

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2024 and 2023 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Edimax Technology Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2024 and 2023, combined total assets of these non-significant subsidiaries were NT\$391,629 thousand and NT\$406,390 thousand, respectively, representing 5% and 6%, respectively, of the consolidated total assets, and combined total liabilities of these non-significant subsidiaries were NT\$92,290 thousand and NT\$86,269 thousand, respectively, both representing 2% of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income of these subsidiaries were NT\$(4,110) thousand and NT\$4,301 thousand, respectively, representing 3% and (12%), respectively, of the consolidated total comprehensive income (loss). As disclosed in Note 13 to the consolidated financial statements, as of March 31, 2024 and 2023, the investments in associates accounted for using the equity method were NT\$84,115 thousand and NT\$73,599 thousand, respectively, and the share of profit of associates was NT\$3,733 thousand and NT\$2,666 thousand, respectively. The financial statements of associates included in the consolidated financial statements referred to in the first paragraph were not reviewed. Information on other

non-significant subsidiaries and investments in associates accounted for using the equity method disclosed in Note 37 to the consolidated financial statements was based on unreviewed financial statements as of and for the same reporting periods as those of the Company.

### **Qualified Conclusion**

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments in associates accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 8, 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 review such consolidated financial statements are those generally applied in the Republic of China.*

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

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,215,419	17	\$ 1,135,479	18	\$ 1,560,940	22
Financial assets at amortized cost - current (Notes 9 and 34)	59,359	1	57,194	1	72,355	1
Contract assets - current (Note 25)	1,227	-	1,160	-	4,232	-
Notes receivable from unrelated parties (Note 10)	619	-	2,471	-	4,146	-
Trade receivables from unrelated parties (Notes 10 and 25)	780,017	11	755,710	12	864,213	12
Other receivables from unrelated parties (Note 10)	3,061	-	14,563	-	4,756	-
Current tax assets	4,956	-	5,515	-	14,514	-
Inventories (Note 11)	2,010,604	28	1,443,277	22	1,527,326	22
Prepayments	94,396	1	65,510	1	79,935	1
Other current assets	<u>6,331</u>	<u>-</u>	<u>12,669</u>	<u>-</u>	<u>14,417</u>	<u>-</u>
Total current assets	<u>4,175,989</u>	<u>58</u>	<u>3,493,548</u>	<u>54</u>	<u>4,146,834</u>	<u>58</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 20)	14	-	102	-	430	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	55,083	1	51,252	1	37,105	1
Financial assets at amortized cost - non-current (Notes 9 and 34)	31,324	-	21,516	-	20,455	-
Investments accounted for using the equity method (Note 13)	84,115	1	66,806	1	73,599	1
Property, plant and equipment (Notes 14 and 34)	2,396,528	34	2,459,584	38	2,468,116	35
Right-of-use assets (Note 15)	173,186	2	179,164	3	202,947	3
Investment properties (Note 16)	47,329	1	-	-	-	-
Intangible assets (Note 17)	32,218	1	33,073	1	34,530	1
Deferred tax assets	53,056	1	35,167	1	31,340	-
Refundable deposits	13,551	-	14,148	-	11,976	-
Net provisions for retirement	4,214	-	4,091	-	3,491	-
Other financial assets - non-current (Note 18)	<u>71,853</u>	<u>1</u>	<u>70,853</u>	<u>1</u>	<u>66,524</u>	<u>1</u>
Total non-current assets	<u>2,962,471</u>	<u>42</u>	<u>2,935,756</u>	<u>46</u>	<u>2,950,513</u>	<u>42</u>
TOTAL	<u>\$ 7,138,460</u>	<u>100</u>	<u>\$ 6,429,304</u>	<u>100</u>	<u>\$ 7,097,347</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 267,066	4	\$ 198,000	3	\$ 399,890	6
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	418	-
Contract liabilities - current (Note 25)	125,310	2	93,624	2	124,988	2
Notes payable to unrelated parties	2,000	-	5,367	-	1,246	-
Accounts payable to unrelated parties	1,436,130	20	684,998	11	753,333	11
Accounts payable to related parties (Note 33)	95,395	1	84,531	1	76,884	1
Other payables (Notes 21 and 33)	273,522	4	280,420	4	252,836	3
Current tax liabilities	57,953	1	57,342	1	38,863	-
Provisions - current (Note 22)	10,530	-	8,770	-	8,049	-
Lease liabilities - current (Note 15)	46,097	-	45,853	1	48,310	1
Current portion of long-term borrowings (Notes 19 and 34)	46,830	1	19,300	-	40,346	1
Other current liabilities (Note 21)	<u>57,828</u>	<u>1</u>	<u>54,622</u>	<u>1</u>	<u>89,539</u>	<u>1</u>
Total current liabilities	<u>2,418,661</u>	<u>34</u>	<u>1,532,827</u>	<u>24</u>	<u>1,834,702</u>	<u>26</u>
NON-CURRENT LIABILITIES						
Bonds payable (Notes 20 and 34)	17,285	-	126,690	2	141,277	2
Long-term borrowings (Notes 19 and 34)	1,529,284	21	1,561,014	24	1,522,568	21
Deferred tax liabilities	104	-	2,380	-	3,068	-
Lease liabilities - non-current (Note 15)	127,687	2	133,715	2	155,068	2
Net defined benefit liabilities - non-current	<u>70,331</u>	<u>1</u>	<u>75,156</u>	<u>1</u>	<u>67,134</u>	<u>1</u>
Total non-current liabilities	<u>1,744,691</u>	<u>24</u>	<u>1,898,955</u>	<u>29</u>	<u>1,889,115</u>	<u>26</u>
Total liabilities	<u>4,163,352</u>	<u>58</u>	<u>3,431,782</u>	<u>53</u>	<u>3,723,817</u>	<u>52</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Share capital						
Common stock	2,173,897	30	2,134,956	33	2,079,620	29
Capital collected in advance	<u>49,052</u>	<u>1</u>	<u>1,264</u>	<u>-</u>	<u>34,225</u>	<u>1</u>
Total share capital	<u>2,222,949</u>	<u>31</u>	<u>2,136,220</u>	<u>33</u>	<u>2,113,845</u>	<u>30</u>
Capital surplus	<u>286,168</u>	<u>4</u>	<u>261,073</u>	<u>4</u>	<u>295,567</u>	<u>4</u>
Retained earnings (accumulated deficit)						
Legal reserve	29,278	1	29,278	1	10,460	-
Special reserve	22,981	-	22,981	-	38,904	1
Unappropriated earnings (accumulated deficit)	<u>(56,582)</u>	<u>(1)</u>	<u>5,185</u>	<u>-</u>	<u>211,432</u>	<u>3</u>
Total retained earnings (accumulated deficit)	<u>(4,323)</u>	<u>-</u>	<u>57,444</u>	<u>1</u>	<u>260,796</u>	<u>4</u>
Other equity						
Exchange differences on translation of the financial statements of foreign operations	6,792	-	(6,595)	-	(12,096)	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>21,885</u>	<u>-</u>	<u>18,054</u>	<u>-</u>	<u>918</u>	<u>-</u>
Total other equity	<u>28,677</u>	<u>-</u>	<u>11,459</u>	<u>-</u>	<u>(11,178)</u>	<u>-</u>
Treasury shares	<u>(12,931)</u>	<u>-</u>	<u>(12,931)</u>	<u>-</u>	<u>(12,931)</u>	<u>-</u>
Total equity attributable to owners of the Company	2,520,540	35	2,453,265	38	2,646,099	38
NON-CONTROLLING INTERESTS (Note 24)	<u>454,568</u>	<u>7</u>	<u>544,257</u>	<u>9</u>	<u>727,431</u>	<u>10</u>
Total equity	<u>2,975,108</u>	<u>42</u>	<u>2,997,522</u>	<u>47</u>	<u>3,373,530</u>	<u>48</u>
TOTAL	<u>\$ 7,138,460</u>	<u>100</u>	<u>\$ 6,429,304</u>	<u>100</u>	<u>\$ 7,097,347</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 8, 2024)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Note 25)	\$ 959,261	100	\$ 1,143,496	100
OPERATING COSTS (Notes 11, 26 and 33)	<u>(816,689)</u>	<u>(85)</u>	<u>(886,860)</u>	<u>(78)</u>
GROSS PROFIT	<u>142,572</u>	<u>15</u>	<u>256,636</u>	<u>22</u>
OPERATING EXPENSES (Notes 23, 26 and 33)				
Selling and marketing expenses	(137,435)	(15)	(132,370)	(12)
General and administrative expenses	(78,113)	(8)	(70,685)	(6)
Research and development expenses	(112,783)	(12)	(108,344)	(9)
Expected credit loss (recognized) reversed (Note 10)	<u>(20,229)</u>	<u>(2)</u>	<u>735</u>	<u>-</u>
Total operating expenses	<u>(348,560)</u>	<u>(37)</u>	<u>(310,664)</u>	<u>(27)</u>
LOSS FROM OPERATIONS	<u>(205,988)</u>	<u>(22)</u>	<u>(54,028)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 26)	4,593	1	8,677	1
Other gains and losses (Note 26)	37,296	4	(15,676)	(1)
Finance costs (Note 26)	(11,422)	(1)	(10,585)	(1)
Share of profit of associates	3,733	-	2,666	-
Interest income (Note 26)	<u>3,914</u>	<u>-</u>	<u>2,037</u>	<u>-</u>
Total non-operating income and expenses	<u>38,114</u>	<u>4</u>	<u>(12,881)</u>	<u>(1)</u>
LOSS BEFORE INCOME TAX	(167,874)	(18)	(66,909)	(6)
INCOME TAX BENEFIT (EXPENSE) (Note 27)	<u>15,563</u>	<u>2</u>	<u>(300)</u>	<u>-</u>
NET LOSS FOR THE PERIOD	<u>(152,311)</u>	<u>(16)</u>	<u>(67,209)</u>	<u>(6)</u>

