

Comtrend Corporation and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Comtrend Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Comtrend Corporation and its subsidiaries (collectively, the "Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, 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

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

Conclusion

Based on our reviews, 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, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 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 5, 2022

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.

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 670,579	33	\$ 482,213	27	\$ 951,536	47
Financial assets at fair value through other comprehensive income - current (Note 7)	51,240	3	59,850	3	46,620	2
Contract assets - current (Note 22)	8,139	-	5,782	-	1,937	-
Trade receivables (Notes 9 and 22)	310,733	16	364,988	21	399,928	20
Other receivables (Notes 9 and 29)	880	-	1,374	-	1,191	-
Current tax assets	2,271	-	2,111	-	6,735	-
Inventories (Note 10)	594,313	30	679,664	38	450,949	22
Other current assets (Note 14)	26,616	1	25,329	2	25,850	1
Total current assets	<u>1,664,771</u>	<u>83</u>	<u>1,621,311</u>	<u>91</u>	<u>1,884,746</u>	<u>92</u>
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Notes 8 and 30)	-	-	810	-	857	-
Property, plant and equipment (Notes 12 and 30)	298,302	15	45,411	3	45,452	2
Right-of-use assets (Note 13)	18,523	1	21,712	1	76,213	4
Deferred tax assets	31,714	1	33,191	2	28,434	2
Other non-current assets (Note 14)	3,140	-	61,984	3	5,216	-
Total non-current assets	<u>351,679</u>	<u>17</u>	<u>163,108</u>	<u>9</u>	<u>156,172</u>	<u>8</u>
TOTAL	<u>\$ 2,016,450</u>	<u>100</u>	<u>\$ 1,784,419</u>	<u>100</u>	<u>\$ 2,040,918</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ 37,260	2	\$ -	-	\$ -	-
Contract liabilities - current (Notes 22 and 29)	18,686	1	1,210	-	24,373	1
Notes payable and trade payables (Note 17)	250,404	12	288,633	16	274,228	14
Trade payables to related parties (Note 29)	95,417	5	91,549	5	114,873	6
Other payables (Notes 18 and 29)	144,618	7	72,882	4	122,898	6
Current tax liabilities	1,250	-	5,752	-	6,033	-
Provisions - current (Note 19)	6,552	-	5,382	-	4,329	-
Lease liabilities - current (Note 13)	10,819	1	12,446	1	18,918	1
Other current liabilities (Note 18)	32,822	2	24,730	2	26,122	1
Total current liabilities	<u>597,828</u>	<u>30</u>	<u>502,584</u>	<u>28</u>	<u>591,774</u>	<u>29</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 16)	200,000	10	-	-	-	-
Deferred tax liabilities	707	-	-	-	86	-
Lease liabilities - non-current (Note 13)	7,949	-	9,505	1	58,135	3
Net defined benefit liabilities	3,368	-	9,073	-	9,026	-
Total non-current liabilities	<u>212,024</u>	<u>10</u>	<u>18,578</u>	<u>1</u>	<u>67,247</u>	<u>3</u>
Total liabilities	<u>809,852</u>	<u>40</u>	<u>521,162</u>	<u>29</u>	<u>659,021</u>	<u>32</u>
EQUITY (Note 21)						
Share capital						
Ordinary shares	579,745	29	572,963	32	571,775	28
Capital collected in advance	2,674	-	36	-	528	-
Total share capital	<u>582,419</u>	<u>29</u>	<u>572,999</u>	<u>32</u>	<u>572,303</u>	<u>28</u>
Capital surplus	350,157	17	349,418	20	345,768	17
Retained earnings						
Legal reserve	83,922	4	83,922	4	63,642	3
Unappropriated earnings	177,443	9	246,438	14	406,530	20
Total retained earnings	<u>261,365</u>	<u>13</u>	<u>330,360</u>	<u>18</u>	<u>470,172</u>	<u>23</u>
Other equity						
Exchange differences on translation of financial statements of foreign operations	2,599	-	(8,188)	-	(2,739)	-
Unrealized gain on financial assets at fair value through other comprehensive income	10,058	1	18,668	1	(3,607)	-
Total other equity	<u>12,657</u>	<u>1</u>	<u>10,480</u>	<u>1</u>	<u>(6,346)</u>	<u>-</u>
Total equity	<u>1,206,598</u>	<u>60</u>	<u>1,263,257</u>	<u>71</u>	<u>1,381,897</u>	<u>68</u>
TOTAL	<u>\$ 2,016,450</u>	<u>100</u>	<u>\$ 1,784,419</u>	<u>100</u>	<u>\$ 2,040,918</u>	<u>100</u>

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

COMTREND CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)	\$ 410,782	100	\$ 412,075	100	\$ 885,149	100	\$ 759,651	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>(294,552)</u>	<u>(72)</u>	<u>(289,728)</u>	<u>(70)</u>	<u>(608,636)</u>	<u>(69)</u>	<u>(516,060)</u>	<u>(68)</u>
GROSS PROFIT	<u>116,230</u>	<u>28</u>	<u>122,347</u>	<u>30</u>	<u>276,513</u>	<u>31</u>	<u>243,591</u>	<u>32</u>
OPERATING EXPENSES (Notes 9, 23 and 29)								
Selling and marketing expenses	(84,897)	(21)	(64,749)	(16)	(176,192)	(20)	(136,526)	(18)
General and administrative expenses	(22,337)	(5)	(20,502)	(5)	(45,732)	(5)	(41,342)	(5)
Research and development expenses	(39,387)	(10)	(37,151)	(9)	(80,210)	(9)	(76,119)	(10)
Expected credit gain (loss)	<u>313</u>	<u>-</u>	<u>107</u>	<u>-</u>	<u>(639)</u>	<u>-</u>	<u>1,162</u>	<u>-</u>
Total operating expenses	<u>(146,308)</u>	<u>(36)</u>	<u>(122,295)</u>	<u>(30)</u>	<u>(302,773)</u>	<u>(34)</u>	<u>(252,825)</u>	<u>(33)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(30,078)</u>	<u>(8)</u>	<u>52</u>	<u>-</u>	<u>(26,260)</u>	<u>(3)</u>	<u>(9,234)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES								
Other gains and losses (Notes 23 and 29)	12,124	3	(5,506)	(1)	23,541	3	(8,303)	(1)
Finance costs (Note 23)	(773)	-	(265)	-	(1,383)	-	(508)	-
Interest income (Note 23)	<u>220</u>	<u>-</u>	<u>340</u>	<u>-</u>	<u>231</u>	<u>-</u>	<u>538</u>	<u>-</u>
Total non-operating income and expenses	<u>11,571</u>	<u>3</u>	<u>(5,431)</u>	<u>(1)</u>	<u>22,389</u>	<u>3</u>	<u>(8,273)</u>	<u>(1)</u>
LOSS BEFORE INCOME TAX	(18,507)	(5)	(5,379)	(1)	(3,871)	-	(17,507)	(2)
INCOME TAX BENEFIT (EXPENSE) (Note 24)	<u>2,137</u>	<u>1</u>	<u>6,045</u>	<u>1</u>	<u>(7,367)</u>	<u>(1)</u>	<u>7,987</u>	<u>1</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(16,370)</u>	<u>(4)</u>	<u>666</u>	<u>-</u>	<u>(11,238)</u>	<u>(1)</u>	<u>(9,520)</u>	<u>(1)</u>

