

# **Comtrend Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2024 and 2023 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Comtrend Corporation

### Introduction

We have reviewed the accompanying consolidated balance sheets of Comtrend Corporation and its subsidiaries (collectively, the “Group”) as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 8, 2024

Notice to Readers

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

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

# COMTREND CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 966,402	30	\$ 492,713	29	\$ 475,900	31
Financial assets at fair value through other comprehensive income - current (Note 7)	154,088	5	66,126	4	57,268	4
Contract assets - current (Note 22)	3,896	-	1,160	-	2,361	-
Trade receivables (Notes 9 and 22)	780,559	24	179,423	10	233,777	15
Other receivables (Notes 9 and 29)	18,237	1	10,850	1	1,923	-
Current tax assets	1,977	-	4,375	-	12,799	1
Inventories (Note 10)	914,429	28	561,407	33	364,521	24
Other current assets (Note 14)	14,093	-	18,826	1	21,250	1
Total current assets	<u>2,853,681</u>	<u>88</u>	<u>1,334,880</u>	<u>78</u>	<u>1,169,799</u>	<u>76</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at amortized cost - non-current (Note 8)	21,907	-	21,516	1	26,493	2
Property, plant and equipment (Notes 12, 29 and 30)	284,367	9	279,883	17	277,962	18
Right-of-use assets (Note 13)	28,341	1	38,706	2	16,190	1
Intangible assets	1,426	-	2,211	-	2,512	-
Deferred tax assets	57,917	2	32,047	2	32,510	2
Net defined benefit assets - non-current (Note 20)	4,466	-	4,091	-	3,721	-
Other non-current assets (Note 14)	3,248	-	4,818	-	3,962	1
Total non-current assets	<u>401,672</u>	<u>12</u>	<u>383,272</u>	<u>22</u>	<u>363,350</u>	<u>24</u>
<b>TOTAL</b>	<u>\$ 3,255,353</u>	<u>100</u>	<u>\$ 1,718,152</u>	<u>100</u>	<u>\$ 1,533,149</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 15)	\$ 70,000	2	\$ 177,612	10	\$ -	-
Contract liabilities - current (Note 22)	5,057	-	5,000	-	4,496	-
Notes payable and trade payables (Note 17)	1,221,643	38	307,629	18	164,445	11
Trade payables to related parties (Note 29)	5,567	-	26,173	2	89,979	6
Other payables (Notes 18 and 29)	149,330	5	63,629	4	49,839	3
Current tax liabilities	101,335	3	-	-	-	-
Provisions - current (Note 19)	36,801	1	8,770	1	8,393	-
Lease liabilities - current (Note 13)	9,321	-	13,616	1	10,310	1
Current portion of long-term borrowings (Note 16)	6,639	-	-	-	-	-
Other current liabilities (Note 18)	14,995	1	5,996	-	12,445	1
Total current liabilities	<u>1,620,688</u>	<u>50</u>	<u>608,425</u>	<u>36</u>	<u>339,907</u>	<u>22</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 16 and 30)	193,361	6	200,000	12	200,000	13
Deferred tax liabilities	4,398	-	9	-	3,236	-
Lease liabilities - non-current (Note 13)	19,688	-	25,285	1	6,033	1
Total non-current liabilities	<u>217,447</u>	<u>6</u>	<u>225,294</u>	<u>13</u>	<u>209,269</u>	<u>14</u>
Total liabilities	<u>1,838,135</u>	<u>56</u>	<u>833,719</u>	<u>49</u>	<u>549,176</u>	<u>36</u>
<b>EQUITY (Note 21)</b>						
Share capital						
Ordinary shares	586,655	18	586,655	34	586,655	38
Capital surplus	251,154	8	350,157	20	350,157	23
Retained earnings (accumulated deficit)						
Legal reserve	-	-	85,435	5	85,435	6
Unappropriated earnings (accumulated deficit)	440,915	14	(184,438)	(11)	(72,809)	(5)
Total retained earnings (accumulated deficit)	440,915	14	(99,003)	(6)	12,626	1
Other equity						
Exchange differences on translation of financial statements of foreign operations	24,838	1	20,930	1	17,699	1
Unrealized gain on financial assets at fair value through other comprehensive income	113,656	3	25,694	2	16,836	1
Total other equity	138,494	4	46,624	3	34,535	2
Total equity	<u>1,417,218</u>	<u>44</u>	<u>884,433</u>	<u>51</u>	<u>983,973</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 3,255,353</u>	<u>100</u>	<u>\$ 1,718,152</u>	<u>100</u>	<u>\$ 1,533,149</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 Earnings (Loss) Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)	\$ 1,448,779	100	\$ 279,470	100	\$ 3,114,888	100	\$ 715,617	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>(954,763)</u>	<u>(66)</u>	<u>(189,094)</u>	<u>(68)</u>	<u>(2,171,409)</u>	<u>(70)</u>	<u>(567,379)</u>	<u>(79)</u>
GROSS PROFIT	<u>494,016</u>	<u>34</u>	<u>90,376</u>	<u>32</u>	<u>943,479</u>	<u>30</u>	<u>148,238</u>	<u>21</u>
OPERATING EXPENSES (Notes 9, 23 and 29)								
Selling and marketing expenses	(92,847)	(7)	(85,362)	(30)	(265,199)	(9)	(242,941)	(34)
General and administrative expenses	(81,732)	(6)	(24,393)	(9)	(163,680)	(5)	(68,738)	(10)
Research and development expenses	(32,561)	(2)	(33,323)	(12)	(98,992)	(3)	(104,741)	(15)
Expected credit gain (loss)	<u>11,454</u>	<u>1</u>	<u>139</u>	<u>-</u>	<u>(10,606)</u>	<u>-</u>	<u>5,088</u>	<u>1</u>
Total operating expenses	<u>(195,686)</u>	<u>(14)</u>	<u>(142,939)</u>	<u>(51)</u>	<u>(538,477)</u>	<u>(17)</u>	<u>(411,332)</u>	<u>(58)</u>
PROFIT (LOSS) FROM OPERATIONS	<u>298,330</u>	<u>20</u>	<u>(52,563)</u>	<u>(19)</u>	<u>405,002</u>	<u>13</u>	<u>(263,094)</u>	<u>(37)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 23)	-	-	-	-	-	-	324	-
Other gains and losses (Notes 23 and 29)	83,187	6	16,597	6	117,685	4	21,584	3
Finance costs (Note 23)	(3,993)	-	(1,002)	(1)	(13,690)	-	(2,832)	-
Interest income (Note 23)	<u>4,659</u>	<u>-</u>	<u>2,196</u>	<u>1</u>	<u>12,865</u>	<u>-</u>	<u>5,713</u>	<u>1</u>
Total non-operating income and expenses	<u>83,853</u>	<u>6</u>	<u>17,791</u>	<u>6</u>	<u>116,860</u>	<u>4</u>	<u>24,789</u>	<u>4</u>
PROFIT (LOSS) BEFORE INCOME TAX	382,183	26	(34,772)	(13)	521,862	17	(238,305)	(33)
INCOME TAX (EXPENSE) BENEFIT (Note 24)	<u>(79,153)</u>	<u>(5)</u>	<u>(2,704)</u>	<u>(1)</u>	<u>(80,947)</u>	<u>(3)</u>	<u>4,265</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>303,030</u>	<u>21</u>	<u>(37,476)</u>	<u>(14)</u>	<u>440,915</u>	<u>14</u>	<u>(234,040)</u>	<u>(33)</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	36,668	3	(8,240)	(3)	87,962	3	(4,944)	(1)

