kong	Investing	271,417	271,417	64,906,002	100.00	(10,447)	(13,261)	(13,261)	Second-tier subsidiary
ABS Telecom	ABST	Mauritius	Investing	4,175	4,175	140,000	100.00	12,047	(564)	(564)	Second-tier subsidiary
SMAX Technology	Smax Japan Inc.	Japan	Networking equipment wholesale	1,992	1,992	8,000,000	100.00	1,088	1,344	1,344	
Comtrend	CUSA	USA	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	211,620	98,341	200,000	100.00	(20,826)	(205,690)	(210,903) (Note 8)	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	86,467	(22,676)	(22,515) (Note 9)	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	38,200	(16,679)	(16,679)	Second-tier subsidiary
	Iberia	Spain	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	12,294	12,294	-	100.00	3,426	(5,871)	(5,871)	Second-tier subsidiary

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

Note 2: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2023.

Note 3: The share of profits/losses of the investee included net loss of \$5,182 thousand less the unrealized gross loss of \$1,797 thousand on intercompany transactions.

Note 4: The share of profits/losses of the investee included net income of \$232 thousand less the unrealized gross loss of \$1,918 thousand on intercompany transactions.

Note 5: The share of profits/losses of the investee included net income of \$15,501 thousand less the unrealized gross loss of \$2,951 thousand on intercompany transactions.

Note 6: The share of profits/losses of the investee included net income of \$857 thousand plus the unrealized gross profit of \$4 thousand on intercompany transactions.

Note 7: The share of profits/losses of the investee included net loss of \$115,816 thousand less the unrealized gross loss of \$66 thousand on intercompany transactions.

Note 8: The share of profits/losses of the investee included net loss of \$205,690 thousand less the unrealized gross profit of \$5,213 thousand on intercompany transactions.

Note 9: The share of profits/losses of the investee included net loss of \$22,676 thousand less the unrealized gross profit of \$161 thousand on intercompany transactions.

TABLE 6

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 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 December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Edimax Electronic (Dongguan)	Production and sale of network equipment	\$ 257,046	b.	\$ 257,046	\$ -	\$ -	\$ 257,046	\$ (13,213)	100	\$ (13,213)	\$ (10,474)	\$ -	Note 2
ABST Information Telecom Service	Telecommunication equipment wholesale, transmission and rental	4,175	b.	4,175	-	-	4,175	(441)	100	(441)	12,955	-	Note 3

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$264,698	\$279,526 (Note 4)	\$1,471,959

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: Investment gain (loss):

- a. If it is in preparation and there is no investment gain (loss), it should be indicated.
- b. The recognition of investment gain (loss) is divided into the following three types, it should be indicated.
 - 1) The financial statement is audited and attested by certified public accounting firm with all cooperative relations with the Republic of China Accounting Firm.
 - 2) The financial statement is audited and attested by certified public accountants of Taiwan.
 - 3) Others.

Note 3: The conversion is based on the spot exchange rate on the balance sheet date.

Note 4: Investments accounted for using equity method and stockholders’ equity, net worth in the transactions with the related parties have been eliminated in consolidated financial statements as of and for the year ended December 31, 2023.

TABLE 7

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 YEAR ENDED DECEMBER 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 Transactions	Ending Balance	%		
Edimax Electronic (Dongguan)	Processing fees	\$ 1,037,173	31.49	Normal	By operating conditions	By operating conditions	\$ (6,170)	(2.31)	\$ -	

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

TABLE 8

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 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	% to Total Sales or Assets (Note 3)
0	<u>For the year ended December 31, 2023</u>						
	The Company	Edimax Europe	a	Sales revenue	\$ 48,561	Normal	1.14
		Edimax USA	a	Sales revenue	7,060	Normal	0.17
		Edimax Electronic (Dongguan)	a	Processing fees	1,037,173	By operating condition	24.34
		Edimax Electronic (Dongguan)	a	Accounts payable	6,170	By operating condition	0.10
		Comtrend	a	Sales revenue	173,297	Normal	4.07
		Comtrend	a	Accounts receivable	25,907	Normal	0.40
1	Comtrend	CUSA	a	Sales revenue	199,953	Normal	22.50
		CUSA	a	Accounts receivable	130,889	Normal, collection period: 60-240 days	7.58
		CCE	a	Sales revenue	27,628	Normal	3.11
		CCE	a	Accounts receivable	11,878	Normal, collection period: 60-180 days	0.69
		Iberia	a	Commissions Expense	5,453	Normal	0.61
		CTBV	a	Sales revenue	118,519	Normal	13.34
		CTBV	a	Services revenue	9,215	Normal	1.04
		CTBV	a	Accounts receivable	64,368	Normal, collection period: 60-180 days	3.73

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

- a. Parent: 0.
- b. Subsidiaries: 1.
- c. Sub-subsidiaries: 2.

Note 2: Relationships between counterparties are numbered as follows:

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

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

Note 4: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2023.

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

TABLE 9**EDIMAX TECHNOLOGY CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 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.	11,515,084	5.39

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.