(Continued)

COMTREND CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (420)	-	\$ (9,870)	(2)	\$ (8,610)	(1)	\$ (10,290)	(1)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	<u>2,356</u>	-	<u>(2,228)</u>	(1)	<u>10,787</u>	1	<u>(6,081)</u>	(1)
Other comprehensive income (loss) for the period, net of income tax	<u>1,936</u>	-	<u>(12,098)</u>	(3)	<u>2,177</u>	-	<u>(16,371)</u>	(2)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (14,434)</u>	<u>(4)</u>	<u>\$ (11,432)</u>	<u>(3)</u>	<u>\$ (9,061)</u>	<u>(1)</u>	<u>\$ (25,891)</u>	<u>(3)</u>
(LOSS) EARNINGS PER SHARE (Note 25)								
Basic	<u>\$ (0.28)</u>		<u>\$ 0.01</u>		<u>\$ (0.19)</u>		<u>\$ (0.17)</u>	
Diluted	<u>\$ (0.28)</u>		<u>\$ 0.01</u>		<u>\$ (0.19)</u>		<u>\$ (0.17)</u>	

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

(Concluded)

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Share Capital (Note 21)			Capital Surplus (Notes 21 and 26)	Retained Earnings (Note 21)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total Equity
	Ordinary Shares	Collected in Advance	Total		Legal Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Total	
BALANCE AT JANUARY 1, 2021	\$ 563,846	\$ -	\$ 563,846	\$ 345,520	\$ 63,642	\$ 416,050	\$ 479,692	\$ 3,342	\$ 6,683	\$ 10,025	\$ 1,399,083
Other changes in capital surplus											
Recognition of employee share options by the Company (Note 26)	-	-	-	248	-	-	-	-	-	-	248
Issuance of ordinary shares under employee share options	7,929	528	8,457	-	-	-	-	-	-	-	8,457
Net loss for the six months ended June 30, 2021	-	-	-	-	-	(9,520)	(9,520)	-	-	-	(9,520)
Other comprehensive loss for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	-	(6,081)	(10,290)	(16,371)	(16,371)
Total comprehensive loss for the six months ended June 30, 2021	-	-	-	-	-	(9,520)	(9,520)	(6,081)	(10,290)	(16,371)	(25,891)
BALANCE AT JUNE 30, 2021	\$ 571,775	\$ 528	\$ 572,303	\$ 345,768	\$ 63,642	\$ 406,530	\$ 470,172	\$ (2,739)	\$ (3,607)	\$ (6,346)	\$ 1,381,897
BALANCE AT JANUARY 1, 2022	\$ 572,963	\$ 36	\$ 572,999	\$ 349,418	\$ 83,922	\$ 246,438	\$ 330,360	\$ (8,188)	\$ 18,668	\$ 10,480	\$ 1,263,257
Appropriation of 2021 earnings											
Cash dividends distributed by the Company	-	-	-	-	-	(57,757)	(57,757)	-	-	-	(57,757)
Other changes in capital surplus											
Recognition of employee share options by the Company (Note 26)	-	-	-	739	-	-	-	-	-	-	739
Issuance of ordinary shares under employee share options	6,782	2,638	9,420	-	-	-	-	-	-	-	9,420
Net loss for the six months ended June 30, 2022	-	-	-	-	-	(11,238)	(11,238)	-	-	-	(11,238)
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	10,787	(8,610)	2,177	2,177
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	(11,238)	(11,238)	10,787	(8,610)	2,177	(9,061)
BALANCE AT JUNE 30, 2022	\$ 579,745	\$ 2,674	\$ 582,419	\$ 350,157	\$ 83,922	\$ 177,443	\$ 261,365	\$ 2,599	\$ 10,058	\$ 12,657	\$ 1,206,598

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

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (3,871)	\$ (17,507)
Adjustments for:		
Depreciation expense	22,493	25,067
Expected credit recognized (reversal) on trade receivables	639	(1,162)
Finance costs	1,383	508
Interest income	(231)	(538)
Share-based payments	739	248
Net gain on disposal of financial assets	(969)	-
Write-down of inventories	24,676	25,831
Gain on lease modifications	(2)	-
Net changes in operating assets and liabilities		
Contract assets	(2,357)	(517)
Notes receivable from unrelated parties	-	21
Trade receivables	53,404	(2,184)
Other receivables	494	206
Inventories	58,092	(119,383)
Other current assets	(1,287)	(6,647)
Contract liabilities	17,476	9,578
Notes payable and trade payables (including related parties)	(34,361)	(56,044)
Other payables	13,979	(2,442)
Provisions	1,170	888
Other current liabilities	8,092	7,330
Net defined benefit liabilities	(5,705)	(289)
Cash generated from (used in) operations	153,854	(137,036)
Interest received	231	538
Interest paid	(1,238)	(3)
Income tax paid	(9,845)	(11,967)
Net cash generated from (used in) operating activities	<u>143,002</u>	<u>(148,468)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from financial assets measured at amortized cost	810	48
Proceeds from sale of financial assets at fair value through profit or loss	969	-
Payments for property, plant and equipment	(212,101)	(11,714)
Decrease in refundable deposits	<u>2,048</u>	<u>55</u>
Net cash used in investing activities	<u>(208,274)</u>	<u>(11,611)</u>

(Continued)

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 37,260	\$ -
Proceeds from long-term borrowings	200,000	-
Repayment of the principal portion of lease liabilities	(6,491)	(10,023)
Exercise of employee share options	<u>9,420</u>	<u>8,457</u>
Net cash generated from (used in) financing activities	<u>240,189</u>	<u>(1,566)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>13,449</u>	<u>(5,619)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	188,366	(167,264)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>482,213</u>	<u>1,118,800</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 670,579</u>	<u>\$ 951,536</u>

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

(Concluded)

COMTREND CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

- a. Comtrend Corporation (“Comtrend”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (ROC) on April 7, 1990. Comtrend engages in the research, manufacturing, marketing and maintaining of cable and wireless transmission equipment, multiplexers, digital subscriber lines and loop carrier systems, synchronous optical network equipment and synchronous cable accessories.

Comtrend’s shares have been listed on the Taipei Exchange (TPEX) since September 2020.