(Continued)

## COMTREND CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	\$ 1,012	-	\$ (1,004)	-	\$ 3,908	-	\$ 2,740	1
Other comprehensive income (loss) for the period, net of income tax	37,680	3	(9,244)	(3)	91,870	3	(2,204)	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ 340,710</u>	<u>24</u>	<u>\$ (46,720)</u>	<u>(17)</u>	<u>\$ 532,785</u>	<u>17</u>	<u>\$ (236,244)</u>	<u>(33)</u>
<b>EARNINGS (LOSS) PER SHARE (Note 25)</b>								
Basic	\$ 5.17		\$ (0.64)		\$ 7.52		\$ (3.99)	
Diluted	\$ 5.13		\$ (0.64)		\$ 7.46		\$ (3.99)	

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 21)			Capital Surplus (Note 21)	(Accumulated Deficit) Retained Earnings (Note 21)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total Equity	
	Ordinary Shares	Collected in Advance	Total		Legal Reserve	Unappropriated Earnings (Accumulated Deficit)	Total		Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Total		
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												
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	
BALANCE AT JANUARY 1, 2024	\$ 586,655	\$ -	\$ 586,655	\$ 350,157	\$ 85,435	\$ (184,438)	\$ (99,003)	\$ 20,930	\$ 25,694	\$ 46,624	\$ 884,433	
Legal reserve used to cover accumulated deficits	-	-	-	-	(85,435)	85,435	-	-	-	-	-	
Capital surplus used to cover accumulated deficits	-	-	-	(99,003)	-	99,003	99,003	-	-	-	-	
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	440,915	440,915	-	-	-	440,915	
Other comprehensive income for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	-	-	3,908	87,962	91,870	91,870	
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	440,915	440,915	3,908	87,962	91,870	532,785	
BALANCE AT SEPTEMBER 30, 2024	\$ 586,655	\$ -	\$ 586,655	\$ 251,154	\$ -	\$ 440,915	\$ 440,915	\$ 24,838	\$ 113,656	\$ 138,494	\$ 1,417,218	

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	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	\$ 521,862	\$ (238,305)
Adjustments for:		
Depreciation expense	47,602	31,936
Amortization expense	785	700
Expected credit loss recognized (reversal) on trade receivables	10,606	(5,088)
Net gain on fair value changes of financial assets at fair value through profit or loss	-	(783)
Finance costs	13,690	2,832
Interest income	(12,865)	(5,713)
Dividend income	-	(324)
Net loss on disposal of financial assets	-	666
Write-down of inventories	147,518	81,875
Gain on lease modifications	(57)	(32)
Net changes in operating assets and liabilities		
Contract assets	(2,736)	5,994
Trade receivables	(611,739)	180,641
Other receivables	(7,387)	3,391
Inventories	(504,125)	(66,980)
Other current assets	4,733	(2,719)
Net defined benefit assets	(375)	(426)
Financial liabilities at fair value through profit or loss	-	(666)
Contract liabilities	57	695
Notes payable and trade payables (including related parties)	893,408	40,215
Other payables	85,701	(7,341)
Provisions	28,031	479
Other current liabilities	8,999	(12,996)
Cash generated from operations	623,708	8,051
Interest received	12,865	5,713
Dividends received	-	324
Interest paid	(13,232)	(2,614)
Income tax refunded (paid)	1,305	(1,372)
Net cash generated from operating activities	<u>624,646</u>	<u>10,102</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(391)	(6,296)
Payments for property, plant and equipment	(41,223)	(7,320)
Decrease (increase) in refundable deposits	1,570	(251)
Payments for intangible assets	-	(1,611)
Net cash used in investing activities	<u>(40,044)</u>	<u>(15,478)</u>

(Continued)

# COMTREND CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	\$ (107,612)	\$ -
Repayment of the principal portion of lease liabilities	(10,759)	(10,703)
Dividends paid to owners of the Company	-	(41,066)
Exercise of employee share options	-	2,016
Net cash used in financing activities	<u>(118,371)</u>	<u>(49,753)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>7,458</u>	<u>7,672</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	473,689	(47,457)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>492,713</u>	<u>523,357</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 966,402</u>	<u>\$ 475,900</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, 2024 AND 2023 (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 Law 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% of ordinary shares of Comtrend as of September 30, 2024, December 31, 2023 and September 30, 2023, 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 8, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on accounting policies of Comtrend Corporation and its subsidiaries (collectively, the “Group”).

