

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2021 and 2020 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Edimax Technology Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2021 and 2020, combined total assets of these non-significant subsidiaries were NT\$463,378 thousand and NT\$470,964 thousand, respectively, representing 6.34% and 7.40%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$100,837 thousand and NT\$112,711 thousand, respectively, representing 2.35% and 2.93%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2021 and 2020, the amounts of combined comprehensive loss of these subsidiaries were NT\$(2,322) thousand and NT\$(7,895) thousand, respectively, representing 7.04% and 70.86%, respectively, of the consolidated total comprehensive loss. As disclosed in Note 13 to the consolidated financial statements, as of March 31, 2021 and 2020, the investments in associates accounted for using the equity method were NT\$63,252 thousand and NT\$60,713 thousand, respectively, and the share of profit of associates was NT\$970 thousand and NT\$4,533 thousand, respectively. The financial statements of associates included in the consolidated financial statements referred to in the first paragraph were not reviewed. Information on other

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

### **Qualified Conclusion**

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments in associates accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 5, 2021

### *Notice to Readers*

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

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

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

ASSETS	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,877,706	26	\$ 2,070,594	27	\$ 1,339,537	21
Financial assets at amortized cost - current (Notes 9 and 33)	2,704	-	4,055	-	2,687	-
Contract assets - current (Note 24)	5,088	-	1,420	-	-	-
Notes receivable from unrelated parties (Note 10)	12,391	-	10,850	-	11,941	-
Trade receivables from unrelated parties (Notes 10 and 24)	987,241	14	1,223,609	16	928,084	15
Other receivables from unrelated parties (Notes 10 and 31)	24,801	-	5,254	-	3,979	-
Other receivables from related parties (Note 32)	567	-	567	-	8,762	-
Current tax assets	10,134	-	7,399	-	12,582	-
Inventories (Note 11)	1,611,210	22	1,500,293	20	1,250,767	20
Prepayments	80,163	1	74,911	1	76,903	1
Other current assets	16,668	-	28,998	1	13,714	-
Total current assets	<u>4,628,673</u>	<u>63</u>	<u>4,927,950</u>	<u>65</u>	<u>3,648,956</u>	<u>57</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	67,916	1	63,530	1	61,666	1
Financial assets at amortized cost - non-current (Notes 9 and 33)	865	-	905	-	859	-
Investments accounted for using the equity method (Note 13)	63,252	1	62,155	1	60,713	1
Property, plant and equipment (Notes 14 and 33)	2,307,777	32	2,317,465	30	2,318,583	36
Right-of-use assets (Note 15)	112,648	2	111,694	2	134,080	2
Intangible assets (Note 16)	30,556	-	29,188	-	28,223	1
Deferred tax assets	23,685	-	21,744	-	32,243	1
Refundable deposits	12,191	-	14,472	-	15,911	-
Other financial assets - non-current (Note 17)	61,288	1	63,188	1	62,267	1
Other non-current assets	-	-	-	-	470	-
Total non-current assets	<u>2,680,178</u>	<u>37</u>	<u>2,684,341</u>	<u>35</u>	<u>2,715,015</u>	<u>43</u>
<b>TOTAL</b>	<u>\$ 7,308,851</u>	<u>100</u>	<u>\$ 7,612,291</u>	<u>100</u>	<u>\$ 6,363,971</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 18)	\$ 478,402	7	\$ 857,768	11	\$ 775,726	12
Short-term bills payable (Note 18)	29,934	-	29,934	-	29,942	-
Contract liabilities - current (Note 24)	143,872	2	126,623	2	114,526	2
Notes payable to unrelated parties	2,426	-	5,336	-	2,385	-
Accounts payable to unrelated parties	1,051,437	14	1,299,408	17	763,722	12
Accounts payable to related parties (Note 32)	84,466	1	132,662	2	92,846	1
Other payables (Notes 20 and 32)	330,717	5	350,087	5	308,647	5
Current tax liabilities	42,019	1	39,385	1	36,428	1
Provisions - current (Note 21)	3,846	-	3,441	-	-	-
Lease liabilities - current (Note 15)	34,414	-	32,611	-	40,076	1
Current portion of long-term borrowings (Notes 18 and 33)	37,022	-	16,800	-	35,689	-
Other current liabilities (Note 20)	118,141	2	113,226	2	102,426	2
Total current liabilities	<u>2,356,696</u>	<u>32</u>	<u>3,007,281</u>	<u>40</u>	<u>2,302,413</u>	<u>36</u>
<b>NON-CURRENT LIABILITIES</b>						
Financial liabilities at fair value through profit or loss - non-current (Notes 7 and 19)	162	-	-	-	-	-
Bonds payable (Notes 19 and 33)	387,807	6	-	-	-	-
Long-term borrowings (Notes 18 and 33)	1,375,365	19	1,383,914	18	1,377,625	22
Deferred tax liabilities	2,952	-	3,917	-	3,421	-
Lease liabilities - non-current (Note 15)	78,959	1	79,868	1	94,667	1
Net defined benefit liabilities - non-current	80,408	1	84,335	1	70,208	1
Guarantee deposits received	5	-	6,680	-	80	-
Total non-current liabilities	<u>1,925,658</u>	<u>27</u>	<u>1,558,714</u>	<u>20</u>	<u>1,546,001</u>	<u>24</u>
Total liabilities	<u>4,282,354</u>	<u>59</u>	<u>4,565,995</u>	<u>60</u>	<u>3,848,414</u>	<u>60</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
Share capital						
Ordinary shares	1,892,792	26	1,864,916	25	1,864,916	29
Capital collected in advance	615	-	27,492	-	-	-
Total share capital	<u>1,893,407</u>	<u>26</u>	<u>1,892,408</u>	<u>25</u>	<u>1,864,916</u>	<u>29</u>
Capital surplus	235,809	3	228,100	3	166,036	3
Retained earnings (accumulated deficit)						
Legal reserve	1,802	-	1,802	-	-	-
Special reserve	16,214	-	16,214	-	-	-
Unappropriated earnings (accumulated deficit)	56,228	1	86,582	1	(14,295)	-
Total retained earnings (accumulated deficit)	<u>74,244</u>	<u>1</u>	<u>104,598</u>	<u>1</u>	<u>(14,295)</u>	<u>-</u>
Other equity						
Exchange differences on translation to the presentation currency	(35,748)	(1)	(33,468)	-	(21,145)	(1)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(2,875)	-	(5,436)	-	(9,600)	-
Total other equity	<u>(38,623)</u>	<u>(1)</u>	<u>(38,904)</u>	<u>-</u>	<u>(30,745)</u>	<u>(1)</u>
Treasury shares	(13,557)	-	(13,714)	-	(16,450)	-
Total equity attributable to owners of the Company	<u>2,151,280</u>	<u>29</u>	<u>2,172,488</u>	<u>29</u>	<u>1,969,462</u>	<u>31</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>875,217</u>	<u>12</u>	<u>873,808</u>	<u>11</u>	<u>546,095</u>	<u>9</u>
Total equity	<u>3,026,497</u>	<u>41</u>	<u>3,046,296</u>	<u>40</u>	<u>2,515,557</u>	<u>40</u>
<b>TOTAL</b>	<u>\$ 7,308,851</u>	<u>100</u>	<u>\$ 7,612,291</u>	<u>100</u>	<u>\$ 6,363,971</u>	<u>100</u>

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

(With Deloitte &amp; Touche review report dated May 5, 2021)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Note 24)	\$ 1,210,076	100	\$ 1,211,187	100
OPERATING COSTS (Notes 11, 25 and 32)	<u>(949,438)</u>	<u>(79)</u>	<u>(904,095)</u>	<u>(74)</u>
GROSS PROFIT	<u>260,638</u>	<u>21</u>	<u>307,092</u>	<u>26</u>
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing expenses	(126,473)	(10)	(129,694)	(11)
General and administrative expenses	(58,665)	(5)	(63,066)	(5)
Research and development expenses	(102,552)	(9)	(104,752)	(9)
Expected credit loss (Note 10)	<u>(3,670)</u>	<u>-</u>	<u>(3,301)</u>	<u>-</u>
Total operating expenses	<u>(291,360)</u>	<u>(24)</u>	<u>(300,813)</u>	<u>(25)</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(30,722)</u>	<u>(3)</u>	<u>6,279</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	6,807	1	4,359	-
Other losses (Note 25)	(6,685)	(1)	(2,238)	-
Finance costs (Note 25)	(6,684)	-	(7,655)	(1)
Share of profit of associates	970	-	4,533	1
Interest income (Note 25)	<u>1,278</u>	<u>-</u>	<u>978</u>	<u>-</u>
Total non-operating income and expenses	<u>(4,314)</u>	<u>-</u>	<u>(23)</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	(35,036)	(3)	6,256	1
INCOME TAX EXPENSE (Note 26)	<u>(1,996)</u>	<u>-</u>	<u>(9,959)</u>	<u>(1)</u>
NET LOSS FOR THE PERIOD	<u>(37,032)</u>	<u>(3)</u>	<u>(3,703)</u>	<u>-</u>