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# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 3,831	-	\$ 32,473	3
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>14,242</u>	<u>2</u>	<u>(281)</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>18,073</u>	<u>2</u>	<u>32,192</u>	<u>3</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (134,238)</u>	<u>(14)</u>	<u>\$ (35,017)</u>	<u>(3)</u>
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (61,767)	(7)	\$ 3,885	-
Non-controlling interests	<u>(90,544)</u>	<u>(9)</u>	<u>(71,094)</u>	<u>(6)</u>
	<u>\$ (152,311)</u>	<u>(16)</u>	<u>\$ (67,209)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (44,549)	(5)	\$ 35,054	3
Non-controlling interests	<u>(89,689)</u>	<u>(9)</u>	<u>(70,071)</u>	<u>(6)</u>
	<u>\$ (134,238)</u>	<u>(14)</u>	<u>\$ (35,017)</u>	<u>(3)</u>
(LOSS) EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ (0.29)</u>		<u>\$ 0.02</u>	
Diluted			<u>\$ 0.02</u>	

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

(With Deloitte & Touche review report dated May 8, 2024)

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EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 24)														
									Other Equity						
									Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Loss)	Total				
	Retained Earnings (Accumulated Deficit)								Treasury Shares	Total	Non-controlling Interests (Note 24)	Total Equity			
Common Stock	Share Capital Collected in Advance	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total								
BALANCE AT JANUARY 1, 2023	\$ 2,070,101	\$ 8,504	\$ 2,078,605	\$ 284,928	\$ 10,460	\$ 38,904	\$ 188,181	\$ 237,545	\$ (10,792)	\$ (12,189)	\$ (22,981)	\$ (12,973)	\$ 2,565,124	\$ 794,859	\$ 3,359,983
Changes in percentage of ownership interests in subsidiaries	-	-	-	(1,166)	-	-	-	-	-	-	-	-	(1,166)	-	(1,166)
Issuance of ordinary shares under employee share options by subsidiaries	-	-	-	496	-	-	-	-	-	-	-	-	496	(496)	-
Issuance of ordinary shares under employee share options	1,445	758	2,203	-	-	-	-	-	-	-	-	-	2,203	-	2,203
Conversion of convertible corporate bonds	8,074	24,963	33,037	11,309	-	-	-	-	-	-	-	-	44,346	-	44,346
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	19,366	19,366	-	(19,366)	(19,366)	-	-	-	-
Net profit for the three months ended March 31, 2023	-	-	-	-	-	-	3,885	3,885	-	-	-	-	3,885	(71,094)	(67,209)
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	-	(1,304)	32,473	31,169	-	31,169	1,023	32,192
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	3,885	3,885	(1,304)	32,473	31,169	-	35,054	(70,071)	(35,017)
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	42	42	3,139	3,181
BALANCE AT MARCH 31, 2023	\$ 2,079,620	\$ 34,225	\$ 2,113,845	\$ 295,567	\$ 10,460	\$ 38,904	\$ 211,432	\$ 260,796	\$ (12,096)	\$ 918	\$ (11,178)	\$ (12,931)	\$ 2,646,099	\$ 727,431	\$ 3,373,530
BALANCE AT JANUARY 1, 2024	\$ 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
Other capital surplus change Share-based payments (Note 29)	-	-	-	2,215	-	-	-	-	-	-	-	-	2,215	-	2,215
Conversion of convertible corporate bonds	38,941	47,788	86,729	22,880	-	-	-	-	-	-	-	-	109,609	-	109,609
Net loss for the three months ended March 31, 2024	-	-	-	-	-	-	(61,767)	(61,767)	-	-	-	-	(61,767)	(90,544)	(152,311)
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	-	-	13,387	3,831	17,218	-	17,218	855	18,073
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	(61,767)	(61,767)	13,387	3,831	17,218	-	(44,549)	(89,689)	(134,238)
BALANCE AT MARCH 31, 2024	\$ 2,173,897	\$ 49,052	\$ 2,222,949	\$ 286,168	\$ 29,278	\$ 22,981	\$ (56,582)	\$ (4,323)	\$ 6,792	\$ 21,885	\$ 28,677	\$ (12,931)	\$ 2,520,540	\$ 454,568	\$ 2,975,108

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

(With Deloitte & Touche review report dated May 8, 2024)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (167,874)	\$ (66,909)
Adjustments for:		
Depreciation expense	35,080	32,291
Amortization expense	1,750	2,550
Expected credit loss recognized (reversed)	20,229	(735)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	88	(123)
Finance costs	11,422	10,585
Interest income	(3,914)	(2,037)
Dividend income	-	(324)
Share-based payments	2,215	-
Share of profit of associates	(3,733)	(2,666)
Write-down of inventories	101,497	20,008
Changes in operating assets and liabilities		
Contract assets	(67)	4,123
Notes receivable	1,852	(1,684)
Trade receivables	(44,561)	374,594
Other receivables (including related parties)	11,502	22,610
Inventories	(674,471)	174,331
Prepayments	(28,886)	(4,455)
Other current assets	6,338	(623)
Net defined benefit assets	(123)	(196)
Financial liabilities at fair value through profit or loss	-	(428)
Contract liabilities	31,686	31,014
Notes payable and trade payables (including related parties)	758,629	(209,036)
Other payables	(6,898)	(77,620)
Provisions	1,760	135
Other current liabilities	3,206	(15,768)
Net defined benefit liabilities	(4,825)	(8,258)
Cash generated from operations	51,902	281,379
Interest received	3,914	2,037
Interest paid	(10,709)	(9,814)
Income tax paid	(3,432)	(10,750)
Net cash generated from operating activities	41,675	262,852
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(3,396)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	52,267
Purchase of financial assets at amortized cost	(11,973)	(58,243)

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# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Acquisition of investments accounted for using the equity method	\$ (10,700)	\$ -
Payments for property, plant and equipment	(5,945)	(7,311)
Proceeds from disposal of property, plant and equipment	-	239
Decrease in refundable deposits	597	378
Payments for intangible assets	(940)	(3,368)
Increase in other financial assets	(1,000)	-
Decrease in other financial assets	-	3,276
Dividends received	-	324
Net cash used in investing activities	<u>(29,961)</u>	<u>(15,834)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	69,066	-
Repayments of short-term borrowings	-	(339,742)
Repayments of short-term bills payable	-	(29,969)
Proceeds from long-term borrowings	-	-
Repayments of long-term borrowings	(4,200)	(4,200)
Repayment of the principal portion of lease liabilities	(8,152)	(10,616)
Exercise of employee share option	-	2,203
Difference in non-controlling interests	-	2,016
Net cash generated from (used in) financing activities	<u>56,714</u>	<u>(380,308)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>11,512</u>	<u>1,231</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,940	(132,059)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,135,479</u>	<u>1,692,999</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,215,419</u>	<u>\$ 1,560,940</u>

