

Comtrend Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 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 March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including 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 March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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

May 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	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 524,366	21	\$ 492,713	29	\$ 643,728	40
Financial assets at fair value through other comprehensive income - current (Note 8)	62,830	3	66,126	4	69,010	4
Contract assets - current (Note 23)	1,227	-	1,160	-	4,232	-
Trade receivables (Notes 10 and 23)	213,101	9	179,423	10	148,581	9
Other receivables (Notes 10 and 30)	809	-	10,850	1	1,994	-
Current tax assets	3,768	-	4,375	-	13,359	1
Inventories (Note 11)	1,169,187	48	561,407	33	355,311	22
Other current assets (Note 15)	52,850	2	18,826	1	21,195	1
Total current assets	2,028,138	83	1,334,880	78	1,257,410	77
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Note 9)	31,324	1	21,516	1	20,454	1
Property, plant and equipment (Notes 13 and 31)	274,814	12	279,883	17	286,470	18
Right-of-use assets (Note 14)	36,294	2	38,706	2	22,369	2
Intangible assets	1,939	-	2,211	-	1,610	-
Deferred tax assets	49,860	2	32,047	2	28,724	2
Net defined benefit assets - non-current (Note 21)	4,214	-	4,091	-	3,491	-
Other non-current assets (Note 15)	4,491	-	4,818	-	3,829	-
Total non-current assets	402,936	17	383,272	22	366,947	23
TOTAL	\$ 2,431,074	100	\$ 1,718,152	100	\$ 1,624,357	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ 256,728	11	\$ 177,612	10	\$ -	-
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	418	-
Contract liabilities - current (Note 23)	12,488	1	5,000	-	2,532	-
Notes payable and trade payables (Note 18)	1,075,422	44	307,629	18	122,395	8
Trade payables to related parties (Note 30)	6,821	-	26,173	2	34,853	2
Other payables (Notes 19 and 30)	72,989	3	63,629	4	54,118	3
Current tax liabilities	-	-	-	-	501	-
Provisions - current (Note 20)	10,530	-	8,770	1	8,049	-
Lease liabilities - current (Note 14)	13,621	1	13,616	1	12,276	1
Other current liabilities (Note 19)	11,321	-	5,996	-	16,186	1
Total current liabilities	1,459,920	60	608,425	36	251,328	15
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 17)	200,000	8	200,000	12	200,000	12
Deferred tax liabilities	1,805	-	9	-	-	-
Lease liabilities - non-current (Note 14)	23,063	1	25,285	1	10,302	1
Total non-current liabilities	224,868	9	225,294	13	210,302	13
Total liabilities	1,684,788	69	833,719	49	461,630	28
EQUITY (Note 22)						
Share capital						
Ordinary shares	586,655	24	586,655	34	582,587	36
Capital collected in advance	-	-	-	-	4,068	-
Total share capital	586,655	24	586,655	34	586,655	36
Capital surplus	350,157	15	350,157	20	350,157	22
Retained earnings						
Legal reserve	85,435	3	85,435	5	83,922	5
Unappropriated earnings	(320,573)	(13)	(184,438)	(11)	96,918	6
Total retained earnings	(235,138)	(10)	(99,003)	(6)	180,840	11
Other equity						
Exchange differences on translation of financial statements of foreign operations	22,214	1	20,930	1	16,497	1
Unrealized gain on financial assets at fair value through other comprehensive income	22,398	1	25,694	2	28,578	2
Total other equity	44,612	2	46,624	3	45,075	3
Total equity	746,286	31	884,433	51	1,162,727	72
TOTAL	\$ 2,431,074	100	\$ 1,718,152	100	\$ 1,624,357	100