(Continued)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	<b>For the Three Months Ended March 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 2,561	-	\$ (5,576)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>1,470</u>	<u>-</u>	<u>(1,862)</u>	<u>-</u>
Other comprehensive (loss) income for the period, net of income tax	<u>4,031</u>	<u>-</u>	<u>(7,438)</u>	<u>(1)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>\$ (33,001)</u>	<u>(3)</u>	<u>\$ (11,141)</u>	<u>(1)</u>
<b>NET LOSS ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ (30,354)	(2)	\$ (32,311)	(3)
Non-controlling interests	<u>(6,678)</u>	<u>(1)</u>	<u>28,608</u>	<u>3</u>
	<u>\$ (37,032)</u>	<u>(3)</u>	<u>\$ (3,703)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ (30,073)	(3)	\$ (37,407)	(3)
Non-controlling interests	<u>(2,928)</u>	<u>-</u>	<u>26,266</u>	<u>2</u>
	<u>\$ (33,001)</u>	<u>(3)</u>	<u>\$ (11,141)</u>	<u>(1)</u>
<b>LOSS PER SHARE (Note 27)</b>				
Basic	<u>\$ (0.16)</u>		<u>\$ (0.17)</u>	

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

(With Deloitte & Touche review report dated May 5, 2021)

(Concluded)

**EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company (Note 23)														
	Retained Earnings (Accumulated Deficit)								Other Equity			Treasury Shares	Non-controlling Interests (Note 23)	Total Equity	
	Share Capital		Unappropriated Earnings (Accumulated Deficit)		Exchange Differences on Translation of the Financial Statements of Foreign Operations		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Loss)		Total						
	Ordinary Shares	Capital Collected in Advance	Legal Reserve	Special Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Loss)	Total			
BALANCE AT JANUARY 1, 2020	\$ 1,864,916	\$ -	\$ 1,864,916	\$ 168,621	\$ -	\$ -	\$ 18,016	\$ 18,016	\$ (21,625)	\$ (4,024)	\$ (25,649)	\$ (16,745)	\$ 2,009,159	\$ 508,183	\$ 2,517,342
Other capital surplus change	-	-	-	480	-	-	-	-	-	-	-	-	480	-	480
Share-based payments (Note 28)	-	-	-	480	-	-	-	-	-	-	-	-	480	-	480
Changes in percentage of ownership interests in subsidiaries	-	-	-	(3,258)	-	-	-	-	-	-	-	-	(3,258)	-	(3,258)
Recognition of employee share options by the subsidiaries	-	-	-	193	-	-	-	-	-	-	-	-	193	(29)	164
Net (loss) profit for the three months ended March 31, 2020	-	-	-	-	-	-	(32,311)	(32,311)	-	-	-	-	(32,311)	28,608	(3,703)
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	-	-	480	(5,576)	(5,096)	-	(5,096)	(2,342)	(7,438)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	-	(32,311)	(32,311)	480	(5,576)	(5,096)	-	(37,407)	26,266	(11,141)
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	295	295	11,675	11,970
BALANCE AT MARCH 31, 2020	\$ 1,864,916	\$ -	\$ 1,864,916	\$ 166,036	\$ -	\$ -	\$ (14,295)	\$ (14,295)	\$ (21,145)	\$ (9,600)	\$ (30,745)	\$ (16,450)	\$ 1,969,462	\$ 546,095	\$ 2,515,557
BALANCE AT JANUARY 1, 2021	\$ 1,864,916	\$ 27,492	\$ 1,892,408	\$ 228,100	\$ 1,802	\$ 16,214	\$ 86,582	\$ 104,598	\$ (33,468)	\$ (5,436)	\$ (38,904)	\$ (13,714)	\$ 2,172,488	\$ 873,808	\$ 3,046,296
Other capital surplus change	-	-	-	246	-	-	-	-	-	-	-	-	246	-	246
Share-based payments (Note 28)	-	-	-	246	-	-	-	-	-	-	-	-	246	-	246
Equity component of convertible bonds issued by the Company (Note 19)	-	-	-	10,684	-	-	-	-	-	-	-	-	10,684	-	10,684
Changes in percentage of ownership interests in subsidiaries	-	-	-	(3,961)	-	-	-	-	-	-	-	-	(3,961)	-	(3,961)
Recognition of employee share options by the subsidiaries	-	-	-	43	-	-	-	-	-	-	-	-	43	81	124
Issuance of ordinary shares under employee share options	27,876	(26,877)	999	697	-	-	-	-	-	-	-	-	1,696	-	1,696
Net loss for the three months ended March 31, 2021	-	-	-	-	-	-	(30,354)	(30,354)	-	-	-	-	(30,354)	(6,678)	(37,032)
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	-	-	(2,280)	2,561	281	-	281	3,750	4,031
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	-	(30,354)	(30,354)	(2,280)	2,561	281	-	(30,073)	(2,928)	(33,001)
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	157	157	4,256	4,413
BALANCE AT MARCH 31, 2021	\$ 1,892,792	\$ 615	\$ 1,893,407	\$ 235,809	\$ 1,802	\$ 16,214	\$ 56,228	\$ 74,244	\$ (35,748)	\$ (2,875)	\$ (38,623)	\$ (13,557)	\$ 2,151,280	\$ 875,217	\$ 3,026,497

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

(With Deloitte &amp; Touche review report dated May 5, 2021)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ (35,036)	\$ 6,256
Adjustments for:		
Depreciation expense	33,418	31,797
Amortization expense	1,785	1,629
Expected credit loss recognized	3,670	3,301
Finance costs	6,684	7,655
Interest income	(1,278)	(978)
Dividend income	(520)	-
Share-based payments	370	644
Share of profit of associates	(970)	(4,533)
Gain on disposal of property, plant and equipment	(14)	-
Write-down of inventories	2,797	5,378
Changes in operating assets and liabilities		
Increase in contract assets	(3,668)	-
(Increase)/decrease in notes receivable	(1,541)	403
Decrease in trade receivables	232,743	172,981
(Increase)/decrease in other receivables	(19,547)	13,608
(Increase)/decrease in inventories	(112,403)	101,387
Increase in prepayment	(5,252)	(6,068)
Decrease in other current assets	12,330	5,597
Increase/(decrease) in contract liabilities	17,249	(2,677)
Decrease in trade payables	(299,077)	(167,834)
Decrease in other payables	(19,370)	(5,444)
Increase in provisions	405	-
Increase in other current liabilities	4,915	17,265
(Decrease)/increase in net defined benefit liabilities	(3,927)	3,511
Cash (used in) generated from operations	(186,237)	183,878
Interest received	1,278	978
Interest paid	(5,457)	(7,282)
Income tax paid	(5,003)	(2,858)
Net cash (used in) generated from operating activities	<u>(195,419)</u>	<u>174,716</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(1,825)	-
Proceeds from financial assets measured at amortized cost	1,391	9
Payments for property, plant and equipment	(15,769)	(10,518)
Proceeds from disposal of property, plant and equipment	21	-
Decrease (increase) in refundable deposits	2,281	(4,048)
Payments for intangible assets	(2,932)	(692)

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# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
Decrease in other financial assets	\$ 1,900	\$ 3,900
Increase in other non-current assets	-	(470)
Dividends received	<u>520</u>	<u>-</u>
Net cash used in investing activities	<u>(14,413)</u>	<u>(11,819)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	8,598
Repayments of short-term borrowings	(379,366)	-
Proceeds from bonds payable	398,653	-
Proceeds from long-term borrowings	15,873	-
Repayments of long-term borrowings	(4,200)	(4,200)
Increase in refundable deposits	-	80
Decrease in refundable deposits	(6,675)	-
Repayment of the principal portion of lease liabilities	(13,581)	(16,219)
Exercise of employee share option	1,696	-
Difference in non-controlling interests	<u>6,729</u>	<u>8,712</u>
Net cash generated from (used in) financing activities	<u>19,129</u>	<u>(3,029)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(2,185)</u>	<u>5,654</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(192,888)</b>	<b>165,522</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u><b>2,070,594</b></u>	<u><b>1,174,015</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>\$ 1,877,706</b></u>	<u><b>\$ 1,339,537</b></u>

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

(With Deloitte & Touche review report dated May 5, 2021)

(Concluded)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 5, 2021.

