

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

**Consolidated Financial Statements for the
Nine Months Ended September 30, 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 September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine 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 September 30, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$383,473 thousand and NT\$411,809 thousand, respectively, representing 5% and 6%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$83,710 thousand and NT\$114,587 thousand, respectively, representing 2% and 3%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$39,398 thousand, NT\$(2,653) thousand, NT\$33,069 thousand and NT\$5,882 thousand, respectively, representing 14%, 30%, 8% and (10%), respectively, of the consolidated total comprehensive income (loss). As disclosed in Note 13 to the consolidated financial statements, as of September 30, 2024 and 2023, the investments accounted for using the equity method were

NT\$86,883 thousand and NT\$63,047 thousand, respectively; for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the share of profit of associates amounted to NT\$2,388 thousand, NT\$2,001 thousand, NT\$7,400 thousand and NT\$6,941 thousand, respectively. The financial statements of associates included in the consolidated financial statements referred to in the first paragraph were not reviewed.

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 September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 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

November 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	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,847,891	23	\$ 1,135,479	18	\$ 1,388,109	20
Financial assets at amortized cost - current (Notes 9 and 34)	54,796	1	57,194	1	59,570	1
Contract assets - current (Note 25)	3,896	-	1,160	-	2,361	-
Notes receivable from unrelated parties (Note 10)	9,080	-	2,471	-	4,356	-
Trade receivables from unrelated parties (Notes 10 and 25)	1,344,115	16	755,710	12	1,025,949	15
Receivables from related parties (Notes 10 and 33)	6,330	-	-	-	-	-
Other receivables from unrelated parties (Note 10)	18,912	-	14,563	-	6,140	-
Other receivables from related parties (Note 33)	-	-	-	-	19,362	-
Current tax assets	3,152	-	5,515	-	14,023	-
Inventories (Note 11)	1,754,629	22	1,443,277	22	1,413,172	21
Prepayments	68,011	1	65,510	1	86,539	1
Other current assets	23,592	-	12,669	-	5,428	-
Total current assets	<u>5,134,404</u>	<u>63</u>	<u>3,493,548</u>	<u>54</u>	<u>4,025,009</u>	<u>58</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 20)	-	-	102	-	95	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	58,462	1	51,252	1	54,301	1
Financial assets at amortized cost - non-current (Note 9)	21,907	-	21,516	-	26,493	-
Investments accounted for using the equity method (Note 13)	86,883	1	66,806	1	63,047	1
Property, plant and equipment (Notes 14, 33 and 34)	2,400,662	30	2,459,584	38	2,461,143	35
Right-of-use assets (Note 15)	155,470	2	179,164	3	168,389	2
Investment properties (Note 16)	46,841	1	-	-	-	-
Intangible assets (Note 17)	32,613	-	33,073	1	35,029	1
Deferred tax assets	61,093	1	35,167	1	35,152	1
Refundable deposits	11,943	-	14,148	-	12,939	-
Net defined for retirement	4,466	-	4,091	-	3,721	-
Other financial assets - non-current (Note 18)	72,053	1	70,853	1	69,179	1
Total non-current assets	<u>2,952,393</u>	<u>37</u>	<u>2,935,756</u>	<u>46</u>	<u>2,929,488</u>	<u>42</u>
TOTAL	<u>\$ 8,086,797</u>	<u>100</u>	<u>\$ 6,429,304</u>	<u>100</u>	<u>\$ 6,954,497</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 85,076	1	\$ 198,000	3	\$ 230,346	3
Contract liabilities - current (Note 25)	273,953	3	93,624	2	120,327	2
Notes payable to unrelated parties	1,232	-	5,367	-	7,426	-
Accounts payable to unrelated parties	1,681,160	21	684,998	11	786,969	12
Accounts payable to related parties (Note 33)	95,968	1	84,531	1	84,928	1
Other payables (Notes 21 and 33)	366,944	5	280,420	4	499,924	7
Current tax liabilities	139,776	2	57,342	1	49,646	1
Provisions - current (Note 22)	36,801	-	8,770	-	8,393	-
Lease liabilities - current (Note 15)	42,603	1	45,853	1	44,142	1
Current portion of long-term borrowings (Notes 19 and 34)	103,422	1	19,300	-	88,064	1
Other current liabilities (Note 21)	76,158	1	54,622	1	68,983	1
Total current liabilities	<u>2,903,093</u>	<u>36</u>	<u>1,532,827</u>	<u>24</u>	<u>1,989,148</u>	<u>29</u>
NON-CURRENT LIABILITIES						
Bonds payable (Notes 20 and 34)	-	-	126,690	2	134,626	2
Long-term borrowings (Notes 19 and 34)	1,446,792	18	1,561,014	24	1,496,450	21
Deferred tax liabilities	6,811	-	2,380	-	7,948	-
Lease liabilities - non-current (Note 15)	113,536	1	133,715	2	124,608	2
Net defined benefit liabilities	73,375	1	75,156	1	67,451	1
Total non-current liabilities	<u>1,640,514</u>	<u>20</u>	<u>1,898,955</u>	<u>29</u>	<u>1,831,083</u>	<u>26</u>
Total liabilities	<u>4,543,607</u>	<u>56</u>	<u>3,431,782</u>	<u>53</u>	<u>3,820,231</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Share capital						
Ordinary shares	2,234,718	28	2,134,956	33	2,122,860	30
Capital collected in advance	2,291	-	1,264	-	6,804	-
Total share capital	<u>2,237,009</u>	<u>28</u>	<u>2,136,220</u>	<u>33</u>	<u>2,129,664</u>	<u>30</u>
Capital surplus	293,878	4	261,073	4	257,259	4
Retained earnings						
Legal reserve	29,796	1	29,278	1	29,278	1
Special reserve	22,981	-	22,981	-	22,981	-
Unappropriated earnings	108,121	1	5,185	-	66,241	1
Total retained earnings	<u>160,898</u>	<u>2</u>	<u>57,444</u>	<u>1</u>	<u>118,500</u>	<u>2</u>
Other equity						
Exchange differences on translation of the financial statements of foreign operations	4,991	-	(6,595)	-	7,308	-
Unrealized gain on financial assets at fair value through other comprehensive income	19,237	-	18,054	-	18,113	-
Total other equity	<u>24,228</u>	<u>-</u>	<u>11,459</u>	<u>-</u>	<u>25,421</u>	<u>-</u>
Treasury shares	(12,931)	-	(12,931)	-	(12,931)	-
Total equity attributable to owners of the Company	2,703,082	34	2,453,265	38	2,517,913	36
NON-CONTROLLING INTERESTS (Note 24)	<u>840,108</u>	<u>10</u>	<u>544,257</u>	<u>9</u>	<u>616,353</u>	<u>9</u>
Total equity	<u>3,543,190</u>	<u>44</u>	<u>2,997,522</u>	<u>47</u>	<u>3,134,266</u>	<u>45</u>
TOTAL	<u>\$ 8,086,797</u>	<u>100</u>	<u>\$ 6,429,304</u>	<u>100</u>	<u>\$ 6,954,497</u>	<u>100</u>

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

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

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 33)	\$ 2,164,501	100	\$ 1,071,144	100	\$ 5,222,653	100	\$ 3,268,689	100
OPERATING COSTS (Notes 11, 26 and 33)	<u>(1,476,555)</u>	<u>(68)</u>	<u>(775,877)</u>	<u>(72)</u>	<u>(3,745,300)</u>	<u>(71)</u>	<u>(2,458,332)</u>	<u>(75)</u>
GROSS PROFIT	<u>687,946</u>	<u>32</u>	<u>295,267</u>	<u>28</u>	<u>1,477,353</u>	<u>29</u>	<u>810,357</u>	<u>25</u>
OPERATING EXPENSES (Notes 23, 26 and 33)								
Selling and marketing expenses	(154,346)	(7)	(143,683)	(13)	(446,336)	(9)	(410,086)	(13)
General and administrative expenses	(140,526)	(7)	(78,566)	(7)	(331,574)	(6)	(225,529)	(7)
Research and development expenses	(125,888)	(6)	(111,611)	(11)	(353,050)	(7)	(332,634)	(10)
Expected credit (loss) gain (Note 10)	<u>14,587</u>	<u>1</u>	<u>139</u>	<u>-</u>	<u>(7,473)</u>	<u>-</u>	<u>3,819</u>	<u>-</u>
Total operating expenses	<u>(406,173)</u>	<u>(19)</u>	<u>(333,721)</u>	<u>(31)</u>	<u>(1,138,433)</u>	<u>(22)</u>	<u>(964,430)</u>	<u>(30)</u>
NET PROFIT (LOSS) FROM OPERATIONS	<u>281,773</u>	<u>13</u>	<u>(38,454)</u>	<u>(3)</u>	<u>338,920</u>	<u>7</u>	<u>(154,073)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 26)	83,229	4	(2,877)	-	95,480	2	12,164	-
Other gains and losses (Note 26)	(3,496)	-	40,656	4	64,121	1	46,846	2
Finance costs (Note 26)	(11,301)	-	(8,876)	(1)	(35,698)	(1)	(28,818)	(1)
Share of profit of associates	2,388	-	2,001	-	7,400	-	6,941	-
Interest income (Note 26)	<u>7,924</u>	<u>-</u>	<u>3,882</u>	<u>-</u>	<u>23,161</u>	<u>1</u>	<u>14,404</u>	<u>1</u>
Total non-operating income and expenses	<u>78,744</u>	<u>4</u>	<u>34,786</u>	<u>3</u>	<u>154,464</u>	<u>3</u>	<u>51,537</u>	<u>2</u>
PROFIT (LOSS) BEFORE INCOME TAX	360,517	17	(3,668)	-	493,384	10	(102,536)	(3)
INCOME TAX EXPENSE (Note 27)	<u>(81,843)</u>	<u>(4)</u>	<u>(17,080)</u>	<u>(2)</u>	<u>(96,679)</u>	<u>(2)</u>	<u>(25,593)</u>	<u>(1)</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>278,674</u>	<u>13</u>	<u>(20,748)</u>	<u>(2)</u>	<u>396,705</u>	<u>8</u>	<u>(128,129)</u>	<u>(4)</u>