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

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

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

#### IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

##### a. Statement of compliance

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

##### b. Basis of preparation

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

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

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

##### c. Basis of consolidation

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

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

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

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

##### d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

##### 1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

2) Retirement benefits

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

3) Income tax expense

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

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

The material accounting judgments and key sources of estimation uncertainty used in the preparation of these interim consolidated financial statements are the same as those used in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 321	\$ 308	\$ 382
Checking accounts and demand deposits	638,967	211,696	351,580
Cash equivalents			
Time deposits with original maturities within 3 months	<u>327,114</u>	<u>280,709</u>	<u>123,938</u>
	<u>\$ 966,402</u>	<u>\$ 492,713</u>	<u>\$ 475,900</u>

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

### Investments in Equity Instruments at FVTOCI

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Domestic listed shares			
Ordinary shares - Edimax	<u>\$ 154,088</u>	<u>\$ 66,126</u>	<u>\$ 57,268</u>

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

## 8. FINANCIAL ASSETS AT AMORTIZED COST

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

## 9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 791,298	\$ 179,559	\$ 234,008
Less: Allowance for impairment loss	<u>(10,739)</u>	<u>(136)</u>	<u>(231)</u>
	<u>\$ 780,559</u>	<u>\$ 179,423</u>	<u>\$ 233,777</u>
<u>Other receivables</u>			
Others	<u>\$ 18,237</u>	<u>\$ 10,850</u>	<u>\$ 1,923</u>

The average credit period of sales of goods is 22-180 days. No interest was charged on trade receivables for the first 22-180 days from the date of the invoice. 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 among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position and economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

#### September 30, 2024

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 180 Days</b>	<b>Over 181 Days</b>	<b>Total</b>
Expected credit loss rate	0.07%	0.26%	10.33%	-	100.00%	100.00%	
Gross carrying amount	\$ 370,311	\$ 332,644	\$ 87,832	\$ -	\$ 506	\$ 5	\$ 791,298
Loss allowance (Lifetime ECLs)	<u>(277)</u>	<u>(874)</u>	<u>(9,077)</u>	<u>-</u>	<u>(506)</u>	<u>(5)</u>	<u>(10,739)</u>
Amortized cost	<u>\$ 370,034</u>	<u>\$ 331,770</u>	<u>\$ 78,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 780,559</u>

#### December 31, 2023

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 180 Days</b>	<b>Over 181 Days</b>	<b>Total</b>
Expected credit loss rate	0.09%	0.02%	0.10%	-	-	-	
Gross carrying amount	\$ 103,180	\$ 39,325	\$ 37,054	\$ -	\$ -	\$ -	\$ 179,559
Loss allowance (Lifetime ECLs)	<u>(92)</u>	<u>(6)</u>	<u>(38)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136)</u>
Amortized cost	<u>\$ 103,088</u>	<u>\$ 39,319</u>	<u>\$ 37,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,423</u>

#### September 30, 2023

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 180 Days</b>	<b>Over 181 Days</b>	<b>Total</b>
Expected credit loss rate	0.11%	0.04%	-	-	-	-	
Gross carrying amount	\$ 186,728	\$ 47,280	\$ -	\$ -	\$ -	\$ -	\$ 234,008
Loss allowance (Lifetime ECLs)	<u>(211)</u>	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(231)</u>
Amortized cost	<u>\$ 186,517</u>	<u>\$ 47,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,777</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 136	\$ 5,271
Add: Net remeasurement of loss allowance	10,606	-
Less: Impairment losses reversed	-	(5,088)
Foreign exchange gains and losses	<u>(3)</u>	<u>48</u>
Balance at September 30	<u>\$ 10,739</u>	<u>\$ 231</u>

## 10. INVENTORIES

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Raw materials	\$ 70,507	\$ 229,439	\$ 182,067
Work in progress and semi-finished goods	20,862	46,724	48,221
Finished goods	23,446	76,992	96,961
Inventories in transit	<u>799,614</u>	<u>208,252</u>	<u>37,272</u>
	<u>\$ 914,429</u>	<u>\$ 561,407</u>	<u>\$ 364,521</u>

The cost of goods sold for the three months ended September 30, 2024 and 2023 included inventory write-downs of \$21,721 thousand and \$15,667 thousand, respectively, and the cost of goods sold for the nine months ended September 30, 2024 and 2023 included \$147,518 thousand, and \$81,875 thousand, respectively.

