

**COMPAL BROADBAND NETWORKS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2026 and 2025**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Compal Broadband Networks, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Compal Broadband Networks, Inc. and its subsidiaries as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China 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 causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Compal Broadband Networks, Inc. and its subsidiaries as of March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 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 Liu, Chen-Hsing and Kou, Kuan-Ying.

KPMG

Taipei, Taiwan (Republic of China)
May 8, 2026

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 Standards on Auditing and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2026, December 31 and March 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2026		December 31, 2025		March 31, 2025				March 31, 2026		December 31, 2025		March 31, 2025	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 278,839	23	355,819	30	527,759	36	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	\$ -	-	-	-	148	-
1170	Accounts receivable, net (notes (6)(c) and (6)(q))	197,401	16	142,018	12	177,214	12								
1200	Other receivables, net (notes (6)(d) and (7))	34,478	3	104,091	9	931	-	2130	Current contract liabilities (note (6)(q))	861	-	17,586	2	111,967	8
1310	Inventories (note (6)(e))	522,539	44	394,729	33	512,094	35	2170	Accounts payable	137,134	12	100,122	8	82,147	5
1410	Prepayments	35,235	3	41,363	4	61,430	4	2180	Accounts payable to related parties (note (7))	119,164	10	83,148	7	108,310	7
1470	Other current assets	2,791	-	1,759	-	2,520	-	2200	Other payables (note (7))	76,327	6	38,799	3	99,787	7
		1,071,283	89	1,039,779	88	1,281,948	87	2250	Current provisions (note (6)(j))	5,727	-	5,395	-	82,636	6
Non-current assets:								2280	Current lease liabilities (note (6)(k))	7,956	1	7,919	1	7,290	-
1550	Investments accounted for using equity method (note (6)(f))	4,711	1	5,055	1	6,187	1	2300	Other current liabilities	7,348	1	16,601	1	9,769	1
1600	Property, plant and equipment (note (6)(g))	95,471	8	109,137	9	120,679	8			354,517	30	269,570	22	502,054	34
1755	Right-of-use assets (note (6)(h))	12,143	1	14,085	1	18,234	1	Non-Current liabilities:							
1780	Intangible assets (note (6)(i))	2,493	-	2,969	-	1,625	-	2570	Deferred tax liabilities	408	-	419	-	119	-
1840	Deferred tax assets	15,305	1	15,305	1	38,144	3	2580	Non-current lease liabilities (note (6)(k))	4,445	-	6,449	1	11,286	1
1900	Other non-current assets (note (8))	2,386	-	2,391	-	2,591	-			4,853	-	6,868	1	11,405	1
		132,509	11	148,942	12	187,460	13	Total liabilities		359,370	30	276,438	23	513,459	35
Total assets		\$ 1,203,792	100	1,188,721	100	1,469,408	100	Equity (notes (6)(n)):							
								3110	Ordinary shares	685,507	57	686,977	58	673,357	46
								3200	Capital surplus	317,267	26	318,678	27	366,459	25
								3300	Retained earnings	(146,246)	(12)	(76,207)	(6)	(84,145)	(6)
								3410	Exchange differences on translation of foreign financial statements	454	-	501	-	278	-
								3491	Unearned employee benefit	(12,560)	(1)	(17,666)	(2)	-	-
								Total equity		844,422	70	912,283	77	955,949	65
								Total liabilities and equity		\$ 1,203,792	100	1,188,721	100	1,469,408	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		For the three months ended March 31			
		2026		2025	
		Amount	%	Amount	%
4000	Operating revenue (note (6)(q))	\$ 112,132	100	169,744	100
5000	Operating costs (notes (6)(e), (7) and (12))	94,988	85	109,605	65
	Gross profit from operations	17,144	15	60,139	35
	Operating expenses: (notes (6)(i), (6)(k), (6)(l), (7) and (12))				
6100	Selling expenses	21,577	19	22,310	13
6200	Administrative expenses	13,356	12	12,434	7
6300	Research and development expenses	45,067	40	52,051	31
6450	Expected credit reversal gain (notes (6)(c) and (6)(d))	(12)	-	(1,565)	(1)
	Total operating expenses	79,988	71	85,230	50
	Net operating loss	(62,844)	(56)	(25,091)	(15)
	Non-operating income and expenses:				
7010	Other income (note (7))	561	1	446	-
7020	Other gains and losses (note (6)(s))	(8,099)	(8)	(250)	-
7100	Interest income	752	1	2,295	1
7510	Interest expense (note (6)(k))	(65)	-	(92)	-
7060	Share of loss of associates accounted for using equity method, net (note (6)(f))	(344)	-	(597)	-
		(7,195)	(6)	1,802	1
7900	Loss from continuing operations before tax	(70,039)	(62)	(23,289)	(14)
7950	Less: Income tax expense (note (6)(m))	-	-	-	-
	Net Loss	(70,039)	(62)	(23,289)	(14)
8300	Other comprehensive income (loss):				
8360	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(59)	-	593	1
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss (note (6)(m))	(12)	-	119	-
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	(47)	-	474	1
8300	Other comprehensive income (loss)	(47)	-	474	1
	Total comprehensive loss	<u>\$ (70,086)</u>	<u>(62)</u>	<u>(22,815)</u>	<u>(13)</u>
	Loss per share (note (6)(p))				
9750	Basic loss per share	<u>\$ (1.04)</u>		<u>(0.35)</u>	
9850	Diluted loss per share	<u>\$ (1.04)</u>		<u>(0.35)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity		Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Accumulated losses	Total	Exchange differences on translation of foreign financial statements	Unearned employee benefit		
Balance at January 1, 2025	\$ 673,357	366,459	104,494	588	(165,938)	(60,856)	(196)	-	(196)	978,764
Loss for the three months ended March 31, 2025	-	-	-	-	(23,289)	(23,289)	-	-	-	(23,289)
Other comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	-	474	-	474	474
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	(23,289)	(23,289)	474	-	474	(22,815)
Balance at March 31, 2025	\$ 673,357	366,459	104,494	588	(189,227)	(84,145)	278	-	278	955,949
Balance at January 1, 2026	\$ 686,977	318,678	-	-	(76,207)	(76,207)	501	(17,666)	(17,165)	912,283
Loss for the three months ended March 31, 2026	-	-	-	-	(70,039)	(70,039)	-	-	-	(70,039)
Other comprehensive loss for the three months ended March 31, 2026	-	-	-	-	-	-	(47)	-	(47)	(47)
Total comprehensive loss for the three months ended March 31, 2026	-	-	-	-	(70,039)	(70,039)	(47)	-	(47)	(70,086)
Share-based payment transactions	(1,470)	(1,411)	-	-	-	-	-	5,106	5,106	2,225
Balance at March 31, 2026	\$ 685,507	317,267	-	-	(146,246)	(146,246)	454	(12,560)	(12,106)	844,422