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

(With Deloitte & Touche review report dated May 8, 2024)

(Concluded)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 8, 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 any material impact on the Group’s accounting policies.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New 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 to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

#### IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

## **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

### **a. Statement of compliance**

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

### **b. Basis of preparation**

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 12 and Tables 5 and 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Retirement benefits

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

2) Income tax expense

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The material accounting judgments and key sources of estimation uncertainty used in the preparation of these interim consolidated financial statements are the same as those used in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 1,164	\$ 755	\$ 825
Checking accounts and demand deposits	978,534	854,015	1,193,806
Cash equivalents (investments with original maturities 3 months or less)			
Time deposits	<u>235,721</u>	<u>280,709</u>	<u>366,309</u>
	<u>\$ 1,215,419</u>	<u>\$ 1,135,479</u>	<u>\$ 1,560,940</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets - non-current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Redeemable and puttable options of convertible bonds (Note 20)	<u>\$ 14</u>	<u>\$ 102</u>	<u>\$ 430</u>
<u>Financial liabilities - current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2023</u>			
Foreign exchange forward contracts	EUR/USD	2023.07.24	EUR300/USD315

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

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

### Investments in Equity Instruments at FVTOCI

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Overseas unlisted ordinary shares			
Bluechip Infotech Pty. Ltd.	\$ 39,596	\$ 37,251	\$ 20,369
Domestic unlisted ordinary shares			
Status Internet Co., Ltd.	4,875	4,174	3,950
Ecobear Technology Corp.	10,612	9,827	9,987
Newgreen Tech Co., Ltd.	-	-	2,799
	<u>\$ 55,083</u>	<u>\$ 51,252</u>	<u>\$ 37,105</u>

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

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	<u>\$ 59,359</u>	<u>\$ 57,194</u>	<u>\$ 72,355</u>
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	<u>\$ 31,324</u>	<u>\$ 21,516</u>	<u>\$ 20,455</u>

Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

# 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 619	\$ 2,471	\$ 4,146
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 804,460	\$ 759,899	\$ 922,123
Less: Allowance for impairment loss	(24,443)	(2,471)	(57,910)
	\$ 780,017	\$ 755,710	\$ 864,213
<u>Other receivables</u>			
Others	\$ 3,061	\$ 14,563	\$ 4,756

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

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

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

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

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

March 31, 2024

	There are no Signs of Default on the Counterparty					There are Signs of Default on the Counterparty	Total
	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days		
Expected credit loss rate	0.08%	0.35%	10.75%	-	100.00%	100.00%	
Gross carrying amount	\$ 713,753	\$ 42,811	\$ 27,110	\$ -	\$ 728	\$ 20,058	\$ 804,460
Loss allowance (Lifetime ECLs)	<u>(591)</u>	<u>(151)</u>	<u>(2,915)</u>	<u>-</u>	<u>(728)</u>	<u>(20,058)</u>	<u>(24,443)</u>
Amortized cost	<u>\$ 713,162</u>	<u>\$ 42,660</u>	<u>\$ 24,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 780,017</u>

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>(389)</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>

March 31, 2023

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

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 4,189	\$ 58,690
Add: Net remeasurement of loss allowance	20,229	-
Less: Reversals of impairment loss	-	(735)
Foreign exchange gains and losses	<u>25</u>	<u>(45)</u>
Balance at March 31	<u>\$ 24,443</u>	<u>\$ 57,910</u>

## 11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 453,612	\$ 474,271	\$ 672,791
Finished goods	287,162	352,021	361,886
Work-in-process and semi-finished goods	243,335	270,558	304,067
Merchandise	<u>1,026,495</u>	<u>346,427</u>	<u>188,582</u>
	<u>\$ 2,010,604</u>	<u>\$ 1,443,277</u>	<u>\$ 1,527,326</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 was \$816,689 thousand and \$886,860 thousand, respectively. The cost of goods sold included inventory write-downs of \$101,497 thousand and \$20,008 thousand, respectively.

## 12. SUBSIDIARIES

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

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Edimax Computer Co. ("Edimax USA")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology Europe B.V. ("Edimax Europe")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology (BVI) Co., Ltd. ("Edimax BVI")	Networking equipment wholesale	100.00%	100.00%	100.00%	
The Company	ABS Telecom Inc. ("ABS Telecom")	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	100.00%	1), 2)
The Company	SMAX Technology Co., Ltd. ("SMAX Technology")	Wired and wireless telecommunication equipment for manufacturing	100.00%	100.00%	100.00%	1), 2)
The Company	Comtrend Corporation ("Comtrend")	Cable and telecommunication transmission equipment	33.49%	33.49%	33.49%	
Edimax BVI	Datamax (HK) Co., Ltd. ("Datamax HK")	Investing	100.00%	100.00%	100.00%	
ABS Telecom	ABST Information International Inc. ("ABST")	Investing	100.00%	100.00%	100.00%	1), 2)
Smax Technology	Smax Japan Co., Ltd. ("Smax Japan")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
Comtrend	Comtrend Corporation, USA ("CUSA")	Cable and cableless transmission equipment wholesale, retail sale, and international trade	100.00%	100.00%	100.00%	
Comtrend	Comtrend Technology (Netherlands) B.V. ("CTBV")	Cable and cableless transmission equipment wholesale, retail sale, and international trade	100.00%	100.00%	100.00%	
Datamax HK	Datamax Electronics (Dong Guan) Co., Ltd.	Networking production and marketing	100.00%	100.00%	100.00%	
ABST	ABST Information Telecom Service Inc.	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	100.00%	1), 2)
CTBV	Comtrend Central Europe S.R.O. ("CCE")	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	100.00%	100.00%	100.00%	
CTBV	Comtrend Iberia S.L. ("Comtrend Iberia")	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	100.00%	100.00%	100.00%	

1) As the subsidiary is not a major subsidiary, its financial statements for the three months ended March 31, 2024 have not been reviewed.

2) As the subsidiary is not a major subsidiary, its financial statements for the three months ended March 31, 2023 have not been reviewed.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company held both 33.49% of Comtrend's voting shares, but the Company has the practical ability to direct the relevant activities of Comtrend; thus, Comtrend was listed as a subsidiary of the Group.

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

	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Unreviewed total assets	<u>\$ 391,629</u>	<u>\$ 406,390</u>
Proportion of total consolidated assets	<u>5%</u>	<u>6%</u>
Unreviewed total liabilities	<u>\$ 92,290</u>	<u>\$ 86,269</u>
Proportion of total consolidated liabilities	<u>2%</u>	<u>2%</u>
<b>For the Three Months Ended March 31</b>		
	<b>2024</b>	<b>2023</b>
Unreviewed comprehensive (loss) income	<u>\$ (4,110)</u>	<u>\$ 4,301</u>
Proportion of total consolidated comprehensive income (loss)	<u>3%</u>	<u>(12%)</u>

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

<b>Name of Subsidiary</b>	<b>Principal Place of Business</b>	<b>Proportion of Ownership and Voting Rights Held by Non-controlling Interests</b>		
		<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Comtrend	Taiwan	66.51%	66.51%	66.51%
<b>Name of Subsidiary</b>	<b>Profit (Loss) Allocated to Non-controlling Interests For the Three Months Ended March 31</b>		<b>Accumulated Non-controlling Interests</b>	
	<b>2024</b>	<b>2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Comtrend	<u>\$ (90,544)</u>	<u>\$ (71,094)</u>	<u>\$ 454,568</u>	<u>\$ 544,257</u>
				<u>\$ 727,431</u>

The summarized financial information below represents amounts before intragroup eliminations.