## 11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Location	<b>Proportion of Ownership (%)</b>			Remark
				<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	
Comtrend	Comtrend Corporation, USA ("CUSA")	Cable & cableless transmission equipment wholesale, retail sale, and international trade, etc.	USA	100.00	100.00	100.00	
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	
Comtrend	Comtrend Technology (INDIA) Private Limited ("INDIA")	Cable & cableless transmission equipment wholesale, retail sale, and international trade, etc.	India	100.00	-	-	Note
CTBV	Comtrend Iberia S.L. ("Iberia")	Cable & cableless transmission equipment wholesale, retail sale, and international trade, etc.	Spain	100.00	100.00	100.00	
CTBV	Comtrend Central Europe S.R.O. ("CCE")	Cable & cableless transmission equipment wholesale, retail sale, and international trade, etc.	Czech Republic	100.00	100.00	100.00	

Note: INDIA was established in September 2024 in India, primarily engaged in cable & cableless transmission equipment wholesale, retail sale, international trade, etc.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery Equipment	Computer and Communication Equipment	Office Equipment	Transportation Equipment	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 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>
<u>Cost</u>								
Balance at January 1, 2024	\$ 190,052	\$ 67,047	\$ 22,406	\$ 40,630	\$ 1,618	\$ 4,150	\$ 141,736	\$ 467,639
Additions	-	5,395	868	2,347	1,064	-	31,549	41,223
Disposals	-	-	-	(389)	(16)	-	(3,451)	(3,856)
Reclassified	-	19,289	-	-	277	-	(19,566)	-
Effects of foreign currency exchange differences	-	-	127	-	2	-	5	134
Balance at September 30, 2024	<u>\$ 190,052</u>	<u>\$ 91,731</u>	<u>\$ 23,401</u>	<u>\$ 42,588</u>	<u>\$ 2,945</u>	<u>\$ 4,150</u>	<u>\$ 150,273</u>	<u>\$ 505,140</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2024	\$ -	\$ 6,095	\$ 20,627	\$ 34,875	\$ 974	\$ 2,810	\$ 122,375	\$ 187,756
Depreciation expense	-	3,229	846	2,873	358	472	28,991	36,769
Disposals	-	-	-	(389)	(16)	-	(3,451)	(3,856)
Reclassified	-	12,574	-	-	277	-	(12,851)	-
Effects of foreign currency exchange differences	-	-	97	-	2	-	5	104
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 21,898</u>	<u>\$ 21,570</u>	<u>\$ 37,359</u>	<u>\$ 1,595</u>	<u>\$ 3,282</u>	<u>\$ 135,069</u>	<u>\$ 220,773</u>
Carrying amount at September 30, 2024	<u>\$ 190,052</u>	<u>\$ 69,833</u>	<u>\$ 1,831</u>	<u>\$ 5,229</u>	<u>\$ 1,350</u>	<u>\$ 868</u>	<u>\$ 15,204</u>	<u>\$ 284,367</u>

- No impairment loss or reversal of impairment loss was recognized for the nine months ended September 30, 2024 and 2023.
- Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 30.
- The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

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

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	
<u>Carrying amount</u>				
Buildings	\$ 27,685	\$ 37,620	\$ 14,824	
Transportation equipment	<u>656</u>	<u>1,086</u>	<u>1,366</u>	
	<u>\$ 28,341</u>	<u>\$ 38,706</u>	<u>\$ 16,190</u>	
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets			<u>\$ 1,827</u>	<u>\$ 7,324</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 3,242	\$ 3,161	\$ 10,087	\$ 9,608
Transportation equipment	<u>285</u>	<u>280</u>	<u>746</u>	<u>828</u>
	<u>\$ 3,527</u>	<u>\$ 3,441</u>	<u>\$ 10,833</u>	<u>\$ 10,436</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, 2024 and 2023.

#### b. Lease liabilities

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<u>Carrying amount</u>			
Current	<u>\$ 9,321</u>	<u>\$ 13,616</u>	<u>\$ 10,310</u>
Non-current	<u>\$ 19,688</u>	<u>\$ 25,285</u>	<u>\$ 6,033</u>

Range of discount rates for lease liabilities was as follows:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Buildings	1.36%-1.985%	1.36%-1.75%	1.36%-1.75%
Transportation equipment	1.25%-1.75%	1.25%-1.36%	1.25%-1.36%

c. Material lease-in activities and terms

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

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

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to low-value asset leases	\$ 675	\$ 510	\$ 2,067	\$ 1,651
Total cash outflow for leases	\$ (4,323)	\$ (4,110)	\$ (13,284)	\$ (12,572)

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

#### 14. OTHER ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Prepaid expenses	\$ 5,349	\$ 6,711	\$ 7,405
Input VAT and tax deduction	6,480	9,960	11,783
Prepayments	2,244	2,135	2,043
Others	<u>20</u>	<u>20</u>	<u>19</u>
	<u>\$ 14,093</u>	<u>\$ 18,826</u>	<u>\$ 21,250</u>
<u>Non-current</u>			
Refundable deposits	<u>\$ 3,248</u>	<u>\$ 4,818</u>	<u>\$ 3,962</u>

#### 15. SHORT-TERM BORROWINGS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 70,000</u>	<u>\$ 177,612</u>	<u>\$ -</u>

The range of effective interest rates on bank loans was 2.00%-2.05% and 2.00%-6.77% per annum as of September 30, 2024 and December 31, 2023, respectively.

## 16. LONG-TERM BORROWINGS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u>			
Bank loans	\$ 200,000	\$ 200,000	\$ 200,000
Less: Current portion	<u>(6,639)</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 193,361</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

The bank borrowings are secured by the Group's land and buildings, please refer to Note 30 for additional information. The maturity date is January 14, 2042 and the grace period is three years. The effective annual interest rate from January 14, 2022 to January 14, 2025 is 1.25%-1.985%, and the effective annual interest rate from January 15, 2025 to January 14, 2042 is 1.985%. The purpose of the borrowings is to purchase land and buildings for operations.