- b. Comtrend Corporation, USA (“CUSA”), incorporated in April 2001, engages in wholesale, retail sale and international trade of broadband communication equipment.
- c. Interchan Global Limited (“Interchan Global”), incorporated in June 2005, engages mainly in the reinvesting business. Management decided to dissolve and liquidate Interchan Global as profitability was not as expected based on the conclusion of the board meeting on April 25, 2019.
- d. Comtrend Technology (Netherlands) B.V. (“CTBV”), incorporated in December 2011, engages mainly in the wholesale and retail sale of network communication equipment, and the reinvestment business.
- e. Interchan Taiwan (“8086”), incorporated in November 2005, engages in the wholesale and construction of equipment. Management decided to dissolve and liquidate 8086 as profitability was not as expected based on the conclusion of the board meeting on April 25, 2019.
- f. Comtrend Central Europe S.R.O. (“CCE”), incorporated in July 2006, engages in wholesale and retail sale of network communication equipment.
- g. Comtrend Iberia S.L. (“Iberia”), incorporated in December 2006, engages in wholesale and retail sale of network communication equipment.
- h. Comtrend’s parent is Edimax Technology Co., Ltd. (“Edimax”), which held 33.73%, 34.29% and 34.33%, respectively, of ordinary shares of Comtrend as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

Comtrend and all its subsidiaries mentioned above (from b. to g.) are collectively referred to as the “Group”. The consolidated financial statements are presented in Comtrend’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by Comtrend’s board of directors on August 5, 2022.

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 material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Comtrend and the entities controlled by Comtrend (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 Comtrend.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 11 and Table 4 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty used in the preparation of these interim consolidated financial statements are the same as those used in the preparation of the Group's consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 364	\$ 467	\$ 332
Checking accounts and demand deposits	555,355	467,906	637,274
Cash equivalents			
Time deposits with original maturities within 3 months	<u>114,860</u>	<u>13,840</u>	<u>313,930</u>
	<u>\$ 670,579</u>	<u>\$ 482,213</u>	<u>\$ 951,536</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Domestic listed shares			
Ordinary shares - Edimax	<u>\$ 51,240</u>	<u>\$ 59,850</u>	<u>\$ 46,620</u>

The Group invested in ordinary shares of Edimax (classified as equity instruments as at FVTOCI) per their strategic purpose as they expect to profit from the fluctuations in the share price.

8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ -	\$ 810	\$ 857

Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 314,296	\$ 367,700	\$ 404,268
Less: Allowance for impairment loss	<u>(3,563)</u>	<u>(2,712)</u>	<u>(4,340)</u>
	\$ 310,733	\$ 364,988	\$ 399,928
<u>Other receivables</u>			
Others	\$ 880	\$ 1,374	\$ 1,191

The average credit period of sales of goods was 60-180 days. No interest was charged on trade receivables for the first 60-180 days from the date of the invoice. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

June 30, 2022

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0.05%	0.89%	6.22%	100.00%	-	100.00%	
Gross carrying amount	\$ 258,326	\$ 40,332	\$ 13,388	\$ 126	\$ -	\$ 2,124	\$ 314,296
Loss allowance (Lifetime ECLs)	<u>(122)</u>	<u>(358)</u>	<u>(833)</u>	<u>(126)</u>	<u>-</u>	<u>(2,124)</u>	<u>(3,563)</u>
Amortized cost	<u>\$ 258,204</u>	<u>\$ 39,974</u>	<u>\$ 12,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,733</u>

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0.05%	1.06%	20.00%	-	100.00%	100.00%	
Gross carrying amount	\$ 355,275	\$ 9,986	\$ 20	\$ -	\$ 425	\$ 1,994	\$ 367,700
Loss allowance (Lifetime ECLs)	<u>(183)</u>	<u>(106)</u>	<u>(4)</u>	<u>-</u>	<u>(425)</u>	<u>(1,994)</u>	<u>(2,712)</u>
Amortized cost	<u>\$ 355,092</u>	<u>\$ 9,880</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,988</u>

June 30, 2021

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	1.48%	5.19%	2.39%	5.61%	100.00%	
Gross carrying amount	\$ 318,344	\$ 55,630	\$ 25,663	\$ 251	\$ 2,335	\$ 2,045	\$ 404,268
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(826)</u>	<u>(1,332)</u>	<u>(6)</u>	<u>(131)</u>	<u>(2,045)</u>	<u>(4,340)</u>
Amortized cost	<u>\$ 318,344</u>	<u>\$ 54,804</u>	<u>\$ 24,331</u>	<u>\$ 245</u>	<u>\$ 2,204</u>	<u>\$ -</u>	<u>\$ 399,928</u>

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

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 2,712	\$ 5,624
Add: Net remeasurement of loss allowance	639	-
Less: Amounts written off	-	(1,162)
Foreign exchange gains and losses	<u>212</u>	<u>(122)</u>
Balance at June 30	<u>\$ 3,563</u>	<u>\$ 4,340</u>

10. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	\$ 159,069	\$ 187,944	\$ 234,800
Work in progress and semi-finished goods	85,851	68,049	53,197
Finished goods	127,376	135,703	94,629
Inventories in transit	218,958	287,959	68,323
Merchandise	<u>3,059</u>	<u>9</u>	<u>-</u>
	<u>\$ 594,313</u>	<u>\$ 679,664</u>	<u>\$ 450,949</u>

The cost of goods sold for the three months and the six months ended June 30, 2022 and 2021 included inventory write-downs of \$24,834 thousand, \$23,688 thousand, \$24,676 thousand, and \$25,831 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Location	Proportion of Ownership (%)		
				June 30, 2022	December 31, 2021	June 30, 2021
Comtrend	CUSA	Cable & cableless transmission equipment wholesale, retail sale, and international trade, etc.	USA	100.00	100.00	100.00
Comtrend	Interchan Global	Investing	Samoa	100.00	100.00	100.00
Comtrend	CTBV	Wholesale, retail sale, and international trade, etc.	Netherlands	100.00	100.00	100.00
Interchan Global	8086	Telecommunication construction and wholesale	Taiwan	100.00	100.00	100.00
CTBV	Iberia	Cable and cableless transmission services	Spain	100.00	100.00	100.00
CTBV	CCE	Cable and cableless transmission equipment wholesale, retail sale, and international trade, etc.	Czech Republic	100.00	100.00	100.00