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

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

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)

(Continued)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

(Concluded)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Taxation

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

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

The critical accounting judgments and key sources of estimation uncertainty used in the preparation of these interim consolidated financial statements are the same as those used in the preparation of the Group's consolidated financial statements for the year ended December 31, 2020.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 768	\$ 683	\$ 1,026
Checking accounts and demand deposits	1,562,670	1,755,671	1,329,443
Cash equivalents (investments with original maturities 3 months or less)			
Time deposits	<u>314,268</u>	<u>314,240</u>	<u>9,068</u>
	<u>\$ 1,877,706</u>	<u>\$ 2,070,594</u>	<u>\$ 1,339,537</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial liabilities - non-current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Redeemable and puttable options of convertible bonds (Note 19)	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ -</u>

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

### Investments in equity instruments at FVTOCI

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Non-current</u>			
Overseas unlisted ordinary shares			
Bluechip Infotech Pty. Ltd.	\$ 24,764	\$ 20,274	\$ 16,812
Domestic unlisted ordinary shares			
Status Internet Co., Ltd.	8,640	5,916	2,484
Ecobear Technology Corp.	6,200	5,877	4,200
Onward Security Corp.	21,307	23,861	28,970
Newgreen Tech Co., Ltd.	<u>7,005</u>	<u>7,602</u>	<u>9,200</u>
	<u>\$ 67,916</u>	<u>\$ 63,530</u>	<u>\$ 61,666</u>

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ <u>2,704</u>	\$ <u>4,055</u>	\$ <u>2,687</u>
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ <u>865</u>	\$ <u>905</u>	\$ <u>859</u>

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ <u>12,391</u>	\$ <u>10,850</u>	\$ <u>11,941</u>
Notes receivable - operating	\$ <u>12,391</u>	\$ <u>10,850</u>	\$ <u>11,941</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,050,801	\$ 1,283,544	\$ 884,544
Less: Allowance for impairment loss	<u>(63,560)</u>	<u>(59,935)</u>	<u>(42,178)</u>
	987,241	1,223,609	842,366
At FVTPL	<u>-</u>	<u>-</u>	<u>85,718</u>
	\$ <u>987,241</u>	\$ <u>1,223,609</u>	\$ <u>928,084</u>
<u>Other receivables</u>			
Others	\$ <u>24,801</u>	\$ <u>5,254</u>	\$ <u>3,979</u>

## Trade Receivables

### a. At amortized cost

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

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

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

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

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

#### March 31, 2021

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	-	0.54%	6.11%	87.74%	92.12%	
Gross carrying amount	\$ 864,689	\$ 75,863	\$ 44,616	\$ 1,003	\$ 64,630	\$ 1,050,801
Loss allowance (Lifetime ECLs)	-	(413)	(2,727)	(880)	(59,540)	(63,560)
Amortized cost	<u>\$ 864,689</u>	<u>\$ 75,450</u>	<u>\$ 41,889</u>	<u>\$ 123</u>	<u>\$ 5,090</u>	<u>\$ 987,241</u>

#### December 31, 2020

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	-	1.05%	5.55%	27.16%	83.83%	
Gross carrying amount	\$ 1,059,452	\$ 129,385	\$ 22,192	\$ 6,087	\$ 66,428	\$ 1,283,544
Loss allowance (Lifetime ECLs)	-	(1,362)	(1,232)	(1,653)	(55,688)	(59,935)
Amortized cost	<u>\$ 1,059,452</u>	<u>\$ 128,023</u>	<u>\$ 20,960</u>	<u>\$ 4,434</u>	<u>\$ 10,740</u>	<u>\$ 1,223,609</u>

March 31, 2020

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	-	0.48%	1.93%	25.67%	57.83%	
Gross carrying amount	\$ 730,903	\$ 62,016	\$ 9,830	\$ 17,451	\$ 64,344	\$ 884,544
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(297)</u>	<u>(190)</u>	<u>(4,480)</u>	<u>(37,211)</u>	<u>(42,178)</u>
Amortized cost	<u>\$ 730,903</u>	<u>\$ 61,719</u>	<u>\$ 9,640</u>	<u>\$ 12,971</u>	<u>\$ 27,133</u>	<u>\$ 842,366</u>

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

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 59,935	\$ 38,866
Add: Net remeasurement of loss allowance	3,670	3,301
Foreign exchange gains and losses	<u>45</u>	<u>11</u>
Balance at March 31	<u>\$ 63,560</u>	<u>\$ 42,178</u>

## b. At FVTPL

For trade receivables that are from a single customer, the Group will sell them to banks without recourse. The sale will result in the derecognition of these trade receivables because the Group will transfer substantially all risks and rewards to the banks. These trade receivables are classified as at FVTPL because the objective of the Group's business model is neither the collecting of contractual cash flows nor the collecting of contractual cash flows and the selling of financial assets.

For information relating to factored trade receivables, refer to Note 31(e) Transfers of financial assets.

**11. INVENTORIES**

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	\$ 1,031,089	\$ 822,616	\$ 763,258
Finished goods	138,636	115,403	136,110
Work-in-process	332,096	336,705	244,985
Merchandise	<u>109,389</u>	<u>225,569</u>	<u>106,414</u>
	<u>\$ 1,611,210</u>	<u>\$ 1,500,293</u>	<u>\$ 1,250,767</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2021 and 2020 was \$949,438 thousand and \$904,095 thousand, respectively. The cost of goods sold included inventory write-downs of \$2,797 thousand and \$5,378 thousand, respectively.



## 12. SUBSIDIARIES

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

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Edimax Computer Co. ("Edimax USA")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology Europe B.V. ("Edimax Europe")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology (BVI) Co., Ltd. ("Edimax BVI")	Networking equipment wholesale	100.00%	100.00%	100.00%	
The Company	ABS Telecom Inc. ("ABS Telecom")	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology Australia Pty, Ltd. ("Edimax AU")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology (SE Asia) Pte. Ltd. ("Edimax SE")	Networking equipment wholesale	-	-	100.00%	2), 3)
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	34.44%	34.84%	41.01%	
Edimax Europe	Edimax Technology (UK) Ltd. ("Edimax UK")	Networking equipment wholesale	-	-	100.00%	2), 4)
Edimax Europe	Edimax Technology Poland. Sp. Zo.o. ("Edimax Poland")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
Edimax BVI	Datamax (HK) Co., Ltd. ("Datamax HK")	Investing	100.00%	100.00%	100.00%	
ABS Telecom	ABST Information International Inc. ("ABST")	Investing	100.00%	100.00%	100.00%	1), 2)
Comtrend	Comtrend Corporation, USA ("CUSA")	Cable and cableless transmission equipment wholesale, retail sale, and international trade	100.00%	100.00%	100.00%	
Comtrend	Interchan Global Limited ("Interchan Global")	Investing	100.00%	100.00%	100.00%	1), 2)
Comtrend	Comtrend Technology (Netherlands) B.V. ("CTBV")	Cable and cableless transmission equipment wholesale, retail sale, and international trade	100.00%	100.00%	100.00%	
Datamax HK	Edimax Electronic (Dongguan) Co., Ltd.	Networking production and marketing	100.00%	100.00%	100.00%	
ABST	ABST Information Telecom Service Inc.	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	100.00%	1), 2)
Interchan Global	Just Top Limited ("Just Top")	Telecommunication value-added services	-	-	100.00%	2), 5)
Interchan Global	Interchan Taiwan ("8086")	Telecommunication value-added services	100.00%	100.00%	100.00%	1), 2)
Just Top	PHP Interchan	Telecommunication value-added services	-	-	100.00%	2), 5)
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%	1), 2)
CTBV	Comtrend Iberia S.L. ("Comtrend Iberia")	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	100.00%	100.00%	100.00%	1), 2)

- 1) As the subsidiary is not a major subsidiary, its financial statements for the three months ended March 31, 2021 have not been reviewed.
- 2) As the subsidiary is not a major subsidiary, its financial statements for the three months ended March 31, 2020 have not been reviewed.
- 3) The Group completed the liquidation procedures of Edimax SE in September 2020.
- 4) The Group completed the liquidation procedures of Edimax UK in August 2020.
- 5) The Group completed the liquidation procedures of Just Top and PHP Interchan in November 2020.

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group held 34.44%, 34.84% and 41.01% of Comtrend's voting shares, respectively, but the Group has the practical ability to direct the relevant activities of Comtrend; thus, Comtrend was listed as a subsidiary of the Group.