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 Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Note 23)	\$ 283,323	100	\$ 195,858	100
OPERATING COSTS (Notes 11, 24 and 30)	<u>(287,572)</u>	<u>(102)</u>	<u>(165,917)</u>	<u>(85)</u>
GROSS (LOSS) PROFIT	<u>(4,249)</u>	<u>(2)</u>	<u>29,941</u>	<u>15</u>
OPERATING EXPENSES (Notes 10, 24 and 30)				
Selling and marketing expenses	(81,204)	(29)	(79,369)	(41)
General and administrative expenses	(24,283)	(8)	(21,849)	(11)
Research and development expenses	(34,353)	(12)	(35,453)	(18)
Expected credit loss	<u>(20,229)</u>	<u>(7)</u>	<u>(995)</u>	<u>-</u>
Total operating expenses	<u>(160,069)</u>	<u>(56)</u>	<u>(137,666)</u>	<u>(70)</u>
LOSS FROM OPERATIONS	<u>(164,318)</u>	<u>(58)</u>	<u>(107,725)</u>	<u>(55)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	-	-	324	-
Other gains and losses (Notes 24 and 30)	13,296	5	(3,134)	(2)
Finance costs (Note 24)	(4,112)	(2)	(892)	-
Interest income (Note 24)	<u>2,982</u>	<u>1</u>	<u>822</u>	<u>1</u>
Total non-operating income and expenses	<u>12,166</u>	<u>4</u>	<u>(2,880)</u>	<u>(1)</u>
LOSS BEFORE INCOME TAX	(152,152)	(54)	(110,605)	(56)
INCOME TAX BENEFIT (Note 25)	<u>16,017</u>	<u>6</u>	<u>3,713</u>	<u>2</u>
NET LOSS FOR THE PERIOD	<u>(136,135)</u>	<u>(48)</u>	<u>(106,892)</u>	<u>(54)</u>

(Continued)

COMTREND CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (3,296)	(1)	\$ 6,798	3
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>1,284</u>	<u>-</u>	<u>1,538</u>	<u>1</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(2,012)</u>	<u>(1)</u>	<u>8,336</u>	<u>4</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (138,147)</u>	<u>(49)</u>	<u>\$ (98,556)</u>	<u>(50)</u>
LOSS PER SHARE (Note 26)				
Basic	<u>\$ (2.32)</u>		<u>\$ (1.82)</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)	Legal Reserve	(Accumulated Deficit) Retained Earnings (Note 22)		Other Equity (Note 8)		Total	Total Equity	
	Ordinary Shares	Collected in Advance	Total			Unappropriated Earnings (Accumulated Deficit)	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, 2023	\$ 582,587	\$ 2,052	\$ 584,639	\$ 350,157	\$ 83,922	\$ 203,810	\$ 287,732	\$ 14,959	\$ 21,780	\$ 36,739	\$ 1,259,267	
Issuance of ordinary shares under employee share options	-	2,016	2,016	-	-	-	-	-	-	-	2,016	
Net loss for the three months ended March 31, 2023	-	-	-	-	-	(106,892)	(106,892)	-	-	-	(106,892)	
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	1,538	6,798	8,336	8,336	
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	(106,892)	(106,892)	1,538	6,798	8,336	(98,556)	
BALANCE AT MARCH 31, 2023	\$ 582,587	\$ 4,068	\$ 586,655	\$ 350,157	\$ 83,922	\$ 96,918	\$ 180,840	\$ 16,497	\$ 28,578	\$ 45,075	\$ 1,162,727	
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	
Net loss for the three months ended March 31, 2024	-	-	-	-	-	(136,135)	(136,135)	-	-	-	(136,135)	
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	-	1,284	(3,296)	(2,012)	(2,012)	
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	(136,135)	(136,135)	1,284	(3,296)	(2,012)	(138,147)	
BALANCE AT MARCH 31, 2024	\$ 586,655	\$ -	\$ 586,655	\$ 350,157	\$ 85,435	\$ (320,573)	\$ (235,138)	\$ 22,214	\$ 22,398	\$ 44,612	\$ 746,286	

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 Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (152,152)	\$ (110,605)
Adjustments for:		
Depreciation expense	12,338	11,157
Amortization expenses	272	167
Expected credit loss recognized on trade receivables	20,229	995
Net loss on fair value changes of financial liabilities at fair value through profit or loss	-	63
Finance costs	4,112	892
Interest income	(2,982)	(822)
Dividend income	-	(324)
Write-down of inventories	94,889	17,177
Net changes in operating assets and liabilities		
Contract assets	(67)	4,123
Trade receivables	(53,916)	259,845
Other receivables	10,041	3,320
Inventories	(707,061)	12,243
Other current assets	(34,024)	(2,664)
Net defined benefit assets	(123)	(196)
Financial liabilities at fair value through profit or loss	-	(428)
Contract liabilities	7,488	(1,269)
Notes payable and trade payables (including related parties)	748,441	(56,961)
Other payables	9,360	(3,062)
Provisions	1,760	135
Other current liabilities	5,325	(9,255)
Cash (used in) generated from operations	(36,070)	124,531
Interest received	2,982	822
Dividends received	-	324
Interest paid	(3,949)	(822)
Income tax refunded (paid)	607	(1,433)
Net cash (used in) generated from operating activities	<u>(36,430)</u>	<u>123,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(9,808)	(257)
Payments for property, plant and equipment	(3,580)	(1,920)
Decrease (increase) in refundable deposits	327	(118)
Payments for intangible assets	-	(176)
Net cash used in investing activities	<u>(13,061)</u>	<u>(2,471)</u>

