

Comtrend Corporation and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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.

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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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

November 6, 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.

COMTREND CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 475,900	31	\$ 523,357	29	\$ 567,079	27
Financial assets at fair value through profit or loss - current (Note 7)	-	-	-	-	1,265	-
Financial assets at fair value through other comprehensive income - current (Note 8)	57,268	4	62,212	4	66,538	3
Contract assets - current (Note 23)	2,361	-	8,355	-	7,740	1
Trade receivables (Notes 10 and 23)	233,777	15	409,378	23	476,471	23
Other receivables (Notes 10 and 30)	1,923	-	5,314	-	6,904	-
Current tax assets	12,799	1	11,914	1	11,263	1
Inventories (Note 11)	364,521	24	384,366	22	567,331	27
Other current assets (Note 15)	21,250	1	18,531	1	24,628	1
Total current assets	<u>1,169,799</u>	<u>76</u>	<u>1,423,427</u>	<u>80</u>	<u>1,729,219</u>	<u>83</u>
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Note 9)	26,493	2	20,197	1	6,374	-
Property, plant and equipment (Notes 13, 30 and 31)	277,962	18	292,070	16	291,719	14
Right-of-use assets (Note 14)	16,190	1	18,963	1	22,649	1
Intangible assets	2,512	-	1,601	-	-	-
Deferred tax assets	32,510	2	25,286	2	29,324	2
Net defined benefit assets - non-current (Note 21)	3,721	-	3,295	-	-	-
Other non-current assets (Note 15)	3,962	1	3,711	-	3,746	-
Total non-current assets	<u>363,350</u>	<u>24</u>	<u>365,123</u>	<u>20</u>	<u>353,812</u>	<u>17</u>
TOTAL	<u>\$ 1,533,149</u>	<u>100</u>	<u>\$ 1,788,550</u>	<u>100</u>	<u>\$ 2,083,031</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ -	-	\$ -	-	\$ 84,402	4
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	783	-	-	-
Contract liabilities - current (Note 23)	4,496	-	3,801	-	4,815	-
Notes payable and trade payables (Note 18)	164,445	11	152,225	9	284,722	14
Trade payables to related parties (Note 30)	89,979	6	61,984	4	105,340	5
Other payables (Notes 19 and 30)	49,839	3	57,180	3	71,170	3
Current tax liabilities	-	-	494	-	3,300	-
Provisions - current (Note 20)	8,393	-	7,914	-	7,279	-
Lease liabilities - current (Note 14)	10,310	1	10,852	1	12,298	1
Other current liabilities (Note 19)	12,445	1	25,441	1	30,587	2
Total current liabilities	<u>339,907</u>	<u>22</u>	<u>320,674</u>	<u>18</u>	<u>603,913</u>	<u>29</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 17)	200,000	13	200,000	11	200,000	10
Deferred tax liabilities	3,236	-	270	-	1,621	-
Lease liabilities - non-current (Note 14)	6,033	1	8,339	1	10,599	-
Net defined benefit liabilities	-	-	-	-	3,232	-
Total non-current liabilities	<u>209,269</u>	<u>14</u>	<u>208,609</u>	<u>12</u>	<u>215,452</u>	<u>10</u>
Total liabilities	<u>549,176</u>	<u>36</u>	<u>529,283</u>	<u>30</u>	<u>819,365</u>	<u>39</u>
EQUITY (Note 22)						
Share capital						
Ordinary shares	586,655	38	582,587	33	582,455	28
Capital collected in advance	-	-	2,052	-	102	-
Total share capital	<u>586,655</u>	<u>38</u>	<u>584,639</u>	<u>33</u>	<u>582,557</u>	<u>28</u>
Capital surplus	350,157	23	350,157	19	350,157	17
Retained earnings						
Legal reserve	85,435	6	83,922	5	83,922	4
Unappropriated earnings	(72,809)	(5)	203,810	11	205,946	10
Total retained earnings	<u>12,626</u>	<u>1</u>	<u>287,732</u>	<u>16</u>	<u>289,868</u>	<u>14</u>
Other equity						
Exchange differences on translation of financial statements of foreign operations	17,699	1	14,959	1	14,978	1
Unrealized gain on financial assets at fair value through other comprehensive income	16,836	1	21,780	1	26,106	1
Total other equity	<u>34,535</u>	<u>2</u>	<u>36,739</u>	<u>2</u>	<u>41,084</u>	<u>2</u>
Total equity	<u>983,973</u>	<u>64</u>	<u>1,259,267</u>	<u>70</u>	<u>1,263,666</u>	<u>61</u>
TOTAL	<u>\$ 1,533,149</u>	<u>100</u>	<u>\$ 1,788,550</u>	<u>100</u>	<u>\$ 2,083,031</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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 30)	\$ 279,470	100	\$ 552,303	100	\$ 715,617	100	\$ 1,437,452	100
OPERATING COSTS (Notes 11, 24 and 30)	<u>(189,094)</u>	<u>(68)</u>	<u>(386,270)</u>	<u>(70)</u>	<u>(567,379)</u>	<u>(79)</u>	<u>(994,906)</u>	<u>(69)</u>
GROSS PROFIT	<u>90,376</u>	<u>32</u>	<u>166,033</u>	<u>30</u>	<u>148,238</u>	<u>21</u>	<u>442,546</u>	<u>31</u>
OPERATING EXPENSES (Notes 10, 24 and 30)								
Selling and marketing expenses	(85,362)	(30)	(87,119)	(16)	(242,941)	(34)	(263,311)	(19)
General and administrative expenses	(24,393)	(9)	(29,468)	(5)	(68,738)	(10)	(75,200)	(5)
Research and development expenses	(33,323)	(12)	(37,600)	(7)	(104,741)	(15)	(117,810)	(8)
Expected credit gain	<u>139</u>	<u>-</u>	<u>1,688</u>	<u>1</u>	<u>5,088</u>	<u>1</u>	<u>1,049</u>	<u>-</u>
Total operating expenses	<u>(142,939)</u>	<u>(51)</u>	<u>(152,499)</u>	<u>(27)</u>	<u>(411,332)</u>	<u>(58)</u>	<u>(455,272)</u>	<u>(32)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(52,563)</u>	<u>(19)</u>	<u>13,534</u>	<u>3</u>	<u>(263,094)</u>	<u>(37)</u>	<u>(12,726)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 24)	-	-	-	-	324	-	-	-
Other gains and losses (Notes 24 and 30)	16,597	6	13,384	2	21,584	3	36,925	2
Finance costs (Note 24)	(1,002)	(1)	(912)	-	(2,832)	-	(2,295)	-
Interest income (Note 24)	<u>2,196</u>	<u>1</u>	<u>461</u>	<u>-</u>	<u>5,713</u>	<u>1</u>	<u>692</u>	<u>-</u>
Total non-operating income and expenses	<u>17,791</u>	<u>6</u>	<u>12,933</u>	<u>2</u>	<u>24,789</u>	<u>4</u>	<u>35,322</u>	<u>2</u>
(LOSS) PROFIT BEFORE INCOME TAX	(34,772)	(13)	26,467	5	(238,305)	(33)	22,596	1
INCOME TAX (EXPENSE) BENEFIT (Note 25)	<u>(2,704)</u>	<u>(1)</u>	<u>1,334</u>	<u>-</u>	<u>4,265</u>	<u>-</u>	<u>(6,033)</u>	<u>-</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(37,476)</u>	<u>(14)</u>	<u>27,801</u>	<u>5</u>	<u>(234,040)</u>	<u>(33)</u>	<u>16,563</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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME								
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	\$ (8,240)	(3)	\$ 16,750	3	\$ (4,944)	(1)	\$ 8,140	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(1,004)	-	12,379	2	2,740	1	23,166	2
Other comprehensive (loss) income for the period, net of income tax	(9,244)	(3)	29,129	5	(2,204)	-	31,306	2
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ (46,720)</u>	<u>(17)</u>	<u>\$ 56,930</u>	<u>10</u>	<u>\$ (236,244)</u>	<u>(33)</u>	<u>\$ 47,869</u>	<u>3</u>
(LOSS) EARNINGS PER SHARE (Note 26)								
Basic	<u>\$ (0.64)</u>		<u>\$ 0.48</u>		<u>\$ (3.99)</u>		<u>\$ 0.29</u>	
Diluted	<u>\$ (0.64)</u>		<u>\$ 0.47</u>		<u>\$ (3.99)</u>		<u>\$ 0.28</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)