(Continued)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 3,090	-	\$ 710	-	\$ 1,183	-	\$ 50,096	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	<u>(6,154)</u>	-	<u>11,171</u>	1	<u>14,186</u>	-	<u>19,922</u>	1
Other comprehensive income (loss) for the period, net of income tax	<u>(3,064)</u>	-	<u>11,881</u>	1	<u>15,369</u>	-	<u>70,018</u>	2
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 275,610</u>	<u>13</u>	<u>\$ (8,867)</u>	<u>(1)</u>	<u>\$ 412,074</u>	<u>8</u>	<u>\$ (58,111)</u>	<u>(2)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 77,130	4	\$ 4,177	-	\$ 103,454	2	\$ 27,531	1
Non-controlling interests	<u>201,544</u>	<u>9</u>	<u>(24,925)</u>	<u>(2)</u>	<u>293,251</u>	<u>6</u>	<u>(155,660)</u>	<u>(5)</u>
	<u>\$ 278,674</u>	<u>13</u>	<u>\$ (20,748)</u>	<u>(2)</u>	<u>\$ 396,705</u>	<u>8</u>	<u>\$ (128,129)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 73,393	4	\$ 16,726	1	\$ 116,223	2	\$ 95,727	3
Non-controlling interests	<u>202,217</u>	<u>9</u>	<u>(25,593)</u>	<u>(2)</u>	<u>295,851</u>	<u>6</u>	<u>(153,838)</u>	<u>(5)</u>
	<u>\$ 275,610</u>	<u>13</u>	<u>\$ (8,867)</u>	<u>(1)</u>	<u>\$ 412,074</u>	<u>8</u>	<u>\$ (58,111)</u>	<u>(2)</u>
EARNINGS PER SHARE (Note 28)								
Basic	<u>\$ 0.35</u>		<u>\$ 0.02</u>		<u>\$ 0.47</u>		<u>\$ 0.13</u>	
Diluted	<u>\$ 0.35</u>		<u>\$ 0.02</u>		<u>\$ 0.46</u>		<u>\$ 0.13</u>	

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

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

(Concluded)

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			Treasury Shares	Total	Non-controlling Interests (Note 24)	Total Equity
	Share Capital			Capital Surplus	Retained Earnings				Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total				
	Ordinary Shares	Capital Collected in Advance	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	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
Appropriation of 2022 earnings	-	-	-	-	18,818	-	(18,818)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	18,818	-	(18,818)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(15,923)	15,923	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(166,370)	(166,370)	-	-	-	-	(166,370)	-	(166,370)
Other changes in capital surplus	-	-	-	1,394	-	-	-	-	-	-	-	-	1,394	-	1,394
Share based payments (Note 29)	-	-	-	1,394	-	-	-	-	-	-	-	-	1,394	-	1,394
Cash dividends distributed from capital surplus	-	-	-	(41,592)	-	-	-	-	-	-	-	-	(41,592)	-	(41,592)
Changes in percentage of ownership interests in subsidiaries	-	-	-	(1,166)	-	-	-	-	-	-	-	-	(1,166)	-	(1,166)
Recognition of employee share options by subsidiaries	-	-	-	496	-	-	-	-	-	-	-	-	496	(496)	-
Issuance of ordinary shares under employee share options	7,055	5,485	12,540	-	-	-	-	-	-	-	-	-	12,540	-	12,540
Conversion of convertible corporate bonds	45,704	(7,185)	38,519	13,199	-	-	-	-	-	-	-	-	51,718	-	51,718
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	19,794	19,794	-	(19,794)	(19,794)	-	-	-	-
Net profit (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	27,531	27,531	-	-	-	-	27,531	(155,660)	(128,129)
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	-	18,100	50,096	68,196	-	68,196	1,822	70,018
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	27,531	27,531	18,100	50,096	68,196	-	95,727	(153,838)	(58,111)
Non-controlling interests (Note 24)	-	-	-	-	-	-	-	-	-	-	-	42	42	(24,172)	(24,130)
BALANCE AT SEPTEMBER 30, 2023	\$ 2,122,860	\$ 6,804	\$ 2,129,664	\$ 257,259	\$ 29,278	\$ 22,981	\$ 66,241	\$ 118,500	\$ 7,308	\$ 18,113	\$ 25,421	\$ (12,931)	\$ 2,517,913	\$ 616,353	\$ 3,134,266
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
Appropriation of 2023 earnings	-	-	-	-	518	-	(518)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	518	-	(518)	-	-	-	-	-	-	-	-
Other changes in capital surplus	-	-	-	6,645	-	-	-	-	-	-	-	-	6,645	-	6,645
Share based payments (Note 29)	-	-	-	6,645	-	-	-	-	-	-	-	-	6,645	-	6,645
Conversion of convertible corporate bonds	99,762	1,027	100,789	26,160	-	-	-	-	-	-	-	-	126,949	-	126,949
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	-	103,454	103,454	-	-	-	-	103,454	293,251	396,705
Other comprehensive income for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	-	-	-	11,586	1,183	12,769	-	12,769	2,600	15,369
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	-	103,454	103,454	11,586	1,183	12,769	-	116,223	295,851	412,074
BALANCE AT SEPTEMBER 30, 2024	\$ 2,234,718	\$ 2,291	\$ 2,237,009	\$ 293,878	\$ 29,796	\$ 22,981	\$ 108,121	\$ 160,898	\$ 4,991	\$ 19,237	\$ 24,228	\$ (12,931)	\$ 2,703,082	\$ 840,108	\$ 3,543,190

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

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

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 493,384	\$ (102,536)
Adjustments for:		
Depreciation expense	116,371	99,748
Amortization expense	5,511	6,924
Expected credit loss recognized (reversed) on trade receivables	7,473	(3,819)
Net loss (gain) on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	102	(634)
Finance costs	35,698	28,818
Interest income	(23,161)	(14,404)
Dividend income	-	(728)
Share-based payments	6,645	1,394
Share of profit of associates	(7,400)	(6,941)
Loss (gain) on disposal of property, plant and equipment	722	(22)
Write-down of inventories	151,566	96,602
Gain on lease revised	(58)	(45)
Changes in operating assets and liabilities		
Contract assets	(2,736)	5,994
Notes receivable	(6,609)	(1,894)
Trade receivables (including related parties)	(602,218)	215,836
Other receivables (including related parties)	(4,179)	2,589
Inventories	(469,585)	207,235
Prepayments	(2,501)	(11,059)
Other current assets	(10,923)	8,366
Net defined benefit assets	(375)	(426)
Contract liabilities	180,329	26,353
Notes payable and trade payables (including related parties)	1,003,464	(161,176)
Other payables	86,524	(38,494)
Provisions	28,031	479
Other current liabilities	21,536	(36,324)
Net defined benefit liabilities	(1,781)	(7,941)
Cash generated from operations	1,005,830	313,895
Interest received	22,991	14,404
Interest paid	(33,935)	(26,441)
Income tax paid	(33,377)	(23,701)
Net cash generated from operating activities	<u>961,509</u>	<u>278,157</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(6,027)	(3,396)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	52,695

