

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

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2023 and 2022 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Edimax Technology Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT\$400,592 thousand and NT\$373,842 thousand, respectively, representing 6% and 5%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$74,004 thousand and NT\$60,289 thousand, respectively, representing 2% and 1%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were NT\$4,234 thousand and NT\$5,513 thousand, respectively, representing (30%) and 9%, respectively, of the consolidated total comprehensive income, and for the six months ended June 30, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were NT\$8,535 thousand and NT\$15,094 thousand, respectively, representing (17%) and 12%, respectively, of the consolidated total comprehensive income. As disclosed in Note 13 to the consolidated financial statements, as of June 30, 2023 and 2022, the investments in associates

accounted for using the equity method were NT\$77,570 thousand and NT\$71,047 thousand, respectively; for the three months ended June 30, 2023 and 2022, the share of profit of associates amounted to NT\$2,274 thousand and NT\$6,009 thousand, respectively, and for the six months ended June 30, 2023 and 2022, the share of profit of associates amounted to NT\$4,940 thousand and NT\$9,102 thousand, respectively. The financial statements of associates included in the consolidated financial statements referred to in the first paragraph were not reviewed. Information on other non-significant subsidiaries and investments in associates accounted for using the equity method disclosed in Note 36 to the consolidated financial statements were based on unreviewed financial statements as of and for the same reporting periods as those of the Company.

### **Qualified Conclusion**

Based on our reviews, except for the 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 June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 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

August 8, 2023

### Notice to Readers

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

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

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

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,480,257	22	\$ 1,692,999	22	\$ 1,358,292	17
Financial assets at amortized cost - current (Notes 9 and 33)	54,887	1	14,370	-	4,738	-
Contract assets - current (Note 24)	1,957	-	8,355	-	8,139	-
Notes receivable from unrelated parties (Note 10)	1,339	-	2,462	-	10,919	-
Trade receivables from unrelated parties (Notes 10 and 24)	849,457	13	1,238,027	16	1,302,842	17
Other receivables from unrelated parties (Notes 10 and 31)	5,335	-	8,729	-	4,702	-
Other receivables from related parties (Note 32)	-	-	18,637	1	-	-
Current tax assets	14,778	-	13,079	-	2,808	-
Inventories (Note 11)	1,352,591	20	1,721,919	23	2,152,831	28
Prepayments	80,438	1	75,480	1	111,999	2
Other current assets	11,377	-	13,794	-	14,248	-
Total current assets	<u>3,852,416</u>	<u>57</u>	<u>4,807,851</u>	<u>63</u>	<u>4,971,518</u>	<u>64</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Notes 7, 19 and 31)	355	-	244	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	53,590	1	53,503	1	61,782	1
Financial assets at amortized cost - non-current (Notes 9 and 33)	2,297	-	20,197	-	-	-
Investments accounted for using the equity method (Note 13)	77,570	1	71,531	1	71,047	1
Property, plant and equipment (Notes 14 and 33)	2,475,843	36	2,483,468	33	2,509,897	32
Right-of-use assets (Note 15)	177,210	3	48,499	1	55,076	1
Intangible assets (Note 16)	35,620	-	33,718	-	32,728	-
Deferred tax assets	35,695	1	27,905	-	34,490	-
Refundable deposits	12,960	-	12,354	-	13,426	-
Net provisions for retirement	3,590	-	3,295	-	-	-
Other financial assets - non-current (Note 17)	67,679	1	69,800	1	66,318	1
Total non-current assets	<u>2,942,409</u>	<u>43</u>	<u>2,824,514</u>	<u>37</u>	<u>2,844,764</u>	<u>36</u>
<b>TOTAL</b>	<u>\$ 6,794,825</u>	<u>100</u>	<u>\$ 7,632,365</u>	<u>100</u>	<u>\$ 7,816,282</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 18)	\$ 190,286	3	\$ 739,632	10	\$ 925,890	12
Short-term bills payable (Note 18)	-	-	29,969	1	29,985	-
Financial liabilities at fair value through profit or loss - current (Notes 7, 19 and 31)	-	-	783	-	-	-
Contract liabilities - current (Note 24)	109,669	2	93,974	1	137,077	2
Notes payable to unrelated parties	14,665	-	7,060	-	1,684	-
Accounts payable to unrelated parties	655,419	10	880,166	12	951,935	12
Accounts payable to related parties (Note 32)	87,722	1	153,273	2	205,928	3
Other payables (Notes 20 and 32)	524,486	8	330,456	4	342,588	4
Current tax liabilities	40,929	-	40,774	1	38,981	1
Provisions - current (Note 21)	8,208	-	7,914	-	6,552	-
Lease liabilities - current (Note 15)	45,245	1	22,586	-	27,750	-
Current portion of long-term borrowings (Notes 18 and 33)	63,892	1	16,800	-	60,316	1
Other current liabilities (Note 20)	86,146	1	105,307	1	108,030	1
Total current liabilities	<u>1,826,667</u>	<u>27</u>	<u>2,428,694</u>	<u>32</u>	<u>2,836,716</u>	<u>36</u>
<b>NON-CURRENT LIABILITIES</b>						
Financial liabilities at fair value through profit or loss - non-current (Notes 7, 19 and 31)	-	-	-	-	1,520	-
Bonds payable (Notes 19 and 33)	140,149	2	185,143	3	392,866	5
Long-term borrowings (Notes 18 and 33)	1,494,821	22	1,550,314	20	1,515,198	20
Deferred tax liabilities	4,987	-	6,737	-	1,429	-
Lease liabilities - non-current (Note 15)	132,390	2	26,102	-	27,684	-
Net defined benefit liabilities - non-current	67,293	1	75,392	1	79,183	1
Guarantee deposits received	-	-	-	-	5	-
Total non-current liabilities	<u>1,839,640</u>	<u>27</u>	<u>1,843,688</u>	<u>24</u>	<u>2,017,885</u>	<u>26</u>
Total liabilities	<u>3,666,307</u>	<u>54</u>	<u>4,272,382</u>	<u>56</u>	<u>4,854,601</u>	<u>62</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>						
Share capital						
Ordinary shares	2,114,585	31	2,070,101	27	1,907,095	24
Capital collected in advance	3,368	-	8,504	-	187	-
Total share capital	<u>2,117,953</u>	<u>31</u>	<u>2,078,605</u>	<u>27</u>	<u>1,907,282</u>	<u>24</u>
Capital surplus	254,357	4	284,928	4	233,315	3
Retained earnings						
Legal reserve	29,278	1	10,460	-	10,460	-
Special reserve	22,981	-	38,904	1	38,904	-
Unappropriated earnings	62,064	1	188,181	2	49,828	1
Total retained earnings	<u>114,323</u>	<u>2</u>	<u>237,545</u>	<u>3</u>	<u>99,192</u>	<u>1</u>
Other equity						
Exchange differences on translation of the financial statements of foreign operations	(4,531)	-	(10,792)	-	(26,577)	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	17,403	-	(12,189)	-	(3,910)	-
Total other equity	<u>12,872</u>	<u>-</u>	<u>(22,981)</u>	<u>-</u>	<u>(30,487)</u>	<u>-</u>
Treasury shares	(12,931)	-	(12,973)	-	(13,277)	-
Total equity attributable to owners of the Company	<u>2,486,574</u>	<u>37</u>	<u>2,565,124</u>	<u>34</u>	<u>2,196,025</u>	<u>28</u>
<b>NON-CONTROLLING INTERESTS (Note 23)</b>	<u>641,944</u>	<u>9</u>	<u>794,859</u>	<u>10</u>	<u>765,656</u>	<u>10</u>
Total equity	<u>3,128,518</u>	<u>46</u>	<u>3,359,983</u>	<u>44</u>	<u>2,961,681</u>	<u>38</u>
<b>TOTAL</b>	<u>\$ 6,794,825</u>	<u>100</u>	<u>\$ 7,632,365</u>	<u>100</u>	<u>\$ 7,816,282</u>	<u>100</u>

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

(With Deloitte &amp; Touche review report dated August 8, 2023)

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 32)	\$ 1,054,049	100	\$ 1,497,096	100	\$ 2,197,545	100	\$ 2,894,027	100
OPERATING COSTS (Notes 11, 25 and 32)	<u>(795,595)</u>	<u>(76)</u>	<u>(1,135,865)</u>	<u>(76)</u>	<u>(1,682,455)</u>	<u>(77)</u>	<u>(2,204,776)</u>	<u>(76)</u>
GROSS PROFIT	<u>258,454</u>	<u>24</u>	<u>361,231</u>	<u>24</u>	<u>515,090</u>	<u>23</u>	<u>689,251</u>	<u>24</u>
OPERATING EXPENSES (Notes 22, 25 and 32)								
Selling and marketing expenses	(134,033)	(13)	(140,376)	(9)	(266,403)	(12)	(285,492)	(10)
General and administrative expenses	(76,278)	(7)	(68,196)	(5)	(146,963)	(7)	(136,244)	(5)
Research and development expenses	(112,679)	(10)	(112,063)	(8)	(221,023)	(10)	(219,580)	(7)
Expected credit loss reversed (recognized) (Note 10)	<u>2,945</u>	<u>-</u>	<u>(1,950)</u>	<u>-</u>	<u>3,680</u>	<u>-</u>	<u>(5,164)</u>	<u>-</u>
Total operating expenses	<u>(320,045)</u>	<u>(30)</u>	<u>(322,585)</u>	<u>(22)</u>	<u>(630,709)</u>	<u>(29)</u>	<u>(646,480)</u>	<u>(22)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(61,591)</u>	<u>(6)</u>	<u>38,646</u>	<u>2</u>	<u>(115,619)</u>	<u>(6)</u>	<u>42,771</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 25)	6,364	1	12,457	1	15,041	1	19,432	1
Other gains and losses (Note 25)	21,866	2	32,155	2	6,190	-	71,083	3
Finance costs (Note 25)	(9,357)	(1)	(9,290)	(1)	(19,942)	(1)	(16,592)	(1)
Share of profit of associates	2,274	-	6,009	1	4,940	-	9,102	-
Interest income (Note 25)	<u>8,485</u>	<u>1</u>	<u>995</u>	<u>-</u>	<u>10,522</u>	<u>1</u>	<u>1,468</u>	<u>-</u>
Total non-operating income and expenses	<u>29,632</u>	<u>3</u>	<u>42,326</u>	<u>3</u>	<u>16,751</u>	<u>1</u>	<u>84,493</u>	<u>3</u>
(LOSS) PROFIT BEFORE INCOME TAX	(31,959)	(3)	80,972	5	(98,868)	(5)	127,264	5
INCOME TAX EXPENSE (Note 26)	<u>(8,213)</u>	<u>(1)</u>	<u>(3,879)</u>	<u>-</u>	<u>(8,513)</u>	<u>-</u>	<u>(17,565)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(40,172)</u>	<u>(4)</u>	<u>77,093</u>	<u>5</u>	<u>(107,381)</u>	<u>(5)</u>	<u>109,699</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
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	16,913	2	(17,703)	(1)	49,386	2	(14,335)	(1)