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2026	2025
Cash flows from (used in) operating activities:		
Loss before tax	\$ (70,039)	(23,289)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation and amortization expense	16,064	14,569
Expected credit reversal gain	(12)	(1,565)
Interest expense	65	92
Interest income	(752)	(2,295)
Compensation cost of employee share-based payment	2,225	-
Share of loss of associates accounted for using equity method	344	597
Loss on disposal of property, plant and equipment	20	-
Gain on lease modification	-	(362)
Total adjustments to reconcile loss	17,954	11,036
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(55,439)	20,537
Decrease in other receivables	69,527	18,702
(Increase) decrease in inventories	(127,810)	15,084
Decrease in prepayments	6,128	3,852
Increase in other current assets	(948)	(200)
Increase in financial liabilities held for trading	-	148
(Decrease) increase in contract liabilities	(16,725)	85,628
Increase (decrease) in accounts payable	73,028	(147,819)
Increase in other payables	37,528	24,034
Increase (decrease) in provisions	332	(1,450)
(Decrease) increase in other current liabilities	(9,253)	7,493
Total changes in operating assets and liabilities	(23,632)	26,009
Total adjustments	(5,678)	37,045
Cash (outflow) inflow generated from operations	(75,717)	13,756
Interest received	906	2,209
Interest paid	(65)	(92)
Income taxes paid	(84)	(187)
Net cash flows (used in) from operating activities	(74,960)	15,686
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	-	(8,387)
Decrease in refundable deposits	5	1,750
Acquisition of intangible assets	-	(184)
Net cash flows from (used in) investing activities	5	(6,821)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(1,967)	(1,802)
Net cash flows used in financing activities	(1,967)	(1,802)
Effect of exchange rate changes on cash and cash equivalents	(58)	593
Net (decrease) increase in cash and cash equivalents	(76,980)	7,656
Cash and cash equivalents at beginning of period	355,819	520,103
Cash and cash equivalents at end of period	\$ 278,839	527,759