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery Equipment	Computer and Communication Equipment	Office Equipment	Transportation Equipment	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ -	\$ -	\$ 32,513	\$ 41,586	\$ 3,543	\$ 3,150	\$ 101,959	\$ 182,751
Additions	-	-	-	1,288	-	-	10,426	11,714
Disposals	-	-	(3,321)	(23)	(2,588)	-	(3,970)	(9,902)
Effects of foreign currency exchange differences	-	-	(145)	-	(44)	-	(44)	(233)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,047</u>	<u>\$ 42,851</u>	<u>\$ 911</u>	<u>\$ 3,150</u>	<u>\$ 108,371</u>	<u>\$ 184,330</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ -	\$ 27,960	\$ 29,749	\$ 3,391	\$ 766	\$ 71,903	\$ 133,769
Depreciation expense	-	-	675	3,093	19	294	11,115	15,196
Disposals	-	-	(3,321)	(23)	(2,588)	-	(3,970)	(9,902)
Effects of foreign currency exchange differences	-	-	(94)	-	(45)	-	(46)	(185)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,220</u>	<u>\$ 32,819</u>	<u>\$ 777</u>	<u>\$ 1,060</u>	<u>\$ 79,002</u>	<u>\$ 138,878</u>
Carrying amount at June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,827</u>	<u>\$ 10,032</u>	<u>\$ 134</u>	<u>\$ 2,090</u>	<u>\$ 29,369</u>	<u>\$ 45,452</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ -	\$ -	\$ 27,128	\$ 37,812	\$ 916	\$ 3,150	\$ 119,819	\$ 188,825
Additions	190,052	67,047	210	4,991	-	500	6,097	268,897
Disposals	-	-	-	-	(16)	-	(756)	(772)
Effects of foreign currency exchange differences	-	-	397	-	28	-	30	455
Balance at June 30, 2022	<u>\$ 190,052</u>	<u>\$ 67,047</u>	<u>\$ 27,735</u>	<u>\$ 42,803</u>	<u>\$ 928</u>	<u>\$ 3,650</u>	<u>\$ 125,190</u>	<u>\$ 457,405</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ -	\$ 22,599	\$ 29,422	\$ 802	\$ 1,375	\$ 89,216	\$ 143,414
Depreciation expense	-	1,524	923	3,301	18	365	10,021	16,152
Disposals	-	-	-	-	(16)	-	(756)	(772)
Effects of foreign currency exchange differences	-	-	264	-	27	-	18	309
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 1,524</u>	<u>\$ 23,786</u>	<u>\$ 32,723</u>	<u>\$ 831</u>	<u>\$ 1,740</u>	<u>\$ 98,499</u>	<u>\$ 159,103</u>
Carrying amount at June 30, 2022	<u>\$ 190,052</u>	<u>\$ 65,523</u>	<u>\$ 3,949</u>	<u>\$ 10,080</u>	<u>\$ 97</u>	<u>\$ 1,910</u>	<u>\$ 26,691</u>	<u>\$ 298,302</u>

- a. No impairment was recognized or reversed for the six months ended June 30, 2022 and 2021.
- b. The cash flow information for the acquisition of property, plant and equipment by the Group for the six months ended June 30, 2022 and 2021 is adjusted as follows:

	For the Six Months Ended June 30	
	2022	2021
Additions to property, plant and equipment	\$ 268,897	\$ 11,714
Prepayments for land and buildings, beginning of period	(56,796)	-
Prepayments for land and buildings, end of period	<u>-</u>	<u>-</u>
Payment for property, plant and equipment	<u>\$ 212,101</u>	<u>\$ 11,714</u>

- c. Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 30.

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

Building	21 years
Machinery equipment	2-13 years
Computer and communication equipment	1-5 years
Office equipment	3-5 years
Transportation equipment	5 years
Other equipment	1-6 years

13. LEASE ARRANGEMENTS

- a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021	
<u>Carrying amount</u>				
Buildings	\$ 15,942	\$ 19,612	\$ 72,835	
Transportation equipment	<u>2,581</u>	<u>2,100</u>	<u>3,378</u>	
	<u>\$ 18,523</u>	<u>\$ 21,712</u>	<u>\$ 76,213</u>	
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2022	2021	2022	2021
Additions to right-of-use assets			\$ <u>4,010</u>	\$ <u>18,563</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 2,852	\$ 4,343	\$ 5,708	\$ 8,840
Transportation equipment	<u>260</u>	<u>629</u>	<u>633</u>	<u>1,031</u>
	<u>\$ 3,112</u>	<u>\$ 4,972</u>	<u>\$ 6,341</u>	<u>\$ 9,871</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2022 and 2021.

- b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amount</u>			
Current	\$ <u>10,819</u>	\$ <u>12,446</u>	\$ <u>18,918</u>
Non-current	\$ <u>7,949</u>	\$ <u>9,505</u>	\$ <u>58,135</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Buildings	1.36%	1.36%	1.36%
Transportation equipment	1.25%-1.36%	1.36%	1.36%

c. Material lease-in activities and terms

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

The Group also leases buildings for use as offices and warehouses with lease terms of 2 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to low-value asset leases	\$ 483	\$ 575	\$ 1,294	\$ 1,087
Total cash outflow for leases	\$ (3,744)	\$ (5,658)	\$ (7,930)	\$ (11,615)

The Group's leases of certain office equipment, transportation equipment and parking spaces 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.

14. OTHER ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Prepaid expenses	\$ 8,712	\$ 9,609	\$ 7,306
Input VAT and tax deduction	14,894	15,494	15,505
Prepayments	1,813	99	2,953
Others	<u>1,197</u>	<u>127</u>	<u>86</u>
	<u>\$ 26,616</u>	<u>\$ 25,329</u>	<u>\$ 25,850</u>
<u>Non-current</u>			
Refundable deposits	\$ 3,140	\$ 5,188	\$ 5,216
Prepayments for land and buildings*	<u>-</u>	<u>56,796</u>	<u>-</u>
	<u>\$ 3,140</u>	<u>\$ 61,984</u>	<u>\$ 5,216</u>

- * On November 10, 2021, Comtrend officially signed a contract with a unrelated party to acquire real estate for its operation. The total price was \$259,351 thousand. As of December 31, 2021, the registration of the transfer of the real estate had not been completed and the payment had not been paid yet, thus, the down payment was listed as prepayment for land and buildings. In addition, the registration of the transfer was completed on January 6, 2022.

15. SHORT-TERM BORROWINGS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Unsecured borrowings</u>			
Bank loans	\$ 37,260	\$ -	\$ -

The effective interest rate of the bank loan is 0.90%-0.95%.

16. LONG-TERM BORROWINGS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured borrowings</u>			
Bank loans	\$ 200,000	\$ -	\$ -

The bank borrowings are secured by the Group's land and buildings, please refer to Note 30 for additional information. The maturity date is January 14, 2042 and the grace period is three years. The effective annual interest rate from January 14, 2022 to January 14, 2024 is 1.25%-1.375%, and the effective annual interest rate from January 15, 2024 to January 14, 2042 is 1.485%. The purpose of the borrowings is to purchase land and buildings for operations.