(Continued)

COMTREND CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 79,116	\$ -
Repayment of the principal portion of lease liabilities	(3,611)	(3,735)
Exercise of employee share options	<u>-</u>	<u>2,016</u>
Net cash generated from (used in) financing activities	<u>75,505</u>	<u>(1,719)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>5,639</u>	<u>1,139</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,653	120,371
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>\$ 524,366</u>	<u>\$ 643,728</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 THREE MONTHS ENDED MARCH 31, 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 March 31, 2024, December 31, 2023 and March 31, 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 May 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 the Group’s accounting policies.

- b. The IFRS Accounting Standards 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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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 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.

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 discounted 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 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 4 for detailed information of subsidiaries (including the 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) 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, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 321	\$ 308	\$ 312
Checking accounts and demand deposits	350,477	211,696	352,516
Cash equivalents			
Time deposits with original maturities within 3 months	<u>173,568</u>	<u>280,709</u>	<u>290,900</u>
	<u>\$ 524,366</u>	<u>\$ 492,713</u>	<u>\$ 643,728</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial liabilities - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	\$ -	\$ -	\$ 418

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>March 31, 2023</u>			
Foreign exchange forward contracts	EUR to USD	2023.07.24	EUR300/USD315

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic listed shares			
Ordinary shares - Edimax	<u>\$ 62,830</u>	<u>\$ 66,126</u>	<u>\$ 69,010</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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	<u>\$ 31,324</u>	<u>\$ 21,516</u>	<u>\$ 20,454</u>

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 233,475	\$ 179,559	\$ 154,804
Less: Allowance for impairment loss	<u>(20,374)</u>	<u>(136)</u>	<u>(6,223)</u>
	<u>\$ 213,101</u>	<u>\$ 179,423</u>	<u>\$ 148,581</u>
<u>Other receivables</u>			
Others	<u>\$ 809</u>	<u>\$ 10,850</u>	<u>\$ 1,994</u>

The average credit period of 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 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:

March 31, 2024

	None signs of Default by Client						Signs of Default by Client	Total
	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days		
Expected credit loss rate	0.16%	0.16%	-	-	-	-	100.00%	
Gross carrying amount	\$ 166,054	\$ 26,851	\$ 20,512	\$ -	\$ -	\$ -	\$ 20,058	\$ 233,475
Loss allowance (Lifetime ECLs)	(273)	(43)	-	-	-	-	(20,058)	(20,374)
Amortized cost	<u>\$ 165,781</u>	<u>\$ 26,808</u>	<u>\$ 20,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,101</u>

December 31, 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	0.09%	0.02%	0.10%	-	-	-	
Gross carrying amount	\$ 103,180	\$ 39,325	\$ 37,054	\$ -	\$ -	\$ -	\$ 179,559
Loss allowance (Lifetime ECLs)	(92)	(6)	(38)	-	-	-	(136)
Amortized cost	<u>\$ 103,088</u>	<u>\$ 39,319</u>	<u>\$ 37,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,423</u>

March 31, 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	0.10%	3.05%	-	-	100.00%	100.00%	
Gross carrying amount	\$ 146,119	\$ 2,690	\$ -	\$ -	\$ 5,827	\$ 168	\$ 154,804
Loss allowance (Lifetime ECLs)	(146)	(82)	-	-	(5,827)	(168)	(6,223)
Amortized cost	<u>\$ 145,973</u>	<u>\$ 2,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,581</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 136	\$ 5,271
Add: Net remeasurement of loss allowance	20,229	995
Foreign exchange gains and losses	9	(43)
Balance at March 31	<u>\$ 20,374</u>	<u>\$ 6,223</u>

11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 238,143	\$ 229,439	\$ 152,078
Work in progress and semi-finished goods	8,012	46,724	56,295
Finished goods	50,666	76,992	124,351
Inventories in transit	872,366	208,252	21,812
Merchandise	<u>-</u>	<u>-</u>	<u>775</u>
	<u>\$ 1,169,187</u>	<u>\$ 561,407</u>	<u>\$ 355,311</u>

The cost of goods sold for the three months ended March 31, 2024 and 2023 included inventory write-downs of \$94,889 thousand and \$17,177 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Location	Proportion of Ownership (%)		
				March 31, 2024	December 31, 2023	March 31, 2023
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
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