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Compal Broadband Networks, Inc. (“the Company”) was established on August 19, 2009, and jointly invested by Compal Electronics, Inc. (Compal Electronics) and Zhi-Bao Technology Inc. (Zhi-Bao Technology) with the shareholding ratio was 52% and 48% respectively. The parent company of the Company is Compal Electronics. As of March 31, 2026 and 2025, Compal Electronics and its subsidiaries held 63% shares in the Company.

The address of the Company’s registered office is 13F.-1, No. 1, Taiyuan 1st St., Zhubei City, Hsinchu County. The Company and its subsidiaries (“the Group”) primarily engaged in the research, development, and sale of communication products such as smart gateways, digital set-top boxes, and wireless broadband routers.

The Company’s common shares have been publicly listed on the Taiwan Stock Exchange since November 28, 2018.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on May 8, 2026.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC. Hereinafter referred to as the “IFRS Accounting Standards endorsed by FSC” for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2025. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2025.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			March 31, 2026	December 31, 2025	March 31, 2025
The Company	Compal Broadband Networks Belgium BVBA (“CBNB”)	Import, export, technical support, and consulting services for broadband network products and related components	100%	100%	100%
”	Compal Broadband Networks Netherlands B.V. (“CBNN”)	”	100%	100%	100%

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(Continued)

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2025. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2025.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no significant differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2025 consolidated financial statements. Please refer to Note (6) of the 2025 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	\$ 353	251	321
Checking accounts and demand deposits	178,486	155,568	77,438
Time deposits	100,000	200,000	450,000
	\$ 278,839	355,819	527,759

Please refer to note (6)(t) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial liabilities at fair value through profit or loss

	March 31, 2026	December 31, 2025	March 31, 2025
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ -	-	148

Please refer to note (6)(t) for the liquidity risk of the financial instruments of the Group.

The Group holds derivative financial instruments to hedge the certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial liabilities:

March 31, 2025				
Contract amount (in thousands)		Currency	Maturity date	
Derivative financial liabilities:				
Foreign exchange contracts:				
Foreign exchange sold	EUR 200	EUR to USD	May 6, 2025	

(Continued)

(c) Accounts receivable

	March 31, 2026	December 31, 2025	March 31, 2025
Accounts receivable	\$ 197,728	142,289	177,691
Less: loss allowance	(327)	(271)	(477)
	<u>\$ 197,401</u>	<u>142,018</u>	<u>177,214</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The expected credit losses were determined as follows:

March 31, 2026				
	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit impaired
Level B	\$ 183,405	0.10%	184	No
Level C	14,323	1.00%	143	No
	<u>\$ 197,728</u>		<u>327</u>	