## 17. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Notes payable	\$ 22	\$ 7	\$ 14
Trade payables	<u>1,221,621</u>	<u>307,622</u>	<u>164,431</u>
	<u>\$ 1,221,643</u>	<u>\$ 307,629</u>	<u>\$ 164,445</u>

The Group's payment terms of notes payable and trade payables take financial risk into consideration in place to ensure that all payables are paid within the pre-agreed credit terms.

## 18. OTHER LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Other payables			
Payables for compensation of employees and remuneration of directors	\$ 51,634	\$ -	\$ 360
Payables for salaries	49,981	17,447	26,223
Payables for freight and customs fees	9,784	5,748	959
Payables for professional service fees	5,839	5,660	5,706
Payables for royalties	2,809	2,726	2,864
Others	<u>29,283</u>	<u>32,048</u>	<u>13,727</u>
	<u>\$ 149,330</u>	<u>\$ 63,629</u>	<u>\$ 49,839</u>
Other liabilities			
Refund liabilities	\$ 13,454	\$ 5,058	\$ 9,116
Others	<u>1,541</u>	<u>938</u>	<u>3,329</u>
	<u>\$ 14,995</u>	<u>\$ 5,996</u>	<u>\$ 12,445</u>

## 19. PROVISIONS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Warranties	<u>\$ 36,801</u>	<u>\$ 8,770</u>	<u>\$ 8,393</u>

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

## 20. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2024 and 2023, the pension expenses of defined benefit plans both were \$0, and for the nine months ended September 30, 2024 and 2023, 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, 2023 and 2022, respectively.

## 21. EQUITY

### a. Share capital

	September 30, 2024	December 31, 2023	September 30, 2023
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>58,666</u>	<u>58,666</u>
Shares issued (in thousands of N.T. dollars)	<u>\$ 586,655</u>	<u>\$ 586,655</u>	<u>\$ 586,655</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 \$2,016 thousand, equivalent to 202 thousand shares, with a subscription price of \$10, into ordinary shares for the year ended December 31, 2023. The outstanding ordinary shares after the new shares were issued amounted to \$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

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Premium from issuance of ordinary shares	\$ 251,154	\$ 346,078	\$ 346,078
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>-</u>	<u>4,079</u>	<u>4,079</u>
	<u>\$ 251,154</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 in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 23 (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 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 offset deficit for the year ended December 31, 2023, which was resolved by the shareholders in their meeting on June 12, 2024, was as follows:

	<b>2023</b>
Deficit offset using legal reserve	<u>\$ 85,435</u>
Deficit offset using capital surplus	<u>\$ 99,003</u>

The appropriations of earnings for the year ended December 31, 2022, which was resolved by the shareholders in their meeting on June 15, 2023, was as follows:

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

## 22. REVENUE

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenue from the sale of goods	\$ 1,444,990	\$ 275,672	\$ 3,101,278	\$ 708,198
Revenue from the rendering of services	<u>3,789</u>	<u>3,798</u>	<u>13,610</u>	<u>7,419</u>
	<u>\$ 1,448,779</u>	<u>\$ 279,470</u>	<u>\$ 3,114,888</u>	<u>\$ 715,617</u>

### Contract Balances

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>January 1, 2023</b>
Trade receivables (Note 9)	<u>\$ 791,298</u>	<u>\$ 179,559</u>	<u>\$ 234,008</u>	<u>\$ 414,649</u>
Contract assets - sale of goods	<u>\$ 3,896</u>	<u>\$ 1,160</u>	<u>\$ 2,361</u>	<u>\$ 8,355</u>
Contract liabilities - sale of goods	<u>\$ 5,057</u>	<u>\$ 5,000</u>	<u>\$ 4,496</u>	<u>\$ 3,801</u>

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

## 23. NET PROFIT (LOSS)

### a. Interest income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Bank deposits	<u>\$ 4,659</u>	<u>\$ 2,196</u>	<u>\$ 12,865</u>	<u>\$ 5,713</u>

### b. Other income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Dividends	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324</u>

c. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net gain on fair value changes of financial liabilities at fair value through profit or loss	\$ -	\$ -	\$ -	\$ 783
Net loss on disposal of financial assets	-	-	-	(666)
Net foreign exchange gain	5,226	15,297	36,435	17,737
Other gain	<u>77,961</u>	<u>1,300</u>	<u>81,250</u>	<u>3,730</u>
	<u>\$ 83,187</u>	<u>\$ 16,597</u>	<u>\$ 117,685</u>	<u>\$ 21,584</u>

d. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	\$ 143	\$ 70	\$ 458	\$ 218
Interest on bank loans	<u>3,850</u>	<u>932</u>	<u>13,232</u>	<u>2,614</u>
	<u>\$ 3,993</u>	<u>\$ 1,002</u>	<u>\$ 13,690</u>	<u>\$ 2,832</u>

e. Impairment losses recognized (reversed)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Trade receivables	<u>\$ (11,454)</u>	<u>\$ (139)</u>	<u>\$ 10,606</u>	<u>\$ (5,088)</u>
Inventories (included in operating costs)	<u>\$ 21,721</u>	<u>\$ 15,667</u>	<u>\$ 147,518</u>	<u>\$ 81,875</u>

f. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 14,553	\$ 6,905	\$ 36,769	\$ 21,500
Right-of-use assets	3,527	3,441	10,833	10,436
Intangible assets	<u>257</u>	<u>300</u>	<u>785</u>	<u>700</u>
	<u>\$ 18,337</u>	<u>\$ 10,646</u>	<u>\$ 48,387</u>	<u>\$ 32,636</u>
An analysis of depreciation by function				
Operating expenses	<u>\$ 18,080</u>	<u>\$ 10,346</u>	<u>\$ 47,602</u>	<u>\$ 31,936</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
An analysis of amortization by function				
Operating expenses	<u>\$ 257</u>	<u>\$ 300</u>	<u>\$ 785</u>	<u>\$ 700</u>
				(Concluded)

g. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Short-term benefits	\$ 131,004	\$ 90,465	\$ 327,719	\$ 275,264
Post-employment benefits				
Defined contribution plans	2,736	3,007	8,109	9,167
Termination benefits	<u>10</u>	<u>8,317</u>	<u>10</u>	<u>10,631</u>
Total employee benefits expense	<u>\$ 133,750</u>	<u>\$ 101,789</u>	<u>\$ 335,838</u>	<u>\$ 295,062</u>
An analysis of employee benefits expense by function				
Operating expenses	<u>\$ 133,750</u>	<u>\$ 101,789</u>	<u>\$ 335,838</u>	<u>\$ 295,062</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, 2024 and for the nine months ended September 30, 2024 are as follows:

Accrual rate

	<b>For the Nine Months Ended September 30, 2024</b>
Compensation of employees	7.5%
Remuneration of directors	1.5%

Amount

	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2024</b>
Compensation of employees	<u>\$ 31,584</u>	<u>\$ 43,028</u>
Remuneration of directors	<u>\$ 6,317</u>	<u>\$ 8,606</u>

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

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

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

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

Amount

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

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 or losses on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Foreign exchange gains	\$ 34,448	\$ 19,061	\$ 84,953	\$ 36,480
Foreign exchange losses	<u>(29,222)</u>	<u>(3,764)</u>	<u>(48,518)</u>	<u>(18,743)</u>
	<u>\$ 5,226</u>	<u>\$ 15,297</u>	<u>\$ 36,435</u>	<u>\$ 17,737</u>

## 24. 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	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ (84,353)	\$ -	\$ (102,372)	\$ -
Adjustments for prior periods	<u>20</u>	<u>2</u>	<u>(56)</u>	<u>7</u>
	(84,333)	2	(102,428)	7
Deferred tax				
In respect of the current period	<u>5,180</u>	<u>(2,706)</u>	<u>21,481</u>	<u>4,258</u>
Income tax (expense) benefit recognized in profit or loss	<u>\$ (79,153)</u>	<u>\$ (2,704)</u>	<u>\$ (80,947)</u>	<u>\$ 4,265</u>

b. Income tax assessments

The tax returns of Comtrend and its subsidiaries for the nine months ended September 30, 2024 that have been assessed by the authorities are as follows:

	<u>Year of Tax Assessment</u>
Comtrend	2022
CUSA	2023
CTBV	2023
CCE	2023
Iberia	2023

## 25. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings (loss) per share	<u>\$ 5.17</u>	<u>\$ (0.64)</u>	<u>\$ 7.52</u>	<u>\$ (3.99)</u>
Diluted earnings (loss) per share	<u>\$ 5.13</u>	<u>\$ (0.64)</u>	<u>\$ 7.46</u>	<u>\$ (3.99)</u>

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

### Net Profit (Loss) for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Net profit (loss) for the period	<u>\$ 303,030</u>	<u>\$ (37,476)</u>	<u>\$ 440,915</u>	<u>\$ (234,040)</u>

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	
	2024	2023	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings (losses) per share	58,666	58,666	58,666	58,643
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>400</u>	<u>-</u>	<u>400</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (losses) per share	<u>59,066</u>	<u>58,666</u>	<u>59,066</u>	<u>58,643</u>

## 26. SHARE-BASED PAYMENT ARRANGEMENTS

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

Information on outstanding issued employee share options is as follows:

	<b>For the Nine Months Ended September 30, 2023</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	380	\$ 10.00
Options forfeited	(178)	10.00
Options exercised	<u>(202)</u>	10.00
Balance at September 30	<u><u>-</u></u>	
Options exercisable, end of period	<u><u>-</u></u>	

Compensation costs recognized were \$0 for the three months ended September 30, 2023 and for the nine months ended September 30, 2023.

## 27. CAPITAL MANAGEMENT

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

## 28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

September 30, 2024

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 154,088	\$ -	\$ -	\$ 154,088
Unlisted shares	-	-	-	-
	<u>\$ 154,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,088</u>

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 66,126	\$ -	\$ -	\$ 66,126
Unlisted shares	-	-	-	-
	<u>\$ 66,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,126</u>

September 30, 2023

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

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

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

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

c. Categories of financial instruments

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 1,790,353	\$ 709,320	\$ 742,055
Financial assets at FVTOCI	154,088	66,126	57,268
<u>Financial liabilities</u>			
Amortized cost (2)	1,646,540	775,043	504,263

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, trade receivables, other receivables, and refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, trade payables (including related parties), other payables, current portion of long-term borrowings, 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, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

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

a) Foreign currency risk

Several subsidiaries of Comtrend have sales and purchases denominated in foreign currencies, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

## Sensitivity analysis

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

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

	<b>EUR Impact</b>		<b>USD Impact</b>	
	<b>For the Nine Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Profit or loss	\$ (375) (i)	\$ (411) (i)	\$ 4,753 (ii)	\$ (2,929) (ii)

- i. This was mainly attributable to the exposure on outstanding cash and cash equivalents, 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 increased during the reporting period mainly due to the increase in the balance of accounts payable denominated in USD and decrease in 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 appetites 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:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Fair value interest rate risk			
Financial assets	\$ 349,021	\$ 302,225	\$ 150,431
Financial liabilities	299,009	416,513	216,343
Cash flow interest rate risk			
Financial assets	638,967	211,696	351,580

### 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 profit for the nine months ended September 30, 2024 and pre-tax loss for the nine months ended September 30, 2023 would have increased/decreased by \$4,792 thousand and decreased/increased by \$2,637 thousand, respectively.