(Continued)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
Purchase of financial assets at amortized cost	\$ -	\$ (51,496)
Proceeds from sale of financial assets at amortized cost	2,007	-
Acquisition of investments accounted for using the equity method	(10,700)	-
Payments for property, plant and equipment	(68,096)	(42,212)
Proceeds from disposal of property, plant and equipment	2,350	585
Increase in refundable deposits	-	(585)
Decrease in refundable deposits	2,205	-
Payments for intangible assets	(4,955)	(7,934)
Increase in other financial assets	(1,200)	-
Decrease in other financial assets	-	621
Dividends received	-	19,365
Net cash used in investing activities	<u>(84,416)</u>	<u>(32,357)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(112,924)	(509,286)
Repayment of short-term bills payable	-	(29,969)
Proceeds from long-term borrowings	-	30,000
Repayments of long-term borrowings	(30,100)	(12,600)
Repayment of the principal portion of lease liabilities	(33,730)	(46,923)
Exercise of employee share options	-	12,540
Dividends paid to non-controlling interests	-	(27,313)
Difference in non-controlling interests	-	3,141
Net cash used in financing activities	<u>(176,754)</u>	<u>(580,410)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>12,073</u>	<u>29,720</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	712,412	(304,890)
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>\$ 1,847,891</u>	<u>\$ 1,388,109</u>

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

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

(Concluded)

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Edimax Technology Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (ROC) in June 1986 and has been listed on the Taiwan Stock Exchange since March 20, 2001. 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 November 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 FSC

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: 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.

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure 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 discontinued 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 other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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 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) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

2) 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.

3) 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.

4) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 780	\$ 755	\$ 868
Checking accounts and demand deposits	1,245,305	854,015	1,183,833
Cash equivalents			
Time deposits with original maturities 3 months or less	471,806	280,709	203,408
Commercial paper	<u>130,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,847,891</u>	<u>\$ 1,135,479</u>	<u>\$ 1,388,109</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2024	December 31, 2023	September 30, 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>-</u>	\$ <u>102</u>	\$ <u>95</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Overseas unlisted ordinary shares			
Bluechip Infotech Pty. Ltd. (Bluechip)	\$ 43,812	\$ 37,251	\$ 35,747
Domestic unlisted ordinary shares			
Ecobear Technology Corp.	10,772	9,827	11,343
Status Internet Co., Ltd.	3,878	4,174	3,895
Newgreen Tech Co., Ltd	<u>-</u>	<u>-</u>	<u>3,316</u>
	<u>\$ 58,462</u>	<u>\$ 51,252</u>	<u>\$ 54,301</u>

The Group acquired ordinary shares of Bluechip, 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 \$52,695 thousand, with unrealized gain on financial assets at FVTOCI in other equity and a corresponding amount reclassified to retained earnings for \$19,794 thousand in March 2023.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ <u>54,796</u>	\$ <u>57,194</u>	\$ <u>59,570</u>
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ <u>21,907</u>	\$ <u>21,516</u>	\$ <u>26,493</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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ <u>9,080</u>	\$ <u>2,471</u>	\$ <u>4,356</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,362,117	\$ 759,899	\$ 1,033,011
Less: Allowance for impairment loss	<u>(11,672)</u>	<u>(4,189)</u>	<u>(7,062)</u>
	\$ <u>1,350,445</u>	\$ <u>755,710</u>	\$ <u>1,025,949</u>
<u>Other receivables</u>			
Others	\$ <u>18,912</u>	\$ <u>14,563</u>	\$ <u>6,140</u>

Trade Receivables

At amortized cost

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:

September 30, 2024

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.03%	0.24%	10.68%	23.40%	55.66%	
Gross carrying amount	\$ 909,428	\$ 360,360	\$ 88,998	\$ 2,598	\$ 733	\$ 1,362,117
Loss allowance (Lifetime ECLs)	<u>(277)</u>	<u>(874)</u>	<u>(9,505)</u>	<u>(608)</u>	<u>(408)</u>	<u>(11,672)</u>
Amortized cost	<u>\$ 909,151</u>	<u>\$ 359,486</u>	<u>\$ 79,493</u>	<u>\$ 1,990</u>	<u>\$ 325</u>	<u>\$ 1,350,445</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>(893)</u>	<u>(1,384)</u>	<u>(125)</u>	<u>(403)</u>	<u>(4,189)</u>
Amortized cost	<u>\$ 648,447</u>	<u>\$ 67,097</u>	<u>\$ 39,531</u>	<u>\$ 302</u>	<u>\$ 333</u>	<u>\$ 755,710</u>

September 30, 2023

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.24%	1.54%	24.52%	37.31%	38.08%	
Gross carrying amount	\$ 936,442	\$ 85,079	\$ 6,701	\$ 67	\$ 4,722	\$ 1,033,011
Loss allowance (Lifetime ECLs)	<u>(2,288)</u>	<u>(1,308)</u>	<u>(1,643)</u>	<u>(25)</u>	<u>(1,798)</u>	<u>(7,062)</u>
Amortized cost	<u>\$ 934,154</u>	<u>\$ 83,771</u>	<u>\$ 5,058</u>	<u>\$ 42</u>	<u>\$ 2,924</u>	<u>\$ 1,025,949</u>

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

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	\$ 4,189	\$ 58,690
Add: Net remeasurement of loss allowance	7,473	-
Less: Reversals of impairment loss	-	(3,819)
Less: Amounts written off (Note)	-	(47,870)
Foreign exchange gains and losses	<u>10</u>	<u>61</u>
Balance at September 30	<u>\$ 11,672</u>	<u>\$ 7,062</u>

Note: For the nine months ended September 30, 2023, the Group wrote off accounts receivable of \$47,870 thousand and the loss allowance of \$47,870 thousand due to unrecoverable accounts.

11. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 265,234	\$ 474,271	\$ 462,080
Finished goods	275,070	352,021	416,835
Work-in-process	270,897	270,558	325,835
Merchandise	143,814	138,175	171,150
Inventory in transit	<u>799,614</u>	<u>208,252</u>	<u>37,272</u>
	<u>\$ 1,754,629</u>	<u>\$ 1,443,277</u>	<u>\$ 1,413,172</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2024 and 2023 amounted to \$1,476,555 thousand and \$775,877 thousand, respectively, and the cost of goods sold included inventory write-downs of \$23,025 thousand and \$22,479 thousand, respectively. The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2024 and 2023 amounted to \$3,745,300 thousand and \$2,458,332 thousand, respectively, and the cost of goods sold included inventory write-downs of \$151,566 thousand and \$96,602 thousand, respectively.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2024	December 31, 2023	September 30, 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)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
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%	
Comtrend	Comtrend Technology (INDIA) Private Limited ("INDIA")	Cable and cableless transmission equipment wholesale, retail sale, and international trade	100.00%	-	-	3)
Datamax HK	Edimax Electronic (Dongguan) Co., Ltd. ("Edimax Electronic (Dongguan)")	Networking production and marketing	100.00%	100.00%	100.00%	
ABST	ABST Information Telecom Service Inc. ("ABST Information Telecom Service")	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%	

(Concluded)

- 1) As the subsidiary is not a major subsidiary, its financial statements for the nine months ended September 30, 2024 have not been reviewed.
- 2) As the subsidiary is not a major subsidiary, its financial statements for the nine months ended September 30, 2023 have not been reviewed.
- 3) INDIA was established in September 2024 in India, primarily engaged in the sale and service of broadband communication products.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Company 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:

	September 30			
	2024		2023	
Unreviewed total assets	\$ 383,473		\$ 411,809	
Proportion of total consolidated assets	5%		6%	
Unreviewed total liabilities	\$ 83,710		\$ 114,587	
Proportion of total consolidated liabilities	2%		3%	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Unreviewed comprehensive income (loss)	\$ 39,398	\$ (2,653)	\$ 33,069	\$ 5,882
Proportion of total consolidated comprehensive income (loss)	14%	30%	8%	(10%)

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		September 30, 2024	December 31, 2023	September 30, 2023
Comtrend	Taiwan	66.51%	66.51%	66.51%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the Nine Months Ended September 30		September 30,	December 31,	September 30,
	2024	2023	2024	2023	2023
Comtrend	<u>\$ 293,251</u>	<u>\$ (155,660)</u>	<u>\$ 840,108</u>	<u>\$ 544,257</u>	<u>\$ 616,353</u>

The summarized financial information below represents amounts before intragroup eliminations.