December 31, 2025				
	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit impaired
Level B	\$ 127,945	0.10%	128	No
Level C	14,344	1.00%	143	No
	<u>\$ 142,289</u>		<u>271</u>	

March 31, 2025				
	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit impaired
Level B	\$ 168,362	0.10%	168	No
Level C	3,950	1.00%	40	No
Level D	5,379	5.00%	269	No
	<u>\$ 177,691</u>		<u>477</u>	

The aging analysis of accounts receivable were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Overdue 1~30 days	\$ -	4,505	9,063
Overdue 31~60 days	8,688	68	302
Overdue 61~90 days	55,675	2,031	-
Overdue 91~180 days	2,067	170	1,690
Overdue 181~270 days	173	-	25,667
Overdue 360 days	-	6,574	-
	<u>\$ 66,603</u>	<u>13,348</u>	<u>36,722</u>

(Continued)

The movements of allowance for accounts receivable were as follows:

	For the three months ended March 31,	
	2026	2025
Balance at January 1	\$ 271	26,229
Impairment loss recognized (reversed)	56	(1,566)
Write-off of bad debt allowance	-	(24,186)
Balance at March 31	\$ 327	477

As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any aforementioned accounts receivable as collaterals.

(d) Other receivables

	March 31, 2026	December 31, 2025	March 31, 2025
Other receivables	\$ 34,538	104,219	994
Less: loss allowance	(60)	(128)	(63)
	\$ 34,478	104,091	931

The aging analysis of overdue other receivables were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Overdue 1~30 days	\$ -	-	-
Overdue 31~60 days	-	28	-
Overdue 61~90 days	-	-	-
Overdue 91~180 days	-	-	22
Overdue 271~360 days	-	-	-
Overdue 360 days	-	-	-
	\$ -	28	22

The movements of allowance for other receivables were as follows:

	For the three months ended March 31,	
	2026	2025
Balance at January 1	\$ 128	62
Impairment loss (reversed) recognized	(68)	1
Balance at March 31	\$ 60	63

As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any aforementioned other receivables as collaterals.

(Continued)

(e) Inventories

(i) The details of the Group's inventories were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	\$ 478,010	390,388	489,495
Work in progress and semi-finished goods	2,481	1,902	1,421
Merchandise	42,048	2,439	21,178
	<u>\$ 522,539</u>	<u>394,729</u>	<u>512,094</u>

(ii) Inventory cost recognized as operating costs were as follows:

	For the three months ended March 31,	
	2026	2025
Cost of sales and expenses	\$ 94,383	109,605
Provision for inventory valuation and obsolescence loss	605	-
	<u>\$ 94,988</u>	<u>109,605</u>

For the three months ended March 31, 2026 and 2025, the write-down of the inventories to the net realizable value was recorded as an operating cost.

(iii) As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any inventories as collaterals.

(f) Investments accounted for using equity method

(i) The Group's equity-accounted associates that are individually insignificant and the Group's share of the financial information are summarized as below:

	March 31, 2026	December 31, 2025	March 31, 2025
The carrying amount of individually insignificant associates equity	\$ 4,711	5,055	6,187
	For the three months ended March 31,		
	2026	2025	
Attributable to the Group:			
Net loss from continuing operations	\$ (344)	(597)	
Total comprehensive loss	\$ (344)	(597)	

(ii) As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any investment accounted for using equity method as collaterals.