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## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	\$ 9,032	1	\$ 3,868	-	\$ 8,751	1	\$ 30,393	1
Other comprehensive income (loss) for the period, net of income tax	25,945	3	(13,835)	(1)	58,137	3	16,058	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>\$ (14,227)</b>	<b>(1)</b>	<b>\$ 63,258</b>	<b>4</b>	<b>\$ (49,244)</b>	<b>(2)</b>	<b>\$ 125,757</b>	<b>4</b>
<b>NET (LOSS) PROFIT ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 19,469	2	\$ 87,941	6	\$ 23,354	1	\$ 117,159	4
Non-controlling interests	(59,641)	(6)	(10,848)	(1)	(130,735)	(6)	(7,460)	-
	<u>\$ (40,172)</u>	<u>(4)</u>	<u>\$ 77,093</u>	<u>5</u>	<u>\$ (107,381)</u>	<u>(5)</u>	<u>\$ 109,699</u>	<u>4</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 43,947	4	\$ 79,905	5	\$ 79,001	4	\$ 126,069	4
Non-controlling interests	(58,174)	(5)	(16,647)	(1)	(128,245)	(6)	(312)	-
	<u>\$ (14,227)</u>	<u>(1)</u>	<u>\$ 63,258</u>	<u>4</u>	<u>\$ (49,244)</u>	<u>(2)</u>	<u>\$ 125,757</u>	<u>4</u>
<b>EARNINGS PER SHARE</b>								
(Note 27)								
Basic	<u>\$ 0.09</u>		<u>\$ 0.47</u>		<u>\$ 0.11</u>		<u>\$ 0.62</u>	
Diluted	<u>\$ 0.09</u>		<u>\$ 0.41</u>		<u>\$ 0.11</u>		<u>\$ 0.55</u>	

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

(With Deloitte & Touche review report dated August 8, 2023)

(Concluded)

**EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company (Note 23)								Other Equity			Non-controlling Interests (Note 23)	Total Equity		
	Share Capital			Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares			Total	
	Ordinary Shares	Capital Collected in Advance	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2022	\$ 1,893,702	\$ 8,800	\$ 1,902,502	\$ 236,689	\$ 10,460	\$ 38,904	\$ (67,331)	\$ (17,967)	\$ (49,822)	\$ 10,425	\$ (39,397)	\$ (13,497)	\$ 2,068,330	\$ 790,739	\$ 2,859,069
Other capital surplus change	-	-	-	192	-	-	-	-	-	-	-	-	192	-	192
Share-based payments (Note 28)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	(3,815)	-	-	-	-	-	-	-	-	(3,815)	-	(3,815)
Recognition of employee share options by the subsidiaries	-	-	-	249	-	-	-	-	-	-	-	-	249	490	739
Issuance of ordinary shares under employee share options	13,393	(8,613)	4,780	-	-	-	-	-	-	-	-	-	4,780	-	4,780
Net profit (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	117,159	117,159	-	-	-	-	117,159	(7,460)	109,699
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	23,245	(14,335)	8,910	-	8,910	7,148	16,058
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	117,159	117,159	23,245	(14,335)	8,910	-	126,069	(312)	125,757
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	220	220	(25,261)	(25,041)
BALANCE AT JUNE 30, 2022	\$ 1,907,095	\$ 187	\$ 1,907,282	\$ 233,315	\$ 10,460	\$ 38,904	\$ 49,828	\$ 99,192	\$ (26,577)	\$ (3,910)	\$ (30,487)	\$ (13,277)	\$ 2,196,025	\$ 765,656	\$ 2,961,681
BALANCE AT JANUARY 1, 2023	\$ 2,070,101	\$ 8,504	\$ 2,078,605	\$ 284,928	\$ 10,460	\$ 38,904	\$ 188,181	\$ 237,545	\$ (10,792)	\$ (12,189)	\$ (22,981)	\$ (12,973)	\$ 2,565,124	\$ 794,859	\$ 3,359,983
Appropriation of 2022 earnings	-	-	-	-	18,818	-	(18,818)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(15,923)	15,923	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(166,370)	(166,370)	-	-	-	-	(166,370)	-	(166,370)
Cash dividends distributed from capital surplus	-	-	-	(41,592)	-	-	-	-	-	-	-	-	(41,592)	-	(41,592)
Changes in percentage of ownership interests in subsidiaries	-	-	-	(1,166)	-	-	-	-	-	-	-	-	(1,166)	-	(1,166)
Recognition of employee share options by the subsidiaries	-	-	-	496	-	-	-	-	-	-	-	-	496	(496)	-
Issuance of ordinary shares under employee share options	2,632	2,568	5,200	-	-	-	-	-	-	-	-	-	5,200	-	5,200
Conversion of convertible corporate bonds	41,852	(7,704)	34,148	11,691	-	-	-	-	-	-	-	-	45,839	-	45,839
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	19,794	19,794	-	(19,794)	(19,794)	-	-	-	-
Net profit (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	23,354	23,354	-	-	-	-	23,354	(130,735)	(107,381)
Other comprehensive income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	-	6,261	49,386	55,647	-	55,647	2,490	58,137
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	23,354	23,354	6,261	49,386	55,647	-	79,001	(128,245)	(49,244)
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	42	42	(24,174)	(24,132)
BALANCE AT JUNE 30, 2023	\$ 2,114,585	\$ 3,368	\$ 2,117,953	\$ 254,357	\$ 29,278	\$ 22,981	\$ 62,064	\$ 114,323	\$ (4,531)	\$ 17,403	\$ 12,872	\$ (12,931)	\$ 2,486,574	\$ 641,944	\$ 3,128,518

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

(With Deloitte & Touche review report dated August 8, 2023)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) income before income tax	\$ (98,868)	\$ 127,264
Adjustments for:		
Depreciation	65,446	61,522
Amortization	4,736	4,931
Expected credit loss (reversed) recognized	(3,680)	5,164
Net (gain) loss on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	(894)	2,040
Finance costs	19,942	16,592
Interest income	(10,522)	(1,468)
Dividend income	(728)	(551)
Share-based payments	-	931
Share of profit of associates	(4,940)	(9,102)
Gain on disposal of property, plant and equipment	-	(743)
Write-down of inventories	74,123	42,385
Loss on lease revised	-	222
Changes in operating assets and liabilities		
Contract assets	6,398	(2,357)
Notes receivable	1,123	4,926
Trade receivables	392,268	(208,378)
Other receivables (including related parties)	22,031	17,016
Inventories	295,543	50,593
Prepayments	(4,958)	(3,222)
Other current assets	2,417	1,348
Net defined benefit assets	(295)	-
Contract liabilities	15,695	25,583
Notes payable and trade payables (including related parties)	(282,693)	(225,199)
Other payables	(41,245)	(13,408)
Provisions	294	1,170
Other current liabilities	(19,161)	(10,904)
Net defined benefit liabilities	(8,099)	(6,845)
Cash generated from operations	423,933	(120,490)
Interest received	10,522	1,468
Interest paid	(18,364)	(14,099)
Income tax paid	(19,597)	(22,950)
Net cash generated from (used in) operating activities	<u>396,494</u>	<u>(156,071)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(3,396)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	52,695	-

(Continued)



# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
Purchase of financial assets at amortized cost	\$ (22,617)	\$ (22)
Proceeds from sale of financial assets at amortized cost	-	810
Payments for property, plant and equipment	(37,387)	(220,527)
Proceeds from disposal of property, plant and equipment	419	747
Increase in refundable deposits	(606)	-
Decrease in refundable deposits	-	2,216
Payments for intangible assets	(6,451)	(5,782)
Increase in other financial assets	-	(117)
Decrease in other financial assets	2,121	-
Decrease in other non-current assets	-	56,801
Dividends received	<u>728</u>	<u>551</u>
Net cash used in investing activities	<u>(14,494)</u>	<u>(165,323)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	351,098
Repayments of short-term borrowings	(549,346)	-
Repayments of short-term bonds payable	(29,969)	-
Proceeds from long-term borrowings	-	200,000
Repayments of long-term borrowings	(8,401)	(8,400)
Repayment of the principal portion of lease liabilities	(32,409)	(14,778)
Exercise of employee share options	5,200	4,780
Difference in non-controlling interests	<u>3,139</u>	<u>9,420</u>
Net cash (used in) generated from financing activities	<u>(611,786)</u>	<u>542,120</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>17,044</u>	<u>26,977</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(212,742)</b>	<b>247,703</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u><b>1,692,999</b></u>	<u><b>1,110,589</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>\$ 1,480,257</b></u>	<u><b>\$ 1,358,292</b></u>

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

(With Deloitte & Touche review report dated August 8, 2023)

(Concluded)

# EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (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 August 8, 2023.