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, 2023	\$ 190,052	\$ 67,047	\$ 27,824	\$ 42,912	\$ 1,966	\$ 4,150	\$ 132,443	\$ 466,394
Additions	-	-	-	1,305	-	-	615	1,920
Disposals	-	-	-	-	-	-	(2)	(2)
Effects of foreign currency exchange differences	-	-	(42)	-	(4)	-	(4)	(50)
Balance at March 31, 2023	<u>\$ 190,052</u>	<u>\$ 67,047</u>	<u>\$ 27,782</u>	<u>\$ 44,217</u>	<u>\$ 1,962</u>	<u>\$ 4,150</u>	<u>\$ 133,052</u>	<u>\$ 468,262</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
Disposals	-	-	-	-	-	-	(2)	(2)
Depreciation expense	-	763	441	1,702	95	183	4,328	7,512
Effects of foreign currency exchange differences	-	-	(34)	-	(3)	-	(5)	(42)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 3,810</u>	<u>\$ 25,152</u>	<u>\$ 38,187</u>	<u>\$ 1,033</u>	<u>\$ 2,321</u>	<u>\$ 111,289</u>	<u>\$ 181,792</u>
Carrying amount at March 31, 2023	<u>\$ 190,052</u>	<u>\$ 63,237</u>	<u>\$ 2,630</u>	<u>\$ 6,030</u>	<u>\$ 929</u>	<u>\$ 1,829</u>	<u>\$ 21,763</u>	<u>\$ 286,470</u>

(Continued)

	Land	Building	Machinery Equipment	Computer and Communication Equipment	Office Equipment	Transportation Equipment	Other Equipment	Total
<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	-	-	852	2,046	-	-	682	3,580
Disposals	-	-	-	(61)	-	-	-	(61)
Effects of foreign currency exchange differences	-	-	194	-	3	-	6	203
Balance at March 31, 2024	<u>\$ 190,052</u>	<u>\$ 67,047</u>	<u>\$ 23,452</u>	<u>\$ 42,615</u>	<u>\$ 1,621</u>	<u>\$ 4,150</u>	<u>\$ 142,424</u>	<u>\$ 471,361</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
Disposals	-	-	-	(61)	-	-	-	(61)
Depreciation expense	-	762	243	936	96	157	6,508	8,702
Effects of foreign currency exchange differences	-	-	140	-	3	-	7	150
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 6,857</u>	<u>\$ 21,010</u>	<u>\$ 35,750</u>	<u>\$ 1,073</u>	<u>\$ 2,967</u>	<u>\$ 128,890</u>	<u>\$ 196,547</u>
Carrying amount at March 31, 2024	<u>\$ 190,052</u>	<u>\$ 60,190</u>	<u>\$ 2,442</u>	<u>\$ 6,865</u>	<u>\$ 548</u>	<u>\$ 1,183</u>	<u>\$ 13,534</u>	<u>\$ 274,814</u>

(Concluded)

- No impairment loss or reversal of impairment loss was recognized for the three months ended March 31, 2024 and 2023.
- Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 31.
- The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	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

14. LEASE ARRANGEMENTS

- Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Buildings	\$ 35,465	\$ 37,620	\$ 20,441
Transportation equipment	<u>829</u>	<u>1,086</u>	<u>1,928</u>
	<u>\$ 36,294</u>	<u>\$ 38,706</u>	<u>\$ 22,369</u>

	For the Three Months Ended March 31	
	2024	2023
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 6,911</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 3,385	\$ 3,374
Transportation equipment	<u>251</u>	<u>271</u>
	<u>\$ 3,636</u>	<u>\$ 3,645</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 three months ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	<u>\$ 13,621</u>	<u>\$ 13,616</u>	<u>\$ 12,276</u>
Non-current	<u>\$ 23,063</u>	<u>\$ 25,285</u>	<u>\$ 10,302</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.36%-1.75%	1.36%-1.75%	1.375%-1.625%
Transportation equipment	1.25%-1.36%	1.25%-1.36%	1.25%-1.36%

c. Material lease-in activities and terms

The Group leases certain transportation equipment for transport 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 March 31	
	2024	2023
Expenses relating to low-value asset leases	<u>\$ 715</u>	<u>\$ 717</u>
Total cash outflow for leases	<u>\$ (4,489)</u>	<u>\$ (4,522)</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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Prepaid expenses	\$ 8,696	\$ 6,711	\$ 8,576
Input VAT and tax deduction	35,905	9,960	9,518
Prepayments	8,177	2,135	2,007
Others	<u>72</u>	<u>20</u>	<u>1,094</u>
	<u>\$ 52,850</u>	<u>\$ 18,826</u>	<u>\$ 21,195</u>
<u>Non-current</u>			
Refundable deposits	<u>\$ 4,491</u>	<u>\$ 4,818</u>	<u>\$ 3,829</u>