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

	March 31	
	2021	2020
Unreviewed total assets	<u>\$ 463,378</u>	<u>\$ 470,964</u>
Proportion of total consolidated assets	<u>6.34%</u>	<u>7.40%</u>
Unreviewed total liabilities	<u>\$ 100,837</u>	<u>\$ 112,711</u>
Proportion of total consolidated liabilities	<u>2.35%</u>	<u>2.93%</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Unreviewed comprehensive income (loss)	\$ <u>(2,322)</u>	\$ <u>(7,895)</u>
Proportion of total consolidated comprehensive income (loss)	<u>7.04%</u>	<u>70.86%</u>

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

<b>Name of Subsidiary</b>	<b>Principal Place of Business</b>	<b>Proportion of Ownership and Voting Rights Held by Non-controlling Interests</b>		
		<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Comtrend	Taiwan	65.56%	65.16%	58.99%

  

<b>Name of Subsidiary</b>	<b>Profit (Loss) Allocated to Non-controlling Interests For the Three Months Ended</b>		<b>Accumulated Non-controlling Interests</b>		
	<b>March 31</b>	<b>2020</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Comtrend	\$ <u>(6,678)</u>	\$ <u>28,608</u>	\$ <u>875,217</u>	\$ <u>873,808</u>	\$ <u>546,095</u>

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

Comtrend and subsidiaries

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Current assets	\$ 1,842,583	\$ 1,958,293	\$ 1,392,436
Non-current assets	149,925	142,180	159,087
Current liabilities	(516,568)	(634,860)	(527,233)
Non-current liabilities	<u>(84,463)</u>	<u>(66,530)</u>	<u>(70,279)</u>
Equity	<u>\$ 1,391,477</u>	<u>\$ 1,399,083</u>	<u>\$ 954,011</u>
Equity attributable to:			
Owners of Comtrend	\$ 479,225	\$ 487,441	\$ 391,254
Non-controlling interests of Comtrend	<u>912,252</u>	<u>911,642</u>	<u>562,757</u>
	<u>\$ 1,391,477</u>	<u>\$ 1,399,083</u>	<u>\$ 954,011</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 347,576</u>	<u>\$ 637,151</u>
Net profit (loss) for the period	\$ (10,186)	\$ 48,498
Other comprehensive loss for the period	<u>(4,273)</u>	<u>(21,518)</u>
Total comprehensive income (loss) for the period	<u>\$ (14,459)</u>	<u>\$ 26,980</u>
Profit attributable to:		
Owners of Comtrend	\$ (3,507)	\$ 19,890
Non-controlling interests of Comtrend	<u>(6,679)</u>	<u>28,608</u>
	<u>\$ (10,186)</u>	<u>\$ 48,498</u>
Total comprehensive income attributable to:		
Owners of Comtrend	\$ (7,424)	\$ 714
Non-controlling interests of Comtrend	<u>(7,035)</u>	<u>26,266</u>
	<u>\$ (14,459)</u>	<u>\$ 26,980</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (110,736)	\$ 44,195
Investing activities	(7,435)	(6,372)
Financing activities	17,397	3,072
Effects of exchange rates	<u>(3,657)</u>	<u>(3,874)</u>
Net cash inflow (outflow)	<u>\$ (104,431)</u>	<u>\$ 37,021</u>

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Associates that are not individually material	<u>\$ 63,252</u>	<u>\$ 62,155</u>	<u>\$ 60,713</u>

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

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements which have been audited.

## 14. PROPERTY, PLANT AND EQUIPMENT

### Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 1,299,846	\$ 919,692	\$ 430,880	\$ 617,307	\$ 3,267,725
Additions	-	-	211	15,558	15,769
Disposals	-	-	(4,250)	(93,257)	(97,507)
Effects of foreign currency exchange differences	-	-	(4,186)	(929)	(5,115)
Balance at March 31, 2021	<u>\$ 1,299,846</u>	<u>\$ 919,692</u>	<u>\$ 422,655</u>	<u>\$ 538,679</u>	<u>\$ 3,180,872</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2021	\$ -	\$ 113,954	\$ 362,390	\$ 473,916	\$ 950,260
Depreciation expense	-	4,998	3,999	15,365	24,362
Disposals	-	-	(4,250)	(93,250)	(97,500)
Effects of foreign currency exchange differences	-	-	(3,150)	(877)	(4,027)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 118,952</u>	<u>\$ 358,989</u>	<u>\$ 395,154</u>	<u>\$ 873,095</u>
Carrying amount at March 31, 2021	<u>\$ 1,299,846</u>	<u>\$ 800,740</u>	<u>\$ 63,666</u>	<u>\$ 143,525</u>	<u>\$ 2,307,777</u>
<u>Cost</u>					
Balance at January 1, 2020	\$ 1,299,846	\$ 919,692	\$ 415,363	\$ 566,871	\$ 3,201,772
Additions	-	-	1,546	8,972	10,518
Disposals	-	-	(287)	(315)	(602)
Effects of foreign currency exchange differences	-	-	(4,390)	(1,341)	(5,731)
Balance at March 31, 2020	<u>\$ 1,299,846</u>	<u>\$ 919,692</u>	<u>\$ 412,232</u>	<u>\$ 574,187</u>	<u>\$ 3,205,957</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2020	\$ -	\$ 93,963	\$ 344,231	\$ 432,257	\$ 870,451
Depreciation expense	-	4,998	3,429	13,955	22,382
Disposals	-	-	(287)	(315)	(602)
Effects of foreign currency exchange differences	-	-	(3,638)	(1,219)	(4,857)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 98,961</u>	<u>\$ 343,735</u>	<u>\$ 444,678</u>	<u>\$ 887,374</u>
Carrying amount at March 31, 2020	<u>\$ 1,299,846</u>	<u>\$ 820,731</u>	<u>\$ 68,497</u>	<u>\$ 129,509</u>	<u>\$ 2,318,583</u>

No impairment assessment was performed in the three months ended March 31, 2021 and 2020 as there was no indication of impairment.

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

Building	35-50 years
Machinery and equipment	2-13 years
Other equipment	1-10 years

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

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amount</u>			
Buildings	\$ 109,884	\$ 109,535	\$ 129,363
Transportation equipment	<u>2,764</u>	<u>2,159</u>	<u>4,717</u>
	<u>\$ 112,648</u>	<u>\$ 111,694</u>	<u>\$ 134,080</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2021</b>	<b>2020</b>
Additions to right-of-use assets		<u>\$ 13,248</u>	<u>\$ 11,939</u>
Depreciation charge for right-of-use assets			
Buildings		\$ 8,566	\$ 8,904
Transportation equipment		<u>490</u>	<u>511</u>
		<u>\$ 9,056</u>	<u>\$ 9,415</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant subleases or impairment of right-of-use assets during the three months ended March 31, 2021 and 2020.

### b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amount</u>			
Current	<u>\$ 34,414</u>	<u>\$ 32,611</u>	<u>\$ 40,076</u>
Non-current	<u>\$ 78,959</u>	<u>\$ 79,868</u>	<u>\$ 94,667</u>

Discount rates for lease liabilities were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Buildings	1.36%	1.36%	1.36%
Transportation equipment	1.36%	1.36%	1.36%

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

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

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

d. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<u>2021</u>	<u>2020</u>
Expenses relating to short-term leases and low-value asset leases	\$ <u>732</u>	\$ <u>254</u>
Total cash outflow for leases	\$ <u>(15,540)</u>	\$ <u>(17,082)</u>

**16. INTANGIBLE ASSETS**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Goodwill	\$ 23,231	\$ 23,231	\$ 23,231
Computer software	<u>7,325</u>	<u>5,957</u>	<u>4,992</u>
	<u>\$ 30,556</u>	<u>\$ 29,188</u>	<u>\$ 28,223</u>

Except for the amortization recognized, the Group did not have any significant addition, disposal, or impairment of intangible assets during the three months ended March 31, 2021 and 2020.

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

Computer software 1-11 years

**17. OTHER FINANCIAL ASSETS**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<u>Non-current</u>			
Pension reserve fund	\$ 61,288	\$ 62,788	\$ 62,267
Reserve account	<u>-</u>	<u>400</u>	<u>-</u>
	<u>\$ 61,288</u>	<u>\$ 63,188</u>	<u>\$ 62,267</u>

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

**18. BORROWINGS**

a. Short-term borrowings

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 478,402</u>	<u>\$ 857,768</u>	<u>\$ 775,726</u>

The ranges of weighted average effective interest rates on bank loans were 1.01%-1.13%, 0.99%-1.15% and 0.94%-1.25% per annum as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

b. Short-term bills payable

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Commercial paper	\$ 30,000	\$ 30,000	\$ 30,000
Less: Unamortized discounts on bills payable	<u>(66)</u>	<u>(66)</u>	<u>(58)</u>
	<u>\$ 29,934</u>	<u>\$ 29,934</u>	<u>\$ 29,942</u>

c. Long-term borrowings

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<u>Secured borrowings</u>			
Bank loans (Note 1)	\$ 1,396,514	\$ 1,400,714	\$ 1,413,314
<u>Unsecured borrowings</u>			
Bank loans (Note 2)	<u>15,873</u>	<u>-</u>	<u>-</u>
	1,412,387	1,400,714	1,413,314
Less: Current portion	<u>(37,022)</u>	<u>(16,800)</u>	<u>(35,689)</u>
Long-term borrowings	<u>\$ 1,375,365</u>	<u>\$ 1,383,914</u>	<u>\$ 1,377,625</u>

1) The bank borrowings are secured by the Group's land and buildings; please refer to Note 33 for additional information. The maturity date is February 1, 2036 and the effective annual interest rates was 1.11%. The purpose of the borrowings is to purchase land and buildings for operations.