17. NOTES PAYABLE AND TRADE PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Notes payable	\$ 21	\$ 7	\$ 21
Trade payables	<u>250,383</u>	<u>288,626</u>	<u>274,207</u>
	<u>\$ 250,404</u>	<u>\$ 288,633</u>	<u>\$ 274,228</u>

The Group takes financial risk into consideration when deciding on the payment terms of notes payable and trade payables to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Other payables			
Payables for dividends	\$ 57,757	\$ -	\$ -
Payables for salaries	46,056	16,903	38,402
Payables for professional service fees	6,096	6,725	8,203
Payables for freight and customs fees	5,611	25,485	14,298
Output VAT	3,205	930	7,600
Payables for royalties	2,638	2,457	2,473
Payables for compensation of employees and remuneration of directors	-	-	19,341
Others	<u>23,255</u>	<u>20,382</u>	<u>32,581</u>
	<u>\$ 144,618</u>	<u>\$ 72,882</u>	<u>\$ 122,898</u>
Other liabilities			
Refund liabilities	\$ 30,348	\$ 23,823	\$ 21,552
Others	<u>2,474</u>	<u>907</u>	<u>4,570</u>
	<u>\$ 32,822</u>	<u>\$ 24,730</u>	<u>\$ 26,122</u>

19. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Non-current</u>			
Warranties	<u>\$ 6,552</u>	<u>\$ 5,382</u>	<u>\$ 4,329</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.

20. RETIREMENT BENEFIT PLANS

For the three months and the six months ended June 30, 2022 and 2021, the pension expenses of defined benefit plans both were \$0, and these were calculated based on the actuarially determined pension cost rate on December 31, 2021 and 2020, respectively.

21. EQUITY

a. Share capital

	June 30, 2022	December 31, 2021	June 30, 2021
Shares authorized (in thousands of shares)	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>
Shares authorized (in thousands of N.T. dollars)	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>
Shares issued and fully paid (in thousands of shares)	<u>57,975</u>	<u>57,296</u>	<u>57,178</u>
Shares issued (in thousands of N.T. dollars)	<u>\$ 579,745</u>	<u>\$ 572,963</u>	<u>\$ 571,775</u>
Shares collected in advance (in thousands of N.T. dollars)	<u>\$ 2,674</u>	<u>\$ 36</u>	<u>\$ 528</u>

The fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to dividends.

Comtrend converted employee share options of \$7,929 thousand, equivalent to 793 thousand shares, with a subscription price of \$10, into ordinary shares for the six months ended June 30, 2021. The outstanding ordinary shares after the new shares issued were \$571,775 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on May 24, 2021.

Comtrend converted employee share options of \$528 thousand, converted equivalent to 53 thousand shares. As the change registration has not been completed as of June 30, 2021, it was listed as capital collected in advance.

Comtrend converted employee share options of \$9,117 thousand, equivalent to 911 thousand shares, with a subscription price of \$10, into ordinary shares for the year ended December 31, 2021. The outstanding ordinary shares after the new shares issued were 572,963 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on November 25, 2021.

Comtrend converted employee share options of 36 thousand, converted equivalent to 4 thousand shares. As the change registration has not been completed as of December 31, 2021, it was listed as capital collected in advance. The registration for the capital change has been filed with the Ministry of Economic Affairs on April 11, 2022.

Comtrend converted employee share options of \$6,746 thousand, equivalent to 675 thousand shares, with a subscription price of \$10, into ordinary shares for the six months ended June 30, 2022. The outstanding ordinary shares after the new shares issued were 579,745 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on June 13, 2022.

Comtrend converted employee share options of 2,674 thousand, converted equivalent to 267 thousand shares. As the change registration has not been completed as of June 30, 2022, it was listed as capital collected in advance.

Comtrend issued 2,114 thousand ordinary shares by private placement, with a par value of NT\$10 and an issue price of NT\$14.7 per share on December 13, 2017. The private ordinary shares shall be handled according to Article 43-8 of the Securities and Exchange Act. When the private ordinary shares was issued over 3 years, Comtrend may apply to TPEX for supplemental public issuance in accordance with relevant regulations. The aforesaid transaction has been applied to TPEX for supplemental public issuance, and it has been declared effective by TPEX on October 6, 2021.

b. Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Premium from issuance of ordinary shares	\$ 343,730	\$ 337,269	\$ 336,890
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	4,079	4,079	4,079
<u>May not be used for any purpose</u>			
Employee share options	<u>2,348</u>	<u>8,070</u>	<u>4,799</u>
	<u>\$ 350,157</u>	<u>\$ 349,418</u>	<u>\$ 345,768</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where Comtrend made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by Comtrend'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 23 (g).

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

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

The appropriations of earnings for the years ended December 31, 2021 and 2020, which were resolved in the shareholders' meetings on June 14, 2022 and July 29, 2021, were as follows:

	2021	2020
Legal reserve	\$ -	\$ 20,280
Cash dividends	<u>\$ 57,757</u>	<u>\$ 113,945</u>
Cash dividends per share (NT\$)	\$ 1	\$ 2

22. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Revenue from the sale of goods	\$ 406,144	\$ 410,341	\$ 876,936	\$ 753,641
Revenue from the rendering of services	<u>4,638</u>	<u>1,734</u>	<u>8,213</u>	<u>6,010</u>
	<u>\$ 410,782</u>	<u>\$ 412,075</u>	<u>\$ 885,149</u>	<u>\$ 759,651</u>

Contract Balances

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Trade receivables (Note 9)	\$ 314,296	\$ 367,700	\$ 404,268	\$ 402,105
Contract assets - sale of goods	<u>\$ 8,139</u>	<u>\$ 5,782</u>	<u>\$ 1,937</u>	<u>\$ 1,420</u>
Contract liabilities - sale of goods	<u>\$ 18,686</u>	<u>\$ 1,210</u>	<u>\$ 24,373</u>	<u>\$ 14,795</u>

The changes in the balance of contract assets primarily resulted from the right-of return arising from repurchase agreements. The changes in the balance of contract liabilities primarily resulted from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

23. NET (LOSS) PROFIT

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Bank deposits	<u>\$ 220</u>	<u>\$ 340</u>	<u>\$ 231</u>	<u>\$ 538</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net gain on fair value changes of financial liabilities at fair value through profit or loss	\$ 31	\$ -	\$ -	\$ -
Net gain on disposal of financial assets	969	-	969	-
Net foreign exchange gain (losses)	10,166	(6,441)	20,369	(10,771)
Other gain	<u>958</u>	<u>935</u>	<u>2,203</u>	<u>2,468</u>
	<u>\$ 12,124</u>	<u>\$ (5,506)</u>	<u>\$ 23,541</u>	<u>\$ (8,303)</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on lease liabilities	\$ 73	\$ 265	\$ 145	\$ 505
Interest on bank loans	<u>700</u>	<u>-</u>	<u>1,238</u>	<u>3</u>
	<u>\$ 773</u>	<u>\$ 265</u>	<u>\$ 1,383</u>	<u>\$ 508</u>

d. Impairment losses recognized (reversed)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Trade receivables	<u>\$ (313)</u>	<u>\$ (107)</u>	<u>\$ 639</u>	<u>\$ (1,162)</u>
Inventories (included in operating costs)	<u>\$ 24,834</u>	<u>\$ 23,688</u>	<u>\$ 24,676</u>	<u>\$ 25,831</u>