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

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

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

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

Note 3: The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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

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

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

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

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

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

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

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

##### **c. Basis of consolidation**

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

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

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

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

d. Other material accounting policies

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

1) Retirement benefits

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

2) Income tax expense

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

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

The material accounting judgments and key sources of estimation uncertainty used in the preparation of these interim consolidated financial statements are the same as those used in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022.

## 6. CASH AND CASH EQUIVALENTS

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Cash on hand	\$ 938	\$ 933	\$ 875
Checking accounts and demand deposits	1,258,851	1,388,493	1,242,557
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>220,468</u>	<u>303,573</u>	<u>114,860</u>
	<u>\$ 1,480,257</u>	<u>\$ 1,692,999</u>	<u>\$ 1,358,292</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets - non-current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Redeemable and puttable options of convertible bonds (Note 19)	\$ <u>355</u>	\$ <u>244</u>	\$ <u>-</u>
<u>Financial liabilities - current</u>			
Held for trading derivatives instruments (not under hedge accounting)			
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>783</u>	\$ <u>-</u>
<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>-</u>	\$ <u>-</u>	\$ <u>1,520</u>

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

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

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

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

### Investments in Equity Instruments at FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Non-current</u>			
Overseas unlisted ordinary shares			
Bluechip Infotech Pty. Ltd.	\$ 35,311	\$ 18,798	\$ 17,913
Domestic unlisted ordinary shares			
Status Internet Co., Ltd.	4,174	4,516	4,518
Ecobear Technology Corp.	11,040	6,621	5,978
Onward Security Corp.	-	17,070	22,117
Newgreen Tech Co., Ltd.	<u>3,065</u>	<u>6,498</u>	<u>11,256</u>
	<u>\$ 53,590</u>	<u>\$ 53,503</u>	<u>\$ 61,782</u>

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

In order to manage a portfolio of investments, the Group disposed its investments in Onward Security Corp. and Newgreen Tech Co., Ltd. at fair value of \$52,695 thousand, with unrealized gain on financial assets at FVTOCI in other equity and a corresponding amount reclassified to retained earnings for \$19,794 thousand in March 2023.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	<u>\$ 54,887</u>	<u>\$ 14,370</u>	<u>\$ 4,738</u>
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	<u>\$ 2,297</u>	<u>\$ 20,197</u>	<u>\$ -</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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ <u>1,339</u>	\$ <u>2,462</u>	\$ <u>10,919</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 856,579	\$ 1,296,717	\$ 1,376,635
Less: Allowance for impairment loss	<u>(7,122)</u>	<u>(58,690)</u>	<u>(73,793)</u>
	<u>\$ 849,457</u>	<u>\$ 1,238,027</u>	<u>\$ 1,302,842</u>
<u>Other receivables</u>			
Others	<u>\$ 5,335</u>	<u>\$ 8,729</u>	<u>\$ 4,702</u>

### Trade Receivables

#### At amortized cost

The average credit period of the Group's sales of goods varies among customers, and no interest was charged on trade receivables. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread 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 customer, the customer's current financial position and economic conditions of the industry in which the customer operates. 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 evidence 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:

June 30, 2023

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.25%	3.31%	19.37%	38.68%	-	
Gross carrying amount	\$ 792,450	\$ 45,913	\$ 17,929	\$ 287	\$ -	\$ 856,579
Loss allowance (Lifetime ECLs)	<u>(2,019)</u>	<u>(1,520)</u>	<u>(3,472)</u>	<u>(111)</u>	<u>-</u>	<u>(7,122)</u>
Amortized cost	<u>\$ 790,431</u>	<u>\$ 44,393</u>	<u>\$ 14,457</u>	<u>\$ 176</u>	<u>\$ -</u>	<u>\$ 849,457</u>

December 31, 2022

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

June 30, 2022

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.04%	0.72%	15.82%	31.77%	94.36%	
Gross carrying amount	\$ 1,169,171	\$ 96,376	\$ 30,749	\$ 12,866	\$ 67,473	\$ 1,376,635
Loss allowance (Lifetime ECLs)	<u>(480)</u>	<u>(691)</u>	<u>(4,866)</u>	<u>(4,088)</u>	<u>(63,668)</u>	<u>(73,793)</u>
Amortized cost	<u>\$ 1,168,691</u>	<u>\$ 95,685</u>	<u>\$ 25,883</u>	<u>\$ 8,778</u>	<u>\$ 3,805</u>	<u>\$ 1,302,842</u>

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

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ 58,690	\$ 68,349
Add: Net remeasurement of loss allowance	-	5,164
Less: Reversals of impairment loss	(3,680)	-
Less: Amounts written off (Note)	(47,870)	-
Foreign exchange gains and losses	<u>(18)</u>	<u>280</u>
Balance at June 30	<u>\$ 7,122</u>	<u>\$ 73,793</u>

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



## 11. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 446,257	\$ 580,526	\$ 1,154,136
Finished goods	386,104	254,619	241,807
Work-in-process	325,418	624,171	426,044
Merchandise	<u>194,812</u>	<u>262,603</u>	<u>330,844</u>
	<u>\$ 1,352,591</u>	<u>\$ 1,721,919</u>	<u>\$ 2,152,831</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2023 and 2022 amounted to \$795,595 thousand and \$1,135,865 thousand, respectively, and the cost of goods sold included inventory write-downs of \$54,115 thousand and \$25,578 thousand, respectively. The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2023 and 2022 amounted to \$1,682,455 thousand and \$2,204,776 thousand, respectively, and the cost of goods sold included inventory write-downs of \$74,123 thousand and \$42,385 thousand, respectively.

## 12. SUBSIDIARIES

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

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Edimax Computer Co. ("Edimax USA")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology Europe B.V. ("Edimax Europe")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology (BVI) Co., Ltd. ("Edimax BVI")	Networking equipment wholesale	100.00%	100.00%	100.00%	
The Company	ABS Telecom Inc. ("ABS Telecom")	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	100.00%	1), 2)
The Company	Edimax Technology Australia Pty, Ltd. ("Edimax AU")	Networking equipment wholesale	-	-	100.00%	2), 4)
The Company	SMAX Technology Co., Ltd. ("SMAX Technology")	Wired and wireless telecommunication equipment for manufacturing	100.00%	100.00%	100.00%	1), 2)
The Company	Comtrend Corporation ("Comtrend")	Cable and telecommunication transmission equipment	33.49%	33.60%	33.73%	
Edimax Europe	Edimax Technology Poland. Sp. Zo.o. ("Edimax Poland")	Networking equipment wholesale	-	-	100.00%	2), 3)
Edimax BVI	Datamax (HK) Co., Ltd. ("Datamax HK")	Investing	100.00%	100.00%	100.00%	
ABS Telecom	ABST Information International Inc. ("ABST")	Investing	100.00%	100.00%	100.00%	1), 2)
Smax Technology	Smax Japan Co., Ltd. ("Smax Japan")	Networking equipment wholesale	100.00%	100.00%	100.00%	1), 2)
Comtrend	Comtrend Corporation, USA ("CUSA")	Cable and cableless transmission equipment wholesale, retail sale, and international trade.	100.00%	100.00%	100.00%	
Comtrend	Interchan Global Limited ("Interchan Global")	Investing	-	-	100.00%	2), 5)
Comtrend	Comtrend Technology (Netherlands) B.V. ("CTBV")	Cable and cableless transmission equipment wholesale, retail sale, and international trade.	100.00%	100.00%	100.00%	
Datamax HK	Edimax Electronic (Dongguan) Co., Ltd. ("Edimax Electronic (Dongguan)")	Networking production and marketing	100.00%	100.00%	100.00%	
ABST	ABST Information Telecom Service Inc. ("ABST Information Telecom Service")	Telecommunication equipment wholesale, transmission and rental	100.00%	100.00%	100.00%	1), 2)
Interchan Global	Interchan Taiwan ("8086")	Telecommunication value-added services	-	-	100.00%	2), 3)
CTBV	Comtrend Central Europe S.R.O. ("CCE")	Cable and cableless transmission equipment wholesale, retail sale, and international trade.	100.00%	100.00%	100.00%	
CTBV	Comtrend Iberia S.L. ("Comtrend Iberia")	Cable and cableless transmission equipment wholesale, retail sale, and international trade.	100.00%	100.00%	100.00%	

- 1) As the subsidiary is not a major subsidiary, its financial statements for the six months ended June 30, 2023 have not been reviewed.
- 2) As the subsidiary is not a major subsidiary, its financial statements for the six months ended June 30, 2022 have not been reviewed.
- 3) The Group completed the liquidation procedures of Edimax Poland and 8086 in July 2022.

- 4) The Group completed the liquidation procedures of Edimax AU in September 2022.
- 5) The Group completed the liquidation procedures of Interchan Global in December 2022.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Company held 33.49%, 33.60% and 33.73% of Comtrend's voting shares, respectively, but the Company has the practical ability to direct the relevant activities of Comtrend; thus, Comtrend was listed as a subsidiary of the Group.