Comtrend and subsidiaries

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 2,853,681	\$ 1,334,880	\$ 1,169,799
Non-current assets	401,672	383,272	363,350
Current liabilities	(1,620,688)	(608,425)	(339,907)
Non-current liabilities	<u>(217,447)</u>	<u>(225,294)</u>	<u>(209,269)</u>
Equity	<u>\$ 1,417,218</u>	<u>\$ 884,433</u>	<u>\$ 983,973</u>
Equity attributable to:			
Owners of Comtrend	\$ 474,626	\$ 296,197	\$ 329,533
Non-controlling interests of Comtrend	<u>942,592</u>	<u>588,236</u>	<u>654,440</u>
	<u>\$ 1,417,218</u>	<u>\$ 884,433</u>	<u>\$ 983,973</u>

	For the Nine Months Ended September 30	
	2024	2023
Revenue	<u>\$ 3,114,888</u>	<u>\$ 715,617</u>
Net gain (loss) for the period	\$ 440,915	\$ (234,040)
Other comprehensive income (loss) for the period	<u>91,870</u>	<u>(2,204)</u>
Total comprehensive income (loss) for the period	<u>\$ 532,785</u>	<u>\$ (236,244)</u>
Gain (loss) attributable to:		
Owners of Comtrend	\$ 147,664	\$ (78,380)
Non-controlling interests of Comtrend	<u>293,251</u>	<u>(155,660)</u>
	<u>\$ 440,915</u>	<u>\$ (234,040)</u>
Total comprehensive loss attributable to:		
Owners of Comtrend	\$ 236,934	\$ (82,406)
Non-controlling interests of Comtrend	<u>295,851</u>	<u>(153,838)</u>
	<u>\$ 532,785</u>	<u>\$ (236,244)</u>

(Continued)

	For the Nine Months Ended September 30	
	2024	2023
Net cash inflow from:		
Operating activities	\$ 624,646	\$ 10,102
Investing activities	(40,044)	(15,478)
Financing activities	(118,371)	(49,753)
Effects of exchange rates	<u>7,458</u>	<u>7,672</u>
Net cash inflow (outflow)	<u>\$ 473,689</u>	<u>\$ (47,457)</u>

(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2024	December 31, 2023	September 30, 2023
Associates that are not individually material	<u>\$ 86,883</u>	<u>\$ 66,806</u>	<u>\$ 63,047</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

	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	-	5,395	5,223	57,478	68,096
Disposals	-	-	(3,438)	(51,817)	(55,255)
Reclassifications	(22,012)	(35,168)	-	-	(57,180)
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>5,260</u>	<u>894</u>	<u>6,154</u>
Balance at September 30, 2024	<u>\$ 1,480,570</u>	<u>\$ 957,072</u>	<u>\$ 144,725</u>	<u>\$ 508,107</u>	<u>\$ 3,090,474</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2024	\$ -	\$ 174,951	\$ 94,564	\$ 399,560	\$ 669,075
Depreciation expenses	-	17,648	8,062	52,640	78,350
Disposals	-	-	(2,870)	(49,313)	(52,183)
Reclassifications	-	(9,606)	-	-	(9,606)
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>3,511</u>	<u>665</u>	<u>4,176</u>
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 182,993</u>	<u>\$ 103,267</u>	<u>\$ 403,552</u>	<u>\$ 689,812</u>
Carrying amount at September 30, 2024	<u>\$ 1,480,570</u>	<u>\$ 774,079</u>	<u>\$ 41,458</u>	<u>\$ 104,555</u>	<u>\$ 2,400,662</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 1,489,898	\$ 986,739	\$ 392,188	\$ 526,536	\$ 3,395,361
Additions	12,684	5,300	1,185	23,043	42,212
Disposals	-	-	(250,335)	(67,551)	(317,886)
Reclassifications	-	(5,194)	-	5,194	-
Effects of foreign currency exchange differences	-	-	(195)	(79)	(274)
Balance at September 30, 2023	<u>\$ 1,502,582</u>	<u>\$ 986,845</u>	<u>\$ 142,843</u>	<u>\$ 487,143</u>	<u>\$ 3,119,413</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 156,983	\$ 341,734	\$ 413,176	\$ 911,893
Depreciation expenses	-	17,349	8,197	38,552	64,098
Disposals	-	-	(250,335)	(66,988)	(317,323)
Reclassifications	-	(5,194)	-	5,194	-
Effects of foreign currency exchange differences	-	-	(306)	(92)	(398)
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 169,138</u>	<u>\$ 99,290</u>	<u>\$ 389,842</u>	<u>\$ 658,270</u>
Carrying amount at September 30, 2023	<u>\$ 1,502,582</u>	<u>\$ 817,707</u>	<u>\$ 43,553</u>	<u>\$ 97,301</u>	<u>\$ 2,461,143</u>

(Concluded)

No impairment loss or reversal was recognized for the nine months ended September 30, 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	3-50 years
Machinery and equipment	2-13 years
Other equipment	1-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 34.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Buildings	\$ 150,971	\$ 176,680	\$ 164,802
Transportation equipment	<u>4,499</u>	<u>2,484</u>	<u>3,587</u>
	<u>\$ 155,470</u>	<u>\$ 179,164</u>	<u>\$ 168,389</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Additions to right-of-use assets			<u>\$ 8,793</u>	<u>\$ 165,809</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 11,422	\$ 12,434	\$ 34,483	\$ 32,334
Transportation equipment	<u>871</u>	<u>1,102</u>	<u>2,805</u>	<u>3,316</u>
	<u>\$ 12,293</u>	<u>\$ 13,536</u>	<u>\$ 37,288</u>	<u>\$ 35,650</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant subleases or impairment of right-of-use assets during the nine months ended September 30, 2024 and 2023.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Current	<u>\$ 42,603</u>	<u>\$ 45,853</u>	<u>\$ 44,142</u>
Non-current	<u>\$ 113,536</u>	<u>\$ 133,715</u>	<u>\$ 124,608</u>

Range of discount rates for lease liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.36%-1.985%	1.11%-1.75%	1.11%-1.75%
Transportation equipment	1.25%-1.985%	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 buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases and low-value asset leases	<u>\$ 1,741</u>	<u>\$ 1,365</u>	<u>\$ 5,509</u>	<u>\$ 4,796</u>
Total cash outflow for leases			<u>\$ (40,737)</u>	<u>\$ (52,895)</u>

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

16. INVESTMENT PROPERTIES

	Freehold Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Reclassifications	<u>22,012</u>	<u>35,168</u>	<u>57,180</u>
Balance at September 30, 2024	<u>\$ 22,012</u>	<u>\$ 35,168</u>	<u>\$ 57,180</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Depreciation expenses	-	733	733
Reclassifications	<u>-</u>	<u>9,606</u>	<u>9,606</u>
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 10,339</u>	<u>\$ 10,339</u>
Carrying amounts at September 30, 2024	<u>\$ 22,012</u>	<u>\$ 24,829</u>	<u>\$ 46,841</u>

- a. 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.
- b. As of September 30, 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:

Buildings	3-45 years
-----------	------------

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

	September 30, 2024	December 31, 2023	September 30, 2023
Goodwill	\$ 23,231	\$ 23,231	\$ 23,231
Computer software	<u>9,382</u>	<u>9,842</u>	<u>11,798</u>
	<u>\$ 32,613</u>	<u>\$ 33,073</u>	<u>\$ 35,029</u>

Except for the amortization recognized, the Group did not have any significant addition, disposal, or impairment of intangible assets during the nine months ended September 30, 2024 and 2023.

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 1-5 years

18. OTHER FINANCIAL ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Pension reserve fund	\$ 69,566	\$ 68,366	\$ 66,692
Reserve account	<u>2,487</u>	<u>2,487</u>	<u>2,487</u>
	<u>\$ 72,053</u>	<u>\$ 70,853</u>	<u>\$ 69,179</u>

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

19. BORROWINGS

a. Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 85,076</u>	<u>\$ 198,000</u>	<u>\$ 230,346</u>

The ranges of weighted average effective interest rates on bank loans were 2.00%-4.60%, 2.00%-6.77% and 1.76%-1.89% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

b. Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u>			
Bank loans (Note 1)	\$ 1,337,714	\$ 1,350,314	\$ 1,354,514
Bank loans (Note 2)	200,000	200,000	200,000
Bank loans (Note 3)	<u>12,500</u>	<u>30,000</u>	<u>30,000</u>
	1,550,214	1,580,314	1,584,514
Less: Current portion	<u>(103,422)</u>	<u>(19,300)</u>	<u>(88,064)</u>
Long-term borrowings	<u>\$ 1,446,792</u>	<u>\$ 1,561,014</u>	<u>\$ 1,496,450</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 on February 1, 2036 and the effective annual interest rates was 1.985%. The purpose of the borrowing 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 effective annual interest rates were 1.25%-1.985% and 1.985% on January 14, 2022 to January 14, 2025 and January 15, 2025 to January 14, 2042, respectively. The purpose of the borrowing 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 rate was 2.22%. The purpose of the borrowing is to purchase land and buildings for operations.