2) The maturity date of the bank loan is February 6, 2026, and the effective interest rate is 1.00%.

## 19. BONDS PAYABLE

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Secured domestic convertible bonds	<u>\$ 387,807</u>	<u>\$ -</u>	<u>\$ -</u>

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

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 \$13.45 as of March 31, 2021. Conversion may occur at any time between March 30, 2021 and March 31, 2021.

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 liability components are classified as embedded derivatives and non-embedded liabilities. The embedded derivatives, which are measured at fair value, amounted to \$162 thousand on March 31, 2021. The non-derivative liabilities, which are measured at amortized cost, amounted to \$387,807 thousand on March 31, 2021. The effective interest rate of the liability components was 1.0372% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,349 thousand)	\$ 398,653
Equity component (less transaction costs allocated to the equity component of \$143 thousand)	<u>(10,684)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,204 thousand)	<u>\$ 387,969</u>
Liability component at March 31, 2021	<u>\$ 387,969</u>

## 20. OTHER LIABILITIES

	March 31, 2021	December 31, 2020	March 31, 2020
Other payables			
Payable for salaries	\$ 115,703	\$ 116,740	\$ 124,344
Payable for compensation of employees and remuneration of directors	33,260	33,260	27,923
Payable for labor fee	19,945	18,356	18,703
Payable for freight and customs fee	13,356	25,400	4,869
Output VAT	12,707	6,006	14,032
Payable for royalties	2,533	2,528	2,683
Others	<u>133,213</u>	<u>147,797</u>	<u>116,093</u>
	<u>\$ 330,717</u>	<u>\$ 350,087</u>	<u>\$ 308,647</u>
Other liabilities			
Receipts under custody	\$ 64,724	\$ 65,532	\$ 51,506
Refund liabilities	33,981	27,033	34,950
Temporary credit	18,239	18,571	14,482
Others	<u>1,197</u>	<u>2,090</u>	<u>1,488</u>
	<u>\$ 118,141</u>	<u>\$ 113,226</u>	<u>\$ 102,426</u>



## 21. PROVISIONS

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Warranties	\$ 3,846	\$ 3,441	\$ -

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

## 22. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2021 and 2020, the pension expenses of defined benefit plans were \$553 thousand and \$403 thousand, respectively, and these were calculated based on the actuarially determined pension cost rate on December 31, 2020 and 2019, respectively.

## 23. EQUITY

### a. Share capital

#### Ordinary shares

	March 31, 2021	December 31, 2020	March 31, 2020
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>189,279</u>	<u>186,492</u>	<u>186,492</u>
Shares issued	<u>\$ 1,892,792</u>	<u>\$ 1,864,916</u>	<u>\$ 1,864,916</u>
Capital collected in advance	<u>\$ 615</u>	<u>\$ 27,492</u>	<u>\$ -</u>

The Company converted employee share options of 27,492 thousand, converted equivalent to 2,682 thousand shares, with a subscription price of \$10.25. As the change registration has not been completed as of December 31, 2020, it was listed as capital collected in advance. The change registration has been completed as of March 31, 2021.

The Company converted employee share options of 1,081 thousand during the period from January 1, 2021 through March 31, 2021, equivalent to 105 thousand shares, with a subscription price of \$10.25. The outstanding ordinary shares after the new shares issued were 1,892,792 thousand.

The Company converted employee share options of 615 thousand, converted equivalent to 60 thousand shares, with a subscription price of \$10.25. As the change registration has not been completed as of March 31, 2021, it was listed as capital collected in advance.

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Premium from issuance of ordinary shares	\$ 33,549	\$ 29,983	\$ 57,957
Premium from conversion of bonds	24,662	24,662	24,662
Treasury share transactions	6,182	6,182	5,826
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	34,648
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interest in subsidiaries (2)	70,321	74,239	705
Others	33,437	33,437	33,437
<u>May not be used for any purpose</u>			
Employee share options	7,612	10,235	8,801
Share options from convertible bonds (Note 19)	<u>10,684</u>	<u>-</u>	<u>-</u>
	<u>\$ 235,809</u>	<u>\$ 228,100</u>	<u>\$ 166,036</u>

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

c. Retained earnings and dividends policy

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

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

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriation of earnings for 2019 that was approved in the shareholders' meeting on June 12, 2020 is as follows:

	<b>For the Year Ended December 31, 2019</b>
Legal reserve	<u>\$ 1,802</u>
Special reserve	<u>\$ 16,214</u>

The Company's shareholders also resolved in the shareholders' meeting on June 12, 2020 to issue cash dividends of \$27,974 thousand from the capital surplus

The appropriation of earnings for 2020 which had been proposed by the Company's board of directors on March 23, 2021 was as follows:

	<b>The Appropriation of Earnings</b>	<b>Cash Dividends Per Share</b>
Legal reserve	<u>\$ 8,658</u>	
Special reserve	<u>\$ 22,688</u>	
Cash dividends	<u>\$ 54,891</u>	<u>\$ 0.29</u>

The appropriation of earnings for 2020 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 11, 2021.

d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Cancelled (In Thousands of Shares)</b>	<b>Shares Held by Its Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2020	-	-	1,786	1,786
Decrease during the period	<u>-</u>	<u>-</u>	<u>(31)</u>	<u>(31)</u>
Number of shares at March 31, 2020	<u>-</u>	<u>-</u>	<u>1,755</u>	<u>1,755</u>
Number of shares at January 1, 2021	-	-	1,758	1,758
Decrease during the period	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>(20)</u>
Number of shares at March 31, 2021	<u>-</u>	<u>-</u>	<u>1,738</u>	<u>1,738</u>

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

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>March 31, 2021</u>			
Comtrend	1,738	\$ 13,556	\$ 19,455
<u>December 31, 2020</u>			
Comtrend	1,758	13,714	19,827
<u>March 31, 2020</u>			
Comtrend	1,755	16,450	11,585

As of March 31, 2021, December 31, 2020 and March 31, 2020, Comtrend held 4,200 thousand, 4,200 thousand and 4,280 thousand ordinary shares of the Company, respectively; and the Company recognized treasury shares amounting to \$1,738 thousand, \$1,758 thousand and \$1,755 thousand based on their ownership percentage of 34.44%, 34.84% and 41.01% as at March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

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

e. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 873,808	\$ 508,183
Share of profit for the period	(6,678)	28,608
Other comprehensive income (loss) during the period		
Exchange differences on translating the financial statements of foreign operations	3,750	(2,342)
Employee share options of the subsidiaries	81	(29)
Employee share options planned to be issued by the subsidiaries	6,729	8,712
Share of changes in capital surplus of subsidiaries	<u>(2,473)</u>	<u>2,963</u>
Balance at March 31	<u>\$ 875,217</u>	<u>\$ 546,095</u>

**24. REVENUE**

a. Disaggregation of revenue

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue from the sale of goods	\$ 1,205,773	\$ 1,202,602
Revenue from the rendering of services	4,276	8,533
Other income	<u>27</u>	<u>52</u>
	<u>\$ 1,210,076</u>	<u>\$ 1,211,187</u>

b. Contract balances

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>	<b>January 1, 2020</b>
Trade receivables (Note 10)	<u>\$ 1,050,801</u>	<u>\$ 1,283,544</u>	<u>\$ 970,262</u>	<u>\$ 1,143,243</u>
Contract assets sale of goods	<u>\$ 5,088</u>	<u>\$ 1,420</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities sale of goods	<u>\$ 143,872</u>	<u>\$ 126,623</u>	<u>\$ 114,526</u>	<u>\$ 117,203</u>