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

	<b>June 30</b>			
	<b>2023</b>		<b>2022</b>	
Unreviewed total assets	<u>\$ 400,592</u>		<u>\$ 373,842</u>	
Proportion of total consolidated assets	<u>6%</u>		<u>5%</u>	
Unreviewed total liabilities	<u>\$ 74,004</u>		<u>\$ 60,289</u>	
Proportion of total consolidated liabilities	<u>2%</u>		<u>1%</u>	

  

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Unreviewed comprehensive income	<u>\$ 4,234</u>	<u>\$ 5,513</u>	<u>\$ 8,535</u>	<u>\$ 15,094</u>
Proportion of total consolidated comprehensive income (loss)	<u>(30%)</u>	<u>9%</u>	<u>(17%)</u>	<u>12%</u>

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

<b>Name of Subsidiary</b>	<b>Principal Place of Business</b>	<b>Proportion of Ownership and Voting Rights Held by Non-controlling Interests</b>		
		<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Comtrend	Taiwan	66.51%	66.40%	66.27%

  

<b>Name of Subsidiary</b>	<b>Profit (Loss) Allocated to Non-controlling Interests For the Six Months Ended June 30</b>		<b>Accumulated Non-controlling Interests</b>		
	<b>2023</b>	<b>2022</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Comtrend	<u>\$ (130,735)</u>	<u>\$ (7,460)</u>	<u>\$ 641,944</u>	<u>\$ 794,859</u>	<u>\$ 765,656</u>

The summarized financial information below represents amounts before intragroup eliminations.

Comtrend and its subsidiaries

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current assets	\$ 1,243,098	\$ 1,423,427	\$ 1,664,771
Non-current assets	348,467	365,123	351,679
Current liabilities	(351,582)	(320,674)	(597,828)
Non-current liabilities	<u>(209,290)</u>	<u>(208,609)</u>	<u>(212,024)</u>
Equity	<u>\$ 1,030,693</u>	<u>\$ 1,259,267</u>	<u>\$ 1,206,598</u>
Equity attributable to:			
Owners of Comtrend	\$ 345,179	\$ 423,114	\$ 406,986
Non-controlling interests of Comtrend	<u>685,514</u>	<u>836,153</u>	<u>799,612</u>
	<u>\$ 1,030,693</u>	<u>\$ 1,259,267</u>	<u>\$ 1,206,598</u>
		<b>For the Six Months Ended June 30</b>	
		<b>2023</b>	<b>2022</b>
Revenue		<u>\$ 436,147</u>	<u>\$ 885,149</u>
Net loss for the period		\$ (196,564)	\$ (11,238)
Other comprehensive income for the period		<u>7,040</u>	<u>2,177</u>
Total comprehensive loss for the period		<u>\$ (189,524)</u>	<u>\$ (9,061)</u>
Loss attributable to:			
Owners of Comtrend		\$ (65,829)	\$ (3,778)
Non-controlling interests of Comtrend		<u>(130,735)</u>	<u>(7,460)</u>
		<u>\$ (196,564)</u>	<u>\$ (11,238)</u>
Total comprehensive loss attributable to:			
Owners of Comtrend		\$ (61,279)	\$ (8,749)
Non-controlling interests of Comtrend		<u>(128,245)</u>	<u>(312)</u>
		<u>\$ (189,524)</u>	<u>\$ (9,061)</u>
Net cash inflow from:			
Operating activities		\$ 99,637	\$ 143,002
Investing activities		9,431	(208,274)
Financing activities		(5,157)	240,189
Effects of exchange rates		<u>5,213</u>	<u>13,449</u>
Net cash inflow		<u>\$ 109,124</u>	<u>\$ 188,366</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Associates that are not individually material	<u>\$ 77,570</u>	<u>\$ 71,531</u>	<u>\$ 71,047</u>

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

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

### 14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 1,489,898	\$ 986,739	\$ 392,188	\$ 526,536	\$ 3,395,361
Additions	12,684	5,300	1,189	18,214	37,387
Disposals	-	-	(251,133)	(67,209)	(318,342)
Reclassifications	-	(5,194)	-	5,194	-
Effects of foreign currency exchange differences	-	-	(2,925)	(481)	(3,406)
Balance at June 30, 2023	<u>\$ 1,502,582</u>	<u>\$ 986,845</u>	<u>\$ 139,319</u>	<u>\$ 482,254</u>	<u>\$ 3,111,000</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 156,983	\$ 341,734	\$ 413,176	\$ 911,893
Depreciation expense	-	11,537	5,730	26,065	43,332
Disposals	-	-	(251,133)	(66,790)	(317,923)
Reclassifications	-	(5,194)	-	5,194	-
Effects of foreign currency exchange differences	-	-	(1,756)	(389)	(2,145)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 163,326</u>	<u>\$ 94,575</u>	<u>\$ 377,256</u>	<u>\$ 635,157</u>
Carrying amount at June 30, 2023	<u>\$ 1,502,582</u>	<u>\$ 823,519</u>	<u>\$ 44,744</u>	<u>\$ 104,998</u>	<u>\$ 2,475,843</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 1,299,846	\$ 919,692	\$ 385,623	\$ 557,529	\$ 3,162,690
Additions	190,052	67,047	459	19,765	277,323
Disposals	-	-	(86)	(2,952)	(3,038)
Effects of foreign currency exchange differences	-	-	8,110	2,591	10,701
Balance at June 30, 2022	<u>\$ 1,489,898</u>	<u>\$ 986,739</u>	<u>\$ 394,106</u>	<u>\$ 576,933</u>	<u>\$ 3,447,676</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 133,945	\$ 323,339	\$ 428,503	\$ 885,787
Depreciation expense	-	11,519	7,298	26,947	45,764
Disposals	-	-	(86)	(2,948)	(3,034)
Effects of foreign currency exchange differences	-	-	6,780	2,482	9,262
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 145,464</u>	<u>\$ 337,331</u>	<u>\$ 454,984</u>	<u>\$ 937,779</u>
Carrying amount at June 30, 2022	<u>\$ 1,489,898</u>	<u>\$ 841,275</u>	<u>\$ 56,775</u>	<u>\$ 121,949</u>	<u>\$ 2,509,897</u>

- a. No impairment loss was recognized or reversed for the six months ended June 30, 2023 and 2022.
- b. The cash flow information for the acquisition of property, plant and equipment by the Group, for the six months ended June 30, 2023 and 2022 is adjusted as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Increase in property, plant and equipment	\$ 37,387	\$ 277,323
Less: Prepayment for land and building purchased at the beginning of the period	-	(56,796)
Add: Prepayment for land and building purchased at the end of the period	<u>-</u>	<u>-</u>
Paid in cash	<u>\$ 37,387</u>	<u>\$ 220,527</u>

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

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

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings were set out in Note 33.

## 15. LEASE ARRANGEMENTS

- a. Right-of-use assets

	<b>June 30, 2023</b>		<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Carrying amount</u>				
Buildings	\$ 172,464		\$ 41,593	\$ 35,145
Transportation equipment	<u>4,746</u>		<u>6,906</u>	<u>19,931</u>
	<u>\$ 177,210</u>		<u>\$ 48,499</u>	<u>\$ 55,076</u>
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets			<u>\$ 160,623</u>	<u>\$ 14,946</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 11,386	\$ 6,566	\$ 19,900	\$ 13,538
Transportation equipment	<u>1,110</u>	<u>1,059</u>	<u>2,214</u>	<u>2,220</u>
	<u>\$ 12,496</u>	<u>\$ 7,625</u>	<u>\$ 22,114</u>	<u>\$ 15,758</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 six months ended June 30, 2023 and 2022.

b. Lease liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Carrying amount</u>			
Current	<u>\$ 45,245</u>	<u>\$ 22,586</u>	<u>\$ 27,750</u>
Non-current	<u>\$ 132,390</u>	<u>\$ 26,102</u>	<u>\$ 27,684</u>

Discount rates for lease liabilities were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Buildings	1.11%-1.63%	1.38%-1.50%	1.36-1.38%
Transportation equipment	1.25%-1.36%	1.25%-1.36%	1.25-1.36%

c. Material leasing activities and terms

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

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

d. Other lease information

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses relating to low-value asset leases	<u>\$ 1,648</u>	<u>\$ 305</u>	<u>\$ 3,431</u>	<u>\$ 933</u>
Total cash outflow for leases			<u>\$ (36,573)</u>	<u>\$ (16,103)</u>

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

## 16. INTANGIBLE ASSETS

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Goodwill	\$ 23,231	\$ 23,231	\$ 23,231
Computer software	<u>12,389</u>	<u>10,487</u>	<u>9,497</u>
	<u>\$ 35,620</u>	<u>\$ 33,718</u>	<u>\$ 32,728</u>

Except for the amortization recognized, the Group did not have any significant addition, disposal, or impairment of intangible assets during the six months ended June 30, 2023 and 2022.

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Non-current</u>			
Pension reserve fund	\$ 65,192	\$ 69,400	\$ 66,318
Reserve account	<u>2,487</u>	<u>400</u>	<u>-</u>
	<u>\$ 67,679</u>	<u>\$ 69,800</u>	<u>\$ 66,318</u>

The pension reserve fund contributed by the Company is for the managerial personnel.