	Share Capital (Note 22)			Capital Surplus (Notes 22 and 27)	Retained Earnings (Note 22)			Other Equity (Note 8)			Total Equity
	Ordinary Shares	Collected in Advance	Total		Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Total	
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	-	-	-	-	-	(57,757)	(57,757)	-	-	-	(57,757)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus	-	-	-	739	-	-	-	-	-	-	739
Recognition of employee share options by the Company (Note 27)	-	-	-	739	-	-	-	-	-	-	739
Disposal of equity instrument at FVTOCI (Note 8)	-	-	-	-	-	702	702	-	(702)	(702)	-
Issuance of ordinary shares under employee share options	9,492	66	9,558	-	-	-	-	-	-	-	9,558
Net gain for the nine months ended September 30, 2022	-	-	-	-	-	16,563	16,563	-	-	-	16,563
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	23,166	8,140	31,306	31,306
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	16,563	16,563	23,166	8,140	31,306	47,869
BALANCE AT SEPTEMBER 30, 2022	\$ 582,455	\$ 102	\$ 582,557	\$ 350,157	\$ 83,922	\$ 205,946	\$ 289,868	\$ 14,978	\$ 26,106	\$ 41,084	\$ 1,263,666
BALANCE AT JANUARY 1, 2023	\$ 582,587	\$ 2,052	\$ 584,639	\$ 350,157	\$ 83,922	\$ 203,810	\$ 287,732	\$ 14,959	\$ 21,780	\$ 36,739	\$ 1,259,267
Appropriation of 2022 earnings	-	-	-	-	1,513	(1,513)	-	-	-	-	-
Legal reserve	-	-	-	-	1,513	(1,513)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(41,066)	(41,066)	-	-	-	(41,066)
Issuance of ordinary shares under employee share options	4,068	(2,052)	2,016	-	-	-	-	-	-	-	2,016
Net loss for the nine months ended September 30, 2023	-	-	-	-	-	(234,040)	(234,040)	-	-	-	(234,040)
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	2,740	(4,944)	(2,204)	(2,204)
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	(234,040)	(234,040)	2,740	(4,944)	(2,204)	(236,244)
BALANCE AT SEPTEMBER 30, 2023	\$ 586,655	\$ -	\$ 586,655	\$ 350,157	\$ 85,435	\$ (72,809)	\$ 12,626	\$ 17,699	\$ 16,836	\$ 34,535	\$ 983,973

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)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) gain before income tax	\$ (238,305)	\$ 22,596
Adjustments for:		
Depreciation expense	31,936	34,283
Amortization expense	700	-
Expected credit recognized reversal on trade receivables	(5,088)	(1,049)
Net gain on fair value changes of financial assets at fair value through profit or loss	(783)	(1,265)
Finance costs	2,832	2,295
Interest income	(5,713)	(692)
Dividend income	(324)	-
Share-based payments	-	739
Net loss (gain) on disposal of financial assets	666	(969)
Write-down of inventories	81,875	12,172
Gain on lease modifications	(32)	(3)
Net changes in operating assets and liabilities		
Contract assets	5,994	(1,958)
Trade receivables	180,641	(110,743)
Other receivables	3,391	(5,530)
Inventories	(66,980)	95,271
Other current assets	(2,719)	701
Net defined benefit assets	(426)	-
Financial liabilities at fair value through profit or loss	(666)	-
Contract liabilities	695	3,605
Notes payable and trade payables (including related parties)	40,215	9,880
Other payables	(7,341)	(1,712)
Provisions	479	1,897
Other current liabilities	(12,996)	5,857
Net defined benefit liabilities	-	(5,841)
Cash generated from operations	8,051	59,534
Interest received	5,713	692
Dividends received	324	-
Interest paid	(2,614)	(2,073)
Income tax paid	(1,372)	(12,149)
Net cash generated from operating activities	<u>10,102</u>	<u>46,004</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	1,452
Acquisition from financial assets measured at amortized cost	(6,296)	(5,564)
Proceeds from sale of financial assets at fair value through profit or loss	-	969

(Continued)

COMTREND CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
Payments for property, plant and equipment	\$ (7,320)	\$ (213,618)
(Increase)/decrease in refundable deposits	(251)	1,442
Payments for intangible assets	<u>(1,611)</u>	<u>-</u>
Net cash used in investing activities	<u>(15,478)</u>	<u>(215,319)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	84,402
Proceeds from long-term borrowings	-	200,000
Repayment of the principal portion of lease liabilities	(10,703)	(10,142)
Dividends paid to owners of the Company	(41,066)	(57,757)
Exercise of employee share options	<u>2,016</u>	<u>9,558</u>
Net cash (used in) generated from financing activities	<u>(49,753)</u>	<u>226,061</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>7,672</u>	<u>28,120</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(47,457)	84,866
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>523,357</u>	<u>482,213</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 475,900</u>	<u>\$ 567,079</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 NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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’s parent is Edimax Technology Co., Ltd. (“Edimax”), which held 33.49%, 33.60% and 33.72%, respectively, of ordinary shares of Comtrend as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- c. 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 November 6, 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 endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs will be 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 amendments provide some transition relief regarding disclosure requirements.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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.