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

**25. NET PROFIT (LOSS)**

a. Interest income

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Bank deposits	<u>\$ 1,278</u>	<u>\$ 978</u>

b. Other income

**For the Three Months Ended  
March 31**

	2021	2020
Dividends		
Investments in equity instruments at FVTOCI	\$ 520	\$ -
Others	<u>6,287</u>	<u>4,359</u>
	<u>\$ 6,807</u>	<u>\$ 4,359</u>

c. Other gains and losses

**For the Three Months Ended  
March 31**

	2021	2020
Gain on disposal of property, plant and equipment	\$ 14	\$ -
Net foreign exchange gain (loss)	(5,100)	579
Others	<u>(1,599)</u>	<u>(2,817)</u>
	<u>\$ (6,685)</u>	<u>\$ (2,238)</u>

d. Finance costs

**For the Three Months Ended  
March 31**

	2021	2020
Interest on bank loans	\$ 5,457	\$ 7,046
Interest on lease liabilities	<u>1,227</u>	<u>609</u>
	<u>\$ 6,684</u>	<u>\$ 7,655</u>

e. Impairment losses recognized

**For the Three Months Ended  
March 31**

	2021	2020
Trade receivables	<u>\$ 3,670</u>	<u>\$ 3,301</u>
Inventories (included in operating costs)	<u>\$ 2,797</u>	<u>\$ 5,378</u>

f. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 24,362	\$ 22,382
Right-of-use assets	9,056	9,415
Intangible assets	<u>1,785</u>	<u>1,629</u>
	<u>\$ 35,203</u>	<u>\$ 33,426</u>
 An analysis of depreciation by function		
Operating costs	\$ 8,371	\$ 8,254
Operating expenses	<u>25,047</u>	<u>23,543</u>
	<u>\$ 33,418</u>	<u>\$ 31,797</u>
 An analysis of amortization by function		
Operating costs	\$ 204	\$ 543
Operating expenses	<u>1,581</u>	<u>1,086</u>
	<u>\$ 1,785</u>	<u>\$ 1,629</u>

g. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Post-employment benefits		
Defined contribution plans	\$ 6,703	\$ 6,476
Defined benefit plans (Note 22)	<u>553</u>	<u>403</u>
	<u>7,256</u>	<u>6,879</u>
Share-based payments		
Equity-settled	<u>370</u>	<u>644</u>
Other employee benefits	<u>241,163</u>	<u>306,748</u>
 Total employee benefits expense	<u>\$ 248,789</u>	<u>\$ 314,271</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 49,042	\$ 111,865
Operating expenses	<u>199,747</u>	<u>202,406</u>
	<u>\$ 248,789</u>	<u>\$ 314,271</u>

h. Compensation of employees and remuneration of directors

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

There was no compensation of employees and remuneration of directors estimated as the Company reported a net loss before tax for the three months ended March 31, 2021 and 2020.

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

The appropriations of compensation of employees and remuneration of directors for 2021 and 2020 that were resolved by the board of directors on March 23, 2021 and March 20, 2020, respectively, are as shown below:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Compensation of employees	7%	7%
Remuneration of directors	2%	2%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Compensation of employees	\$ 7,818	\$ 3,120
Remuneration of directors	2,233	891

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2020 and 2019.

The Company did not recognize any supervisor remuneration because there is no supervisor in 2021 and 2020.

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

i. Gain or loss on foreign currency exchange

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gains	\$ 43,330	\$ 32,139
Foreign exchange losses	<u>(48,430)</u>	<u>(31,560)</u>
	<u>\$ (5,100)</u>	<u>\$ 579</u>



## 26. INCOME TAXES

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

Major components of income tax expense are as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ (2,932)	\$ 10,800
Deferred tax		
In respect of the current year	<u>4,928</u>	<u>(841)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,996</u>	<u>\$ 9,959</u>

### b. Income tax assessments

As of March 31, 2021, the tax returns of the Company and its subsidiaries have been assessed as follows:

	<b>Last Assessed Tax Year</b>
The Company	2018
Edimax Electronic (Dongguan) Co., Ltd.	2019
Comtrend	2018
CUSA	2019
CTBV	2019
CCE	2019
Comtrend Iberia	2019
8086	2019
ABS Telecom	2019
SMAX Technology	2018

## 27. LOSS PER SHARE

	<b>Unit: NT\$Per Share</b>	
	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Basic loss per share	<u>\$ (0.16)</u>	<u>\$ (0.17)</u>

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

**Net loss Profit for the Year**

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Loss used in the computation of loss per share	<u>\$ (30,354)</u>	<u>\$ (32,311)</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares used in the computation of basic loss per share	<u>187,481</u>	<u>184,705</u>

**28. SHARE-BASED PAYMENT ARRANGEMENTS**

a. Employee share option plan of the Company

The Company did not issue any employee share options during the three months ended March 31, 2021 and 2020.

Information on outstanding issued employee share options is as follows:

	<b>For the Three Months Ended March 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	4,873	\$10.25	7,755	\$10.25
Options exercised	(166)	10.25	-	-
Options forfeited	<u>(139)</u>	10.25	<u>(80)</u>	10.25
Balance at March 31	<u>4,568</u>	10.25	<u>7,675</u>	10.25
Options exercisable, end of period	<u>2,284</u>		<u>1,919</u>	

Compensation costs recognized by the Company were \$246 thousand and \$480 thousand for the three months ended March 31, 2021 and 2020, respectively.

b. Employee share option plan of the subsidiaries

Comtrend did not issue any employee share options during the three months ended March 31, 2021 and 2020.

Information on outstanding employee share options is as follows:

	<b>For the Three Months Ended March 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	2,513	\$ 10.00	3,851	\$ 10.00
Options forfeited	(33)	10.00	(3)	10.00
Options exercised	<u>(673)</u>	10.00	<u>(871)</u>	10.00
Balance at March 31	<u>1,807</u>	10.00	<u>2,977</u>	10.00
Options exercisable, end of period	<u>722</u>		<u>669</u>	

Compensation costs recognized by the subsidiary were \$124 thousand and \$164 thousand for the three months ended March 31, 2021 and 2020, respectively.

## 29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In March 2021, Comtrend exercised employee share options, decreasing the Group continuing interest from 34.84% to 34.44%.

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

## 30. CAPITAL MANAGEMENT

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

## 31. FINANCIAL INSTRUMENTS

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

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

March 31, 2021

	<b>Carrying Amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ <u>387,807</u>	\$ <u>-</u>	\$ <u>473,080</u>	\$ <u>-</u>	\$ <u>473,080</u>

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

1) Fair value hierarchy

March 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 24,764	\$ 24,764
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>43,152</u>	<u>43,152</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,916</u>	<u>\$ 67,916</u>
<u>Financial assets at FVTPL - non-current</u>				
Redeemable and puttable options of convertible bonds	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 162</u>

December 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 20,274	\$ 20,274
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>43,256</u>	<u>43,256</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,530</u>	<u>\$ 63,530</u>

March 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL - current</u>				
Trade receivables from unrelated parties	<u>\$ -</u>	<u>\$ 85,718</u>	<u>\$ -</u>	<u>\$ 85,718</u>
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 16,812	\$ 16,812
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>44,854</u>	<u>44,854</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,666</u>	<u>\$ 61,666</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 assets - account receivables	The fair value of financial instruments traded in active markets with standard terms and conditions is determined with reference to quoted market price.
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 were determined using the market approach.

c. Categories of financial instruments

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ -	\$ -	\$ 85,718
Financial assets at amortized cost (1)	2,979,754	3,393,494	2,288,310
Financial assets at FVTOCI			
Equity instruments	67,916	63,530	61,666
<u>Financial liabilities</u>			
FVTPL			
Held for trading	162	-	-
Amortized cost (2)	3,777,581	4,082,589	3,386,662

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	<b>USD Impact</b>		<b>EUR Impact</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Profit or loss	\$ (9,690) (i)	\$ (12,088) (i)	\$ (1,481) (i)	\$ (579) (i)

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

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

b) Interest rate risk

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

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Fair value interest rate risk			
Financial assets	\$ 317,837	\$ 319,200	\$ 12,614
Financial liabilities	2,421,903	2,400,895	2,353,725
Cash flow interest rate risk			
Financial assets	1,623,958	1,818,859	1,391,711

#### Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit (loss) for the three months ended March 31, 2021 and 2020 would have increased/decreased by \$4,060 thousand and \$3,479 thousand, respectively.