20. BONDS PAYABLE

	September 30, 2024	December 31, 2023	September 30, 2023
Secured domestic convertible bonds	\$ <u> </u> -	\$ <u>126,690</u>	\$ <u>134,626</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 components are classified as embedded derivative assets and non-embedded derivative assets. The embedded derivatives, which are measured at fair value, amounted to \$0, \$102 thousand and \$95 thousand on September 30, 2024, December 31, 2023 and September 30, 2023, respectively, and recognized financial assets at FVTPL - non-current. The non-derivatives, which are measured at amortized cost, amounted to \$0, \$126,690 thousand and \$134,626 thousand on September 30, 2024, December 31, 2023 and September 30, 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%	1,201
Conversion of convertible bonds into common stock	(51,718)
Valuation loss on financial investments	<u>149</u>
Liability component at September 30, 2023	<u>\$ 134,531</u>
Liability component at January 1, 2024	\$ 126,588
Interest charged at an effective interest rate of 1.04%	259
Conversion of convertible bonds into common stock	(126,949)
Valuation loss on financial investments	<u>102</u>
Liability component at September 30, 2024	<u><u>\$ -</u></u>

As of September 30, 2024, all of secured convertible bonds issued by the company have been converted into 30,297 thousand shares of the company's common stock.

21. OTHER LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
Other payables			
Payables for salaries	\$ 138,428	\$ 110,845	\$ 122,082
Payables for compensation of employees and remuneration of directors	61,893	-	19,206
Payables for labor fee	21,984	20,892	19,426
Payables for freight and customs fee	12,023	7,370	4,068
Payables for royalties	2,809	-	2,864
Payables for dividends (Note)	-	-	207,962
Others	<u>129,807</u>	<u>141,313</u>	<u>124,316</u>
	<u>\$ 366,944</u>	<u>\$ 280,420</u>	<u>\$ 499,924</u>
Other liabilities			
Receipts under custody	\$ 37,496	\$ 27,509	\$ 34,263
Refund liabilities	23,520	11,187	16,164
Temporary credit	<u>15,142</u>	<u>15,926</u>	<u>18,556</u>
	<u>\$ 76,158</u>	<u>\$ 54,622</u>	<u>\$ 68,983</u>

Note: Dividends were distributed by the Company.

22. PROVISIONS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Warranties	<u>\$ 36,801</u>	<u>\$ 8,770</u>	<u>\$ 8,393</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 September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the pension expenses of defined benefit plans were \$2,152 thousand, \$244 thousand, \$5,956 thousand and \$1,350 thousand, respectively, 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

	September 30, 2024	December 31, 2023	September 30, 2023
Shares authorized (in thousands of shares)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Shares authorized (in thousands of N.T. dollars)	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>223,472</u>	<u>213,496</u>	<u>212,286</u>
Shares issued and fully paid (in thousands of N.T. dollars)	<u>\$ 2,234,718</u>	<u>\$ 2,134,956</u>	<u>\$ 2,122,860</u>
Capital collected in advance	<u>\$ 2,291</u>	<u>\$ 1,264</u>	<u>\$ 6,804</u>

Employees exercised the share options for \$5,915 thousand which is capital collected in advance of the Company on September 30, 2023, issued 592 thousand ordinary shares, with a subscription price for \$10 per share. As of September 30, 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 January 9, 2024.

In addition, as of September 30, 2023, the holders of the Company's unsecured convertible bond claimed the conversion into ordinary shares of \$889 thousand, the issuance of the ordinary shares was 89 thousand units. As of September 30, 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 January 9, 2024.

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 September 30, 2024, the holders of the Company's unsecured convertible bond claimed the conversion into ordinary shares of \$2,291 thousand, the issuance of the ordinary shares was 229 thousand units. As of September 30, 2024, the applying for change of registration was not done, therefore, the share options were recognized as capital collected in advance.

b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Premium from issuance of ordinary shares	\$ 6,081	\$ 2,673	\$ 1,966
Premium from conversion of bonds	117,587	91,427	89,704
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 only be used to offset a deficit</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	15,621	8,976	7,368
Share options from convertible bonds	-	3,408	3,630
	<u>\$ 293,878</u>	<u>\$ 261,073</u>	<u>\$ 257,259</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 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 2023 and 2022 that had been resolved by the shareholders in their meetings on June 14, 2024 and June 14, 2023 respectively was as follows:

	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 518	\$ 18,818
Special reserve	\$ -	\$ (15,923)
Cash dividends	\$ -	\$ 166,370
Capital reserve cash dividends	\$ -	\$ 41,592
Cash dividends per share (NT\$)	\$ -	\$ 0.8
Capital reserve cash dividends per share (NT\$)	\$ -	\$ 0.2

d. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)	Shares Cancelled (In Thousands of Shares)	Shares Held by Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2024	-	-	1,380	1,380
Number of shares at September 30, 2024	-	-	1,380	1,380
Number of shares at January 1, 2023	-	-	1,384	1,384
Decrease during the period	-	-	(4)	(4)
Number of shares at September 30, 2023	-	-	1,380	1,380

For the purpose of improving the use of funds, related information regarding shares of the Company held by subsidiary on the balance sheet date was as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>September 30, 2024</u>			
Comtrend	1,380	\$ 12,931	\$ 51,604
<u>December 31, 2023</u>			
Comtrend	1,380	12,931	22,146
<u>September 30, 2023</u>			
Comtrend	1,380	12,931	19,179

As of September 30, 2024, December 31, 2023 and September 30, 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 September 30, 2024, December 31, 2023 and September 30, 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 subsidiary holding treasury shares, however, bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	\$ 544,257	\$ 794,859
Share in profit (loss) for the period	293,251	(155,660)
Other comprehensive income (loss) during the period		
Exchange differences on translating the financial statements of foreign operations	2,600	1,822
Cash dividends distributed by subsidiaries	-	(27,313)
Employee share options of subsidiaries	-	(496)
Share of changes in ownership of subsidiaries	-	3,141
Balance at September 30	<u>\$ 840,108</u>	<u>\$ 616,353</u>

25. REVENUE

a. Disaggregation of revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue from the sale of goods	\$ 2,160,711	\$ 1,067,339	\$ 5,209,036	\$ 3,261,261
Revenue from the rendering of services	3,789	3,797	13,610	7,418
Other operating and service revenue	<u>1</u>	<u>8</u>	<u>7</u>	<u>10</u>
	<u>\$ 2,164,501</u>	<u>\$ 1,071,144</u>	<u>\$ 5,222,653</u>	<u>\$ 3,268,689</u>

b. Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Trade receivables (Note 10)	\$ 1,362,117	\$ 759,899	\$ 1,033,011	\$ 1,296,717
Contract assets sale of goods	<u>3,896</u>	<u>1,160</u>	<u>2,361</u>	<u>8,355</u>
Contract liabilities sale of goods	<u>273,953</u>	<u>93,624</u>	<u>120,327</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. 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 PROFIT (LOSS)

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits	<u>\$ 7,924</u>	<u>\$ 3,882</u>	<u>\$ 23,161</u>	<u>\$ 14,404</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Dividends				
Investments in equity instruments at FVTOCI	\$ -	\$ -	\$ -	\$ 728
Others	<u>83,229</u>	<u>(2,877)</u>	<u>95,480</u>	<u>11,436</u>
	<u>\$ 83,229</u>	<u>\$ (2,877)</u>	<u>\$ 95,480</u>	<u>\$ 12,164</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Net foreign currency exchange gain (loss)	\$ (5,788)	\$ 41,849	\$ 65,654	\$ 48,610
(Loss) gain on disposal of property, plant and equipment	(216)	22	(722)	22
(Loss) gain on fair value changes of financial assets and financial liabilities as at FVTPL	(16)	(260)	(102)	634
Others	<u>2,524</u>	<u>(955)</u>	<u>(709)</u>	<u>(2,420)</u>
	<u>\$ (3,496)</u>	<u>\$ 40,656</u>	<u>\$ 64,121</u>	<u>\$ 46,846</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on bank loans	\$ 10,792	\$ 8,077	\$ 33,931	\$ 26,441
Interest on convertible bonds	10	356	259	1,201
Interest on lease liabilities	<u>499</u>	<u>443</u>	<u>1,508</u>	<u>1,176</u>
	<u>\$ 11,301</u>	<u>\$ 8,876</u>	<u>\$ 35,698</u>	<u>\$ 28,818</u>

e. Impairment losses recognized (reversed)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Trade receivables	<u>\$ (14,587)</u>	<u>\$ (139)</u>	<u>\$ 7,473</u>	<u>\$ (3,819)</u>
Inventories (included in operating costs)	<u>\$ 23,025</u>	<u>\$ 22,479</u>	<u>\$ 151,566</u>	<u>\$ 96,602</u>

f. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Property, plant and equipment	\$ 28,972	\$ 20,766	\$ 78,350	\$ 64,098
Right-of-use assets	12,292	13,536	37,288	35,650
Investment properties	244	-	733	-
Intangible assets	<u>2,189</u>	<u>2,188</u>	<u>5,511</u>	<u>6,924</u>
	<u>\$ 43,697</u>	<u>\$ 36,490</u>	<u>\$ 121,882</u>	<u>\$ 106,672</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
An analysis of depreciation by function				
Operating costs	\$ 12,116	\$ 12,194	\$ 34,761	\$ 32,710
Operating expenses	<u>29,392</u>	<u>22,108</u>	<u>81,610</u>	<u>67,038</u>
	<u>\$ 41,508</u>	<u>\$ 34,302</u>	<u>\$ 116,371</u>	<u>\$ 99,748</u>
An analysis of amortization by function				
Operating costs	\$ 382	\$ 277	\$ 651	\$ 509
Operating expenses	<u>1,807</u>	<u>1,911</u>	<u>4,860</u>	<u>6,415</u>
	<u>\$ 2,189</u>	<u>\$ 2,188</u>	<u>\$ 5,511</u>	<u>\$ 6,924</u>