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 8,172	\$ 7,230	\$ 16,152	\$ 15,196
Right-of-use assets	<u>3,112</u>	<u>4,972</u>	<u>6,341</u>	<u>9,871</u>
	<u>\$ 11,284</u>	<u>\$ 12,202</u>	<u>\$ 22,493</u>	<u>\$ 25,067</u>
An analysis of depreciation by function				
Operating expenses	<u>\$ 11,284</u>	<u>\$ 12,202</u>	<u>\$ 22,493</u>	<u>\$ 25,067</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term benefits	\$ 90,600	\$ 75,880	\$ 185,566	\$ 169,070
Post-employment benefits				
Defined contribution plans	3,167	2,266	6,273	4,539
Share-based payments				
Equity-settled	-	124	739	248
Termination benefits	<u>-</u>	<u>-</u>	<u>1,132</u>	<u>304</u>
Total employee benefits expense	<u>\$ 93,767</u>	<u>\$ 78,270</u>	<u>\$ 193,710</u>	<u>\$ 174,161</u>
An analysis of employee benefits expense by function				
Operating expenses	<u>\$ 93,767</u>	<u>\$ 78,270</u>	<u>\$ 193,710</u>	<u>\$ 174,161</u>

g. Compensation of employees and remuneration of directors

According to Comtrend's Articles, Comtrend accrued compensation of employees and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. There was no employees' compensation and remuneration of directors estimated as Comtrend reported a net loss before tax for the six months ended June 30, 2022 and 2021.

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

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

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

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

h. Gains (losses) on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 11,938	\$ 2,740	\$ 29,120	\$ 10,296
Foreign exchange losses	<u>(1,772)</u>	<u>(9,181)</u>	<u>(8,751)</u>	<u>(21,067)</u>
	<u>\$ 10,166</u>	<u>\$ (6,441)</u>	<u>\$ 20,369</u>	<u>\$ (10,771)</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax benefit (expense) recognized in profit or loss:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 605	\$ (3,850)	\$ (6,729)	\$ (1,826)
Adjustments for prior periods	<u>362</u>	<u>-</u>	<u>1,546</u>	<u>-</u>
	967	(3,850)	(5,183)	(1,826)
Deferred tax				
In respect of the current period	<u>1,170</u>	<u>9,895</u>	<u>(2,184)</u>	<u>9,813</u>
Income tax benefit (expense) recognized in profit or loss	<u>\$ 2,137</u>	<u>\$ 6,045</u>	<u>\$ (7,367)</u>	<u>\$ 7,987</u>

b. Income tax assessments

The tax returns of Comtrend and its subsidiaries for the six months ended June 30, 2022 that have been assessed by the authorities are as follows:

	<u>Year of Tax Assessment</u>
Comtrend	2019
CUSA	2021
CTBV	2021
CCE	2021
Iberia	2020
8086	2020

25. (LOSS) EARNINGS PER SHARE

Unit: NTS Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic (loss) earnings per share	<u>\$ (0.28)</u>	<u>\$ 0.01</u>	<u>\$ (0.19)</u>	<u>\$ (0.17)</u>
Diluted (loss) earnings per share	<u>\$ (0.28)</u>	<u>\$ 0.01</u>	<u>\$ (0.19)</u>	<u>\$ (0.17)</u>

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

Net (Loss) Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net (loss) profit for the period	<u>\$ (16,370)</u>	<u>\$ 666</u>	<u>\$ (11,238)</u>	<u>\$ (9,520)</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	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	57,928	57,140	57,728	56,932
Effect of potentially dilutive ordinary shares:				
Employee share options	<u>-</u>	<u>1,050</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>57,928</u>	<u>58,190</u>	<u>57,728</u>	<u>56,932</u>

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

26. SHARE-BASED PAYMENT ARRANGEMENTS

The Group did not issue any employee share options during the six months ended June 30, 2022 and 2021 both.

Information on outstanding issued employee share options is as follows:

	For the Six Months Ended June 30			
	2022		2021	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,547	\$ 10.00	2,513	\$ 10.00
Options forfeited	(3)	10.00	(43)	10.00
Options exercised	<u>(942)</u>	10.00	<u>(846)</u>	10.00
Balance at June 30	<u>602</u>	10.00	<u>1,624</u>	10.00
Options exercisable, end of period	<u>602</u>		<u>543</u>	

Information on outstanding options at the end of the reporting period were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Range of exercise price (NT\$)	\$10.00	\$10.00	\$10.00
Weighted-average remaining contractual life (in years)	0.57 years	1.07 years	1.57 years

Compensation costs recognized were \$0, \$124 thousand, \$739 thousand and \$248 thousand for the three months and the six months ended June 30, 2022 and 2021, respectively.

27. 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 amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

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

1) Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 51,240	\$ -	\$ -	\$ 51,240
Unlisted shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 51,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,240</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 59,850	\$ -	\$ -	\$ 59,850
Unlisted shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 59,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,850</u>

June 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 46,620	\$ -	\$ -	\$ 46,620
Unlisted shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 46,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,620</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

The fair values of financial instruments with standard agreements traded on active markets were determined by reference to the market price.

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

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

c. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 985,332	\$ 854,573	\$ 1,358,728
Financial assets at FVTOCI	51,240	59,850	46,620
<u>Financial liabilities</u>			
Amortized cost (2)	727,699	453,064	511,999

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, trade receivables and other receivables, and refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, trade payable (including related parties), other payables, and long-term loans.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, notes receivable, trade receivables, notes and trade payables, borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign 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), interest rates (see (b) below) and other prices (see (c) below).

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

a) Foreign currency risk

Several subsidiaries of Comtrend have sales and purchases denominated in foreign currencies, 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 32.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar and the Czech Koruna (CZK, the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, 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 in pre-tax loss and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax loss and other equity, and the balances below would be negative.

	EUR impact		USD impact	
	For the Six Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Profit or loss	\$ (253) (i)	\$ (1,428) (i)	\$ (554) (ii)	\$ (3,235) (ii)

i. This was mainly attributable to the exposure on outstanding receivables in EUR that were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding receivables and payables in USD that were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency both decreased during the reporting period mainly due to the decrease in the balance of accounts receivable denominated in USD and EUR.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow 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. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

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:

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Financial assets	\$ 114,860	\$ 14,650	\$ 314,787
Financial liabilities	256,028	21,951	77,053
Cash flow interest rate risk			
Financial assets	555,355	467,906	637,274

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. One basis point 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 basis point higher/lower and all other variables were held constant, the Group's pre-tax loss for the six months ended June 30, 2022 and 2021 would have increased/decreased by \$2,777 thousand and \$3,186 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 listed equity securities. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the six months ended June 30, 2022 and 2021 would have increased/decreased by \$512 thousand and \$466 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

2) Credit risk

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

- 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 or factored trade receivables and insurance, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, 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's concentration of credit risk by geographical locations was mainly in the European and American regions, which accounted for 68.83%, 79.95% and 73.98% of the total trade receivables as of June 30, 2022, December 31, 2021, and June 30, 2021, respectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has 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 table includes 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 upon repayment dates.