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 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 12 and Table 5 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 382	\$ 376	\$ 408
Checking accounts and demand deposits	351,580	422,981	350,796
Cash equivalents			
Time deposits with original maturities within 3 months	<u>123,938</u>	<u>100,000</u>	<u>215,875</u>
	<u>\$ 475,900</u>	<u>\$ 523,357</u>	<u>\$ 567,079</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Held for trading			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,265</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>783</u>	\$ <u>-</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
<u>September 30, 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 purpose of the Group trading in derivative financial instruments is to avoid the risks of foreign currency assets and liabilities from exchange rate fluctuations. However, such derivative financial instrument does not meet the conditions for effective hedging; therefore, hedge accounting is inapplicable.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic listed shares			
Ordinary shares - Edimax	<u>\$ 57,268</u>	<u>\$ 62,212</u>	<u>\$ 66,538</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.

In order to adjust the investment, the Group sold some of the ordinary shares of Edimax at the amount of fair value of \$1,452 thousand nine months ended September 30, 2022. The amount of other equity - financial assets measured at fair value through other comprehensive income of the unrealized benefits of \$702 thousand was transferred to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	<u>\$ 26,493</u>	<u>\$ 20,197</u>	<u>\$ 6,374</u>

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 234,008	\$ 414,649	\$ 478,443
Less: Allowance for impairment loss	<u>(231)</u>	<u>(5,271)</u>	<u>(1,972)</u>
	<u>\$ 233,777</u>	<u>\$ 409,378</u>	<u>\$ 476,471</u>
<u>Other receivables</u>			
Others	<u>\$ 1,923</u>	<u>\$ 5,314</u>	<u>\$ 6,904</u>

The average credit period for sales of goods is 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 an 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 a 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 the 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 bases.

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

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

September 30, 2023

	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	0.11%	0.04%	-	-	-	-	
Gross carrying amount	\$ 186,728	\$ 47,280	\$ -	\$ -	\$ -	\$ -	\$ 234,008
Loss allowance (Lifetime ECLs)	(211)	(20)	-	-	-	-	(231)
Amortized cost	<u>\$ 186,517</u>	<u>\$ 47,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,777</u>

December 31, 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	0.09%	1.09%	13.97%	-	100.00%	-	
Gross carrying amount	\$ 357,905	\$ 45,874	\$ 7,475	\$ -	\$ 3,395	\$ -	\$ 414,649
Loss allowance (Lifetime ECLs)	(330)	(502)	(1,044)	-	(3,395)	-	(5,271)
Amortized cost	<u>\$ 357,575</u>	<u>\$ 45,372</u>	<u>\$ 6,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,378</u>

September 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	0.04%	0.82%	15.46%	100.00%	100.00%	100.00%	
Gross carrying amount	\$ 446,765	\$ 21,265	\$ 10,383	\$ 30	\$ -	\$ -	\$ 478,443
Loss allowance (Lifetime ECLs)	<u>(162)</u>	<u>(175)</u>	<u>(1,605)</u>	<u>(30)</u>	<u>-</u>	<u>-</u>	<u>(1,972)</u>
Amortized cost	<u>\$ 446,603</u>	<u>\$ 21,090</u>	<u>\$ 8,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,471</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 5,271	\$ 2,712
Less: Impairment losses reversed	(5,088)	(1,049)
Foreign exchange gains and losses	<u>48</u>	<u>309</u>
Balance at September 30	<u>\$ 231</u>	<u>\$ 1,972</u>

11. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 182,067	\$ 90,385	\$ 120,542
Work in progress and semi-finished goods	48,221	64,976	84,380
Finished goods	96,961	121,024	134,529
Inventories in transit	37,272	105,786	227,880
Merchandise	<u>-</u>	<u>2,195</u>	<u>-</u>
	<u>\$ 364,521</u>	<u>\$ 384,366</u>	<u>\$ 567,331</u>

The cost of goods sold for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 included inventory write-downs (reversals of inventory write-downs) of \$15,667 thousand, \$(12,504) thousand, \$81,875 thousand, and \$12,172 thousand, respectively. The increase in the net realizable value of inventories was due to an increase in the selling price of inventories in a specific market or the sale of aging inventory.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Location	Proportion of Ownership (%)			Remark
				September 30, 2023	December 31, 2022	September 30, 2022	
Comtrend	Comtrend Corporation, USA ("CUSA")	Cable & cableless transmission equipment wholesale, retail sale, and international trade, etc.	USA	100.00	100.00	100.00	
Comtrend	Interchan Global Limited ("Interchan Global")	Investing	Samoa	-	-	100.00	Note

(Continued)

Investor	Investee	Nature of Activities	Location	Proportion of Ownership (%)			Remark
				September 30, 2023	December 31, 2022	September 30, 2022	
Comtrend	Comtrend Technology (Netherlands) B.V. ("CTBV")	Cable & cableless transmission equipment wholesale, retail sale, and international trade, etc.	Netherlands	100.00	100.00	100.00	
Interchan Global	Interchan Taiwan ("8086")	Telecommunication construction and wholesale	Taiwan	-	-	-	Note
CTBV	Comtrend Iberia S.L. ("Iberia")	Cable and cableless transmission services	Spain	100.00	100.00	100.00	
CTBV	Comtrend Central Europe S.R.O. ("CCE")	Cable and cableless transmission equipment wholesale, retail sale, and international trade, etc.	Czech Republic	100.00	100.00	100.00	

(Concluded)

Note: The Group completed the liquidation procedures of Interchan Global and 8086 in December 2022 and July 2022, respectively.