(Continued)

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the three months ended March 31, 2026 and 2025 were as follows:

	Research equipment	Mold equipment	Machinery and equipment	Lease improvement and others	Equipment under acceptance	Total
Cost or deemed cost:						
Balance at January 1, 2026	\$ 385,926	34,783	1,650	70,039	6,024	498,422
Disposals	(681)	-	-	(675)	-	(1,356)
Reclassifications	-	6,024	-	-	(6,024)	-
Balance at March 31, 2026	<u>\$ 385,245</u>	<u>40,807</u>	<u>1,650</u>	<u>69,364</u>	<u>-</u>	<u>497,066</u>
Balance at January 1, 2025	\$ 376,121	24,225	1,650	68,184	-	470,180
Additions	5,835	2,027	-	525	-	8,387
Balance at March 31, 2025	<u>\$ 381,956</u>	<u>26,252</u>	<u>1,650</u>	<u>68,709</u>	<u>-</u>	<u>478,567</u>
Depreciation:						
Balance at January 1, 2026	\$ 308,581	23,003	1,478	56,223	-	389,285
Depreciation	9,847	1,850	40	1,909	-	13,646
Disposals	(669)	-	-	(667)	-	(1,336)
Balance at March 31, 2026	<u>\$ 317,759</u>	<u>24,853</u>	<u>1,518</u>	<u>57,465</u>	<u>-</u>	<u>401,595</u>
Balance at January 1, 2025	\$ 276,592	18,813	1,305	48,950	-	345,660
Depreciation	9,557	802	52	1,817	-	12,228
Balance at March 31, 2025	<u>\$ 286,149</u>	<u>19,615</u>	<u>1,357</u>	<u>50,767</u>	<u>-</u>	<u>357,888</u>
Carrying amounts:						
Balance at January 1, 2026	<u>\$ 77,345</u>	<u>11,780</u>	<u>172</u>	<u>13,816</u>	<u>6,024</u>	<u>109,137</u>
Balance at March 31, 2026	<u>\$ 67,486</u>	<u>15,954</u>	<u>132</u>	<u>11,899</u>	<u>-</u>	<u>95,471</u>
Balance at January 1, 2025	<u>\$ 99,529</u>	<u>5,412</u>	<u>345</u>	<u>19,234</u>	<u>-</u>	<u>124,520</u>
Balance at March 31, 2025	<u>\$ 95,807</u>	<u>6,637</u>	<u>293</u>	<u>17,942</u>	<u>-</u>	<u>120,679</u>

As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any property, plant and equipment as collaterals.

(Continued)

(h) Right-of-use assets

The Group leases buildings and vehicles. Information about leases for which the Group has as a lessee is presented as below:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance at January 1, March 31, 2026	<u>\$ 58,551</u>	<u>3,741</u>	<u>62,292</u>
Balance at January 1, 2025	\$ 118,479	2,151	120,630
Disposals	(59,928)	-	(59,928)
Balance at March 31, 2025	<u>\$ 58,551</u>	<u>2,151</u>	<u>60,702</u>
Depreciation:			
Balance at January 1, 2026	\$ 46,822	1,385	48,207
Depreciation	1,675	267	1,942
Balance at March 31, 2026	<u>\$ 48,497</u>	<u>1,652</u>	<u>50,149</u>
Balance at January 1, 2025	\$ 80,177	538	80,715
Depreciation	1,676	134	1,810
Disposals	(40,057)	-	(40,057)
Balance at March 31, 2025	<u>\$ 41,796</u>	<u>672</u>	<u>42,468</u>
Carrying amount:			
Balance at January 1, 2026	<u>\$ 11,729</u>	<u>2,356</u>	<u>14,085</u>
Balance at March 31, 2026	<u>\$ 10,054</u>	<u>2,089</u>	<u>12,143</u>
Balance at January 1, 2025	<u>\$ 38,302</u>	<u>1,613</u>	<u>39,915</u>
Balance at March 31, 2025	<u>\$ 16,755</u>	<u>1,479</u>	<u>18,234</u>

(i) Intangible Assets

The cost and accumulated amortization of intangible assets of the Group for the three months ended March 31, 2026 and 2025 were as follows:

	<u>Computer software</u>
Cost:	
Balance at January 1, March 31, 2026	<u>\$ 3,641</u>
Balance at January 1, 2025	\$ 3,164
Additions	184
Disposals	(662)
Balance at March 31, 2025	<u>\$ 2,686</u>
Accumulated amortization:	
Balance at January 1, 2026	\$ 672
Amortization	476
Balance at March 31, 2026	<u>\$ 1,148</u>
Balance at January 1, 2025	\$ 1,192
Amortization	531
Disposals	(662)
Balance at March 31, 2025	<u>\$ 1,061</u>

(Continued)

	Computer software
Carrying amount:	
Balance at January 1, 2026	<u>\$ 2,969</u>
Balance at March 31, 2026	<u>\$ 2,493</u>
Balance at January 1, 2025	<u>\$ 1,972</u>
Balance at March 31, 2025	<u>\$ 1,625</u>

As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any intangible assets as collaterals.

(j) Provisions

	Warranty Provisions
Balance at January 1, 2026	\$ 5,395
Provisions made during the period	379
Provisions used during the period	(47)
Balance at March 31, 2026	<u>\$ 5,727</u>
Balance at January 1, 2025	\$ 84,086
Provisions made during the period	1,283
Provisions reversed during the period	(1,016)
Provisions used during the period	(1,717)
Balance at March 31, 2025	<u>\$ 82,636</u>

The Group's provision for the warranty was for products sold. Provision for warranty and the after-service cost was estimated based on the historical warranty information for customer services. The Group expected the aforementioned provisions would occur within a year after-sales.

After negotiations with customers in 2025, the Group revised its after service policy. Accordingly, the Group adjusted and reversed the provision for warranty based on the revised after service policy.

(k) Lease liabilities

The details of lease liabilities were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Current	<u>\$ 7,956</u>	<u>7,919</u>	<u>7,290</u>
Non-current	<u>\$ 4,445</u>	<u>6,449</u>	<u>11,286</u>

For the maturity analysis, please refer to note (6)(t).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2026	2025
Interest expense on lease liabilities	<u>\$ 65</u>	<u>92</u>
Expenses relating to short-term leases	<u>\$ -</u>	<u>7</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 18</u>	<u>18</u>

(Continued)

The amounts recognized in the statement of cash flows by the Group were as follows:

	For the three months ended March 31	
	2026	2025
	\$ 2,050	1,919
Total cash outflow for leases		

The Group leases buildings, parking spaces, and transportation equipment, which typically run for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group also leases other equipment and parking spaces with contract terms of 1 to 5 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(l) Employee benefits - Defined contribution plans

The pension expenses of the Group under the pension plan contributed to the Bureau of Labor Insurance for the three months ended March 31, 2026 and 2025 were as follows:

	For the three months ended March 31,	
	2026	2025
	\$ 230	256
Selling expenses		
Administration expenses	193	230
Research and development expenses	655	706
	\$ 1,078	1,192

(m) Income taxes

- (i) Income tax expenses for the period are the best estimated by multiplying pre-tax loss for the interim reporting period using the effective annual tax rate as forecasted by the management. The amount of income tax expenses were as follows:

	For the three months ended March 31,	
	2026	2025
	\$ -	-
Current tax expense		

- (ii) The amounts of income tax expenses recognized in other comprehensive income were as follows:

	For the three months ended March 31,	
	2026	2025
	\$ (12)	119
Items that might be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations		

- (iii) The R.O.C. tax authorities have examined the income tax returns of the Company through 2024.

(Continued)

(n) Capital and other equities

Except for the following disclosures, there was no significant change for capital and other equities for the periods from January 1 to March 31, 2026 and 2025. Please refer to note (6)(m) of the 2025 annual consolidated financial statements for other related information.

(i) Ordinary shares

Reconciliation of shares outstanding for the three months ended March 31, 2026 and 2025 were as follow:

	Unit: in thousands of shares	
	For the three months ended	
	March 31,	
	Ordinary shares	
	2026	2025
Balance at January 1	68,698	67,336
Cancellation of employee restricted shares	(147)	-
Balance at March 31	68,551	67,336

The Company issued restricted stock awards to employees without consideration in 2025, with an aggregate par value of \$15,000, and the capital increase record date was May 28, 2025. During the three months ended March 31, as certain employees who were granted restricted stock awards failed to satisfy the vesting conditions, share capital of \$1,470 was cancelled. Accordingly, capital surplus was reduced by \$1,411. The related amendment registration has been completed.