## 18. BORROWINGS

### a. Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 190,286</u>	<u>\$ 739,632</u>	<u>\$ 925,890</u>

The ranges of weighted average effective interest rates on bank loans were 1.76%-1.85%, 1.49%-2.19% and 1.05%-1.47% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

### b. Short-term bills payable

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial paper	\$ -	\$ 30,000	\$ 30,000
Less: Unamortized discounts on bills payable	<u>-</u>	<u>(31)</u>	<u>(15)</u>
	<u>\$ -</u>	<u>\$ 29,969</u>	<u>\$ 29,985</u>

c. Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured borrowings</u>			
Bank loans (Note 1)	\$ 1,358,713	\$ 1,367,114	\$ 1,375,514
Bank loans (Note 2)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
	1,558,713	1,567,114	1,575,514
Less: Current portion	<u>(63,892)</u>	<u>(16,800)</u>	<u>(60,316)</u>
Long-term borrowings	<u>\$ 1,494,821</u>	<u>\$ 1,550,314</u>	<u>\$ 1,515,198</u>

- 1) The bank borrowings are secured by the Group's land and buildings; please refer to Note 33 for additional information. The maturity date is February 1, 2036 and the effective annual interest rates was 1.86%. The purpose of the borrowings is to purchase land and buildings for operations.
- 2) The bank borrowings are secured by the Group's land and buildings; please refer to Note 33 for additional information. The maturity date is January 14, 2042 with grace period of 3 years, and the effective annual interest rates were 1.25%-1.75% and 1.86% on January 14, 2022 to January 14, 2025 and January 15, 2025 to January 14, 2042, respectively. The purpose of the borrowings is to purchase land and buildings for operations.

## 19. BONDS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
Secured domestic convertible bonds	<u>\$ 140,149</u>	<u>\$ 185,143</u>	<u>\$ 392,866</u>

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

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$13.88. In case of ex-right or ex-dividend, the price shall be adjusted according to the conversion price adjustment formula. The conversion price was adjusted from \$13.88 to \$13.50 as of September 1, 2021. Conversion may occur at any time during the period July 1, 2021 to March 31, 2026.

From the day following the expiration of 3 months after the issuance of the convertible bonds to the 40 days before the expiry date, if the closing price of the Company's ordinary shares exceeds 30% of the conversion price at that time for 30 consecutive business days, the Company is entitled to recover all the outstanding convertible bonds in cash based on the face value within the next 30 business day. In addition, if the outstanding balance of the convertible bonds is less than 10% of the original total amount issued, the Company is entitled to recover all the outstanding convertible bonds in cash based on the face value at any time thereafter.

The convertible bonds contain both liability and equity components. The equity components are presented in equity under the heading of capital surplus - options. The asset (liability) components are classified as embedded derivative assets (liabilities) and non-embedded derivative assets (liabilities). The embedded derivatives, which are measured at fair value, amounted to \$355 thousand, \$244 thousand and \$(1,520) thousand on June 30, 2023, December 31, 2022 and June 30, 2022, respectively. The non-derivatives, which are measured at amortized cost, amounted to \$140,149 thousand, \$185,143 thousand and \$392,866 thousand on June 30, 2023, December 31, 2022 and June 30, 2022, respectively. The effective interest rate of the liability components was 1.04% per annum on initial recognition.



Liability component at January 1, 2022	\$ 390,315
Interest charged at an effective interest rate of 1.04%	2,031
Valuation loss on financial investments	<u>2,040</u>
Liability component at June 30, 2022	<u>\$ 394,386</u>
Liability component at January 1, 2023	\$ 184,899
Interest charged at an effective interest rate of 1.04%	845
Conversion of convertible bonds into ordinary shares	(45,839)
Valuation gain on financial investments	<u>(111)</u>
Liability component at June 30, 2023	<u>\$ 139,794</u>

As of June 30, 2023, the convertible bonds with face value of \$258,200 thousand were converted into 19,126 thousand ordinary shares.

## 20. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Other payables			
Payables for salaries	\$ 118,379	\$ 97,648	\$ 140,839
Payables for dividends (Note)	249,028	-	38,275
Payables for labor fee	17,855	17,713	20,789
Payables for freight and customs fee	3,359	5,785	9,089
Payables for compensation of employees and remuneration of directors	22,879	22,821	6,477
Output VAT	-	-	3,205
Payables for royalties	2,764	2,726	2,638
Others	<u>110,222</u>	<u>183,763</u>	<u>121,276</u>
	<u>\$ 524,486</u>	<u>\$ 330,456</u>	<u>\$ 342,588</u>
Other liabilities			
Receipts under custody	\$ 48,432	\$ 40,453	\$ 53,802
Refund liabilities	18,921	35,269	43,949
Temporary credit	18,793	29,585	9,663
Others	<u>-</u>	<u>-</u>	<u>616</u>
	<u>\$ 86,146</u>	<u>\$ 105,307</u>	<u>\$ 108,030</u>

Note: Dividends were distributed by the Company and its subsidiary of Comtrend.

## 21. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Warranties	<u>\$ 8,208</u>	<u>\$ 7,914</u>	<u>\$ 6,552</u>

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

## 22. RETIREMENT BENEFIT PLANS

For the three months ended ended June 30, 2023 and 2022, the pension expenses of defined benefit plans were \$553 thousand and \$553 thousand, respectively, and for the six months ended June 30, 2023 and 2022, the pension expenses of defined benefit plans were \$1,106 thousand and \$1,106 thousand, respectively, and these were calculated based on the actuarially determined pension cost rate on December 31, 2022 and 2021, respectively.

## 23. EQUITY

### a. Share capital

#### Ordinary shares

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
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>211,459</u>	<u>207,010</u>	<u>190,710</u>
Shares issued	<u>\$ 2,114,585</u>	<u>\$ 2,070,101</u>	<u>\$ 1,907,095</u>
Capital collected in advance	<u>\$ 3,368</u>	<u>\$ 8,504</u>	<u>\$ 187</u>

Employees exercised the share options for \$187 thousand which is capital collected in advance of the Company on June 30, 2022, issued 19 thousand ordinary shares, with a subscription price for \$10 per share. As of June 30, 2022, the Company did not change registration, so the share options were recognized as capital collected in advance. The change registration has been completed as of September 1, 2022.

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

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

The capital collected in advance of the Company on June 30, 2023, resulted from exercising the options of \$2,998 thousand, and the issuance of the ordinary shares was 300 thousand units, the exercise price was \$10. As of June 30, 2023, the applying for change of registration was not completed, therefore, the share options were recognized as capital collected in advance.

In addition, as of June 30, 2023, the holders of the Company's unsecured convertible bond claimed the conversion into ordinary shares of \$370 thousand, and the issuance of the ordinary shares was 37 thousand units. As of June 30, 2023, the application for change of registration was not completed; therefore, the share options were recognized as capital collected in advance.

b. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Premium from issuance of ordinary shares	\$ 1,447	\$ 41,417	\$ 35,101
Premium from conversion of bonds	88,197	76,681	24,662
Treasury share transactions	6,836	6,836	6,600
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	49,362	49,362	49,362
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interest in subsidiaries (2)	64,955	65,624	66,461
Others	33,437	33,437	33,437
<u>May not be used for any purpose</u>			
Employee share options	6,336	6,552	7,008
Share options from convertible bonds (Note 19)	<u>3,787</u>	<u>5,019</u>	<u>10,684</u>
	<u>\$ 254,357</u>	<u>\$ 284,928</u>	<u>\$ 233,315</u>

1) Such capital surplus may be used to offset a deficit; when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit unless the legal reserve equals the Company's paid-in capital, 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 the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

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

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

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, 2023	-	-	1,384	1,384
Decrease during the period	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Number of shares at June 30, 2023	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>1,380</u>
Number of shares at January 1, 2022	-	-	1,440	1,440
Decrease during the period	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>
Number of shares at June 30, 2022	<u>-</u>	<u>-</u>	<u>1,417</u>	<u>1,417</u>

For the purpose of improving the efficiency of capital used, related information regarding shares of the Company held by its subsidiaries at the end of the reporting periods was as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>June 30, 2023</u>			
Comtrend	1,380	\$ 12,931	\$ 21,939
<u>December 31, 2022</u>			
Comtrend	1,384	12,974	20,903
<u>June 30, 2022</u>			
Comtrend	1,417	13,277	17,283

As of June 30, 2023, December 31, 2022 and June 30, 2022, Comtrend held 4,120 thousand, 4,120 thousand and 4,200 thousand ordinary shares of the Company, respectively and the Company recognized treasury shares of 1,380 thousand, 1,384 thousand and 1,417 thousand based on the ownership percentage of 33.49%, 33.60% and 33.73% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, 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 Six Months Ended</b>	
	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 794,859	\$ 790,739
Share of loss for the period	(130,735)	(7,460)
Other comprehensive income during the period		
Exchange differences on translating the financial statements of foreign operations	2,490	7,148
Cash dividends distributed by the subsidiaries	(27,313)	(38,275)
Employee share options of the subsidiaries	(496)	490
Share of changes in ownership of subsidiaries	<u>3,139</u>	<u>13,014</u>
Balance at June 30	<u>\$ 641,944</u>	<u>\$ 765,656</u>

## 24. REVENUE

### a. Disaggregation of revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenue from the sale of goods	\$ 1,052,134	\$ 1,492,169	\$ 2,193,922	\$ 2,885,485
Revenue from the rendering of services	1,913	4,638	3,621	8,213
Other income	<u>2</u>	<u>289</u>	<u>2</u>	<u>329</u>
	<u>\$ 1,054,049</u>	<u>\$ 1,497,096</u>	<u>\$ 2,197,545</u>	<u>\$ 2,894,027</u>

### b. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
	Trade receivables (Note 10)	<u>\$ 856,579</u>	<u>\$ 1,296,717</u>	<u>\$ 1,376,635</u>
Contract assets - sale of goods	<u>\$ 1,957</u>	<u>\$ 8,355</u>	<u>\$ 8,139</u>	<u>\$ 5,782</u>
Contract liabilities - sale of goods	<u>\$ 109,669</u>	<u>\$ 93,974</u>	<u>\$ 137,077</u>	<u>\$ 111,494</u>