16. SHORT-TERM BORROWINGS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 256,728</u>	<u>\$ 177,612</u>	<u>\$ -</u>

The range of effective interest rates on bank loans was 2.00%-6.76% and 2.00%-6.77% per annum as of March 31, 2024 and December 31, 2023, respectively.

17. LONG-TERM BORROWINGS

	March 31, 2024	December 31, 2023	March 31, 2023
<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%-1.985%, 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.

18. NOTES PAYABLE AND TRADE PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Notes payable	\$ 28	\$ 7	\$ 28
Trade payables	<u>1,075,394</u>	<u>307,622</u>	<u>122,367</u>
	<u>\$ 1,075,422</u>	<u>\$ 307,629</u>	<u>\$ 122,395</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.

19. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Other payables			
Payables for salaries	\$ 36,600	\$ 17,447	\$ 26,058
Payables for freight and customs fees	7,287	5,748	1,746
Payables for professional service fees	6,379	5,660	6,005
Payables for royalties	1,650	2,726	2,703
Payables for compensation of employees and remuneration of directors	-	-	1,597
Others	<u>21,073</u>	<u>32,048</u>	<u>16,009</u>
	<u>\$ 72,989</u>	<u>\$ 63,629</u>	<u>\$ 54,118</u>
Other liabilities			
Refund liabilities	\$ 10,006	\$ 5,058	\$ 14,604
Others	<u>1,315</u>	<u>938</u>	<u>1,582</u>
	<u>\$ 11,321</u>	<u>\$ 5,996</u>	<u>\$ 16,186</u>

20. PROVISIONS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Warranties	<u>\$ 10,530</u>	<u>\$ 8,770</u>	<u>\$ 8,049</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 March 31, 2024 and 2023, the pension expenses of defined benefit plans both were \$0 thousand, and these were calculated based on the actuarially determined pension cost rate on December 31, 2023 and 2022, respectively.

22. EQUITY

a. Share capital

	March 31, 2024	December 31, 2023	March 31, 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>58,259</u>
Shares issued (in thousands of N.T. dollars)	<u>\$ 586,655</u>	<u>\$ 586,655</u>	<u>\$ 582,587</u>
Shares collected in advance (in thousands of N.T. dollars)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,068</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 \$4,068 thousand, equivalent to 407 thousand shares. Since the change registration has not been completed as of March 31, 2023, 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 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

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Premium from issuance of ordinary shares	\$ 346,078	\$ 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>4,079</u>	<u>4,079</u>	<u>4,079</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 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 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 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 was resolved by the board of directors in their meeting on March 8, 2024.

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:

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

The offset deficit for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 12, 2024.

23. REVENUE

	For the Three Months Ended March 31	
	2024	2023
Revenue from the sale of goods	\$ 279,110	\$ 194,150
Revenue from the rendering of services	<u>4,213</u>	<u>1,708</u>
	<u>\$ 283,323</u>	<u>\$ 195,858</u>

Contract Balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Trade receivables (Note 10)	<u>\$ 233,475</u>	<u>\$ 179,559</u>	<u>\$ 154,804</u>	<u>\$ 414,649</u>
Contract assets - sale of goods	<u>\$ 1,227</u>	<u>\$ 1,160</u>	<u>\$ 4,232</u>	<u>\$ 8,355</u>
Contract liabilities - sale of goods	<u>\$ 12,488</u>	<u>\$ 5,000</u>	<u>\$ 2,532</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.