Comtrend and subsidiaries

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current assets	\$ 2,028,138	\$ 1,334,880	\$ 1,257,410
Non-current assets	402,936	383,272	366,947
Current liabilities	(1,459,920)	(608,425)	(251,328)
Non-current liabilities	<u>(224,868)</u>	<u>(225,294)</u>	<u>(210,302)</u>
Equity	<u>\$ 746,286</u>	<u>\$ 884,433</u>	<u>\$ 1,162,727</u>
Equity attributable to:			
Owners of Comtrend	\$ 249,931	\$ 296,197	\$ 389,397
Non-controlling interests of Comtrend	<u>496,355</u>	<u>588,236</u>	<u>773,330</u>
	<u>\$ 746,286</u>	<u>\$ 884,433</u>	<u>\$ 1,162,727</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue	<u>\$ 283,323</u>	<u>\$ 195,858</u>
Net loss for the period	\$ (136,135)	\$ (106,892)
Other comprehensive (loss) income for the period	<u>(2,012)</u>	<u>8,336</u>
Total comprehensive loss for the period	<u>\$ (138,147)</u>	<u>\$ (98,556)</u>
Loss attributable to:		
Owners of Comtrend	\$ (45,591)	\$ (35,798)
Non-controlling interests of Comtrend	<u>(90,544)</u>	<u>(71,094)</u>
	<u>\$ (136,135)</u>	<u>\$ (106,892)</u>
Total comprehensive loss attributable to:		
Owners of Comtrend	\$ (48,458)	\$ (28,485)
Non-controlling interests of Comtrend	<u>(89,689)</u>	<u>(70,071)</u>
	<u>\$ (138,147)</u>	<u>\$ (98,556)</u>
Net cash inflow from:		
Operating activities	\$ (36,430)	\$ 123,850
Investing activities	(13,061)	(2,899)
Financing activities	75,505	(1,719)
Effects of exchange rates	<u>5,639</u>	<u>1,139</u>
Net cash inflow	<u>\$ 31,653</u>	<u>\$ 120,371</u>

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Associates that are not individually material	<u>\$ 84,115</u>	<u>\$ 66,806</u>	<u>\$ 73,599</u>

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

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements which have not been audited. Management considers there is no material impact on the amounts of equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the unaudited financial statements.

## 14. PROPERTY, PLANT AND EQUIPMENT

### Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2024	\$ 1,502,582	\$ 986,845	\$ 137,680	\$ 501,552	\$ 3,128,659
Additions	-	-	852	5,093	5,945
Disposals	-	-	-	(38,751)	(38,751)
Reclassified	(22,012)	(35,168)	-	-	(57,180)
Effects of foreign currency exchange differences	-	-	2,303	346	2,649
Balance at March 31, 2024	<u>\$ 1,480,570</u>	<u>\$ 951,677</u>	<u>\$ 140,835</u>	<u>\$ 468,240</u>	<u>\$ 3,041,322</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2024	\$ -	\$ 174,951	\$ 94,564	\$ 399,560	\$ 669,075
Depreciation expense	-	5,568	2,464	14,237	22,269
Disposals	-	-	-	(38,751)	(38,751)
Reclassified	-	(9,606)	-	-	(9,606)
Effects of foreign currency exchange differences	-	-	1,532	275	1,807
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 170,913</u>	<u>\$ 98,560</u>	<u>\$ 375,321</u>	<u>\$ 644,794</u>
Carrying amount at March 31, 2024	<u>\$ 1,480,570</u>	<u>\$ 780,764</u>	<u>\$ 42,275</u>	<u>\$ 92,919</u>	<u>\$ 2,396,528</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 1,489,898	\$ 986,739	\$ 392,188	\$ 526,536	\$ 3,395,361
Additions	-	-	365	6,946	7,311
Disposals	-	-	(253,014)	(55,382)	(308,396)
Effects of foreign currency exchange differences	-	-	2,441	453	2,894
Balance at March 31, 2023	<u>\$ 1,489,898</u>	<u>\$ 986,739</u>	<u>\$ 141,980</u>	<u>\$ 478,553</u>	<u>\$ 3,097,170</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 156,983	\$ 341,734	\$ 413,176	\$ 911,893
Depreciation expense	-	5,760	3,011	13,902	22,673
Disposals	-	-	(253,014)	(55,143)	(308,157)
Effects of foreign currency exchange differences	-	-	2,207	438	2,645
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 162,743</u>	<u>\$ 93,938</u>	<u>\$ 372,373</u>	<u>\$ 629,054</u>
Carrying amount at March 31, 2023	<u>\$ 1,489,898</u>	<u>\$ 823,996</u>	<u>\$ 48,042</u>	<u>\$ 106,180</u>	<u>\$ 2,468,116</u>

No impairment was recognized or reversed for the three months ended March 31, 2024 and 2023.

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

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

Property, plant and equipment pledged as collateral for bank borrowings and for the issuance of bonds were set out in Note 34.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Buildings	\$ 171,780	\$ 176,680	\$ 197,103
Transportation equipment	<u>1,406</u>	<u>2,484</u>	<u>5,844</u>
	<u>\$ 173,186</u>	<u>\$ 179,164</u>	<u>\$ 202,947</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Additions to right-of-use assets		<u>\$ 1,859</u>	<u>\$ 165,015</u>
Depreciation charge for right-of-use assets			
Buildings		\$ 11,493	\$ 8,514
Transportation equipment		<u>1,073</u>	<u>1,104</u>
		<u>\$ 12,566</u>	<u>\$ 9,618</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant subleases or impairment of right-of-use assets during the three months ended March 31, 2024 and 2023.

### b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	<u>\$ 46,097</u>	<u>\$ 45,853</u>	<u>\$ 48,310</u>
Non-current	<u>\$ 127,687</u>	<u>\$ 133,715</u>	<u>\$ 155,068</u>

Discount rates for lease liabilities were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.11%-1.86%	1.11%-1.75%	1.36%-1.63%
Transportation equipment	1.25%-1.36%	1.25%-1.36%	1.25%-1.36%

c. Material lease activities and terms

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

The Group also leases buildings for the use of offices and warehouses with lease terms of 1 to 6 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to low-value asset leases	<u>\$ 1,879</u>	<u>\$ 1,783</u>
Total cash (outflow) for leases	<u>\$ (10,540)</u>	<u>\$ (12,690)</u>

## 16. INVESTMENT PROPERTIES

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Reclassified	<u>22,012</u>	<u>35,168</u>	<u>57,180</u>
Balance at March 31, 2024	<u>\$ 22,012</u>	<u>\$ 35,168</u>	<u>\$ 57,180</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Depreciation expense	-	245	245
Reclassified	<u>-</u>	<u>9,606</u>	<u>9,606</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 9,851</u>	<u>\$ 9,851</u>
Carrying amounts at March 31, 2024	<u>\$ 22,012</u>	<u>\$ 25,317</u>	<u>\$ 47,329</u>

- The investment properties were owned assets held by the Group and were leased as office buildings of the third parties under operating leases. The original non-cancelable period of the leased investment properties was 5 years, and the lessee had the option to extend the period of the lease at the end of the lease agreement.
- As of March 31, 2024, the main business of investment properties was office leasing, which was an operating lease. The content of the main lease was the same as a general lease contract, and the rental was paid quarterly.

The above items of investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	3-45 years
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The fair value of investment properties had not been measured by independent evaluators and was only measured by the Company's management with market evidence of similar real estate transaction prices.

## 17. INTANGIBLE ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Goodwill	\$ 23,231	\$ 23,231	\$ 23,231
Computer software	<u>8,987</u>	<u>9,842</u>	<u>11,299</u>
	<u>\$ 32,218</u>	<u>\$ 33,073</u>	<u>\$ 34,530</u>

Except for the amortization recognized, the Group did not have any significant addition, disposal, or impairment of intangible assets during the three months ended March 31, 2024 and 2023.