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

## 25. NET (LOSS) PROFIT

### a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Bank deposits	<u>\$ 8,485</u>	<u>\$ 995</u>	<u>\$ 10,522</u>	<u>\$ 1,468</u>

### b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Dividends				
Investments in equity instruments at FVTOCI	\$ 404	\$ 551	\$ 728	\$ 551
Others	<u>5,960</u>	<u>11,906</u>	<u>14,313</u>	<u>18,881</u>
	<u>\$ 6,364</u>	<u>\$ 12,457</u>	<u>\$ 15,041</u>	<u>\$ 19,432</u>

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net foreign exchange gain	\$ 21,557	\$ 34,948	\$ 6,761	\$ 82,544
Gain on disposal of property, plant and equipment	-	743	-	743
Fair value changes of financial assets and financial liabilities	771	(849)	894	(2,040)
Others	<u>(462)</u>	<u>(2,687)</u>	<u>(1,465)</u>	<u>(10,164)</u>
	<u>\$ 21,866</u>	<u>\$ 32,155</u>	<u>\$ 6,190</u>	<u>\$ 71,083</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 8,550	\$ 8,080	\$ 18,364	\$ 14,169
Interest on convertible bonds	365	1,017	845	2,031
Interest on lease liabilities	<u>442</u>	<u>193</u>	<u>733</u>	<u>392</u>
	<u>\$ 9,357</u>	<u>\$ 9,290</u>	<u>\$ 19,942</u>	<u>\$ 16,592</u>

e. Impairment losses recognized (reversed)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Trade receivables	<u>\$ (2,945)</u>	<u>\$ 1,950</u>	<u>\$ (3,680)</u>	<u>\$ 5,164</u>
Inventories (included in operating costs)	<u>\$ 54,115</u>	<u>\$ 25,578</u>	<u>\$ 74,123</u>	<u>\$ 42,385</u>

f. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 20,659	\$ 22,510	\$ 43,332	\$ 45,764
Right-of-use assets	12,496	7,625	22,114	15,758
Intangible assets	<u>2,186</u>	<u>3,158</u>	<u>4,736</u>	<u>4,931</u>
	<u>\$ 35,341</u>	<u>\$ 33,293</u>	<u>\$ 70,182</u>	<u>\$ 66,453</u>
An analysis of depreciation by function				
Operating costs	\$ 11,361	\$ 7,013	\$ 20,516	\$ 14,597
Operating expenses	<u>21,794</u>	<u>23,122</u>	<u>44,930</u>	<u>46,925</u>
	<u>\$ 33,155</u>	<u>\$ 30,135</u>	<u>\$ 65,446</u>	<u>\$ 61,522</u>

(Continued)

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
An analysis of amortization by function				
Operating costs	\$ 97	\$ 236	\$ 232	\$ 434
Operating expenses	<u>2,089</u>	<u>2,922</u>	<u>4,504</u>	<u>4,497</u>
	<u>\$ 2,186</u>	<u>\$ 3,158</u>	<u>\$ 4,736</u>	<u>\$ 4,931</u>

g. Employee benefits expense

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Post-employment benefits				
Defined contribution plans	\$ 7,777	\$ 7,684	\$ 15,632	\$ 15,323
Defined benefit plans (Note 22)	<u>553</u>	<u>553</u>	<u>1,106</u>	<u>1,106</u>
	<u>8,330</u>	<u>8,237</u>	<u>16,738</u>	<u>16,429</u>
Share-based payments				
Equity-settled	<u>-</u>	<u>96</u>	<u>-</u>	<u>931</u>
Termination benefits	<u>2,314</u>	<u>-</u>	<u>2,314</u>	<u>-</u>
Other employee benefits	<u>245,360</u>	<u>247,918</u>	<u>491,969</u>	<u>503,429</u>
Total employee benefits expense	<u>\$ 256,004</u>	<u>\$ 256,251</u>	<u>\$ 511,021</u>	<u>\$ 520,789</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 34,519	\$ 53,650	\$ 77,769	\$ 109,034
Operating expenses	<u>221,485</u>	<u>202,601</u>	<u>433,252</u>	<u>411,755</u>
	<u>\$ 256,004</u>	<u>\$ 256,251</u>	<u>\$ 511,021</u>	<u>\$ 520,789</u>

h. Compensation of employees and remuneration of directors

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

For the three months and the six months ended June 30, 2023 and 2022, the compensation of employees and remuneration of directors are as follows:

Amount

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Compensation of employees	<u>\$ 2,225</u>	<u>\$ 5,038</u>	<u>\$ 2,225</u>	<u>\$ 5,038</u>
Remuneration of directors	<u>\$ 636</u>	<u>\$ 1,439</u>	<u>\$ 636</u>	<u>\$ 1,439</u>



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

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

Amount

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

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

i. Gains on foreign currency exchange

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 36,833	\$ 71,761	\$ 63,581	\$ 129,450
Foreign exchange losses	<u>(15,276)</u>	<u>(36,813)</u>	<u>(56,820)</u>	<u>(46,906)</u>
	<u>\$ 21,557</u>	<u>\$ 34,948</u>	<u>\$ 6,761</u>	<u>\$ 82,544</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 June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax				
In respect of the current period	\$ (3,566)	\$ (3,832)	\$ (3,637)	\$ (18,405)
Income tax on unappropriated earnings	(946)	-	(946)	-
Adjustments for prior years	<u>-</u>	<u>362</u>	<u>5</u>	<u>1,546</u>
	(4,512)	(3,470)	(4,578)	(16,859)
Deferred tax				
In respect of the current period	<u>(3,701)</u>	<u>(409)</u>	<u>(3,935)</u>	<u>(706)</u>
Income tax expense recognized in profit or loss	<u>\$ (8,213)</u>	<u>\$ (3,879)</u>	<u>\$ (8,513)</u>	<u>\$ (17,565)</u>

b. Income tax assessments

As of June 30, 2023, the tax returns of the Company and its subsidiaries have been assessed by the tax authorities as follows:

	<u>Last Assessed Tax Year</u>
The Company	2021
Edimax Electronic (Dongguan)	2021
Comtrend	2020
CUSA	2021
CTBV	2021
CCE	2022
Iberia	2021
ABS Telecom	2021
SMAX Technology	2021

**27. EARNINGS PER SHARE**

Unit: NT\$ Per Share

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 0.09</u>	<u>\$ 0.47</u>	<u>\$ 0.11</u>	<u>\$ 0.62</u>
Diluted earnings per share	<u>\$ 0.09</u>	<u>\$ 0.41</u>	<u>\$ 0.11</u>	<u>\$ 0.55</u>

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

**Net Profit for the Period**

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2023	2022	2023	2022
Profit used in the computation of earnings per share	\$ 19,469	\$ 87,941	\$ 23,354	\$ 117,159
Effect of potentially dilutive ordinary shares				
Convertible bonds	<u>626</u>	<u>1,897</u>	<u>921</u>	<u>4,071</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 20,095</u>	<u>\$ 89,838</u>	<u>\$ 24,275</u>	<u>\$ 121,230</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	210,187	189,082	208,090	188,961
Effect of potentially dilutive ordinary shares				
Employee share options	297	353	297	538
Compensation of employees	766	531	455	531
Convertible bonds	<u>10,615</u>	<u>29,630</u>	<u>13,918</u>	<u>29,926</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>221,865</u>	<u>219,596</u>	<u>222,760</u>	<u>219,956</u>

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

## 28. SHARE-BASED PAYMENT ARRANGEMENTS

### a. Employee share option plan of the Company

The Company did not issue any employee share options during the six months ended June 30, 2023 and 2022. Information on employee share options was as follows:

	For the Six Months Ended June 30			
	2023		2022	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,334	\$10.00	3,512	\$10.00
Options exercised	(520)	10.00	(478)	10.00
Options forfeited	<u>(20)</u>	10.00	<u>(206)</u>	10.00
Balance at June 30	<u>794</u>	10.00	<u>2,828</u>	10.00
Options exercisable, end of period	<u>794</u>		<u>2,121</u>	

The compensation costs recognized by the Company were \$0 and \$96 thousand for the three months ended June 30, 2023 and 2022, respectively, and the compensation costs recognized by the Company were \$0 and \$192 thousand for the six months ended June 30, 2023 and 2022, respectively.

b. Employee share option plan of the subsidiaries

Comtrend did not issue any employee share options during the six months ended June 30, 2023 and 2022. Information on employee share options was as follows:

	<b>For the Six Months Ended June 30</b>			
	<b>2023</b>		<b>2022</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	380	\$ 10.00	1,547	\$ 10.00
Options exercised	(202)	10.00	(942)	10.00
Options forfeited	<u>(178)</u>	10.00	<u>(3)</u>	10.00
Balance at June 30	<u>-</u>	10.00	<u>602</u>	10.00
Options exercisable, end of period	<u>-</u>		<u>602</u>	

The compensation costs recognized by the subsidiary were \$0, \$0 for the three months ended June 30, 2023 and 2022, respectively. The compensation costs recognized by the subsidiary were \$0 and \$739 thousand for the six months ended June 30, 2023 and 2022, respectively.

## 29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In March 2022 and June 2022, Comtrend exercised employee share options, decreasing the Group continuing interest from 34.29% to 33.73%.