June 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ -	\$ 37,317	\$ -	\$ -	\$ -
Lease liabilities	1,067	2,134	7,796	8,045	-
Long-term borrowings	224	458	2,063	36,763	194,241
Notes payable and trade payables	48,491	231,454	65,789	48	39
Other payables	<u>83,441</u>	<u>25,572</u>	<u>15,084</u>	<u>18,147</u>	<u>2,374</u>
	<u>\$ 133,223</u>	<u>\$ 296,935</u>	<u>\$ 90,732</u>	<u>\$ 63,003</u>	<u>\$ 196,654</u>

Additional information about the maturity analysis for long-term borrowings, notes and trade payables, and other payables:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Long-term borrowings	\$ 2,745	\$ 36,763	\$ 53,277	\$ 53,277	\$ 87,687
Notes payable and trade payables	345,734	48	39	-	-
Other payables	<u>124,097</u>	<u>18,147</u>	<u>2,374</u>	<u>-</u>	<u>-</u>
	<u>\$ 472,576</u>	<u>\$ 54,958</u>	<u>\$ 55,690</u>	<u>\$ 53,277</u>	<u>\$ 87,687</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 1,130	\$ 2,170	\$ 9,367	\$ 9,568	\$ -
Notes payable and trade payables	144,839	184,652	43,672	7,019	-
Other payables	<u>23,556</u>	<u>11,959</u>	<u>24,631</u>	<u>12,736</u>	<u>-</u>
	<u>\$ 169,525</u>	<u>\$ 198,781</u>	<u>\$ 77,670</u>	<u>\$ 29,323</u>	<u>\$ -</u>

June 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 1,800	\$ 3,599	\$ 15,400	\$ 41,925	\$ 16,946
Notes payable and trade payables	170,992	123,072	94,949	88	-
Other payables	<u>21,293</u>	<u>9,354</u>	<u>73,666</u>	<u>18,585</u>	<u>-</u>
	<u>\$ 194,085</u>	<u>\$ 136,025</u>	<u>\$ 184,015</u>	<u>\$ 60,598</u>	<u>\$ 16,946</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 20,799</u>	<u>\$ 41,925</u>	<u>\$ 16,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Bank loans with a repayment on demand clause were included in the time band in the above maturity analysis. As of June 30, 2022, December 31, 2021 and June 30, 2021, the aggregate undiscounted principal amounts of these bank loans amounted to \$237,260 thousand, \$0 and \$0, respectively. Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid within twenty years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to \$271,066 thousand, \$0 and \$0, respectively.

b) Financing facilities

As of June 30, 2022, December 31, 2021 and June 30, 2021, unused financing facilities amounted to \$456,566 thousand, \$500,192 thousand and \$501,884 thousand, respectively.

29. TRANSACTIONS WITH RELATED PARTIES

Comtrend's parent is Edimax, which held 33.73%, 34.29% and 34.33%, respectively, of ordinary shares of Comtrend at June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Edimax	The parent of Comtrend
Talent Vantage Limited (Talent)	Associate of the Company's parent
Humax Co., Ltd. (Humax)	Key management personnel (unrelated party of Comtrend starting from the second quarter of 2022)

b. Sales of goods

Line Item	Related Party Category	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
		2022	2021	2022	2021
Sales	Associate of the Company's parent	\$ -	\$ 1,899	\$ -	\$ 2,770

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

c. Purchases of goods

Related Party Category	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2022	2021	2022	2021
The Company's parent - Edimax	\$ 60,839	\$ 81,369	\$ 110,106	\$ 157,457
Associate of the Company's parent - Talent	<u>29,726</u>	<u>30,683</u>	<u>32,113</u>	<u>60,750</u>
	<u>\$ 90,565</u>	<u>\$ 112,052</u>	<u>\$ 142,219</u>	<u>\$ 218,207</u>

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

d. Contract liabilities

Related Party Category	June 30, 2022	December 31, 2021	June 30, 2021
Key management personnel	\$ -	\$ 4	\$ 599

e. Receivables from related parties

Line Item	Related Party Category	June 30, 2022	December 31,	
			2021	June 30, 2021
Other receivables	The Company's parent - Edimax	\$ 416	\$ -	\$ 200
	Key management personnel - Humax	<u>-</u>	<u>666</u>	<u>666</u>
		<u>\$ 416</u>	<u>\$ 666</u>	<u>\$ 866</u>

The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2022 and 2021, and for the years ended December 31, no impairment loss was recognized for trade receivables from related parties.

f. Payables to related parties

Line Item	Related Party Category	June 30, 2022	December 31,	
			2021	June 30, 2021
Accounts payable	The Company's parent - Edimax	\$ 61,809	\$ 57,961	\$ 81,080
	Associate of the Company's parent - Talent	<u>33,608</u>	<u>33,588</u>	<u>33,793</u>
		<u>\$ 95,417</u>	<u>\$ 91,549</u>	<u>\$ 114,873</u>
Other payables	The Company's parent	\$ 1,323	\$ 2,069	\$ 223
	Associate of the Company's parent	661	84	-
	Key management personnel	<u>-</u>	<u>12</u>	<u>12</u>
		<u>\$ 1,984</u>	<u>\$ 2,165</u>	<u>\$ 235</u>

The outstanding trade payables to related parties are unsecured.

g. Acquisition of property, plant and equipment

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
		Other equipment	The Company's parent - Edimax	<u>\$ 1,457</u>	<u>\$ -</u>

h. Other transactions with related parties

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
		Operating expenses	The Company's parent	\$ 2,320	\$ 2,697
Associate of the Company's parent	<u>661</u>		<u>275</u>	<u>1,496</u>	<u>649</u>
	<u>\$ 2,981</u>		<u>\$ 2,972</u>	<u>\$ 7,715</u>	<u>\$ 5,838</u>
Miscellaneous revenue	The Company's parent - Edimax	<u>\$ 951</u>	<u>\$ 990</u>	<u>\$ 1,942</u>	<u>\$ 1,850</u>

i. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 6,785	\$ 6,972	\$ 12,685	\$ 12,636
Share-based payments	<u>-</u>	<u>23</u>	<u>140</u>	<u>46</u>
	<u>\$ 6,785</u>	<u>\$ 6,995</u>	<u>\$ 12,825</u>	<u>\$ 12,682</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.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the leasing of buildings:

	June 30, 2022	December 31, 2021	June 30, 2021
Pledged deposits (classified as financial assets at amortized cost)	\$ -	\$ 810	\$ 857
Property, plant and equipment	<u>254,477</u>	<u>-</u>	<u>-</u>
	<u>\$254,477</u>	<u>\$ 810</u>	<u>\$ 857</u>

31. 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, 2022 were as follows:

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, 2022.