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

Computer software	1-11 years
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## 18. OTHER FINANCIAL ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Pension reserve fund	\$ 69,366	\$ 68,366	\$ 64,038
Reserve account	<u>2,487</u>	<u>2,487</u>	<u>2,486</u>
	<u>\$ 71,853</u>	<u>\$ 70,853</u>	<u>\$ 66,524</u>

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

## 19. BORROWINGS

### a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 267,066</u>	<u>\$ 198,000</u>	<u>\$ 399,890</u>

The ranges of weighted average effective interest rates on bank loans were 2.00%-6.76%, 2.00%-6.77% and 1.73%-2.01% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u>			
Bank loans (Note 1)	\$ 1,346,114	\$ 1,350,314	\$ 1,362,914
Bank loans (Note 2)	200,000	200,000	200,000
Bank loans (Note 3)	<u>30,000</u>	<u>30,000</u>	<u>-</u>
	1,576,114	1,580,314	1,562,914
Less: Current portion	<u>(46,830)</u>	<u>(19,300)</u>	<u>(40,346)</u>
Long-term borrowings	<u>\$ 1,529,284</u>	<u>\$ 1,561,014</u>	<u>\$ 1,522,568</u>

- 1) The bank borrowings are secured by the Group's land and buildings; please refer to Note 34 for additional information. The maturity date is February 1, 2036 and the effective annual interest rates was 1.99%. The purpose of the borrowings is to purchase land and buildings for operations.
- 2) The bank borrowings are secured by the Group's land and buildings; please refer to Note 34 for additional information. The maturity date is January 14, 2042 with grace period of 3 years, and the effective annual interest rates were 1.25%-1.985% and 1.99% on January 14, 2022 to January 14, 2025 and January 15, 2025 to January 14, 2042, respectively. The purpose of the borrowings is to purchase land and buildings for operations.
- 3) The bank borrowings are secured by the Group's land and buildings; please refer to Note 34 for additional information. The maturity date is on September 25, 2028 and the effective annual interest rates was 2.22%. The purpose of the borrowings is to purchase land and buildings for operations.

## 20. BONDS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Secured domestic convertible bonds	<u>\$ 17,285</u>	<u>\$ 126,690</u>	<u>\$ 141,277</u>

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

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$13.88. In case of ex-right or ex-dividend, the price shall be adjusted according to the conversion price adjustment formula. The conversion price was adjusted from \$13.88 to \$13.50 as of September 1, 2021. 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 the 40 days before the expiry date, if the closing price of the Company's ordinary shares exceeds 30% of the conversion price at that time for 30 consecutive business days, the Company is entitled to recover all the outstanding convertible bonds in cash based on the face value within the next 30 business day. In addition, if the outstanding balance of the convertible bonds is less than 10% of the original total amount issued, the Company is entitled to recover all the outstanding convertible bonds in cash based on the face value at any time thereafter.

The convertible bonds contain both liability and equity components. The equity components are presented in equity under the heading of capital surplus - options. The asset (liability) components are classified as embedded derivative assets (liabilities) and non-embedded derivative assets (liabilities). The embedded derivatives, which are measured at fair value, amounted to \$14 thousand, \$102 thousand and \$430 thousand on March 31, 2024, December 31, 2023 and March 31, 2023, respectively, and recognized financial assets (liabilities) at FVTPL - non-current. The non-derivatives, which are measured at amortized cost, amounted to \$17,285 thousand, \$126,690 thousand and \$141,277 thousand on March 31, 2024, December 31, 2023 and March 31, 2023, respectively. The effective interest rate of the liability components was 1.04% per annum on initial recognition.

Liability component at January 1, 2023	\$ 184,899
Interest charged at an effective interest rate of 1.04%	480
Conversion of convertible bonds into common stock	(44,346)
Valuation gain on financial investments	<u>(186)</u>
Liability component at March 31, 2023	<u>\$ 140,847</u>
Liability component at January 1, 2024	\$ 126,588
Interest charged at an effective interest rate of 1.04%	204
Conversion of convertible bonds into common stock	(109,609)
Valuation loss on financial investments	<u>88</u>
Liability component at March 31, 2024	<u>\$ 17,271</u>

As of March 31, 2024, the convertible bonds with face value of \$382,200 thousand were converted into 28,891 thousand ordinary shares.

## 21. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
Other payables			
Payables for salaries	\$ 117,500	\$ 110,845	\$ 95,341
Payables for labor fee	22,207	20,892	18,328
Payables for freight and customs fee	9,325	7,370	4,756
Payables for royalties	1,650	-	2,703
Payables for compensation of employees and remuneration of directors	-	-	20,283
Others	<u>122,840</u>	<u>141,313</u>	<u>111,425</u>
	<u>\$ 273,522</u>	<u>\$ 280,420</u>	<u>\$ 252,836</u>
Other liabilities			
Receipts under custody	\$ 27,919	\$ 27,509	\$ 42,948
Refund liabilities	16,975	11,187	24,321
Temporary credit	<u>12,934</u>	<u>15,926</u>	<u>22,270</u>
	<u>\$ 57,828</u>	<u>\$ 54,622</u>	<u>\$ 89,539</u>

## 22. PROVISIONS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Warranties	<u>\$ 10,530</u>	<u>\$ 8,770</u>	<u>\$ 8,049</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.

## 23. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2024 and 2023, the pension expenses of defined benefit plans were \$1,652 thousand and \$553 thousand, and these were calculated based on the actuarially determined pension cost rate on December 31, 2023 and 2022, respectively.

## 24. EQUITY

### a. Share capital

#### Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>217,390</u>	<u>213,496</u>	<u>207,962</u>
Shares issued	<u>\$ 2,173,897</u>	<u>\$ 2,134,956</u>	<u>\$ 2,079,620</u>
Capital collected in advance	<u>\$ 49,052</u>	<u>\$ 1,264</u>	<u>\$ 34,225</u>

Employees exercised the share options for \$1,188 thousand which is capital collected in advance of the Company on March 31, 2023, issued 119 thousand ordinary shares, with a subscription price for \$10 per share. As of March 31, 2023, the Company did not change registration, so the share options were recognized as capital collected in advance. The change registration has been completed as of May 25, 2023.

In addition, as of March 31, 2023, the holders of the Company's unsecured convertible bond claimed the conversion into ordinary shares of \$33,037 thousand, the issuance of the ordinary shares was 3,304 thousand units. As of March 31, 2023, 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 May 25, 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. The change registration has been completed as of March 18, 2024.

In addition, as of March 31, 2024, the holders of the Company's unsecured convertible bond claimed the conversion into ordinary shares of \$49,052 thousand, the issuance of the ordinary shares was 4,905 thousand units. As of March 31, 2024, the applying for change of registration was not done, therefore, the share options were recognized as capital collected in advance.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Premium from issuance of ordinary shares	\$ 5,605	\$ 2,673	\$ 42,726
Premium from conversion of bonds	114,308	91,427	87,990
Treasury share transactions	6,836	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	49,362
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interest in subsidiaries (2)	64,954	64,954	64,956
Others	33,437	33,437	33,437
<u>May not be used for any purpose</u>			
Employee share options	11,191	8,976	6,433
Share options from convertible bonds (Note 19)	<u>475</u>	<u>3,408</u>	<u>3,827</u>
	<u>\$ 286,168</u>	<u>\$ 261,073</u>	<u>\$ 295,567</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 26(8).

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

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

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

	<b>For the Year Ended December 31, 2022</b>
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 dividends per share	\$ 0.2

The appropriation of earnings for 2023 which had been proposed by the Company's board of directors on March 4, 2024 is as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	<u>\$ 518</u>

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in their meeting scheduled to be held on June 14, 2024.

d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Cancelled (In Thousands of Shares)</b>	<b>Shares Held by Its Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2024	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>1,380</u>
Number of shares at March 31, 2024	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>1,380</u>
Number of shares at January 1, 2023	-	-	1,384	1,384
Decrease during the period	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Number of shares at March 31, 2023	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>1,380</u>

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

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>March 31, 2024</u>			
Comtrend	1,380	\$ 12,931	\$ 21,042
<u>December 31, 2023</u>			
Comtrend	1,380	12,931	22,146
<u>March 31, 2023</u>			
Comtrend	1,380	12,931	23,111

As of March 31, 2024, December 31, 2023 and March 31, 2023, Comtrend held 4,120 thousand ordinary shares of the Company, and the Company recognized treasury shares of 1,380 thousand based on the ownership percentage of 33.49% as of March 31, 2024, December 31, 2023 and March 31, 2023.