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

#### c) Other price risk

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

#### Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the three months ended March 31, 2021 and 2020 would have increased/decreased by \$679 thousand and \$617 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

#### 2) Credit risk

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

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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

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

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

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

#### March 31, 2021

	<b>Carrying Amount</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 478,402	\$ 458,402	\$ 20,000	\$ -	\$ -
Lease liabilities	119,149	9,678	27,858	56,196	25,417
Short-term bills payable	29,934	29,934	-	-	-
Long-term loans payable	1,375,365	-	-	406,625	968,740
Notes and trade payables	1,138,329	895,878	242,064	387	-
Other payables	330,717	238,643	79,756	12,318	-
Bonds payable	387,807	-	-	387,807	-
Current portion of long-term loans payable	<u>37,022</u>	<u>4,200</u>	<u>32,822</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,896,725</u>	<u>\$ 1,636,735</u>	<u>\$ 402,500</u>	<u>\$ 863,333</u>	<u>\$ 994,157</u>



Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ <u>37,536</u>	\$ <u>56,196</u>	\$ <u>22,548</u>	\$ <u>2,869</u>	\$ _____	\$ _____

December 31, 2020

	Carrying Amount	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative <u>financial liabilities</u>					
Short-term borrowings	\$ 857,768	\$ 727,768	\$ 130,000	\$ -	\$ -
Lease liabilities	118,353	10,170	24,678	56,131	27,374
Short-term bills payable	29,934	29,934	-	-	-
Long-term loans payable	1,383,914	-	-	390,752	993,162
Notes and trade payables	1,437,406	1,137,044	300,307	55	-
Other payables	350,087	251,933	89,920	8,234	-
Current portion of long-term loans payable	<u>16,800</u>	<u>4,200</u>	<u>12,600</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,194,262</u>	<u>\$ 2,161,049</u>	<u>\$ 557,505</u>	<u>\$ 455,172</u>	<u>\$ 1,020,536</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ <u>34,848</u>	\$ <u>56,131</u>	\$ <u>24,318</u>	\$ <u>3,056</u>	\$ _____	\$ _____

March 31, 2020

	Carrying Amount	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative <u>financial liabilities</u>					
Short-term borrowings	\$ 775,726	\$ 735,726	\$ 40,000	\$ -	\$ -
Lease liabilities	145,815	10,863	30,288	71,584	33,080
Short-term bills payable	29,942	29,942	-	-	-
Long-term loans payable	1,377,625	-	-	369,419	1,008,206
Notes and trade payables	858,953	676,810	179,829	2,314	-
Other payables	308,647	203,906	92,503	12,238	-
Current portion of long-term loans payable	<u>35,689</u>	<u>4,200</u>	<u>31,489</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,532,397</u>	<u>\$ 1,661,447</u>	<u>\$ 374,109</u>	<u>\$ 455,555</u>	<u>\$ 1,041,286</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ <u>41,151</u>	\$ <u>71,584</u>	\$ <u>29,462</u>	\$ <u>3,618</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 March 31, 2021, December 31, 2020 and March 31, 2020, the aggregate undiscounted principal amounts of these bank loans amounted to \$15,873 thousand, \$0 and \$0, respectively. Taking into account the Group’s financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid within two years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to \$15,896 thousand, \$0 and \$0, respectively.

b) Financing facilities

As of March 31, 2021, December 31, 2020 and March 31, 2020, unused financing facilities amounted to \$1,432,950 thousand, \$1,564,398 thousand and \$1,693,201 thousand, respectively, and unused factoring trade receivables financial facilities amounted to \$0 thousand, \$0 thousand and \$190,418 thousand, respectively.

e. Transfers of financial assets

Factored trade receivables that have not yet settled at the end of period were as follows:

<b>Counterparty</b>	<b>Receivables Factoring Proceeds</b>	<b>Amount Reclassified to Other Receivables</b>	<b>Advances Received Unused</b>	<b>Advances Received Used</b>	<b>Annual Interest Rates on Advances Received (Used) (%)</b>
<u>March 31, 2020</u>					
Taipei Fubon Bank	\$ 85,718	\$ -	\$ 85,718	\$ -	-

Pursuant to the Group’s factoring agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Group, while losses from credit risk were borne by the banks.

As of March 31, 2020, the Group provided Taipei Fubon Bank, the factor, guarantee and promissory notes with a stated amount of US\$7,000 thousand.

### 32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Purchases of goods

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Associate - ITI	<u>\$ 138,603</u>	<u>\$ 158,557</u>

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

c. Receivables from related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Other receivables from related parties	Associate - Crystal	<u>\$ 567</u>	<u>\$ 567</u>	<u>\$ 8,762</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2021, no impairment losses were recognized for trade receivables from related parties.

Other receivables are dividends receivable from related parties.

d. Payables to related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Accounts payable	Associate	<u>\$ 84,466</u>	<u>\$ 132,662</u>	<u>\$ 92,846</u>
Other payables	Associate	<u>\$ 104</u>	<u>\$ -</u>	<u>\$ 2</u>
Accrued expenses	Related party in substance	<u>\$ 442</u>	<u>\$ 442</u>	<u>\$ -</u>

The outstanding trade payables to related parties are unsecured.

e. Other transactions with related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
		<b>2021</b>	<b>2020</b>
Operating expense	Associate	<u>\$ 374</u>	<u>\$ -</u>

f. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 11,881	\$ 12,580
Share-based payments	<u>71</u>	<u>95</u>
	<u>\$ 11,952</u>	<u>\$ 12,675</u>

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

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
Pledged deposits (classified as financial assets at amortized cost)	\$ 3,569	\$ 4,960	\$ 3,546
Property, plant and equipment	<u>2,021,973</u>	<u>2,026,352</u>	<u>2,016,526</u>
	<u>\$ 2,025,542</u>	<u>\$ 2,031,312</u>	<u>\$ 2,020,072</u>

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of March 31, 2021 were as follows:

- a. As of March 31, 2021, the Group issued promissory notes with stated amounts of \$1,881,000 thousand and US\$25,000 thousand, as collateral for loans, foreign exchange forward contracts and convertible bonds.
- b. Taipei Fubon Bank issued to the Taipei Customs Office a guarantee note for customs duties on the bonded warehouse of the Group; the stated amount of the note was \$2,000 thousand as of March 31, 2021.
- c. As of March 31, 2021, the Group made endorsements and guarantees for SMAX Technology and Edimax Europe with stated amounts of \$59,000 thousand and \$66,960 thousand, respectively, and actual borrowings amounted to \$0 thousand and \$38,402 thousand, respectively.

### 35. OTHER ITEMS

The Group has not been affected by the COVID-19 pandemic due to its industrial characteristics. Furthermore, with the easing of the pandemic and the loosening of government policies, the Group's operations have returned to normal.

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

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

March 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,297	28.54 (USD:NTD)	\$ 1,634,970
USD	804	22.30 (USD:CZK)	22,955
USD	5,692	0.85 (USD:EUR)	162,431
EUR	3,556	33.48 (EUR:NTD)	119,055
EUR	1,082	26.15 (EUR:CZK)	36,230
Non-monetary items			
Investments accounted for using the equity method			
USD	2,216	28.54 (USD:NTD)	63,252

Financial liabilities

Monetary items			
USD	22,006	28.54 (USD:NTD)	627,941
USD	2,971	6.57 (USD:RMB)	84,793
USD	4,620	0.85 (USD:EUR)	131,839
USD	237	22.30 (USD:CZK)	6,767
EUR	215	26.15 (EUR:CZK)	7,212

December 31, 2020

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 64,497	28.48 (USD:NTD)	\$ 1,836,875
USD	15,020	6.51 (USD:RMB)	427,984
USD	808	21.39 (USD:CZK)	23,023
USD	4,295	0.81 (USD:EUR)	122,335
EUR	3,332	35.02 (EUR:NTD)	116,687
EUR	560	26.25 (EUR:CZK)	19,626
Non-monetary items			
Investments accounted for using the equity method			
USD	2,182	28.48 (USD:NTD)	62,155

(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 32,582	28.48 (USD:NTD)	\$ 927,935
USD	3,620	6.51 (USD:RMB)	103,149
USD	3,441	0.81 (USD:EUR)	98,007
EUR	275	26.25 (EUR:CZK)	9,648
			(Concluded)

March 31, 2020

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,024	30.23 (USD:NTD)	\$ 1,844,450
USD	650	25.07 (USD:CZK)	19,650
USD	9,077	0.91 (USD:EUR)	274,348
EUR	952	33.24 (EUR:NTD)	31,644
EUR	789	27.50 (EUR:CZK)	26,243
Non-monetary items			
Investments accounted for using the equity method			
USD	2,009	30.23 (USD:NTD)	60,713

Financial liabilities

Monetary items			
USD	17,406	30.23 (USD:NTD)	526,096
USD	4,471	7.13 (USD:RMB)	135,132
USD	8,881	0.91 (USD:EUR)	268,438

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

<b>For the Three Months Ended March 31</b>				
<b>2021</b>			<b>2020</b>	
<b>Functional Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
NTD	1 (NTD:NTD)	\$ (6,614)	1 (NTD:NTD)	\$ 11,172
USD	28.37 (USD:NTD)	2,151	30.11 (USD:NTD)	(10,745)
EUR	34.20 (EUR:NTD)	(637)	33.22 (EUR:NTD)	152
		<u>\$ (5,100)</u>		<u>\$ 579</u>

### 37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

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

b. Information on investees (Table 5).

c. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 9)