24. NET LOSS

a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	<u>\$ 2,982</u>	<u>\$ 822</u>

b. Other income

	For the Three Months Ended March 31	
	2024	2023
Dividends	<u>\$ -</u>	<u>\$ 324</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Net loss on fair value changes of financial liabilities at fair value through profit or loss	\$ -	\$ (63)
Net foreign exchange gain (losses)	11,926	(4,504)
Other gain	<u>1,370</u>	<u>1,433</u>
	<u>\$ 13,296</u>	<u>\$ (3,134)</u>

d. Finance costs

**For the Three Months Ended
March 31**

	2024	2023
Interest on lease liabilities	\$ 163	\$ 70
Interest on bank loans	<u>3,949</u>	<u>822</u>
	<u>\$ 4,112</u>	<u>\$ 892</u>

e. Impairment losses recognized

**For the Three Months Ended
March 31**

	2024	2023
Trade receivables	<u>\$ 20,229</u>	<u>\$ 995</u>
Inventories (included in operating costs)	<u>\$ 94,889</u>	<u>\$ 17,177</u>

f. Depreciation and amortization

**For the Three Months Ended
March 31**

	2024	2023
Property, plant and equipment	\$ 8,702	\$ 7,512
Right-of-use assets	3,636	3,645
Intangible assets	<u>272</u>	<u>167</u>
	<u>\$ 12,610</u>	<u>\$ 11,324</u>
 An analysis of depreciation by function		
Operating expenses	<u>\$ 12,338</u>	<u>\$ 11,157</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 272</u>	<u>\$ 167</u>

g. Employee benefits expense

**For the Three Months Ended
March 31**

	2024	2023
Short-term benefits	\$ 84,084	\$ 94,832
Post-employment benefits		
Defined contribution plans	<u>2,670</u>	<u>3,116</u>
Total employee benefits expense	<u>\$ 86,754</u>	<u>\$ 97,948</u>
 An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 86,754</u>	<u>\$ 97,948</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 three months ended March 31, 2024 and 2023, respectively.

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 years 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 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 March 31	
	2024	2023
Foreign exchange gains	\$ 17,383	\$ 7,114
Foreign exchange losses	<u>(5,457)</u>	<u>(11,618)</u>
	<u>\$ 11,926</u>	<u>\$ (4,504)</u>

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax benefit recognized in profit or loss:

	For the Three Months Ended March 31	
	2024	2023
Current tax		
Adjustments for prior periods	\$ -	\$ 5
Deferred tax		
In respect of the current period	<u>16,017</u>	<u>3,708</u>
Income tax benefit recognized in profit or loss	<u>\$ 16,017</u>	<u>\$ 3,713</u>

b. Income tax assessments

The tax returns of Comtrend and its subsidiaries for the three months ended March 31, 2024 that have been assessed by the authorities are as follows:

	Year of Tax Assessment
Comtrend	2021
CUSA	2022
CTBV	2022
CCE	2023
Iberia	2022

26. LOSS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2024	2023
Basic loss per share	<u>\$ (2.32)</u>	<u>\$ (1.82)</u>

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

Net Loss for the Period

	For the Three Months Ended March 31	
	2024	2023
Net loss for the period	<u>\$ (136,135)</u>	<u>\$ (106,892)</u>

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

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic loss per share	<u>58,666</u>	<u>58,598</u>

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Group did not issue any employee share options during the three months ended March 31, 2024 and 2023 both.

Information on outstanding issued employees share options is as follows:

	For the Three Months Ended March 31, 2023	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	380	\$ 10.00
Options forfeited	(178)	10.00
Options exercised	<u>(202)</u>	10.00
Balance at March 31	<u>-</u>	
Options exercisable, end of period	<u>-</u>	

Compensation costs recognized were \$0 thousand for the three months ended March 31, 2023.

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

March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 62,830	\$ -	\$ -	\$ 62,830
Unlisted shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 62,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,830</u>

December 31, 2023

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

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 69,010	\$ -	\$ -	\$ 69,010
Unlisted shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 69,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,010</u>

Financial liabilities at FVTPL

Derivatives	<u>\$ -</u>	<u>\$ 418</u>	<u>\$ -</u>	<u>\$ 418</u>
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There were no transfers between Levels 1 and 2 in the current and prior periods.

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

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
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 and foreign were determined using the asset approach.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 774,091	\$ 709,320	\$ 818,586
Financial assets at FVTOCI	62,830	66,126	69,010
<u>Financial liabilities</u>			
Financial liability at FVTPL	-	-	418
Amortized cost (2)	1,611,960	775,043	411,366

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, 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 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 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 loss and other equity 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 loss and other equity, and the balances below would be negative.