(Concluded)

g. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Post-employment benefits				
Defined contribution plans	\$ 7,386	\$ 8,062	\$ 22,192	\$ 23,694
Defined benefit plans (Note 23)	<u>2,152</u>	<u>244</u>	<u>5,956</u>	<u>1,350</u>
	<u>9,538</u>	<u>8,306</u>	<u>28,148</u>	<u>25,044</u>
Share-based payments				
Equity-settled	<u>2,215</u>	<u>-</u>	<u>6,645</u>	<u>-</u>
Termination benefits	<u>10</u>	<u>8,317</u>	<u>10</u>	<u>10,631</u>
Other employee benefits	<u>292,606</u>	<u>238,948</u>	<u>790,897</u>	<u>730,917</u>
Total employee benefits expense	<u>\$ 304,369</u>	<u>\$ 255,571</u>	<u>\$ 825,700</u>	<u>\$ 766,592</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 31,703	\$ 30,749	\$ 89,922	\$ 108,518
Operating expenses	<u>272,666</u>	<u>224,822</u>	<u>735,778</u>	<u>658,074</u>
	<u>\$ 304,369</u>	<u>\$ 255,571</u>	<u>\$ 825,700</u>	<u>\$ 766,592</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.

For the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the compensation of employees compensation and the remuneration of directors are as follows:

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	<u>\$ 5,651</u>	<u>\$ 1,129</u>	<u>\$ 7,979</u>	<u>\$ 3,354</u>
Remuneration of directors	<u>\$ 1,615</u>	<u>\$ 322</u>	<u>\$ 2,280</u>	<u>\$ 958</u>

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

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

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

Amount

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

There is 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. Gains (losses) on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Foreign exchange gains	\$ 18,670	\$ 58,568	\$ 119,452	\$ 122,149
Foreign exchange losses	<u>(24,458)</u>	<u>(16,719)</u>	<u>(53,798)</u>	<u>(73,539)</u>
	<u>\$ (5,788)</u>	<u>\$ 41,849</u>	<u>\$ 65,654</u>	<u>\$ 48,610</u>

27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ (87,660)	\$ (29,475)	\$ (126,980)	\$ (33,112)
Income tax on unappropriated earnings	-	-	-	(946)
Adjustments for prior years	<u>20</u>	<u>2</u>	<u>(56)</u>	<u>7</u>
	(87,640)	(29,473)	(127,036)	(34,051)
Deferred tax				
In respect of the current period	<u>5,797</u>	<u>12,393</u>	<u>30,357</u>	<u>8,458</u>
Income tax expense recognized in profit or loss	<u>\$ (81,843)</u>	<u>\$ (17,080)</u>	<u>\$ (96,679)</u>	<u>\$ (25,593)</u>

b. Income tax assessments

As of September 30, 2024, the tax returns of the Company and its subsidiaries have been assessed as follows:

	<u>Last Assessed Tax Year</u>
The Company	2021
Edimax Electronic (Dongguan) Co., Ltd.	2023
Comtrend	2022
CUSA	2023
CTBV	2023
CCE	2023
Iberia	2023
ABS Telecom	2022
SMAX Technology	2022

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 0.35</u>	<u>\$ 0.02</u>	<u>\$ 0.47</u>	<u>\$ 0.13</u>
Diluted earnings per share	<u>\$ 0.35</u>	<u>\$ 0.02</u>	<u>\$ 0.46</u>	<u>\$ 0.13</u>

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

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Earnings used in the computation of basic earnings per share	\$ 77,130	\$ 4,177	\$ 103,454	\$ 27,531
Effect of potentially dilutive ordinary shares				
Convertible bonds	<u>27</u>	<u>538</u>	<u>360</u>	<u>1,459</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 77,157</u>	<u>\$ 4,715</u>	<u>\$ 103,814</u>	<u>\$ 28,990</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	221,498	206,422	219,471	208,971
Effect of potentially dilutive ordinary shares				
Convertible bonds	84	11,408	1,995	14,586
Employee share options	1,294	370	2,639	148
Compensation of employees	<u>213</u>	<u>708</u>	<u>213</u>	<u>450</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>223,089</u>	<u>218,908</u>	<u>224,318</u>	<u>224,155</u>

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

29. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Company

- 1) Qualified employees of the Company were granted 8,000 thousand options on September 30, 2017 and August 10, 2023, respectively.

	For the Nine Months Ended September 30			
	2024		2023	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	8,000	\$ 14.30	1,334	\$ 10.00
Options exercised	-	14.30	(1,254)	10.00
Options forfeited	-	14.30	(80)	10.00
Balance at September 30	<u>8,000</u>	14.30	<u>-</u>	
Options exercisable, end of period	<u>-</u>		<u>-</u>	

The compensation costs recognized by the Company were \$2,215 and \$1,394 thousand for the three months ended September 30, 2024 and 2023, respectively, and the compensation costs recognized by the Company were \$6,645 and \$1,394 thousand for the nine months ended September 30, 2024 and 2023, respectively.

- 2) The Company issued 8,000 thousand units of employee share options on August 10, 2023, with each unit entitling to subscribe for one share of ordinary share. The target recipients include employees of the Company and its subsidiaries who meet certain criteria. The share options have a term of 6 years. The holders of the share options may exercise a certain percentage of the share options within 2 years from the date of issuance. The exercise price of the share options is the closing price of the Company's ordinary share on the date of issuance. After the issuance of the share options, the exercise price of the share options will be adjusted in accordance with a prescribed formula in the event of any changes in the Company's ordinary share after the issuance of the share options. Information of the share options was as follows:

	For the Nine Months Ended September 30, 2023	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	-	\$ -
Options given	8,000	15.25
Options exercised	-	-
Balance at September 30	<u>8,000</u>	14.30
Options exercisable, end of period	<u>-</u>	

Information on outstanding employee share options is as follows:

	September 30, 2023
Range of exercise price	\$14.30
Weighted average remaining contract term	5.83 years

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

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

Note: The closing price of our ordinary share on the issuance date of 2023 employee share options was \$15.25, and then the share option price was adjusted to \$14.30 as of September 30, 2023 due to the payment of 2022 cash dividends.

b. Employee share option plan of the subsidiaries

Comtrend did not issue any employee share options during the nine months ended September 30, 2023. Information on employee share options was as follows:

	For the Nine Months Ended September 30	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	380	\$10.00
Options exercised	(202)	10.00
Options forfeited	<u>(178)</u>	10.00
Balance at September 30	<u><u>-</u></u>	
Options exercisable, end of period	<u><u>-</u></u>	

Compensation cost recognized by the subsidiary was \$0 for the three months ended September 30, 2023 and for the nine months ended September 30, 2023.

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In September 2023, the Group's shareholding ratio remained at 33.49% as the Comtrend employee share options had been exercised.

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

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

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 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.

December 31, 2023

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

September 30, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 134,626</u>	<u>\$ -</u>	<u>\$ 131,157</u>	<u>\$ -</u>	<u>\$ 131,157</u>

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 measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 43,812	\$ 43,812
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>14,650</u>	<u>14,650</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,462</u>	<u>\$ 58,462</u>

December 31, 2023

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

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL - non-current</u>				
Redeemable and puttable options of convertible bonds	<u>\$ -</u>	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ 95</u>
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 35,747	\$ 35,747
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>18,554</u>	<u>18,554</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,301</u>	<u>\$ 54,301</u>

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

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

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

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

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

c. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ -	\$ 102	\$ 95
Financial assets at amortized cost (1)	3,387,027	2,071,934	2,612,097
Financial assets at FVTOCI			
Equity instruments	58,462	51,252	54,301
<u>Financial liabilities</u>			
Amortized cost (2)	3,780,594	2,960,320	3,328,733

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets measured at cost, notes receivable, trade receivables, trade receivables to related parties, other receivables, other receivables from related parties, other financial assets, and refundable deposits.