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

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

## 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.

June 30, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 140,149	\$ -	\$ 136,312	\$ -	\$ 136,312

December 31, 2022

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

June 30, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 392,866	\$ -	\$ 379,920	\$ -	\$ 379,920

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

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

1) Fair value hierarchy

June 30, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL - non-current</u>				
Redeemable and puttable options of convertible bonds	<u>\$ -</u>	<u>\$ 355</u>	<u>\$ -</u>	<u>\$ 355</u>
<u>Financial assets at FVTOCI - non-current</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 35,311	\$ 35,311
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>18,279</u>	<u>18,279</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,590</u>	<u>\$ 53,590</u>

December 31, 2022

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

June 30, 2022

	<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	\$ -	\$ -	\$ 17,913	\$ 17,913
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>43,869</u>	<u>43,869</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,782</u>	<u>\$ 61,782</u>
<u>Financial liabilities at FVTPL - non-current</u>				
Redeemable and puttable options of convertible bonds	<u>\$ -</u>	<u>\$ 1,520</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

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

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

c. Categories of financial instruments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 355	\$ 244	\$ -
Financial assets at amortized cost (1)	2,474,211	3,077,575	2,761,237
Financial assets at FVTOCI			
Equity instruments	53,590	53,503	61,782
<u>Financial liabilities</u>			
FVTPL			
Held for trading	-	783	1,520
Amortized cost (2)	3,171,440	3,892,813	4,426,395

- 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 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 portion), 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 (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 35.

Sensitivity analysis

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



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

	<b>USD Impact</b>		<b>EUR Impact</b>	
	<b>For the Six Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ (10,768)*	\$ (10,458)*	\$ (353)*	\$ (299)*

\* 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 USD increased during the current period due to the increase 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>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Fair value interest rate risk			
Financial assets	\$ 277,652	\$ 338,140	\$ 119,598
Financial liabilities	2,066,783	2,570,546	2,979,689
Cash flow interest rate risk			
Financial assets	1,326,530	1,458,293	1,308,875

### 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 or loss for the six months ended June 30, 2023 and 2022 would have increased/decreased by \$6,633 thousand and \$6,544 thousand, respectively.

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

#### c) Other price risk

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

### Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the six months ended June 30, 2023 and 2022 would have increased/decreased by \$536 thousand and \$618 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. 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, credit risk is not highly concentrated.

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

The following tables detail the remaining contractual maturities of the Group's non-derivative financial liabilities with agreed upon repayment periods. The tables have 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.

#### June 30, 2023

	<b>Carrying Amount</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 190,286	\$ 106,286	\$ 84,000	\$ -	\$ -
Notes and trade payables	757,806	583,185	174,522	99	-
Other payables	524,486	386,807	128,842	8,837	-
Current portion of long-term loans payable	92,339	11,387	80,952	-	-
Lease liabilities	184,874	12,682	34,894	120,646	16,652
Bonds payable	141,800	-	-	141,800	-
Long-term loans payable	<u>1,671,792</u>	<u>-</u>	<u>-</u>	<u>573,061</u>	<u>1,098,731</u>
	<u>\$ 3,563,383</u>	<u>\$ 1,100,347</u>	<u>\$ 503,210</u>	<u>\$ 844,443</u>	<u>\$ 1,115,383</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>
Lease liabilities	<u>\$ 47,576</u>	<u>\$ 120,646</u>	<u>\$ 16,652</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term loans payable	<u>\$ 92,339</u>	<u>\$ 573,061</u>	<u>\$ 677,340</u>	<u>\$ 372,186</u>	<u>\$ 49,205</u>

December 31, 2022

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

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

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

June 30, 2022

	<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	\$ 925,890	\$ 845,947	\$ 79,943	\$ -	\$ -
Notes and trade payables	1,159,547	935,312	224,187	48	-
Short-term bills payable	29,985	29,985	-	-	-
Other payables	342,588	301,597	22,097	18,894	-
Current portion of long-term loans payable	81,744	9,606	72,138	-	-
Lease liabilities	60,858	9,020	22,659	22,755	6,424
Bonds payable	392,866	-	-	392,866	-
Long-term loans payable	<u>1,661,487</u>	<u>-</u>	<u>-</u>	<u>513,241</u>	<u>1,148,246</u>
	<u>\$ 4,654,965</u>	<u>\$ 2,131,467</u>	<u>\$ 421,024</u>	<u>\$ 947,804</u>	<u>\$ 1,154,670</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>
Lease liabilities	<u>\$ 31,679</u>	<u>\$ 22,755</u>	<u>\$ 3,742</u>	<u>\$ 2,682</u>	<u>\$ -</u>
Long-term loans payable	<u>\$ 81,744</u>	<u>\$ 513,241</u>	<u>\$ 616,752</u>	<u>\$ 443,808</u>	<u>\$ 87,687</u>

Bank loans with a repayment on demand clause were included in the above maturity analysis. As of June 30, 2023, December 31, 2022 and June 30, 2022, the aggregate undiscounted principal amounts of these bank loans amounted to \$1,748,999 thousand, \$2,306,746 thousand and \$2,501,404 thousand, respectively. After considering financial position of the Group, it is unfeasible that the banks will require the Group to settle the loans immediately in management opinion. Management believes the bank loans will be settled in 2 years after the end of reporting period according to agreement, and the cash outflow of principal and interest are \$1,954,416 thousand, \$2,511,680 thousand and \$2,669,178 thousand, respectively.

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

The following table details the Group's liquidity analysis of its derivatives, which is based on the undiscounted contractual net cash inflows and outflows on derivatives that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount of payable or receivable is variable, the disclosed amount is determined by reference to the projected interest rates as illustrated by the yield curves on the balance sheet date.

December 31, 2022

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

c) Financing facilities

As of June 30, 2023, December 31, 2022 and June 30, 2022, unused financing facilities amounted to \$1,991,011 thousand, \$1,320,417 thousand and \$1,018,836 thousand, respectively,

### 32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Sale of goods

<b>Line Item</b>	<b>Related Party Category</b>	<b>For the Three Months</b>		<b>For the Six Months</b>	
		<b>Ended June 30</b>		<b>Ended June 30</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Sales	Associate	<u>\$ 1,392</u>	<u>\$ -</u>	<u>\$ 1,392</u>	<u>\$ -</u>

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

c. Purchases of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Associate - ITI	<u>\$ 128,979</u>	<u>\$ 249,173</u>	<u>\$ 265,647</u>	<u>\$ 437,796</u>

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

d. Receivables from related parties

Line Item	Related Party Category	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables from related parties	Associate - Crystal	<u>\$ -</u>	<u>\$ 18,637</u>	<u>\$ -</u>

Other receivables are dividends receivable from related parties.

e. Payables to related parties

Line Item	Related Party Category	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable	Associate - ITI	<u>\$ 87,722</u>	<u>\$ 153,273</u>	<u>\$ 205,928</u>
Other payables	Associate	<u>\$ 537</u>	<u>\$ 4,516</u>	<u>\$ 4,726</u>

The outstanding trade payables to related parties are unsecured.

f. Other transactions with related parties

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2023	2022	2023	2022
Operating expense	Associate	<u>\$ 334</u>	<u>\$ 661</u>	<u>\$ 532</u>	<u>\$ 1,496</u>
	Related party in substance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142</u>

g. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 11,286	\$ 11,025	\$ 20,758	\$ 21,184
Share-based payments	<u>-</u>	<u>32</u>	<u>-</u>	<u>201</u>
	<u>\$ 11,286</u>	<u>\$ 11,057</u>	<u>\$ 20,758</u>	<u>\$ 21,385</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Pledged deposits (classified as financial assets at amortized cost)	\$ 3,370	\$ 3,370	\$ 4,716
Property, plant and equipment	<u>2,188,481</u>	<u>2,202,292</u>	<u>2,209,781</u>
	<u>\$ 2,191,851</u>	<u>\$ 2,205,662</u>	<u>\$ 2,214,497</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 June 30, 2023 were as follows:

- As of June 30, 2023, the Group issued promissory notes with stated amounts of \$1,871,000 thousand and US\$23,500 thousand, as collateral for loans and foreign exchange forward contracts.
- Taipei Fubon Bank issued to the Taipei Customs Office a guarantee note for customs duties on the bonded warehouse of the Group; the stated amount of the note was \$2,000 thousand as of June 30, 2023.
- As of June 30, 2023, the Group made endorsements and guarantees for SMAX Technology and Edimax Europe with stated amounts of \$20,000 thousand and \$67,620 thousand, respectively, and actual borrowings amounted to \$0 and \$20,286 thousand, respectively.

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

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

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 55,184	31.14 (USD:NTD)	\$ 1,718,430
USD	1,484	21.83 (USD:CZK)	46,217
EUR	744	33.81 (EUR:NTD)	25,155
EUR	590	23.73 (EUR:CZK)	19,959
Non-monetary items			
Investments accounted for using the equity method			
USD	2,491	31.14 (USD:NTD)	77,570

(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 20,030	31.14 (USD:NTD)	\$ 623,734
USD	1,791	7.27 (USD:RMB)	55,772
USD	267	21.83 (USD:CZK)	8,328
EUR	291	23.73 (EUR:CZK)	9,853
			(Concluded)

December 31, 2022

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

Financial liabilities

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



June 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 63,455	29.72 (USD:NTD)	\$ 1,885,883
USD	1,261	0.96 (USD:EUR)	37,482
USD	991	23.82 (USD:CZK)	29,453
EUR	1,793	31.05 (EUR:NTD)	55,673
EUR	431	24.74 (EUR:CZK)	13,391
Non-monetary items			
Investments accounted for using the equity method			
USD	2,391	29.72 (USD:NTD)	71,047
<u>Financial liabilities</u>			
Monetary items			
USD	27,436	29.72 (USD:NTD)	815,398
USD	2,119	6.70 (USD:RMB)	63,022
USD	964	0.96 (USD:EUR)	28,641
EUR	1,261	31.05 (EUR:NTD)	39,170

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 June 30</b>				
<b>2023</b>			<b>2022</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)	\$ 38,179	1 (NTD:NTD)	\$ 55,096
USD	30.71 (USD:NTD)	(16,657)	29.46 (USD:NTD)	(20,570)
EUR	33.44 (EUR:NTD)	<u>35</u>	31.37 (EUR:NTD)	<u>422</u>
		<u>\$ 21,557</u>		<u>\$ 34,948</u>
<b>For the Six Months Ended June 30</b>				
<b>2023</b>			<b>2022</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)	\$ 35,493	1 (NTD:NTD)	\$ 97,415
USD	30.55 (USD:NTD)	(28,994)	28.73 (USD:NTD)	(15,361)
EUR	33.03 (EUR:NTD)	<u>262</u>	31.41 (EUR:NTD)	<u>490</u>
		<u>\$ 6,761</u>		<u>\$ 82,544</u>

### 36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (None).
- 2) Endorsements/guarantees provided (Table 1).
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly ventures) (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).