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 544,257	\$ 794,859
Share of loss for the period	(90,544)	(71,094)
Other comprehensive income during the period		
Exchange differences on translating the financial statements of foreign operations	855	1,023
Employee share options of the subsidiaries	-	(496)
Share of changes in ownership of subsidiaries	<u>-</u>	<u>3,139</u>
Balance at March 31	<u>\$ 454,568</u>	<u>\$ 727,431</u>

## 25. REVENUE

a. Disaggregation of revenue

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from the sale of goods	\$ 955,046	\$ 1,141,788
Revenue from the rendering of services	4,213	1,708
Other income	<u>2</u>	<u>-</u>
	<u>\$ 959,261</u>	<u>\$ 1,143,496</u>

b. Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>	<b>January 1, 2023</b>
Trade receivables (Note 10)	<u>\$ 804,460</u>	<u>\$ 759,899</u>	<u>\$ 922,123</u>	<u>\$ 1,296,717</u>
Contract assets sale of goods	<u>\$ 1,227</u>	<u>\$ 1,160</u>	<u>\$ 4,232</u>	<u>\$ 8,355</u>
Contract liabilities sale of goods	<u>\$ 125,310</u>	<u>\$ 93,624</u>	<u>\$ 124,988</u>	<u>\$ 93,974</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.

## 26. NET LOSS

### a. Interest income

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Bank deposits	<u>\$ 3,914</u>	<u>\$ 2,037</u>

### b. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Dividends		
Investments in equity instruments at FVTOCI	\$ -	\$ 324
Others	<u>4,593</u>	<u>8,353</u>
	<u>\$ 4,593</u>	<u>\$ 8,677</u>

### c. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
(Loss) gain on fair value changes of financial assets and liabilities at FVTPL	\$ (88)	\$ 123
Net foreign exchange gain (loss)	38,668	(14,796)
Others	<u>(1,284)</u>	<u>(1,003)</u>
	<u>\$ 37,296</u>	<u>\$ (15,676)</u>

### d. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 10,709	\$ 9,814
Interest on convertible bonds	204	480
Interest on lease liabilities	<u>509</u>	<u>291</u>
	<u>\$ 11,422</u>	<u>\$ 10,585</u>

e. Impairment losses recognized (reversed)

**For the Three Months Ended  
March 31**

	<b>2024</b>	<b>2023</b>
Trade receivables	\$ 20,229	\$ (735)
Inventories (included in operating costs)	<u>\$ 101,497</u>	<u>\$ 20,008</u>

f. Depreciation and amortization

**For the Three Months Ended  
March 31**

	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 22,269	\$ 22,673
Right-of-use assets	12,566	9,618
Investment properties	245	-
Intangible assets	<u>1,750</u>	<u>2,550</u>
	<u>\$ 36,830</u>	<u>\$ 34,841</u>
An analysis of depreciation by function		
Operating costs	\$ 11,173	\$ 9,155
Operating expenses	<u>23,907</u>	<u>23,136</u>
	<u>\$ 35,080</u>	<u>\$ 32,291</u>
An analysis of amortization by function		
Operating costs	\$ 154	\$ 135
Operating expenses	<u>1,596</u>	<u>2,415</u>
	<u>\$ 1,750</u>	<u>\$ 2,550</u>

g. Employee benefits expense

**For the Three Months Ended  
March 31**

	<b>2024</b>	<b>2023</b>
Post-employment benefits		
Defined contribution plans	\$ 7,405	\$ 7,855
Defined benefit plans (Note 23)	<u>1,652</u>	<u>553</u>
	<u>9,057</u>	<u>8,408</u>
Share-based payments		
Equity-settled	<u>2,215</u>	<u>-</u>
Other employee benefits	<u>219,395</u>	<u>246,609</u>
Total employee benefits expense	<u>\$ 230,667</u>	<u>\$ 255,017</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 14,939	\$ 43,250
Operating expenses	<u>215,728</u>	<u>211,767</u>
	<u>\$ 230,667</u>	<u>\$ 255,017</u>

h. Compensation of employees and remuneration of directors

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

There was no compensation of employees and remuneration of directors estimated as the Company reported a net loss before tax for the three months ended March 31, 2024.

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

There was no compensation of employees and remuneration of directors estimated as the Company reported a net loss before tax for the year ended December 31, 2023.

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

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

Amount

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

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

i. Gain or loss on foreign currency exchange

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 51,417	\$ 26,748
Foreign exchange losses	<u>(12,749)</u>	<u>(41,544)</u>
	<u>\$ 38,668</u>	<u>\$ (14,796)</u>

## 27. INCOME TAXES

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

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
In respect of the current period	\$ (50)	\$ 71
Adjustments for prior years	-	(5)
Deferred tax		
In respect of the current period	<u>15,613</u>	<u>234</u>
Income tax benefit (expense) recognized in profit or loss	<u>\$ 15,563</u>	<u>\$ 300</u>

### b. Income tax assessments

As of March 31, 2024, the tax returns of the Company and its subsidiaries have been assessed as follows:

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

## 28. (LOSS) EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Basic (loss) earnings per share	<u>\$ (0.29)</u>	<u>\$ 0.02</u>
Diluted earnings per share		<u>\$ 0.02</u>

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

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
(Loss) profit used in the computation of (loss) earnings per share	<u>\$ (61,767)</u>	<u>\$ 3,885</u>
(Loss) earnings used in the computation of diluted earnings per share from continuing operations		<u>\$ 3,885</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	<u>215,913</u>	206,330
Effect of potentially dilutive ordinary shares		
Compensation of employees		634
Employee share options		<u>417</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share		<u>207,381</u>

The Company may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares, and the potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares can be distributed to employees is resolved in the following year.

If the outstanding convertible bonds issued by the Company were converted to ordinary shares for the three months ended March 31, 2023, they would be anti-dilutive and excluded from the computation of diluted earnings per share.

## **29. 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 is as follows:

	<b>For the Three Months Ended March 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	8,000	\$14.30	1,334	\$10.00
Options exercised	<u>-</u>	14.30	<u>(220)</u>	10.00
Balance at March 31	<u>8,000</u>	14.30	<u>1,114</u>	10.00
Options exercisable, end of period	<u>-</u>		<u>1,114</u>	

Compensation costs recognized by the Company were \$2,215 thousand and \$0 thousand for the three months ended March 31, 2024 and 2023, respectively.

b. Employee share option plan of the subsidiaries

Comtrend did not issue any employee share options during the three months ended March 31, 2024 and 2023.

Information on outstanding employee share options is as follows:

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

Compensation cost recognized by the subsidiary was \$0 thousand for the three months ended March 31, 2023.

### 30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

### 31. 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.

### 32. FINANCIAL INSTRUMENTS

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

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

March 31, 2024

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 17,285	\$ -	\$ 17,289	\$ -	\$ 17,289

December 31, 2023

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

March 31, 2023

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

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

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

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - <u>non-current</u>				
Redeemable and puttable options of convertible bonds	\$ -	\$ 14	\$ -	\$ 14
Financial assets at FVTOCI - <u>non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 39,596	\$ 39,596
Domestic unlisted shares	-	-	15,487	15,487
	\$ -	\$ -	\$ 55,083	\$ 55,083

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - <u>non-current</u>				
Redeemable and puttable options of convertible bonds	\$ -	\$ 102	\$ -	\$ 102
Financial assets at FVTOCI - <u>non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 37,251	\$ 37,251
Domestic unlisted shares	-	-	14,001	14,001
	\$ -	\$ -	\$ 51,252	\$ 51,252

March 31, 2023

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

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

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

Financial Instrument	Valuation Technique and Inputs
Financial liabilities - convertible bonds	The evaluation is based on the binary tree convertible bonds evaluation model, which is based on the evaluation of share price volatility, risk-free interest rate, risk discount rate and the number of remaining years.
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contractual forward exchange rates, discounted at a rate that reflects the credit risk of various.

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

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

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 14	\$ 102	\$ 430
Financial assets at amortized cost (1)	2,175,203	2,071,934	2,605,365
Financial assets at FVTOCI			
Equity instruments	55,083	51,252	37,105
<u>Financial liabilities</u>			
FVTPL			
Held for trading	-	-	418
Amortized cost (2)	3,667,512	2,960,320	3,188,380

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 36.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase/a decrease in pre-tax loss when the functional currency strengthening by 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax loss, and the balances below would be negative.