13. 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, 2022	\$ -	\$ -	\$ 27,128	\$ 37,812	\$ 916	\$ 3,150	\$ 119,819	\$ 188,825
Additions	190,052	67,047	213	5,148	-	1,000	6,954	270,414
Disposals	-	-	(123)	(47)	(16)	-	(1,763)	(1,949)
Effects of foreign currency exchange differences	-	-	793	-	55	-	59	907
Balance at September 30, 2022	<u>\$ 190,052</u>	<u>\$ 67,047</u>	<u>\$ 28,011</u>	<u>\$ 42,913</u>	<u>\$ 955</u>	<u>\$ 4,150</u>	<u>\$ 125,069</u>	<u>\$ 458,197</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	-	2,286	1,394	5,211	28	564	14,894	24,377
Disposals	-	-	(123)	(47)	(16)	-	(1,763)	(1,949)
Effects of foreign currency exchange differences	-	-	543	-	55	-	38	636
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 2,286</u>	<u>\$ 24,413</u>	<u>\$ 34,586</u>	<u>\$ 869</u>	<u>\$ 1,939</u>	<u>\$ 102,385</u>	<u>\$ 166,478</u>
Carrying amount at September 30, 2022	<u>\$ 190,052</u>	<u>\$ 64,761</u>	<u>\$ 3,598</u>	<u>\$ 8,327</u>	<u>\$ 86</u>	<u>\$ 2,211</u>	<u>\$ 22,684</u>	<u>\$ 291,719</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 190,052	\$ 67,047	\$ 27,824	\$ 42,912	\$ 1,966	\$ 4,150	\$ 132,443	\$ 466,394
Additions	-	-	-	4,740	-	-	2,580	7,320
Disposals	-	-	-	(7,015)	-	-	(2)	(7,017)
Effects of foreign currency exchange differences	-	-	309	-	21	-	23	353
Balance at September 30, 2023	<u>\$ 190,052</u>	<u>\$ 67,047</u>	<u>\$ 28,133</u>	<u>\$ 40,637</u>	<u>\$ 1,987</u>	<u>\$ 4,150</u>	<u>\$ 135,044</u>	<u>\$ 467,050</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 3,047	\$ 24,745	\$ 36,485	\$ 941	\$ 2,138	\$ 106,968	\$ 174,324
Depreciation expense	-	2,287	1,106	4,512	286	514	12,795	21,500
Disposals	-	-	-	(7,015)	-	-	(2)	(7,017)
Effects of foreign currency exchange differences	-	-	242	-	21	-	18	281
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 5,334</u>	<u>\$ 26,093</u>	<u>\$ 33,982</u>	<u>\$ 1,248</u>	<u>\$ 2,652</u>	<u>\$ 119,779</u>	<u>\$ 189,088</u>
Carrying amount at September 30, 2023	<u>\$ 190,052</u>	<u>\$ 61,713</u>	<u>\$ 2,040</u>	<u>\$ 6,655</u>	<u>\$ 739</u>	<u>\$ 1,498</u>	<u>\$ 15,265</u>	<u>\$ 277,962</u>

a. No impairment loss or reversal of impairment loss was recognized for the nine months ended September 30, 2023 and 2022.

- b. The cash flow information for the acquisition of property, plant and equipment by the Group for the nine months ended September 30, 2023 and 2022 is adjusted as follows:

	For the Nine Months Ended September 30	
	2023	2022
Additions to property, plant and equipment	\$ 7,320	\$ 270,414
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>\$ 7,320</u>	<u>\$ 213,618</u>

- c. Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 31.
- 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	2-5 years

14. LEASE ARRANGEMENTS

- a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022	
<u>Carrying amount</u>				
Buildings	\$ 14,824	\$ 16,804	\$ 20,309	
Transportation equipment	<u>1,366</u>	<u>2,159</u>	<u>2,340</u>	
	<u>\$ 16,190</u>	<u>\$ 18,963</u>	<u>\$ 22,649</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions to right-of-use assets			<u>\$ 7,324</u>	<u>\$ 11,079</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 3,161	\$ 3,307	\$ 9,608	\$ 9,015
Transportation equipment	<u>280</u>	<u>258</u>	<u>828</u>	<u>891</u>
	<u>\$ 3,441</u>	<u>\$ 3,565</u>	<u>\$ 10,436</u>	<u>\$ 9,906</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 nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 10,310</u>	<u>\$ 10,852</u>	<u>\$ 12,298</u>
Non-current	<u>\$ 6,033</u>	<u>\$ 8,339</u>	<u>\$ 10,599</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	1.36%-1.75%	1.375%	1.36%
Transportation equipment	1.25%-1.36%	1.25%-1.36%	1.25-1.375%

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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to low-value asset leases	<u>\$ 510</u>	<u>\$ 628</u>	<u>\$ 1,651</u>	<u>\$ 1,922</u>
Total cash outflow for leases	<u>\$ (4,110)</u>	<u>\$ (4,356)</u>	<u>\$ (12,572)</u>	<u>\$ (12,286)</u>

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.

15. OTHER ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepaid expenses	\$ 7,405	\$ 8,742	\$ 10,423
Input VAT and tax deduction	11,783	7,569	12,329
Prepayments	2,043	995	783
Others	<u>19</u>	<u>1,225</u>	<u>1,093</u>
	<u>\$ 21,250</u>	<u>\$ 18,531</u>	<u>\$ 24,628</u>

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Refundable deposits	<u>\$ 3,962</u>	<u>\$ 3,711</u>	<u>\$ 3,746</u> (Concluded)

16. SHORT-TERM BORROWINGS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,402</u>

The effective interest rate of the bank loan is 1.40%-1.43%.

17. LONG-TERM BORROWINGS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u>			
Bank loans	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

The bank borrowings are secured by the Group's land and buildings; refer to Note 31 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, 2025 is 1.25%-1.75%, and the effective annual interest rate from January 15, 2025 to January 14, 2042 is 1.86%. The purpose of the borrowings is to purchase land and buildings for operations.

18. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Notes payable	\$ 14	\$ 7	\$ 14
Trade payables	<u>164,431</u>	<u>152,218</u>	<u>284,708</u>
	<u>\$ 164,445</u>	<u>\$ 152,225</u>	<u>\$ 284,722</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.

19. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Other payables			
Payables for salaries	\$ 26,223	\$ 18,315	\$ 27,111
Payables for professional service fees	5,706	6,728	5,721
Payables for royalties	2,864	2,726	2,818
Payables for freight and customs fees	959	4,100	11,099
Payables for compensation of employees and remuneration of directors	360	1,597	2,250
Others	<u>13,727</u>	<u>23,714</u>	<u>22,171</u>
	<u>\$ 49,839</u>	<u>\$ 57,180</u>	<u>\$ 71,170</u>
Other liabilities			
Refund liabilities	\$ 9,116	\$ 24,497	\$ 28,630
Others	<u>3,329</u>	<u>944</u>	<u>1,957</u>
	<u>\$ 12,445</u>	<u>\$ 25,441</u>	<u>\$ 30,587</u>

20. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Warranties	<u>\$ 8,393</u>	<u>\$ 7,914</u>	<u>\$ 7,279</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.

21. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans both were \$0, and for the nine months ended September 30, 2023 and 2022, 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, 2022 and 2021, respectively.

22. EQUITY

a. Share capital

	September 30, 2023	December 31, 2022	September 30, 2022
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>58,666</u>	<u>58,259</u>	<u>58,246</u>
Shares issued (in thousands of N.T. dollars)	<u>\$ 586,655</u>	<u>\$ 582,587</u>	<u>\$ 582,455</u>
Shares collected in advance (in thousands of N.T. dollars)	<u>\$ -</u>	<u>\$ 2,052</u>	<u>\$ 102</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 \$9,456 thousand, equivalent to 946 thousand shares, with a subscription price of \$10, into ordinary shares for the nine months ended September 30, 2022. The outstanding ordinary shares after the new shares issued were 582,455 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on August 22, 2022.

Comtrend converted employee share options of \$102 thousand, equivalent to 10 thousand shares. Since the change registration has not been completed as of September 30, 2022, it is listed as capital collected in advance. The registration for the capital change has been filed with the Ministry of Economic Affairs on December 5, 2022.

Comtrend converted employee share options of \$9,588 thousand, equivalent to 959 thousand shares, with a subscription price of \$10, into ordinary shares for the year ended December 31, 2022. The outstanding ordinary shares after the new shares issued were 582,587 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on December 5, 2022.

Comtrend converted employee share options of \$2,052 thousand, equivalent to 205 thousand shares. Since the change registration has not been completed as of December 31, 2022, it is listed as capital collected in advance. The registration for the capital change has been filed with the Ministry of Economic Affairs on April 6, 2023.

Comtrend converted employee share options of \$2,016 thousand, equivalent to 202 thousand shares, with a subscription price of \$10, into ordinary shares for the nine months ended September 30, 2023. The outstanding ordinary shares after the new shares issued were 586,655 thousand. The registration for the capital change has been filed with the Ministry of Economic Affairs on April 6, 2023.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Premium from issuance of ordinary shares	\$ 346,078	\$ 344,596	\$ 343,784
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>-</u>	<u>1,482</u>	<u>2,294</u>
	<u>\$ 350,157</u>	<u>\$ 350,157</u>	<u>\$ 350,157</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 by the shareholders in their 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 24 (h).

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 10% of the undistributed retained earnings should be distributed as dividends to shareholders unless undistributed retained earnings is less than 40% 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, 2022 and 2021, which were resolved by the shareholders in their meetings on June 15, 2023 and June 14, 2022, were as follows:

	2022	2021
Legal reserve	\$ <u>1,513</u>	\$ <u>-</u>
Cash dividends	\$ <u>41,066</u>	\$ <u>57,757</u>
Cash dividends per share (NT\$)	\$ 0.7	\$ 1

23. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from the sale of goods	\$ 275,672	\$ 549,918	\$ 708,198	\$ 1,426,854
Revenue from the rendering of services	<u>3,798</u>	<u>2,385</u>	<u>7,419</u>	<u>10,598</u>
	<u>\$ 279,470</u>	<u>\$ 552,303</u>	<u>\$ 715,617</u>	<u>\$ 1,437,452</u>

Contract Balances

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Trade receivables (Note 10)	\$ <u>234,008</u>	\$ <u>414,649</u>	\$ <u>478,443</u>	\$ <u>367,700</u>
Contract assets - sale of goods	\$ <u>2,361</u>	\$ <u>8,355</u>	\$ <u>7,740</u>	\$ <u>5,782</u>
Contract liabilities - sale of goods	\$ <u>4,496</u>	\$ <u>3,801</u>	\$ <u>4,815</u>	\$ <u>1,210</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.

24. NET (LOSS) PROFIT

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	\$ <u>2,196</u>	\$ <u>461</u>	\$ <u>5,713</u>	\$ <u>692</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Dividend Income	\$ <u>-</u>	\$ <u>-</u>	\$ <u>324</u>	\$ <u>-</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net gain on fair value changes of financial liabilities at fair value through profit or loss	\$ -	\$ 1,265	\$ 783	\$ 1,265
Net (loss) gain on disposal of financial assets	-	-	(666)	969
Net foreign exchange gain	15,297	11,108	17,737	31,477
Other gain	<u>1,300</u>	<u>1,011</u>	<u>3,730</u>	<u>3,214</u>
	<u>\$ 16,597</u>	<u>\$ 13,384</u>	<u>\$ 21,584</u>	<u>\$ 36,925</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ 70	\$ 77	\$ 218	\$ 222
Interest on bank loans	<u>932</u>	<u>835</u>	<u>2,614</u>	<u>2,073</u>
	<u>\$ 1,002</u>	<u>\$ 912</u>	<u>\$ 2,832</u>	<u>\$ 2,295</u>

e. Impairment losses recognized (reversed)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Trade receivables	<u>\$ (139)</u>	<u>\$ (1,688)</u>	<u>\$ (5,088)</u>	<u>\$ (1,049)</u>
Inventories (included in operating costs)	<u>\$ 15,667</u>	<u>\$ (12,504)</u>	<u>\$ 81,875</u>	<u>\$ 12,172</u>

f. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 6,905	\$ 8,225	\$ 21,500	\$ 24,377
Right-of-use assets	3,441	3,565	10,436	9,906
Intangible assets	<u>300</u>	<u>-</u>	<u>700</u>	<u>-</u>
	<u>\$ 10,646</u>	<u>\$ 11,790</u>	<u>\$ 32,636</u>	<u>\$ 34,283</u>
An analysis of depreciation by function				
Operating expenses	<u>\$ 10,346</u>	<u>\$ 11,790</u>	<u>\$ 31,936</u>	<u>\$ 34,283</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ -</u>

g. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term benefits	\$ 90,465	\$ 92,467	\$ 275,264	\$ 278,033
Post-employment benefits				
Defined contribution plans	3,007	3,185	9,167	9,458
Share-based payments				
Equity-settled	-	-	-	739
Termination benefits	<u>8,317</u>	<u>-</u>	<u>10,631</u>	<u>1,132</u>
Total employee benefits expense	<u>\$ 101,789</u>	<u>\$ 95,652</u>	<u>\$ 295,062</u>	<u>\$ 289,362</u>
An analysis of employee benefits expense by function				
Operating expenses	<u>\$ 101,789</u>	<u>\$ 95,652</u>	<u>\$ 295,062</u>	<u>\$ 289,362</u>

h. 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 nine months ended September 30, 2023. The compensation of employees and remuneration of directors estimated for the three months ended September 30, 2022 and for the nine months ended September 30, 2022 are as follows:

Accrual rate

	For the Nine Months Ended September 30, 2022
Compensation of employees	7.5%
Remuneration of directors	1.5%

Amount

	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Compensation of employees	<u>\$ 1,875</u>	<u>\$ 1,875</u>
Remuneration of directors	<u>\$ 375</u>	<u>\$ 375</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 compensation of employees and remuneration of directors for the year ended December 31, 2022 which have been approved by Comtrend's board of directors on March 3, 2023, are as follows:

Accrual rate

	For the Year Ended December 31, 2022
Compensation of employees	7.5%
Remuneration of directors	1.5%

Amount

	For the Year Ended December 31, 2022
Compensation of employees	\$ 1,331
Remuneration of directors	266

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, 2022.

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.

i. Gains (losses) on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 19,061	\$ 22,580	\$ 36,480	\$ 51,700
Foreign exchange losses	<u>(3,764)</u>	<u>(11,472)</u>	<u>(18,743)</u>	<u>(20,223)</u>
	<u>\$ 15,297</u>	<u>\$ 11,108</u>	<u>\$ 17,737</u>	<u>\$ 31,477</u>

25. INCOME TAXES

a. Income tax recognized in profit or loss

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ -	\$ 3,651	\$ -	\$ (3,078)
Adjustments for prior periods	<u>2</u>	<u>987</u>	<u>7</u>	<u>2,533</u>
	2	4,638	7	(545)
Deferred tax				
In respect of the current period	<u>(2,706)</u>	<u>(3,304)</u>	<u>4,258</u>	<u>(5,488)</u>
Income tax (expense) benefit recognized in profit or loss	<u>\$ (2,704)</u>	<u>\$ 1,334</u>	<u>\$ 4,265</u>	<u>\$ (6,033)</u>

b. Income tax assessments

The tax returns of Comtrend and its subsidiaries for the nine months ended September 30, 2023 that have been assessed by the authorities are as follows:

	Year of Tax Assessment
Comtrend	2021
CUSA	2022
CTBV	2022
CCE	2022
Iberia	2022

26. (LOSS) EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic (loss) earnings per share	<u>\$ (0.64)</u>	<u>\$ 0.48</u>	<u>\$ (3.99)</u>	<u>\$ 0.29</u>
Diluted (loss) earnings per share	<u>\$ (0.64)</u>	<u>\$ 0.47</u>	<u>\$ (3.99)</u>	<u>\$ 0.28</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net (loss) profit for the period	\$ (37,476)	\$ 27,801	\$ (234,040)	\$ 16,563

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	58,666	58,246	58,643	57,903
Effect of potentially dilutive ordinary shares:				
Employee share options	-	321	-	321
Compensation of employees	-	85	-	85
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	<u>58,666</u>	<u>58,652</u>	<u>58,643</u>	<u>58,309</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.

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Group did not issue any employee share options during the nine months ended September 30, 2023 and 2022 both.

Information on outstanding issued employee share options is as follows:

	For the Nine Months Ended September 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	380	\$ 10.00	1,547	\$ 10.00
Options forfeited	(178)	10.00	(3)	10.00
Options exercised	<u>(202)</u>	10.00	<u>(956)</u>	10.00
Balance at September 30	<u>-</u>		<u>588</u>	10.00
Options exercisable, end of period	<u>-</u>		<u>588</u>	

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

	September 30, 2023	December 31, 2022	September 30, 2022
Range of exercise price (NT\$)	-	\$10.00	\$10.00
Weighted-average remaining contractual life (in years)	-	0.07 years	0.32 years

The compensation costs recognized were \$0, \$0 for the three months ended September 30, 2023 and 2022, respectively. The compensation costs recognized were \$0 and \$739 thousand for the nine months ended September 30, 2023 and 2022, respectively.

28. 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.

29. 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

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 57,268	\$ -	\$ -	\$ 57,268
Unlisted shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 57,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,268</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 62,212	\$ -	\$ -	\$ 62,212
Unlisted shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 62,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,212</u>

Financial liabilities at FVTPL

Derivatives	<u>\$ -</u>	<u>\$ 783</u>	<u>\$ -</u>	<u>\$ 783</u>
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September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ 1,265</u>	<u>\$ -</u>	<u>\$ 1,265</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 66,538	\$ -	\$ -	\$ 66,538
Unlisted shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 66,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,538</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 Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at FVTPL	\$ -	\$ -	\$ 1,265
Financial assets at amortized cost (1)	742,055	961,957	1,060,574
Financial assets at FVTOCI	57,268	62,212	66,538
<u>Financial liabilities</u>			
Financial liability at FVTPL	-	783	-
Amortized cost (2)	504,263	471,389	745,634

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, 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 upon consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

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 their translation at the end of the reporting period is adjusted at a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit (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 profit (loss) and other equity, and the balances below would be negative.