	EUR Impact		USD Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2024	2023	2024	2023
Profit or loss	\$ (835) (i)	\$ (807) (i)	\$ (1,220) (ii)	\$ (2,270) (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 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 payable 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 204,892	\$ 302,225	\$ 311,354
Financial liabilities	493,412	416,513	222,578
Cash flow interest rate risk			
Financial assets	350,477	211,696	352,516

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 three months ended March 31, 2024 would have decreased/increased by \$876 thousand and the pre-tax loss for the three months ended March 31, 2023 would have decreased/increased by \$881 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 three months ended March 31, 2024 and 2023 would have increased/decreased by \$628 thousand and \$690 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to other price risk was not significantly different during the current period compared to the previous period.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which 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 European and American regions, which accounted for 50.72%, 49.07% and 69.46% of the total trade receivables as of March 31, 2024, December 31, 2023 and March 31, 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 March 31, 2024, December 31, 2023 and March 31, 2023, 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.

March 31, 2024

	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	\$ 193,611	\$ 39,769	\$ 24,279	\$ -	\$ -
Lease liabilities	1,202	2,404	10,533	23,793	-
Long-term borrowings	292	583	4,353	55,483	178,008
Notes payable and trade payables	152,285	461,511	468,330	117	-
Other payables	<u>22,912</u>	<u>22,623</u>	<u>18,805</u>	<u>8,649</u>	<u>-</u>
	<u>\$ 370,302</u>	<u>\$ 526,890</u>	<u>\$ 526,300</u>	<u>\$ 88,042</u>	<u>\$ 178,008</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>\$ 5,228</u>	<u>\$ 55,483</u>	<u>\$ 69,354</u>	<u>\$ 69,354</u>	<u>\$ 39,300</u>

December 31, 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>					
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:

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

March 31, 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	\$ 1,138	\$ 2,277	\$ 9,100	\$ 10,402	\$ -
Long-term borrowings	282	583	2,625	46,400	189,954
Notes payable and trade payables	27,047	82,552	47,552	57	40
Other payables	<u>19,784</u>	<u>15,262</u>	<u>10,521</u>	<u>8,551</u>	<u>-</u>
	<u>\$ 48,251</u>	<u>\$ 100,674</u>	<u>\$ 69,798</u>	<u>\$ 65,410</u>	<u>\$ 189,994</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	<u>\$ 3,490</u>	<u>\$ 46,400</u>	<u>\$ 68,658</u>	<u>\$ 68,658</u>	<u>\$ 52,638</u>
Notes payable and trade payables	<u>\$ 157,151</u>	<u>\$ 57</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ -</u>

Bank loans with a repayment on demand clause were included in the time band in the above maturity analysis. As of March 31, 2024, December 31, 2023 and March 31, 2023, the aggregate undiscounted principal amounts of these bank loans amounted to \$456,728 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 \$496,378 thousand, \$416,246 thousand and \$239,844 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.

March 31, 2023

	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	\$ -	\$ -	\$ 9,580	\$ -	\$ -
Outflows	<u>-</u>	<u>-</u>	<u>(9,998)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (418)</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

As of March 31, 2024, December 31, 2023 and March 31, 2023, unused financing facilities amounted to \$718,712 thousand, \$723,164 thousand and \$531,005 thousand, respectively.

30. 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. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2024	2023
The Company's parent	\$ 2,161	\$ 26,655
Associate of the Company's parent	<u>5,582</u>	<u>4,344</u>
	<u>\$ 7,743</u>	<u>\$ 30,999</u>

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

c. Receivables from related parties

Line Item	Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables	The Company's parent - Edimax	<u>\$ 407</u>	<u>\$ 1,187</u>	<u>\$ 471</u>

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

d. Payables to related parties

Line Item	Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable	The Company's parent - Edimax	\$ 2,639	\$ 26,173	\$ 26,038
	Associate of the Company's parent - Talent	<u>4,182</u>	<u>-</u>	<u>8,815</u>
		<u>\$ 6,821</u>	<u>\$ 26,173</u>	<u>\$ 34,853</u>
Other payables	The Company's parent	\$ 568	\$ 1,022	\$ 211
	Associate of the Company's parent	-	735	197
	Fellow company	<u>-</u>	<u>15</u>	<u>67</u>
		<u>\$ 568</u>	<u>\$ 1,772</u>	<u>\$ 475</u>

The outstanding trade payables to related parties are unsecured.

e. Other transactions with related parties

Line Item	Related Party Category	For the Three Months Ended March 31	
		2024	2023
Operating expenses	The Company's parent	\$ 1,774	\$ 1,097
	Associate of the Company's parent	471	198
	Fellow company	<u>-</u>	<u>63</u>
		<u>\$ 2,245</u>	<u>\$ 1,358</u>
Miscellaneous revenue	The Company's parent - Edimax	<u>\$ 1,026</u>	<u>\$ 1,391</u>

f. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	<u>\$ 5,696</u>	<u>\$ 5,243</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment	<u>\$ 249,145</u>	<u>\$ 249,907</u>	<u>\$ 252,192</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company as of March 31, 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 March 31, 2024.