2) The balances included financial liabilities at amortized cost, which comprise short-term loans, notes payable, trade payables, trade payables to related parties, other payables, bonds payable and long-term loans (including current portion).

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 (see (a) below) and interest rates (see (b) below).

There has 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

The Group have 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) and of the derivatives exposed to foreign currency risk at the end of the period are set out in Note 36.

Sensitivity analysis

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

	USD Impact		EUR Impact	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Profit or loss	\$ (2,359)*	\$ (10,899)*	\$ (450)*	\$ (453)*

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

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

b) Interest rate risk

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Financial assets	\$ 678,509	\$ 359,419	\$ 289,471
Financial liabilities	1,791,428	2,084,572	2,118,236
Cash flow interest rate risk			
Financial assets	1,317,358	924,869	1,253,012

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 period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit or loss for the nine months ended September 30, 2024 and 2023 would have decreased/increased by \$9,880 thousand and \$9,398 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 nine months ended September 30, 2024 and 2023 would have increased/decreased by \$585 thousand and \$543 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the period, the Group's maximum exposure to credit risk, which would 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 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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group had available unutilized short-term bank loan facilities set out in (c) 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.

September 30, 2024

	Carrying Amount	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 85,076	\$ 85,076	\$ -	\$ -	\$ -
Lease liabilities	163,654	12,226	32,524	118,904	-
Long-term borrowings	1,609,950	-	-	623,170	986,780
Notes and trade payables	1,778,360	1,459,963	317,304	1,093	-
Other payables	366,944	77,743	280,165	9,036	-
Current portion of long-term borrowings	<u>133,495</u>	<u>12,641</u>	<u>120,854</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,137,479</u>	<u>\$ 1,647,649</u>	<u>\$ 750,847</u>	<u>\$ 752,203</u>	<u>\$ 986,780</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Long-term borrowings	<u>\$ 133,495</u>	<u>\$ 623,170</u>	<u>\$ 713,365</u>	<u>\$ 241,050</u>	<u>\$ 32,365</u>

December 31, 2023

	Carrying Amount	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 199,172	\$ 144,267	\$ 54,905	\$ -	\$ -
Lease liabilities	188,367	12,770	35,018	137,214	3,365
Long-term borrowings	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 borrowings	<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>

Further information on the maturity analysis of the above financial liabilities was as follows:

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

September 30, 2023

	Carrying Amount	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 230,346	\$ 230,346	\$ -	\$ -	\$ -
Lease liabilities	176,902	12,973	33,411	120,216	10,302
Long-term borrowings	1,667,798	-	-	604,160	1,063,638
Notes and trade payables	879,323	732,763	146,018	542	-
Other payables	499,924	356,958	133,909	9,057	-
Bonds payable	135,900	-	-	135,900	-
Current portion of long-term borrowings	<u>116,805</u>	<u>11,524</u>	<u>105,281</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,706,998</u>	<u>\$ 1,344,564</u>	<u>\$ 418,619</u>	<u>\$ 869,875</u>	<u>\$ 1,073,940</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 46,384</u>	<u>\$ 120,216</u>	<u>\$ 10,302</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 116,805</u>	<u>\$ 604,160</u>	<u>\$ 674,759</u>	<u>\$ 343,107</u>	<u>\$ 45,772</u>

Bank loans with a repayment on demand clause were included in the “1-5 years” time band in the above maturity analysis. As of September 30, 2024, December 31, 2023 and September 30, 2023, the aggregate undiscounted principal amounts of these bank loans amounted to \$1,635,290 thousand, \$1,778,314 thousand and \$1,814,860 thousand, respectively. Taking into account the Group’s financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid 2 after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to \$1,828,550 thousand, \$1,981,439 thousand and \$2,013,090 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.

c) Financing facilities

As of September 30, 2024, December 31, 2023 and September 30, 2023, unused financing facilities amounted to \$2,476,681 thousand, \$2,237,350 thousand and \$1,926,211 thousand, respectively.

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, 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 as follows.

a. Related party name and category

Related Party Name	Related Party Category
Talent Vantage Limited (ITI)	Associate
Crystal Centre Int'l Corp.	Associate
Bluechip	Related party in substance (related party since September 30, 2024)

b. Sale of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Related party in substance	\$ 9,758	\$ -	\$ 9,758	\$ -
Associate	<u>-</u>	<u>245</u>	<u>-</u>	<u>1,637</u>
	<u>\$ 9,758</u>	<u>\$ 245</u>	<u>\$ 9,758</u>	<u>\$ 1,637</u>

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

c. Purchases of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Associate - ITI	<u>\$ 135,719</u>	<u>\$ 134,126</u>	<u>\$ 418,686</u>	<u>\$ 399,773</u>

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

d. Receivables from related parties

Line Item	Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Receivables from related parties	Related party in substance - Bluechip	<u>\$ 6,330</u>	<u>\$ -</u>	<u>\$ -</u>
Other receivables from related parties	Associate - Crystal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,362</u>

Other receivables are dividends receivable from related parties.

e. Payables to related parties

Line Item	Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	Associate - ITI	<u>\$ 95,968</u>	<u>\$ 84,531</u>	<u>\$ 84,928</u>
Other payables	Associate	<u>\$ 403</u>	<u>\$ 2,931</u>	<u>\$ 409</u>

The outstanding trade payables to related parties are unsecured.

f. Acquisition of property, plant and equipment

Related Party Category/Name	For the Nine Months Ended September 30	
	2024	2023
Associate - ITI	<u>\$ -</u>	<u>\$ 796</u>

g. Other transactions with related parties

Line Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Operating expense	Associate	<u>\$ 1,363</u>	<u>\$ 1,078</u>	<u>\$ 2,187</u>	<u>\$ 1,610</u>

h. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 31,624	\$ 11,413	\$ 58,042	\$ 32,171
Share-based payments	<u>133</u>	<u>115</u>	<u>399</u>	<u>115</u>
	<u>\$ 31,757</u>	<u>\$ 11,528</u>	<u>\$ 58,441</u>	<u>\$ 32,286</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and convertible bonds:

	September 30, 2024	December 31, 2023	September 30, 2023
Pledged deposits (classified as financial assets at amortized cost)	\$ 7,321	\$ 5,359	\$ 3,370
Property, plant and equipment	<u>2,162,379</u>	<u>2,178,040</u>	<u>2,183,261</u>
	<u>\$ 2,169,700</u>	<u>\$ 2,183,399</u>	<u>\$ 2,186,631</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 September 30, 2024 were as follows:

- As of September 30, 2024, the Group issued promissory notes with stated amounts of \$1,377,000 thousand and US\$21,500 thousand as collateral for loans and foreign exchange forward contracts and convertible bonds.
- Taipei Fubon Bank issued to the Taipei Customs Office a guarantee note for customs duties on the bonded warehouse of the Group; the stated amount of the note was \$2,000 thousand as of September 30, 2024.
- As of September 30, 2024, the Group made endorsements and guarantees for SMAX Technology and Edimax Europe with stated amounts of \$20,000 thousand and \$70,760 thousand, respectively, and actual borrowings amounted to \$8,000 and \$7,076 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:

September 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,386	31.65 (USD:NTD)	\$ 1,816,257
USD	163	0.89 (USD:EUR)	5,150
USD	617	22.50 (USD:CZK)	19,521
EUR	699	35.38 (EUR:NTD)	24,744
EUR	572	25.18 (EUR:CZK)	20,235
Non-monetary items			
Investments accounted for using the equity method			
USD	2,382	31.65 (USD:NTD)	75,393

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 49,794	31.65 (USD:NTD)	\$ 1,575,984
USD	917	7.00 (USD:RMB)	29,021 (Concluded)

December 31, 2023

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

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

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 56,118	32.27 (USD:NTD)	\$ 1,810,916
USD	920	23.21 (USD:EUR)	29,678
EUR	1,025	33.91 (EUR:NTD)	34,772
EUR	310	24.47 (EUR:CZK)	10,501
Non-monetary items			
Investments accounted for using the equity method			
USD	1,954	32.27 (USD:NTD)	63,047 (Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 21,496	32.27 (USD:NTD)	\$ 693,682
USD	1,528	7.31 (USD:RMB)	49,313
USD	240	23.21 (USD:CZK)	7,740
			(Concluded)

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

For the Three Months Ended September 30				
2024			2023	
Functional Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ (10,397)	1 (NTD:NTD)	\$ 59,021
USD	32.301 (USD:NTD)	4,527	31.68 (USD:NTD)	(17,030)
EUR	35.487 (EUR:NTD)	<u>82</u>	34.49 (EUR:NTD)	<u>(142)</u>
		<u>\$ (5,788)</u>		<u>\$ 41,849</u>

For the Nine Months Ended September 30				
2024			2023	
Functional Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 70,828	1 (NTD:NTD)	\$ 94,514
USD	32.034 (USD:NTD)	(5,149)	30.93 (USD:NTD)	(46,024)
EUR	34.82 (EUR:NTD)	<u>(25)</u>	33.52 (EUR:NTD)	<u>120</u>
		<u>\$ 65,654</u>		<u>\$ 48,610</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 (None).