	EUR Impact		USD Impact	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Profit or loss	\$ (411) (i)	\$ (521) (i)	\$ (2,929) (ii)	\$ (2,091) (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 balance of accounts receivable denominated in USD and the balance of accounts receivable denominated in 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 150,431	\$ 120,197	\$ 222,249
Financial liabilities	216,343	219,191	307,299
Cash flow interest rate risk			
Financial assets	351,580	422,981	350,796

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 nine months ended September 30, 2023 and pre-tax profit for the nine months ended September 30, 2022 would have decreased/increased by \$2,637 thousand and increased/decreased by \$2,631 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 nine months ended September 30, 2023 and 2022 would have increased/decreased by \$573 thousand and \$665 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 26.98%, 65.23% and 81.97% of the total trade receivables as of September 30, 2023, December 31, 2022 and September 30, 2022, 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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group had available unutilized short-term bank loan facilities set out in (c) 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.

September 30, 2023

	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	\$ 1,184	\$ 2,369	\$ 6,930	\$ 6,076	\$ -
Long-term borrowings	292	583	2,625	51,516	183,088
Notes payable and trade payables	64,803	165,585	23,933	103	-
Other payables	<u>4,511</u>	<u>26,409</u>	<u>10,245</u>	<u>8,674</u>	<u>-</u>
	<u>\$ 70,790</u>	<u>\$ 194,946</u>	<u>\$ 43,733</u>	<u>\$ 66,369</u>	<u>\$ 183,088</u>

Additional information about the maturity analysis for long-term borrowings:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Long-term borrowings	<u>\$ 3,500</u>	<u>\$ 51,516</u>	<u>\$ 68,658</u>	<u>\$ 68,658</u>	<u>\$ 45,772</u>

December 31, 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>					
Lease liabilities	\$ 1,309	\$ 2,151	\$ 7,579	\$ 8,439	\$ -
Long-term borrowings	266	542	2,437	43,168	191,439
Notes payable and trade payables	34,802	130,412	48,939	56	-
Other payables	<u>12,136</u>	<u>6,798</u>	<u>24,040</u>	<u>14,206</u>	<u>-</u>
	<u>\$ 48,513</u>	<u>\$ 139,903</u>	<u>\$ 82,995</u>	<u>\$ 65,869</u>	<u>\$ 191,439</u>

Additional information about the maturity analysis for long-term borrowings:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Long-term borrowings	<u>\$ 3,245</u>	<u>\$ 43,168</u>	<u>\$ 67,967</u>	<u>\$ 67,967</u>	<u>\$ 55,505</u>

September 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	\$ 84,443	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1,325	2,651	8,548	10,729	-
Long-term borrowings	240	500	2,250	39,562	191,145
Notes payable and trade payables	111,466	231,163	47,337	55	41
Other payables	<u>17,437</u>	<u>27,837</u>	<u>17,615</u>	<u>5,899</u>	<u>2,382</u>
	<u>\$ 214,911</u>	<u>\$ 262,151</u>	<u>\$ 75,750</u>	<u>\$ 56,245</u>	<u>\$ 193,568</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	\$ 2,990	\$ 39,562	\$ 66,678	\$ 66,679	\$ 57,788
Notes payable and trade payables	389,966	55	41	-	-
Other payables	<u>62,889</u>	<u>5,899</u>	<u>2,382</u>	<u>-</u>	<u>-</u>
	<u>\$ 455,845</u>	<u>\$ 45,516</u>	<u>\$ 69,101</u>	<u>\$ 66,679</u>	<u>\$ 57,788</u>

Bank loans with a repayment on demand clause were included in the time band in the above maturity analysis. As of September 30, 2023, December 31, 2022 and September 30, 2022, the aggregate undiscounted principal amounts of these bank loans amounted to \$200,000 thousand, \$200,000 thousand and \$284,402 thousand, respectively. Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid 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 \$238,104 thousand, \$237,852 thousand and \$318,140 thousand, respectively.

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

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates, as illustrated by the yield curves at the end of the reporting period.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
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>

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Foreign exchange forward contracts					
Inflows	\$ -	\$ -	\$ 29,918	\$ -	\$ -
Outflows	<u>-</u>	<u>-</u>	<u>(28,653)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,265</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

As of September 30, 2023, December 31, 2022 and September 30, 2022, unused financing facilities amounted to \$547,203 thousand, \$533,319 thousand and \$458,173 thousand, respectively.

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between Comtrend and its subsidiaries, which are related parties of Comtrend, have been eliminated upon 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
ABS Telecom Inc.	Fellow Company
Talent Vantage Limited (Talent)	Associate of the Company's parent

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Sales	Associate of the Company's parent	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ 1,637</u>	<u>\$ -</u>

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

c. Purchases of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Company's parent - Edimax	\$ 58,529	\$ 54,134	\$ 150,865	\$ 164,240
Associate of the Company's parent - Talent	<u>549</u>	<u>35,850</u>	<u>6,528</u>	<u>67,963</u>
	<u>\$ 59,078</u>	<u>\$ 89,984</u>	<u>\$ 157,393</u>	<u>\$ 232,203</u>

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

d. Receivables from related parties

Line Item	Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables	The Company's parent - Edimax	<u>\$ 515</u>	<u>\$ 406</u>	<u>\$ 402</u>

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2023 and 2022, and for the years ended December 31, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	The Company's parent - Edimax	\$ 89,677	\$ 55,006	\$ 61,489
	Associate of the Company's parent - Talent	<u>302</u>	<u>6,978</u>	<u>43,851</u>
		<u>\$ 89,979</u>	<u>\$ 61,984</u>	<u>\$ 105,340</u>
Other payables	The Company's parent	\$ 361	\$ 2,940	\$ 1,909
	Associate of the Company's parent	229	679	476
	Fellow Company	<u>28</u>	<u>15</u>	<u>15</u>
		<u>\$ 618</u>	<u>\$ 3,634</u>	<u>\$ 2,400</u>

The outstanding trade payables to related parties are unsecured.

f. Acquisition of property, plant and equipment

Line Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Other equipment	The Company's parent - Edimax	\$ -	\$ 100	\$ -	\$ 1,557
	Associate of the Company's parent - Talent	<u>796</u>	<u>-</u>	<u>796</u>	<u>-</u>
		<u>\$ 796</u>	<u>\$ 100</u>	<u>\$ 796</u>	<u>\$ 1,557</u>

g. Other transactions with related parties

Line Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Operating expenses	The Company's parent	\$ 2,604	\$ 4,149	\$ 8,481	\$ 10,368
	Associate of the Company's parent	1,078	1,620	1,610	3,116
	Fellow Company	<u>27</u>	<u>14</u>	<u>125</u>	<u>43</u>
		<u>\$ 3,709</u>	<u>\$ 5,783</u>	<u>\$ 10,216</u>	<u>\$ 13,527</u>
Miscellaneous revenue	The Company's parent - Edimax	<u>\$ 1,210</u>	<u>\$ 982</u>	<u>\$ 3,594</u>	<u>\$ 2,924</u>

h. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 6,700	\$ 6,332	\$ 18,074	\$ 19,017
Share-based payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>140</u>
	<u>\$ 6,700</u>	<u>\$ 6,332</u>	<u>\$ 18,074</u>	<u>\$ 19,157</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.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	<u>\$ 250,669</u>	<u>\$ 252,953</u>	<u>\$ 253,715</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of September 30, 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 September 30, 2023.