	<b>USD Impact</b>		<b>EUR Impact</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Profit or loss	\$ (8,288) *	\$ (4,520) *	\$ (912) *	\$ (844) *

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

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

b) Interest rate risk

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

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Fair value interest rate risk			
Financial assets	\$ 326,404	\$ 359,419	\$ 459,118
Financial liabilities	2,034,249	2,084,572	2,307,459
Cash flow interest rate risk			
Financial assets	1,050,387	924,869	1,260,331

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax loss for the three months ended March 31, 2024 and 2023 would have decreased/increased by \$2,626 thousand and \$3,151 thousand, respectively.

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

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$551 thousand and \$371 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices was increasing during the current and prior periods 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 transacted with a large number of unrelated customers; thus, no concentration of credit risk was observed.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

March 31, 2024

	<b>Carrying Amount</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 268,013	\$ 243,734	\$ 24,279	\$ -	\$ -
Lease liabilities	181,197	12,538	33,432	135,227	-
Long-term loans payable	1,706,098	-	-	644,722	1,061,376
Notes and trade payables	1,533,525	987,880	545,089	556	-
Other payables	273,522	40,678	223,816	9,028	-
Bonds payable	17,800	-	-	17,800	-
Current portion of long-term loans payable	<u>79,107</u>	<u>11,797</u>	<u>67,310</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,059,262</u>	<u>\$ 1,296,627</u>	<u>\$ 893,926</u>	<u>\$ 807,333</u>	<u>\$ 1,061,376</u>

Additional information about the maturity analysis was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>
Long-term loans payable	<u>\$ 79,107</u>	<u>\$ 644,722</u>	<u>\$ 719,292</u>	<u>\$ 302,784</u>	<u>\$ 39,300</u>

December 31, 2023

	<b>Carrying Amount</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 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 was as follows:

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

March 31, 2023

	<b>Carrying Amount</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 399,890	\$ 159,890	\$ 240,000	\$ -	\$ -
Lease liabilities	212,314	13,050	37,947	131,330	29,987
Long-term loans payable	1,706,520	-	-	572,567	1,133,953
Notes and trade payables	831,463	657,259	174,049	115	40
Other payables	252,836	78,350	158,598	13,443	2,445
Bonds payable	143,300	-	-	143,300	-
Current portion of long-term loans payable	<u>69,007</u>	<u>11,396</u>	<u>57,611</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,615,330</u>	<u>\$ 919,945</u>	<u>\$ 668,205</u>	<u>\$ 860,755</u>	<u>\$ 1,166,425</u>

Additional information about the maturity analysis was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>
Lease liabilities	<u>\$ 50,997</u>	<u>\$ 131,330</u>	<u>\$ 27,867</u>	<u>\$ 2,120</u>	<u>\$ -</u>
Long-term loans payable	<u>\$ 69,007</u>	<u>\$ 572,567</u>	<u>\$ 679,920</u>	<u>\$ 401,395</u>	<u>\$ 52,638</u>
Notes and trade payables	<u>\$ 831,308</u>	<u>\$ 115</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ -</u>
Other payables	<u>\$ 236,948</u>	<u>\$ 13,443</u>	<u>\$ 2,445</u>	<u>\$ -</u>	<u>\$ -</u>

Bank loans with a repayment on demand clause were included in the above maturity analysis. As of March 31, 2024, December 31, 2023 and March 31, 2023, the aggregate undiscounted principal amounts of these bank loans amounted to \$1,843,180 thousand, \$1,778,314 thousand and \$1,962,804 thousand, respectively. After considering financial situation of the Group, it is unfeasible that the bank will require the Group to settle the loans immediately in management opinion. Management believes the bank loans will be settled in 2 years after the end of reporting period according to agreement, and the cash outflow of principal and interest are \$2,053,201 thousand, \$1,981,439 thousand and \$2,175,417 thousand, respectively.

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

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

March 31, 2023

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

c) Financing facilities

As of March 31, 2024, December 31, 2023 and March 31, 2023, unused financing facilities amounted to \$2,301,712 thousand, \$2,237,350 thousand and \$1,674,518 thousand, respectively.

### 33. 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

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

b. Purchases of goods

	<b>For the Three Months Ended March 31</b>	
<b>Related Party Category</b>	<b>2024</b>	<b>2023</b>
Associate - ITI	<u>\$ 151,360</u>	<u>\$ 136,668</u>

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

c. Payables to related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts payable	Associate - ITI	<u>\$ 95,395</u>	<u>\$ 84,531</u>	<u>\$ 76,884</u>
Other payables	Associate	<u>\$ 10,572</u>	<u>\$ 2,931</u>	<u>\$ 870</u>

The outstanding trade payables to related parties are unsecured.

d. Other transactions with related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Operating expense	Associate	<u>\$ 471</u>	<u>\$ 198</u>

e. Remuneration of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 9,696	\$ 9,472
Share-based payments	<u>133</u>	<u>-</u>
	<u>\$ 9,829</u>	<u>\$ 9,472</u>

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

### 34. 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:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Pledged deposits (classified as financial assets at amortized cost)	\$ 5,359	\$ 5,359	\$ 3,370
Property, plant and equipment	<u>2,172,820</u>	<u>2,178,040</u>	<u>2,193,702</u>
	<u>\$ 2,178,179</u>	<u>\$ 2,183,399</u>	<u>\$ 2,197,072</u>

### 35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of March 31, 2023 were as follows:

- a. As of March 31, 2024, the Group issued promissory notes with stated amounts of \$1,888,000 thousand and US\$23,500 thousand, as collateral for loans, foreign exchange forward contracts and convertible bonds.
- b. Taipei Fubon Bank issued to the Taipei Customs Office a guarantee note for customs duties on the bonded warehouse of the Group; the stated amount of the note was \$2,000 thousand as of March 31, 2024.
- c. As of March 31, 2024, the Group made endorsements and guarantees for SMAX Technology and Edimax Europe with stated amounts of \$20,000 thousand and \$68,920 thousand, respectively, and actual borrowings amounted to \$0 and \$10,338 thousand, respectively.

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

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

March 31, 2024

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 71,684	32.00 (USD:NTD)	\$ 2,293,888
USD	692	23.41 (USD:CZK)	22,150
EUR	2,296	34.46 (EUR:NTD)	79,128
EUR	702	25.31 (EUR:CZK)	24,190
Non-monetary items			
Investments accounted for using the equity method			
USD	2,281	32.00 (USD:NTD)	73,007
<u>Financial liabilities</u>			
Monetary items			
USD	45,456	32.00 (USD:NTD)	1,454,593
USD	752	7.26 (USD:RMB)	24,052
USD	268	23.41 (USD:CZK)	8,565
EUR	352	25.31 (EUR:CZK)	12,129

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<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

Financial liabilities

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

March 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 33,446	30.45 (USD:NTD)	\$ 1,018,431
USD	2,533	21.60 (USD:CZK)	77,115
USD	476	0.92 (USD:EUR)	14,490
EUR	2,364	33.15 (EUR:NTD)	78,367
EUR	716	23.49 (EUR:CZK)	23,742
Non-monetary items			
Investments accounted for using the equity method			
USD	2,417	30.45 (USD:NTD)	73,599

Financial liabilities

Monetary items			
USD	18,576	30.45 (USD:NTD)	565,639
USD	1,606	6.87 (USD:RMB)	48,903
USD	1,430	21.60 (USD:CZK)	43,546
EUR	535	23.49 (EUR:CZK)	17,719

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

For the Three Months Ended March 31				
Functional Currency	2024		2023	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ 43,146	1.00 (NTD:NTD)	\$ (2,686)
USD	31.45 (USD:NTD)	(4,395)	30.40 (USD:NTD)	(12,337)
EUR	34.16 (EUR:NTD)	(83)	32.62 (EUR:NTD)	227
		<u>\$ 38,668</u>		<u>\$ (14,796)</u>

### 37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

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

b. Information on investees (Table 5).

c. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 9)