The Group's sensitivity to interest rates increased during the reporting period mainly due to the increase in the checking accounts and demand deposits.

#### 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, 2024 and 2023 would have increased/decreased by \$1,541 thousand and \$573 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to other price risk increased during the reporting period mainly due to the increase in the fair value of listed equity securities.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which 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 consolidated 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 Asia regions, which accounted for 89.75% of the total trade receivables as of September 30, 2024.

The Group's concentration of credit risk by geographical locations was mainly in the European and American regions, which accounted for 49.07% and 26.98% of the total trade receivables as of December 31, 2023 and September 30, 2023, 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, 2024, December 31, 2023 and September 30, 2023, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

#### September 30, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 50,003	\$ 20,025	\$ -	\$ -	\$ -
Lease liabilities	1,067	2,174	6,498	20,241	-
Long-term borrowings	-	-	-	55,483	171,073
Notes payable and trade payables	427,970	570,198	227,949	1,093	-
Other payables	26,022	34,467	80,194	8,647	-
Current portion of long-term borrowings	<u>331</u>	<u>662</u>	<u>9,578</u>	<u>-</u>	<u>-</u>
	<u>\$ 505,393</u>	<u>\$ 627,526</u>	<u>\$ 324,219</u>	<u>\$ 85,464</u>	<u>\$ 171,073</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>
Long-term borrowings	<u>\$ 10,571</u>	<u>\$ 55,483</u>	<u>\$ 69,354</u>	<u>\$ 69,354</u>	<u>\$ 32,365</u>

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 115,293	\$ 29,334	\$ 34,390	\$ -	\$ -
Lease liabilities	1,195	2,366	10,170	26,532	-
Long-term borrowings	292	583	2,625	54,074	179,655
Notes payable and trade payables	69,289	107,652	156,768	93	-
Other payables	<u>10,813</u>	<u>33,470</u>	<u>10,966</u>	<u>8,380</u>	<u>-</u>
	<u>\$ 196,882</u>	<u>\$ 173,405</u>	<u>\$ 214,919</u>	<u>\$ 89,079</u>	<u>\$ 179,655</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>
Long-term borrowings	<u>\$ 3,500</u>	<u>\$ 54,074</u>	<u>\$ 68,658</u>	<u>\$ 68,658</u>	<u>\$ 42,339</u>

September 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
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:

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

Bank loans with a repayment on demand clause were included in the time band in the above maturity analysis. As of September 30, 2024, December 31, 2023 and September 30, 2023, the aggregate undiscounted principal amounts of these bank loans amounted to \$270,000 thousand, \$377,612 thousand and \$200,000 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 \$307,155 thousand, \$416,246 thousand and \$238,104 thousand, respectively.

b) Financing facilities

As of September 30, 2024, December 31, 2023 and September 30, 2023, unused financing facilities amounted to \$931,443 thousand, \$723,164 thousand and \$547,203 thousand, respectively.

## 29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Edimax	The parent of Comtrend
ABS Telecom Inc.	Fellow Company
Talent Vantage Limited (Talent)	Associate of the Company's parent

b. Sales of goods

Line Item	Related Party Category	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		2024	2023	2024	2023
Sales	Associate of the Company's parent	\$ -	\$ 245	\$ -	\$ 1,637

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	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2024	2023	2024	2023
The Company's parent - Edimax	\$ 2,245	\$ 58,529	\$ 7,027	\$ 150,865
Associate of the Company's parent	475	549	10,341	6,528
	<u>\$ 2,720</u>	<u>\$ 59,078</u>	<u>\$ 17,368</u>	<u>\$ 157,393</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

<b>Line Item</b>	<b>Related Party Category</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Other receivables	The Company's parent - Edimax	<u>\$ 551</u>	<u>\$ 1,187</u>	<u>\$ 515</u>

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2024 and 2023, and for the years ended December 31, 2023, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Accounts payable	The Company's parent - Edimax	\$ 4,142	\$ 26,173	\$ 89,677
	Associate of the Company's parent - Talent	<u>1,425</u>	<u>-</u>	<u>302</u>
		<u>\$ 5,567</u>	<u>\$ 26,173</u>	<u>\$ 89,979</u>
Other payables	The Company's parent	\$ 1,435	\$ 1,022	\$ 361
	Associate of the Company's parent	4	735	229
	Fellow Company	<u>85</u>	<u>15</u>	<u>28</u>
		<u>\$ 1,524</u>	<u>\$ 1,772</u>	<u>\$ 618</u>

The outstanding trade payables to related parties are unsecured.

f. Acquisition of property, plant and equipment

<b>Line Item</b>	<b>Related Party Category</b>	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Other equipment	The Company's parent	\$ 81	\$ -	\$ 81	\$ -
	Associate of the Company's parent - Talent	<u>-</u>	<u>796</u>	<u>-</u>	<u>796</u>
		<u>\$ 81</u>	<u>\$ 796</u>	<u>\$ 81</u>	<u>\$ 796</u>

g. Other transactions with related parties

Line Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2024	2023	2024	2023
Operating expenses	The Company's parent	\$ 7,297	\$ 2,604	\$ 12,710	\$ 8,481
	Associate of the Company's parent	1,363	1,078	2,187	1,610
	Fellow Company	<u>81</u>	<u>27</u>	<u>152</u>	<u>125</u>
		<u>\$ 8,741</u>	<u>\$ 3,709</u>	<u>\$ 15,049</u>	<u>\$ 10,216</u>
Miscellaneous revenue	The Company's parent - Edimax	<u>\$ 1,043</u>	<u>\$ 1,210</u>	<u>\$ 3,988</u>	<u>\$ 3,594</u>

h. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	<u>\$ 25,336</u>	<u>\$ 6,700</u>	<u>\$ 42,805</u>	<u>\$ 18,074</u>

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

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

The following assets were provided as collateral for bank borrowings:

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	<u>\$ 247,622</u>	<u>\$ 249,907</u>	<u>\$ 250,669</u>

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company as of September 30, 2024 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, 2024.