32. SIGNIFICANT FINANCIAL 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, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,449	29.72 (USD:NTD)	\$ 369,972
USD	1,261	0.96 (USD:EUR)	37,482
USD	991	23.82 (USD:CZK)	29,453
EUR	1,646	31.05 (EUR:NTD)	51,109
EUR	431	24.74 (EUR:CZK)	13,391
<u>Financial liabilities</u>			
Monetary items			
USD	11,875	29.72 (USD:NTD)	352,912
USD	964	0.96 (USD:EUR)	28,641
EUR	1,261	31.05 (EUR:NTD)	39,170

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,273	27.68 (USD:NTD)	\$ 422,758
USD	1,340	0.88 (USD:EUR)	37,091
USD	1,243	21.95 (USD:CZK)	34,417
EUR	6,693	31.32 (EUR:NTD)	209,618
EUR	708	24.86 (EUR:CZK)	22,175
<u>Financial liabilities</u>			
Monetary items			
USD	11,735	27.68 (USD:NTD)	324,833
USD	723	0.88 (USD:EUR)	20,024
USD	451	21.95 (USD:CZK)	12,489

June 30, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 18,825	27.86 (USD:NTD)	\$ 524,461
USD	5,284	0.84 (USD:EUR)	147,223
USD	978	21.44 (USD:CZK)	27,238
EUR	3,470	33.15 (EUR:NTD)	115,023
EUR	838	25.48 (EUR:CZK)	27,793

Financial liabilities

Monetary items			
USD	13,260	27.86 (USD:NTD)	369,420
USD	3,355	0.84 (USD:EUR)	93,478
USD	215	21.44 (USD:CZK)	5,986

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 are disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended June 30				
2022			2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Loss
NTD	1 (NTD:NTD)	\$ 9,947	1 (NTD:NTD)	\$ (6,027)
USD	29.46 (USD:NTD)	-	27.98 (USD:NTD)	(8)
EUR	31.37 (EUR:NTD)	<u>219</u>	33.73 (EUR:NTD)	<u>(406)</u>
		<u>\$ 10,166</u>		<u>\$ (6,441)</u>
For the Six Months Ended June 30				
2022			2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
NTD	1 (NTD:NTD)	\$ 20,294	1 (NTD:NTD)	\$ (11,741)
USD	28.73 (USD:NTD)	-	28.17 (USD:NTD)	(8)
EUR	31.41 (EUR:NTD)	<u>75</u>	33.96 (EUR:NTD)	<u>978</u>
		<u>\$ 20,369</u>		<u>\$ (10,771)</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. Information about investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 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 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 3)
- 11) Information on investees (Table 4)

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 (None)
- 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 (None)
 - 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 ending balance, the interest rate range, and total current period interest with respect to 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 5).

34. 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.

Segment revenue and results

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

	For the Six Months Ended	
	June 30	
	2022	2021
Revenue from external customers	\$ 885,149	\$ 759,651
Inter-segment revenue	<u>-</u>	<u>-</u>
Segment revenue	885,149	759,651
Eliminations	<u>-</u>	<u>-</u>
Consolidated revenue	<u>\$ 885,149</u>	<u>\$ 759,651</u>
Segment loss	\$ (26,260)	\$ (9,234)
Non-operating income and expense	<u>22,389</u>	<u>(8,273)</u>
Loss before income tax from continuing operations	<u>\$ (3,871)</u>	<u>\$ (17,507)</u>

Segment (loss) profit represents the profit before tax earned by each segment without allocation of interest income, exchange gains or losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

COMTREND CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2022

(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, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Comtrend	Shares EMMT Systems Corporation Edimax	None Parent company	Financial assets at FVTOCI - non-current	324	\$ -	0.52	\$ -	
			Financial assets at FVTOCI - current	4,200	51,240	2.20	51,240	

COMTREND CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Comtrend	CUSA	Subsidiary	Sale	\$ (216,015)	(28.75)	By operating conditions; collection period: 60-180 days	Normal	By operating conditions; collection period: 60-180 days	\$ 91,844	35.93	Note
	CTBV	Subsidiary	Sale	(241,960)	(32.21)	By operating conditions; collection period: 60-180 days	Normal	By operating conditions; collection period: 60-180 days.	65,791	25.74	Note
	Edimax	Parent company	Purchase	110,106	20.75	Normal	Normal	Normal	(61,809)	(17.99)	

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, 2022.

COMTREND CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	<u>For the six months ended June 30, 2022</u>						
	Comtrend	CUSA	a	Sale revenue	\$ 216,015	Normal	24.40
		CUSA	a	Service revenue	12,251	Normal	1.38
		CUSA	a	Accounts receivable	91,844	Normal; collection period: 60-180 days	4.55
		CCE	a	Sales revenue	17,769	Normal	2.01
		CTBV	a	Sales revenue	241,960	Normal	27.34
CTBV		a	Accounts receivable	65,791	Normal; collection period: 60-180 days	3.26	

Note 1: Investee companies are numbered as follows:

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

Note 2: Relationships between counterparties are numbered as follows:

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

Note 3: Percentage of consolidated operating revenue or consolidated total assets: If the account is a balance sheet account, it was calculated by dividing the ending balance with consolidated total assets; if the account is an income statement account, it was calculated by dividing the interim cumulative balance with the consolidated operating revenue.

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, 2022.

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

COMTREND CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE SIX MONTHS ENDED JUNE 30, 2022
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	January 1, 2022	Number of Shares	%	Carrying Amount			
Comtrend	CUSA	USA	Wholesale, retail sale, and international trade, etc.	\$ 98,341	\$ 98,341	200,000	100.00	\$ 97,423	\$ (10,209)	\$ (19,405)	Subsidiary (Note 1)
	Interchan Global	Samoa	Reinvesting business	42,393	42,393	1,298,686	100.00	29,547	(132)	(132)	Subsidiary
	CTBV	Netherlands	Wholesale, retail sale, and international trade, etc.	50,901	50,901	1,518,000	100.00	91,255	(4,697)	(4,697)	Subsidiary
Interchan Global	8086	Taiwan	Telecommunication construction and wholesale	2,915	2,915	291,500	100.00	-	-	-	Sub-subsubsidiary
CTBV	CCE	Czech Republic	Wholesale, retail sale, and international trade, etc.	71,438	71,438	-	100.00	43,892	(6,082)	(6,082)	Sub-subsubsidiary
	Iberia	Spain	Wholesale, retail sale, and international trade, etc.	12,294	12,294	-	100.00	8,399	960	960	Sub-subsubsidiary

Note 1: The share of profits/losses of investees includes a net loss of \$10,209 thousand and the effect of unrealized gross loss of \$9,196 thousand on intercompany transactions.

Note 2: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the six months ended June 30, 2022.

TABLE 5**COMTREND CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Edimax	19,649,060	33.73

Note: 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 preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by Comtrend as of the last business day for 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 preparation basis.