### 38. SEGMENT INFORMATION

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

#### Segment Revenue and Results

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

	<b>Enterprise, Retail Products and Services</b>	<b>Telecommuni- cation Products and Services</b>	<b>Others</b>	<b>Total</b>
For the three months ended <u>March 31, 2024</u>				
Revenue from external customers	<u>\$ 646,196</u>	<u>\$ 283,323</u>	<u>\$ 29,742</u>	<u>\$ 959,261</u>
Segment income (loss)	<u>\$ (40,377)</u>	<u>\$ (164,318)</u>	<u>\$ (1,293)</u>	<u>\$ (205,988)</u>
				(Continued)

	<b>Enterprise, Retail Products and Services</b>	<b>Telecommuni- cation Products and Services</b>	<b>Others</b>	<b>Total</b>
Non-operating income and expense				\$ <u>38,114</u>
Loss before tax				\$ <u>(167,874)</u>
For the three months ended <u>March 31, 2023</u>				
Revenue from external customers	\$ <u>902,390</u>	\$ <u>195,858</u>	\$ <u>45,248</u>	\$ <u>1,143,496</u>
Segment income (loss)	\$ <u>49,518</u>	\$ <u>(107,725)</u>	\$ <u>4,179</u>	\$ <u>(54,028)</u>
Non-operating income and expense				\$ <u>(12,881)</u>
Loss before tax				\$ <u>(66,909)</u>
				(Concluded)

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

TABLE 1

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(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	\$ 504,108	\$ 20,000	\$ 20,000	\$ -	\$ -	0.79	\$ 1,260,270	Y	N	N	Note 3
		Edimax Europe	b	504,108	68,920	68,920	10,338	-	2.73	1,260,270	Y	N	N	Note 3

Note 1: Endorser/guarantor is numbered as follows:

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

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

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

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

**TABLE 2**

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

**MARKETABLE SECURITIES HELD**  
**MARCH 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
The Company	<u>Shares</u>							
	Bluechip Infotech Pty Ltd.	None	Financial assets at FVTOCI - non-current	333	\$ 39,596	5.82	\$ 39,596	
	Status Internet Co., Ltd.	None	Financial assets at FVTOCI - non-current	345	4,875	16.31	4,875	
	Ecobear Technology Corp.	None	Financial assets at FVTOCI - non-current	1,783	10,612	19.91	10,612	
Comtrend	<u>Shares</u>							
	EMMT Systems	None	Financial assets at FVTOCI - non-current	482	-	0.52	-	Note 2
	Edimax	Parent company	Financial assets at FVTOCI - current	4,120	62,830	1.90	62,830	

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

Note 2: There was no available information on equity as of March 31, 2024. 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 THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Edimax Electronic (Dongguan) Co., Ltd. ITI	Subsidiary Associate	Processing fee	\$ 165,071	26.00	By operating condition	Normal	By operating condition	\$ -	-	
			Purchase	145,778	22.96	By operating condition	Normal	By operating condition	(91,213)	(31.97)	

Note: Except for ITI, the transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2024.

**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  
MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Comtrend	CUSA	Subsidiary	\$ 129,167	0.56	\$ 65,498	Subsidiary repayment has been actively arranged	\$ 16,255	\$ -

Note: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2024.

TABLE 5

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Company	Edimax USA	USA	Networking equipment wholesale	\$ 49,803	\$ 49,803	17,046	100.00	\$ 67,480	\$ (2,385)	\$ (2,229) (Note 3)	Subsidiary
	Edimax BVI	British Virgin Islands	Networking equipment wholesale	287,735	287,735	8,966,076	100.00	137,356	(18,757)	(18,757)	Subsidiary
	Edimax Europe	Netherlands	Networking equipment wholesale	196,773	196,773	1,600	100.00	30,775	(886)	1,310 (Note 4)	Subsidiary
	ABS Telecom	Taiwan	Telecommunication equipment wholesale, transmission and rental	66,000	66,000	10,500,000	100.00	144,891	(1,747)	(1,862) (Note 5)	Subsidiary
	SMAX Technology	Taiwan	Wired/wireless telecommunications equipment manufacturing	137,175	137,175	2,139,400	100.00	23,421	908	908	Subsidiary
	Comtrend	Taiwan	Cable and cableless transmission equipment wholesale, research and development and retail sale	278,084	278,084	19,649,060	33.49	252,119	(136,136)	(45,585) (Note 6)	Subsidiary
	Crystal Nimbletech Digital	Seychelles	Seychelles general import and export trade and investing	31,815	31,815	1,050,000	30.00	73,007	11,082	3,325	Associate
		Taiwan	Networking equipment wholesale	10,700	-	1,000,000	33.33	11,108	2,621	408	Associate
Edimax BVI	Datamax HK	Hong Kong	Investing	271,417	271,417	64,906,002	100.00	(29,351)	(18,531)	(18,531)	Second-tier subsidiary
ABS Telecom	ABST	Mauritius	Investing	4,175	4,175	140,000	100.00	11,307	(935)	(935)	Second-tier subsidiary
SMAX Technology	Smax Japan Inc.	Japan	Networking equipment wholesale	1,992	1,992	8,000,000	100.00	3,174	2,120	2,120	Second-tier subsidiary
Comtrend	CUSA	USA	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	211,620	211,620	200,000	100.00	(38,229)	(28,362)	(18,378) (Note 7)	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	83,136	(3,640)	(3,640)	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	37,285	(674)	(674)	Second-tier subsidiary
	Iberia	Spain	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	12,294	12,294	-	100.00	342	(3,105)	(3,105)	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 for the three months ended March 31, 2024.

Note 3: The share of profits/losses of the investee included net loss of \$2,385 thousand plus the unrealized gross loss of \$156 thousand on intercompany transactions.

Note 4: The share of profits/losses of the investee included net loss of \$886 thousand plus the unrealized gross loss of \$2,196 thousand on intercompany transactions.

Note 5: The share of profits/losses of the investee included net loss of \$1,747 thousand less the unrealized gross profit of \$115 thousand on intercompany transactions.

Note 6: The share of profits/losses of the investee included net loss of \$45,592 thousand less the unrealized gross loss of \$7 thousand on intercompany transactions.

Note 7: The share of profits/losses of the investee included loss of \$28,362 thousand less the unrealized gross loss of \$9,984 thousand on intercompany transactions.

TABLE 6

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024	Note
					Outward	Inward							
Edimax Electronic (Dongguan) Co., Ltd.	Networking production and marketing	\$ 257,046	b.	\$ 257,046	\$ -	\$ -	\$ 257,046	\$ (18,526)	100	\$ (18,526)	\$ (29,374)	\$ -	Note 2
ABST Information Telecom Service	Telecommunication equipment wholesale, transmission and rental	4,175	b.	4,175	-	-	4,175	(935)	100	(935)	12,253	-	Note 3

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$264,698	\$291,316 (Note 4)	\$1,512,324

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

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

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

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

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

Note 5: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2024.

**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 THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transaction	Ending Balance	%		
Edimax Electronic (Dongguan)	Processing fees	\$ 165,071	26.00	Normal	By operating conditions	By operating conditions	\$ -	-	\$ -	

Note: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2024.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	The Company	Edimax Europe Edimax Europe Edimax Electronic (Dongguan) Edimax Electronic (Dongguan) Edimax USA	a a a a a	Sales revenue Accounts receivable Processing fees Accounts receivable Accounts receivable	\$ 5,823 7,508 165,071 26,897 6,537	Normal Normal By operating condition By operating condition Normal	0.61 0.10 17.21 0.38 0.09
1	Comtrend	CUSA CUSA CCE CCE CTBV CTBV	a a a a a a	Sales revenue Accounts receivable Sales revenue Accounts receivable Sales revenue Accounts receivable	18,118 129,167 13,250 18,927 9,612 52,072	Normal Normal, collection period: 60-180 days Normal Normal, collection period: 60-180 days Normal Normal, collection period: 60-180 days	6.39 5.31 4.68 0.78 3.39 2.15

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

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

Note 2: Relationships between parties are numbered as follows:

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

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

Note 4: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2024.

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

**TABLE 9****EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2024**

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.	11,684,276	5.25

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.