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.

	Enterprise, Retail Products and Services	Telecommuni- cation Products and Services	Others	Total
<u>For the nine months ended September 30, 2024</u>				
Revenue from external customers	<u>\$ 1,953,922</u>	<u>\$ 3,114,888</u>	<u>\$ 153,843</u>	<u>\$ 5,222,653</u>
Segment income (loss)	<u>\$ (78,653)</u>	<u>\$ 405,002</u>	<u>\$ 12,571</u>	\$ 338,920
Non-operating income and expenses				<u>154,464</u>
Profit before tax				<u>\$ 493,384</u>
<u>For the nine months ended September 30, 2023</u>				
Revenue from external customers	<u>\$ 2,437,589</u>	<u>\$ 715,617</u>	<u>\$ 115,483</u>	<u>\$ 3,268,689</u>
Segment income (loss)	<u>\$ 76,805</u>	<u>\$ (238,305)</u>	<u>\$ 7,427</u>	\$ (154,073)
Non-operating income and expenses				<u>51,537</u>
Loss before tax				<u>\$ (102,536)</u>

Segment profit represents the profit before tax earned by each segment without allocation of non-operating income and expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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.	\$ 540,616	\$ 20,000	\$ 20,000	\$ 8,000	\$ -	0.74	\$ 1,351,541	Y	N	N	Note 3
		Edimax Europe	b.	540,616	71,040	70,760	7,076	-	2.62	1,351,541	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 shareholder on its endorsement of its holding company.
- g. Inter-industry performance guarantee joint guarantees for pre-sale house sales contracts in accordance with the Consumer Protection Act.

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

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u> Bluechip	None	Financial assets at FVTOCI - non-current	421	\$ 43,812	5.66	\$ 43,812	
	Status Internet Co., Ltd.	None	Financial assets at FVTOCI - non-current	353	3,878	16.66	3,878	
	Ecobear Technology Corp.	None	Financial assets at FVTOCI - non-current	1,783	10,772	19.91	10,772	
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	154,088	1.84	154,088	

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 September 30, 2024. The Company has recognized an impairment loss on these securities.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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) ITI	Subsidiary Associate	Processing fee Purchase	\$ 468,816 408,345	23.15 20.17	By operating condition By operating condition	Normal Normal	By operating condition By operating condition	\$ 17,619 (94,544)	3.12 (27.06)	

Note: Except for ITI, the transactions with the related parties have been eliminated in the consolidated financial statements as of and for the nine months ended September 30, 2024.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

SEPTEMBER 30, 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	\$ 120,923	0.71	\$ 60,896	Subsidiary repayment has been actively arranged	\$ 15,964	\$ -

Note: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the nine months ended September 30, 2024.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 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	\$ 63,704	\$ (5,358)	\$ (5,308)	Subsidiary
	Edimax BVI	British Virgin Islands	Networking equipment wholesale	287,735	287,735	8,966,076	100.00	110,881	(42,592)	(42,592)	Subsidiary
	Edimax Europe	Netherlands	Networking equipment wholesale	196,773	196,773	1,600	100.00	27,788	(6,709)	(2,769)	Subsidiary
	ABS Telecom	Taiwan	Telecommunication equipment wholesale, transmission and rental	66,000	66,000	10,500,000	100.00	141,004	6,245	5,847	Subsidiary
	SMAX Technology	Taiwan	Wired/wireless telecommunications equipment manufacturing	137,175	137,175	2,139,400	100.00	27,001	5,253	5,150	Subsidiary
	Comtrend	Taiwan	Cable and cableless transmission equipment wholesale, research and development and retail sale	278,084	278,084	19,649,060	33.49	446,252	440,913	147,669	Subsidiary
	Crystal Nimbletech Digital	Seychelles Taiwan	Seychelles general import and export trade and investing Networking equipment wholesale	31,815 10,700	31,815 -	1,050,000 1,000,000	30.00 28.74	75,393 11,490	22,034 3,767	6,610 790	Associate Associate
Edimax BVI	Datamax HK	Hong Kong	Investing	271,417	271,417	64,906,002	100.00	(52,617)	(40,959)	(40,959)	Second-tier subsidiary
ABS Telecom	ABST	Mauritius	Investing	4,175	4,175	140,000	100.00	11,893	(700)	(700)	Second-tier subsidiary
SMAX Technology	Smax Japan Inc.	Japan	Networking equipment wholesale	1,992	1,992	8,000,000	100.00	2,194	1,031	1,031	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	(28,317)	(33,016)	(8,961)	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	84,697	(4,666)	(4,574)	Second-tier subsidiary
	INDIA	India	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	17,397	-	4,500,000	100.00	16,860	(198)	(198)	Second-tier subsidiary
CTBV	CCE	Czech Republic	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	71,438	71,438	-	100.00	38,387	(661)	(661)	Second-tier subsidiary
	Iberia	Spain	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	30,039	12,294	82,310	100.00	15,801	(5,371)	(5,371)	Second-tier subsidiary

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

Note 2: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the nine months ended September 30, 2024.

Note 3: The share of profits/losses of the investee included net loss of \$5,358 thousand plus the unrealized gross loss of \$50 thousand on intercompany transactions.

Note 4: The share of profits/losses of the investee included net loss of \$6,709 thousand plus the unrealized gross loss of \$3,940 thousand on intercompany transactions.

Note 5: The share of profits/losses of the investee included net income of \$6,245 thousand less the unrealized gross profit of \$398 thousand on intercompany transactions.

Note 6: The share of profits/losses of the investee included net income of \$5,253 thousand less the unrealized gross profit of \$103 thousand on intercompany transactions.

Note 7: The share of profits/losses of the investee included net income of \$147,662 thousand plus the unrealized gross loss of \$7 thousand on intercompany transactions.

Note 8: The share of profits/losses of the investee included net loss of \$33,016 thousand plus the unrealized gross loss of \$24,055 thousand on intercompany transactions.

Note 9: The share of profits/losses of the investee included net loss of \$4,666 thousand plus the unrealized gross loss of \$119 thousand on intercompany transactions.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024	Note
					Outward	Inward							
Edimax Electronic (Dongguan)	Networking production and marketing	\$ 257,046	b	\$ 257,046	\$ -	\$ -	\$ 257,046	\$ (40,948)	100	\$ (40,948)	\$ (52,633)	\$ -	Note 2
ABST Information Telecom Service	Telecommunication equipment wholesale, transmission and rental	4,175	b	4,175	-	-	4,175	(700)	100	(700)	12,829	-	Note 3

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$264,698	\$460,648 (Note 4)	\$1,621,849

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 nine months ended September 30, 2024.

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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 468,816	23.15	Normal	By operating conditions	By operating conditions	\$ 17,619	3.12	\$ -	

Note: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the nine months ended September 30, 2024.

EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
0	The Company	For the nine months ended September 30, 2024					
		Edimax Europe	a	Sales revenue	\$ 19,340	Normal	0.37
		Edimax Europe	a	Accounts receivable	6,793	Normal	0.08
		Comtrend	a	Sales revenue	13,860	Normal	0.27
		Comtrend	a	Accounts receivable	6,346	Normal	0.08
		Edimax Electronic (Dongguan)	a	Processing fees	468,816	By operating condition	8.98
		Edimax Electronic (Dongguan)	a	Accounts receivable	17,619	By operating condition	0.22
		Edimax USA	a	Sales revenue	9,272	Normal	0.18
		Edimax USA	a	Accounts receivable	6,274	Normal	0.08
1	Comtrend	CUSA	a	Sales revenue	67,140	Normal	2.16
		CUSA	a	Accounts receivable	120,923	Normal, collection period: 60-240 days	3.71
		CTBV	a	Sales revenue	44,900	Normal	1.44
		CTBV	a	Accounts receivable	10,520	Normal, collection period: 60-180 days	0.32
		CCE	a	Sales revenue	19,994	Normal	0.64
		Iberia	a	Commission expenses	5,077	Normal	0.16

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 nine months ended September 30, 2024.

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