### 32. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2024

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 24,220	31.65 (USD:NTD)	\$ 766,566
USD	163	0.89 (USD:EUR)	5,150
USD	617	22.50 (USD:CZK)	19,521
EUR	488	35.38 (EUR:NTD)	17,251
EUR	572	25.18 (EUR:CZK)	20,235

Financial liabilities

Monetary items			
USD	40,018	31.65 (USD:NTD)	1,266,565

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 20,408	30.71 (USD:NTD)	\$ 626,629
USD	906	22.38 (USD:CZK)	27,820
EUR	1,987	33.98 (EUR:NTD)	67,525
EUR	394	24.73 (EUR:CZK)	13,377

Financial liabilities

Monetary items			
USD	14,012	30.71 (USD:NTD)	430,241
USD	325	22.38 (USD:CZK)	9,967
EUR	169	33.98 (EUR:NTD)	5,760
EUR	154	24.73 (EUR:CZK)	5,217

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 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

Financial liabilities

Monetary items			
USD	7,921	32.27 (USD:NTD)	255,598
USD	240	23.21 (USD:CZK)	7,740

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	<b>For the Three Months Ended September 30</b>			
	<b>2024</b>		<b>2023</b>	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	\$ 5,844	1 (NTD:NTD)	\$ 13,527
EUR	35.49 (EUR:NTD)	<u>(618)</u>	34.49 (EUR:NTD)	<u>1,770</u>
		<u>\$ 5,226</u>		<u>\$ 15,297</u>

Foreign Currency	<b>For the Nine Months Ended September 30</b>			
	<b>2024</b>		<b>2023</b>	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	\$ 36,158	1 (NTD:NTD)	\$ 17,773
EUR	34.82 (EUR:NTD)	<u>277</u>	33.52 (EUR:NTD)	<u>(36)</u>
		<u>\$ 36,435</u>		<u>\$ 17,737</u>

### 33. 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 (None)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
  - 9) Trading in derivative instruments (None)
  - 10) Intercompany relationships and significant intercompany transactions (Table 3)
- b. Information on investees (Table 4)
- c. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 5).

### 34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

#### Segment revenue and results

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Revenue from external customers	\$ 3,114,888	\$ 715,617
Inter-segment revenue	<u>-</u>	<u>-</u>
Segment revenue	3,114,888	715,617
Eliminations	<u>-</u>	<u>-</u>
Consolidated revenue	<u>\$ 3,114,888</u>	<u>\$ 715,617</u>
Segment income (loss)	\$ 405,002	\$ (263,094)
Non-operating income and expense	<u>116,860</u>	<u>24,789</u>
Profit (loss) before income tax from continuing operations	<u>\$ 521,862</u>	<u>\$ (238,305)</u>

Segment 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, 2024  
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024				Note
				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	482	\$ -	0.52	\$ -	
			Financial assets at FVTOCI - current	4,120	154,088	1.84	154,088	

**COMTREND CORPORATION AND SUBSIDIARIES**

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

**SEPTEMBER 30, 2024**

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

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	\$ 120,923	0.71	\$ 60,896	CUSA has actively arranged for the repayment to Comtrend	\$ 15,964	\$ -

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

**COMTREND CORPORATION AND SUBSIDIARIES**

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	For the nine months ended September 30, 2024						
	Comtrend	CUSA	a	Sales revenue	\$ 67,140	Normal	2.16
		CUSA	a	Accounts receivable	120,923	Normal; collection period: 60-240 days	3.71
		CCE	a	Sales revenue	19,994	Normal	0.64
		Iberia	a	Commission	5,077	Normal	0.16
		CTBV	a	Sales revenue	44,900	Normal	1.44
CTBV		a	Accounts receivable	10,520	Normal; collection period: 60-180 days	0.32	

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, 2024.

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, 2024  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	January 1, 2024	Number of Shares	%	Carrying Amount			
Comtrend	CUSA	USA	Wholesale, retail sale, and international trade, etc.	\$ 211,620	\$ 211,620	200,000	100.00	\$ (28,317)	\$ (33,016)	\$ (8,961)	Subsidiary (Note 1)
	CTBV	Netherlands	Wholesale, retail sale, and international trade, etc.	50,901	50,901	1,518,000	100.00	84,697	(4,666)	(4,547)	Subsidiary (Note 2)
	INDIA	India	Wholesale, retail sale, and international trade, etc.	17,397	-	4,500,000	100.00	16,860	(198)	(198)	Subsidiary
CTBV	CCE	Czech Republic	Wholesale, retail sale, and international trade, etc.	71,438	71,438	-	100.00	38,387	(661)	(661)	Sub-subsubsidiary
	Iberia	Spain	Wholesale, retail sale, and international trade, etc.	30,039	12,294	82,310	100.00	15,801	(5,371)	(5,371)	Sub-subsubsidiary

Note 1: The share of profits/losses of investees includes a net loss of \$33,016 thousand and the effect of unrealized gross loss of \$24,055 thousand on intercompany transactions.

Note 2: The share of profits/losses of investees includes a net loss of \$4,666 thousand and the effect of unrealized gross loss of \$199 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, 2024.

**TABLE 5****COMTREND CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2024**

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.