33. 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:

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,316	32.27 (USD:NTD)	\$ 526,533
USD	920	23.21 (USD:CZK)	29,678
EUR	904	33.91 (EUR:NTD)	30,644
EUR	310	24.47 (EUR:CZK)	10,501
<u>Financial liabilities</u>			
Monetary items			
USD	7,921	32.27 (USD:NTD)	255,598
USD	240	23.21 (USD:CZK)	7,740

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 20,484	30.71 (USD:NTD)	\$ 629,077
USD	1,582	0.94 (USD:EUR)	48,580
USD	3,099	22.62 (USD:CZK)	95,173
EUR	2,801	32.72 (EUR:NTD)	91,638
EUR	647	24.12 (EUR:CZK)	21,158
<u>Financial liabilities</u>			
Monetary items			
USD	6,762	30.71 (USD:NTD)	207,671
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

September 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,865	31.75 (USD:NTD)	\$ 567,200
USD	3,095	1.02 (USD:EUR)	98,282
USD	1,924	25.18 (USD:CZK)	61,095
EUR	4,059	31.26 (EUR:NTD)	126,887
EUR	369	24.55 (EUR:CZK)	11,548

Financial liabilities

Monetary items			
USD	12,096	31.75 (USD:NTD)	384,053
USD	2,665	1.02 (USD:EUR)	84,622
USD	1,538	25.18 (USD:CZK)	48,824
EUR	2,761	31.26 (EUR:NTD)	86,324

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:

Foreign Currency	For the Three Months Ended September 30			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	\$ 13,527	1 (NTD:NTD)	\$ 10,230
EUR	34.49 (EUR:NTD)	<u>1,770</u>	30.62 (EUR:NTD)	<u>878</u>
		<u>\$ 15,297</u>		<u>\$ 11,108</u>

Foreign Currency	For the Nine Months Ended September 30			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	\$ 17,773	1 (NTD:NTD)	\$ 30,524
EUR	33.52 (EUR:NTD)	<u>(36)</u>	31.26 (EUR:NTD)	<u>953</u>
		<u>\$ 17,737</u>		<u>\$ 31,477</u>

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 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 (Table 3)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 4)
- 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 (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 6).

35. 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 Nine Months Ended September 30	
	2023	2022
Revenue from external customers	\$ 715,617	\$ 1,437,452
Inter-segment revenue	<u>-</u>	<u>-</u>
Segment revenue	715,617	1,437,452
Eliminations	<u>-</u>	<u>-</u>
Consolidated revenue	<u>\$ 715,617</u>	<u>\$ 1,437,452</u>
Segment loss	\$ (263,049)	\$ (12,726)
Non-operating income and expense	<u>24,789</u>	<u>35,322</u>
(Loss) Earing before income tax from continuing operations	<u>\$ (238,305)</u>	<u>\$ 22,596</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
SEPTEMBER 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	September 30, 2023				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	357	\$ -	0.39	\$ -	
			Financial assets at FVTOCI - current	4,120	57,268	1.94	57,268	

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 NINE MONTHS ENDED SEPTEMBER 30, 2023
(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	\$ (173,037)	(25.63)	By operating conditions; collection period: 60-240 days	Normal	By operating conditions; collection period: 60-240 days	\$ 249,173	55.73	Note
	Edimax	Parent company	Purchase	150,865	27.46	Normal	Normal	Normal	(89,677)	(35.29)	

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

COMTREND CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars)

Group Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Comtrend	CUSA	Subsidiary	\$ 249,173	1.03	\$ 108,109	CUSA has actively arranged for the repayment to Comtrend	\$ 6,476	\$ -

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

COMTREND CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(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)
	<u>For the nine months ended September 30, 2023</u>						
0	Comtrend	CUSA	a	Sale revenue	\$ 173,037	Normal	24.18
		CUSA	a	Accounts receivable	249,173	Normal; collection period: 60-240 days	16.25
		CCE	a	Sale revenue	22,485	Normal	3.14
		CCE	a	Accounts receivable	7,149	Normal; collection period: 60-180 days	0.47
		CTBV	a	Sales revenue	79,649	Normal	11.13
		CTBV	a	Accounts receivable	20,406	Normal; collection period: 60-180 days	1.33

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 nine months ended September 30, 2023.

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 NINE MONTHS ENDED SEPTEMBER 30, 2023
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	January 1, 2023	Number of Shares	%	Carrying Amount			
Comtrend	CUSA CTBV	USA Netherlands	Wholesale, retail sale, and international trade, etc.	\$ 98,341	\$ 98,341	200,000	100.00	\$ (98,344)	\$ (155,195)	\$ (171,427)	Subsidiary (Note 1)
			Wholesale, retail sale, and international trade, etc.	50,901	50,901	1,518,000	100.00	87,967	(21,269)	(21,169)	Subsidiary (Note 2)
CTBV	CCE Iberia	Czech Republic Spain	Wholesale, retail sale, and international trade, etc.	71,438	71,438	-	100.00	41,821	(13,366)	(13,366)	Sub-subsidiary
			Wholesale, retail sale, and international trade, etc.	12,294	12,294	-	100.00	973	(8,257)	(8,257)	Sub-subsidiary

Note 1: The share of profits/losses of investees includes a net loss of \$155,195 thousand and the effect of unrealized gross profit of \$16,232 thousand on intercompany transactions.

Note 2: The share of profits/losses of investees includes a net loss of \$21,269 thousand and the effect of unrealized gross profit of \$100 thousand on intercompany transactions.

Note 3: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the nine months ended September 30, 2023.

TABLE 6**COMTREND CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Edimax	19,649,060	33.49

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.