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:

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 41,054	32.00 (USD:NTD)	\$ 1,313,730
USD	692	23.41 (USD:CZK)	22,150
EUR	2,136	34.46 (EUR:NTD)	73,606
EUR	702	25.31 (EUR:CZK)	24,190
<u>Financial liabilities</u>			
Monetary items			
USD	37,739	32.00 (USD:NTD)	1,207,663
USD	268	23.41 (USD:CZK))	8,565
EUR	352	25.31 (EUR:CZK))	12,129

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<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
<u>Financial liabilities</u>			
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

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 10,764	30.45 (USD:NTD)	\$ 327,770
USD	476	0.92 (USD:EUR)	14,490
USD	2,533	21.60 (USD:CZK)	77,115
EUR	2,254	33.15 (EUR:NTD)	74,716
EUR	716	23.49 (EUR:CZK)	23,742
<u>Financial liabilities</u>			
Monetary items			
USD	4,888	30.45 (USD:NTD)	148,845
USD	1,430	21.60 (USD:CZK)	43,546
EUR	535	23.49 (EUR:CZK)	17,719

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

	For the Three Months Ended March 31			
	2024		2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Loss
NTD	1 (NTD:NTD)	\$ 10,757	1 (NTD:NTD)	\$ (3,959)
EUR	34.16 (EUR:NTD)	<u>1,169</u>	32.62 (EUR:NTD)	<u>(545)</u>
		<u>\$ 11,926</u>		<u>\$ (4,504)</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 (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).

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 Three Months Ended March 31	
	2024	2023
Revenue from external customers	\$ 283,323	\$ 195,858
Inter-segment revenue	<u>-</u>	<u>-</u>
Segment revenue	283,323	195,858
Eliminations	<u>-</u>	<u>-</u>
Consolidated revenue	<u><u>\$ 283,323</u></u>	<u><u>\$ 195,858</u></u>
Segment (loss) income	\$ (164,318)	\$ (107,725)
Non-operating income and expense	<u>12,166</u>	<u>(2,880)</u>
Loss before income tax from continuing operations	<u><u>\$ (152,152)</u></u>	<u><u>\$ (110,605)</u></u>

Segment profit (loss) 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
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Comtrend	Share EMMT Systems Corporation	None	Financial assets at FVTOCI - non-current	482	\$ -	0.52	\$ -	
Comtrend	Share Edimax	Parent Company	Financial assets at FVTOCI - current	4,120	62,830	1.90	62,830	

COMTREND CORPORATION AND SUBSIDIARIES

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

MARCH 31, 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	\$ 129,167	0.56	\$ 65,498	CUSA has actively arranged for the repayment to Comtrend	\$ 16,255	\$ -

Note: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2024.

COMTREND CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 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	<u>For the three months ended March 31, 2024</u>						
	Comtrend	CUSA	a	Sales revenue	\$ 18,118	Normal	6.39
		CUSA	a	Accounts receivable	129,167	Normal; collection period: 60-240 days	5.31
		CCE	a	Sales revenue	13,250	Normal	4.68
		CCE	a	Accounts receivable	18,927	Normal; collection period: 60-180 days	0.78
		CTBV	a	Sales revenue	9,612	Normal	3.39
CTBV		a	Accounts receivable	52,072	Normal; collection period: 60-180 days	2.14	

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 three months ended March 31, 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 THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 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	\$ (38,229)	\$ (28,362)	\$ (18,378)	Subsidiary (Note 1)
	CTBV	Netherlands	Wholesale, retail sale, and international trade, etc.	50,901	50,901	1,518,000	100.00	83,136	(3,640)	(3,640)	Subsidiary
CTBV	CCE	Czech Republic	Wholesale, retail sale, and international trade, etc.	71,483	71,438	-	100.00	37,285	(674)	(674)	Sub-subsubsidiary
	Iberia	Spain	Wholesale, retail sale, and international trade, etc.	12,294	12,294	-	100.00	342	(3,105)	(3,105)	Sub-subsubsidiary

Note 1: The share of profits/losses of investees includes a net loss of \$28,362 thousand and the effect of unrealized gross loss of \$9,984 thousand on intercompany transactions.

Note 2: The transactions with the related parties have been eliminated in the consolidated financial statements as of and for the three months ended March 31, 2024.

TABLE 5**COMTREND CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 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.