### 38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments under IFRS 8 "operating segments" were as follows:

#### Segment Revenue and Results

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

	<b>Enterprise, Retail Products and Services</b>	<b>Telecommuni- cation Products and Services</b>	<b>Others</b>	<b>Total</b>
For the three months ended <u>March 31, 2021</u>				
Revenue from external customers	<u>\$ 827,703</u>	<u>\$ 347,576</u>	<u>\$ 34,797</u>	<u>\$ 1,210,076</u>
Segment income (loss)	<u>\$ (22,456)</u>	<u>\$ (9,286)</u>	<u>\$ 1,020</u>	\$ (30,772)
Non-operating income and expense				<u>(4,314)</u>
Loss before tax				<u>\$ (35,036)</u>
For the three months ended <u>March 31, 2020</u>				
Revenue from external customers	<u>\$ 532,159</u>	<u>\$ 637,151</u>	<u>\$ 41,877</u>	<u>\$ 1,211,187</u>
Segment income (loss)	<u>\$ (43,683)</u>	<u>\$ 51,160</u>	<u>\$ (1,198)</u>	\$ 6,279
Non-operating income and expense				<u>(23)</u>
Profit before tax				<u>\$ 6,256</u>

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



## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2021

(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 0	The Company	SMAX Technology Edimax Europe	b b	\$ 430,256 430,256	\$ 59,000 68,740	\$ 59,000 66,960	\$ - 38,402	\$ - -	2.74 3.11	\$ 1,075,640 1,075,640	Y Y	N N	N N	Note 3 Note 3

Note 1: Endorser/Guarantor is numbered as follows:

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

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

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

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

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
The Company	<u>Shares</u>							
	Bluechip Infotech Pty Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	333	\$ 24,764	6.23	\$ 24,764	
	Status Internet Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	300	8,640	16.67	8,640	
	Ecobear Technology Corp.	None	Financial assets at fair value through other comprehensive income - non-current	789	6,200	14.66	6,200	
	Onward Security Corp.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	6,230	21,307	10.36	21,307	
	Newgreen tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	300	7,005	10.71	7,005	
Comtrend	<u>Shares</u>							
	EMMT Systems	None	Financial assets at fair value through other comprehensive income - non-current	266	-	0.52	-	Note 2
	Edimax	Parent company	Financial assets at fair value through other comprehensive income - current	4,200	56,490	2.22	56,490	
8086	<u>Shares</u>							
	EscapeX Holding Corporation	None	Financial assets at fair value through other comprehensive income - non-current	3	-	0.06	-	Note 2

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

Note 2: There was no available information on equity as of March 31, 2021. The Company has recognized an impairment loss on these securities.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Edimax Electronic (Dongguan) Co., Ltd. ITI	Subsidiary Associate	Processing fee	\$ 258,698	24.12	By operating condition	Normal	By operating condition	\$ 34,491	4.12	
			Purchase	108,536	10.12	By operating condition	Normal	By operating condition	(59,752)	(10.70)	
Comtrend	CTBV	Subsidiary	Sales	(149,022)	(48.12)	Normal; collection period: 60-180 days	Normal	Normal; collection period: 60-180 days	200,018	60.45	

Note: Except for ITI, the transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2021.

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

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

**MARCH 31, 2021**

**(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	CTBV	Subsidiary	\$ 200,018	3.14	\$ 6,999	CTBV has actively arranged for the repayment to Comtrend.	\$ 27,448	\$ -

Note: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2021.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2021  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2021	December 31, 2020	Number of Shares (In Thousands)	%	Carrying Amount			
The Company	Edimax USA	USA	Networking equipment wholesale	\$ 49,803	\$ 49,803	17	100.00	\$ 65,402	\$ 309	\$ 1,044	Subsidiary (Note 2)
	Edimax BVI	British Virgin Islands	Networking equipment wholesale	287,735	287,735	8,966	100.00	156,195	(2,684)	(2,684)	Subsidiary
	Edimax Europe	Netherlands	Networking equipment wholesale	168,334	168,334	2	100.00	16,895	1,069	2,625	Subsidiary (Note 3)
	Edimax AU	Australia	Networking equipment wholesale	22,641	22,641	800	100.00	511	-	-	Subsidiary
	ABS Telecom	Taiwan	Telecommunication equipment wholesale, transmission and rental	66,000	66,000	10,500	100.00	145,308	1,411	1,423	Subsidiary (Note 4)
	SMAX Technology	Taiwan	Wired/wireless telecommunications equipment manufacturing	137,175	137,175	2,139	100.00	24,190	(842)	(842)	Subsidiary
	Comtrend	Taiwan	Cable and cableless transmission equipment wholesale, research and development and retail sale	278,084	278,084	19,649	34.44	482,924	(10,186)	(3,030)	Subsidiary (Note 5)
	Crystal	Seychelles	Seychelles General import and export trade and investing	31,815	31,815	1,050	30.00	63,252	3,234	970	Associate
Edimax BVI	Datamax HK	Hong Kong	Investing	271,417	271,417	64,906	100.00	39,898	(5,321)	(5,321)	Second-tier subsidiary
Edimax Europe	Edimax Poland	Poland	Networking equipment wholesale	10,801	10,801	2	100.00	(6,025)	1,526	1,526	Second-tier subsidiary
ABS Telecom	ABST	Mauritius	Investing	4,175	4,175	140	100.00	7,475	(5)	(5)	Second-tier subsidiary
Comtrend	CUSA	USA	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	98,341	98,341	200	100.00	70,276	7,639	10,117	Second-tier subsidiary (Note 6)
	Interchan	Samoa	Investing	42,393	42,393	1,299	100.00	29,057	(119)	(119)	Second-tier subsidiary
	CTBV	Netherlands	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	50,901	50,901	1,518	100.00	87,843	211	(4,159)	Second-tier subsidiary (Note 7)
Interchan	8086	Taiwan	Telecommunication value-added services	2,915	2,915	292	100.00	241	(30)	(30)	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	52,442	(1,029)	(1,029)	Second-tier subsidiary
	Iberia	Spain	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	12,294	12,294	-	100.00	5,446	724	724	Second-tier subsidiary

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

Note 2: The share of profits/losses of the investee included net income of \$309 thousand plus the unrealized gross profit of \$735 thousand on intercompany transactions.

Note 3: The share of profits/losses of the investee included net income of \$1,069 thousand plus the unrealized gross profit of \$1,556 thousand on intercompany transactions.

Note 4: The share of profits/losses of the investee included net income of \$1,411 thousand plus the unrealized gross profit of \$12 thousand on intercompany transactions.

Note 5: The share of profits/losses of the investee included net loss of \$10,186 thousand less the unrealized gross profit of \$7,156 thousand on intercompany transactions.

Note 6: The share of profits/losses of the investee included net income of \$7,639 thousand less the unrealized gross profit of \$2,478 thousand on intercompany transactions.

Note 7: The share of profits/losses of the investee included net income of \$211 thousand plus the unrealized gross loss of \$4,370 thousand on intercompany transactions.

Note 8: Except for Crystal, the transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2021.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2021

(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2021	Accumulated Repatriation of Investment Income as of March 31, 2021	Note
					Outward	Inward							
Edimax Electronic (Dongguan) Co., Ltd	Networking production and marketing	\$ 257,046	b.	\$ 257,046	\$ -	\$ -	\$ 257,046	\$ (5,321)	100	\$ (5,321)	\$ 39,898	\$ -	Note 2
ABST Information Telecom Service	Telecommunication equipment wholesale, transmission and rental	4,175	b.	4,175	-	-	4,175	(5)	100	(5)	7,863	-	Note 3

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$264,698	\$259,772 (Note 4)	\$1,290,768

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

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

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

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

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

Note 5: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2021.

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

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2021  
(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	\$ 258,698	24.12	Normal	By operating conditions	By operating conditions	\$ 34,491	4.12	\$ -	

Note: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2021.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions				
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)	
0	The Company	For the three months ended March 31, 2021						
		Edimax Europe	a	Sales revenue	\$ 14,727	Normal	1.22	
		Edimax Europe	a	Accounts receivable	5,382	Normal	0.07	
		Edimax USA	a	Accounts receivable	6,732	Normal	0.09	
		Comtrend	a	Sales revenue	75,882	Normal	6.27	
		Comtrend	a	Accounts receivable	76,343	Normal	1.04	
		Edimax Electronic (Dongguan)	a	Processing fees	258,698	By operating condition	21.38	
		Edimax Electronic (Dongguan)	a	Accounts payable	34,491	By operating condition	0.47	
1	Comtrend	CUSA	a	Sales revenue	62,309	Normal	17.93	
		CUSA	a	Accounts receivable	54,097	Normal, collection period: 60-180 days	2.72	
		CCE	a	Sales revenue	5,732	Normal	1.65	
		CCE	a	Accounts receivable	6,713	Normal	0.34	
		CTBV	a	Sales revenue	149,022	Normal	42.87	
		CTBV	a	Accounts receivable	200,018	Normal, collection period: 60-180 days	10.04	

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

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

Note 2: Relationships between parties are numbered as follows:

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

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

Note 4: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2021.

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