### 37. SEGMENT INFORMATION

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

#### Segment Revenue and Results

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

	<b>Enterprise, Retail Products and Services</b>	<b>Telecommuni- cation Products and Services</b>	<b>Others</b>	<b>Total</b>
<u>For the six months ended June 30, 2023</u>				
Revenue from external customers	<u>\$ 1,684,080</u>	<u>\$ 436,147</u>	<u>\$ 77,318</u>	<u>\$ 2,197,545</u>
Segment income (loss)	<u>\$ 79,644</u>	<u>\$ (203,533)</u>	<u>\$ 8,270</u>	<u>\$ (115,619)</u>
Non-operating income and expense				<u>16,751</u>
Loss before tax				<u>\$ (98,868)</u>
<u>For the six months ended June 30, 2022</u>				
Revenue from external customers	<u>\$ 1,916,775</u>	<u>\$ 885,150</u>	<u>\$ 92,102</u>	<u>\$ 2,894,027</u>
Segment income (loss)	<u>\$ 58,835</u>	<u>\$ (26,260)</u>	<u>\$ 10,196</u>	<u>\$ 42,771</u>
Non-operating income and expense				<u>84,493</u>
Profit before tax				<u>\$ 127,264</u>

Segment profit represents the profit before tax earned by each segment without allocation of non-operating income and 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 SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	The Company	SMAX Technology	b.	\$ 497,315	\$ 20,000	\$ 20,000	\$ -	\$ -	0.80	\$ 1,243,287	Y	N	N	Note 3
		Edimax Europe	b.	497,315	67,680	67,620	20,286	-	2.72	1,243,287	Y	N	N	Note 3

Note 1: Endorser/Guarantor is numbered as follows:

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

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

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

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

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

JUNE 30, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
The Company	<u>Shares</u>							
	Bluechip Infotech Pty Ltd.	None	Financial assets at FVTOCI - non-current	333	\$ 35,311	6.58	\$ 35,311	
	Status Internet Co., Ltd.	None	Financial assets at FVTOCI - non-current	345	4,174	16.66	4,174	
	Ecobear Technology Corp.	None	Financial assets at FVTOCI - non-current	1,783	11,040	19.91	11,040	
	Newgreen tech Co., Ltd.	None	Financial assets at FVTOCI - non-current	130	3,065	3.61	3,065	
Comtrend	<u>Shares</u>							
	EMMT Systems	None	Financial assets at FVTOCI - non-current	357	-	0.52	-	
	Edimax	Parent company	Financial assets at FVTOCI - current	4,120	65,508	1.95	65,508	

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

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2023**  
**(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Edimax Electronic (Dongguan) ITI	Subsidiary Associate	Processing fee	\$ 579,682	34.89	By operating condition	Normal	By operating condition	\$ (56,412)	(12.45)	
			Purchases	259,668	15.63	By operating condition	Normal	By operating condition	(87,480)	(19.31)	
Comtrend	CUSA	Subsidiary	Sales	(134,538)	(30.89)	Normal; collection period: 60-240 days	Normal	Normal; collection period: 60-240 days	212,714	59.80	

Note: Except for ITI, the transactions with the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2023.

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

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

**JUNE 30, 2023**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Comtrend	CUSA	Subsidiary	\$ 212,714	1.31	\$ 12,540	Subsidiary repayment has been actively arranged	\$ 7,841	\$ -

Note: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2023.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	Edimax USA	USA	Networking equipment wholesale	\$ 49,803	\$ 49,803	17,046	100.00	\$ 69,728	\$ (2,590)	\$ (1,384)	Subsidiary
	Edimax BVI	British Virgin Islands	Networking equipment wholesale	287,735	287,735	8,966,076	100.00	175,193	17,207	17,207	Subsidiary
	Edimax Europe	Netherlands	Networking equipment wholesale	196,773	196,773	1,600	100.00	32,219	3,806	5,653	Subsidiary
	ABS Telecom	Taiwan	Telecommunication equipment wholesale, transmission and rental	66,000	66,000	10,500,000	100.00	153,685	3,958	2,223	Subsidiary
	SMAX Technology	Taiwan	Wired/wireless telecommunications equipment manufacturing	137,175	137,175	2,139,400	100.00	25,835	3,362	3,362	Subsidiary
	Comtrend	Taiwan	Cable and cableless transmission equipment wholesale, research and development and retail sale	278,084	278,084	19,649,060	33.49	346,472	(196,564)	(65,755)	(65,755)
	Crystal	Seychelles	Seychelles General import and export trade and investing	31,815	31,815	1,050,000	30.00	77,570	16,470	4,940	Associate
Edimax BVI	Datamax HK	Hong Kong	Investing	271,417	271,417	64,906,002	100.00	13,761	11,512	11,512	Second-tier subsidiary
ABS Telecom	ABST	Mauritius	Investing	4,175	4,175	140,000	100.00	12,172	(289)	(289)	Second-tier subsidiary
SMAX Technology	Smax Japan Inc.	Japan	Networking equipment wholesale	1,992	1,992	8,000,000	100.00	1,105	1,403	1,403	Second-tier subsidiary
Comtrend	CUSA	USA	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	98,341	98,341	200,000	100.00	(52,882)	(107,101)	(126,061)	Second-tier subsidiary
	CTBV	Netherlands	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	50,901	50,901	1,518,000	100.00	93,675	(16,469)	(16,369)	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	45,217	(11,073)	(11,073)	Second-tier subsidiary
	Iberia	Spain	Cable and cableless transmission equipment wholesale, retail sale and international trade, etc.	12,294	12,294	-	100.00	3,776	(5,395)	(5,395)	Second-tier subsidiary

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

Note 2: The share of profits/losses of the investee included net loss of \$2,590 thousand plus the unrealized gross loss of \$1,206 thousand on intercompany transactions.

Note 3: The share of profits/losses of the investee included net income of \$3,806 thousand plus the unrealized gross loss of \$1,847 thousand on intercompany transactions.

Note 4: The share of profits/losses of the investee included net income of \$3,958 thousand less the unrealized gross profit of \$1,735 thousand on intercompany transactions.

Note 5: The share of profits/losses of the investee included net loss of \$65,829 thousand plus the unrealized gross loss of \$74 thousand on intercompany transactions.

Note 6: The share of profits/losses of the investee included net loss of \$107,101 thousand less the unrealized gross profit of \$18,960 thousand on intercompany transactions.

Note 7: The share of profits/losses of the investee included net loss of \$16,469 thousand plus the unrealized gross profit of \$100 thousand on intercompany transactions.



## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
 FOR THE SIX MONTHS ENDED JUNE 30, 2023  
 (In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023	Note
					Outward	Inward							
Edimax Electronic (Dongguan)	Networking production and marketing	\$ 257,046	b	\$ 257,046	\$ -	\$ -	\$ 257,046	\$ 11,555	100	\$ 11,555	\$ 13,731	\$ -	Note 2
ABST Information Telecom Service	Telecommunication equipment wholesale, transmission and rental	4,175	b	4,175	-	-	4,175	(289)	100	(289)	12,970	-	Note 3

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$264,698	\$283,487 (Note 4)	\$1,491,944

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 six months ended June 30, 2023.

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

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE SIX MONTHS ENDED JUNE 30, 2023**  
**(In Thousands of New Taiwan Dollars)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transaction	Ending Balance	%		
Edimax Electronic (Dongguan)	Processing fees	\$ 579,682	34.89	Normal	By operating conditions	By operating conditions	\$ 56,412	12.45	\$ -	

Note: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2023.

## EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	The Company	For the six months ended June 30, 2023					
		Edimax Europe	a	Sales revenue	\$ 27,350	Normal	1.24
		Edimax Europe	a	Accounts receivable	16,439	Normal	0.24
		Comtrend	a	Sales revenue	91,863	Normal	4.18
		Comtrend	a	Accounts receivable	66,500	Normal	0.98
		Edimax Electronic (Dongguan)	a	Processing fees	579,682	By operating condition	26.38
		Edimax Electronic (Dongguan)	a	Accounts payable	56,412	By operating condition	0.83
1	Comtrend	CUSA	a	Sales revenue	134,538	Normal	30.85
		CUSA	a	Accounts receivable	212,714	Normal, collection period: 60-240 days	13.37
		CCE	a	Sales revenue	15,877	Normal	3.64
		CCE	a	Accounts receivable	16,461	Normal, collection period: 60-180 days	1.03
		CTBV	a	Sales revenue	59,984	Normal	13.75
		CTBV	a	Accounts receivable	7,759	Normal, collection period: 60-180 days	0.49

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

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

Note 4: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2023.

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

**EDIMAX TECHNOLOGY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Trust account of CTBC Bank Co., Ltd for employee stock ownership of Edimax Technology Co., Ltd.	10,733,618	5.06

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different basis in preparation.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have the right to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.