(ii) Capital surplus

The balance of capital surplus were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Additional paid in capital premium	\$ 305,603	305,603	318,043
Employee share options	-	-	48,101
Issuance of employee restricted shares	11,664	13,075	-
Changes in equity of associates accounted for using equity method	-	-	315
	\$ 317,267	318,678	366,459

(iii) Retained earnings

According to the Company's Articles of Incorporation, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof until the accumulated balance of legal reserve equals the total issued capital and any special reserves pursuant to relevant laws and regulations. The remainder, plus the undistributed earnings of the previous years, are distributed or left undistributed for business purposes according to the resolution of the shareholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the annual stockholders' meeting. However, if earnings per share of the current year do not exceed a dollar, the earnings shall not be distributed.

(Continued)

The Company authorizes the Board of Directors with two-thirds or more of the directors present, and the consent of more than of the directors present at the meeting, to distribute all or part of the dividends and bonuses, capital surplus or legal reserve to shareholders in cash, and report such distribution to the stockholders' meeting.

The Company is in its growth phase. The Company's dividend policy prioritizes the operating environment, performance, and financial structure. The stock dividends shall be distributed at least 10% to the shareholders. However, the Board may adjust the proportion based on the current operating conditions and submitted to the shareholders' meeting for approval. The distribution ratio for cash dividends to shareholders should not be less than 10% of the total dividend distribution.

(iv) Earnings distributed (Accumulated deficit offsetting)

The Company suffered accumulated losses for the years ended 2025 and 2024. On March 11, 2026, and March 11, 2025, respectively, the Board of Directors resolved not to distribute dividends.

On March 11, 2026, the Board of Directors of the Company proposed to use capital surplus of \$76,207 to offset the accumulated losses. The aforementioned loss offsetting proposal is still subject to the resolution of the shareholders' meeting.

On June 23, 2025, the shareholders' meeting resolved to use special reserve of \$588, legal reserve of \$104,494, and capital surplus of \$60,856 to offset losses.

(o) Share based payment

There were no significant changes in share-based payment during the periods from January 1 to March 31, 2026 and 2025. For the related information, please refer to note (6)(n) of the 2025 annual consolidated financial statements for other related information.

(p) Loss per share

The Group's basic and diluted loss per share are calculated as follows:

	For the three months ended March 31,	
	2026	2025
Basic loss per share		
Loss attributable to ordinary shareholders of the Company	<u>\$ (70,039)</u>	<u>(23,289)</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>67,336</u>	<u>67,336</u>
Basic loss per share (dollars)	<u>\$ (1.04)</u>	<u>(0.35)</u>
Diluted loss per share		
Weighted-average number of outstanding ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>67,336</u>	<u>67,336</u>
Diluted loss per share (dollars)	<u>\$ (1.04)</u>	<u>(0.35)</u>

For the three months ended March 31, 2026 and 2025, due to net losses after tax, all potential ordinary shares were anti-dilutive and thus excluded from the computation of diluted loss per share.

(q) Revenue from contracts with customers

(i) Details of revenue

		For the three months ended March 31,	
		2026	2025
Primary geographical markets:			
America	\$	56,263	99,118
Taiwan		32,169	27,991
Belgium		16,984	18,062
others		6,716	24,573
		\$ 112,132	169,744
Major products:			
Communication network products	\$	88,424	114,283
Material sales revenue and others		23,708	55,461
		\$ 112,132	169,744

(ii) Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025
Accounts receivable	\$ 197,728	142,289	177,691
Less: loss allowance	(327)	(271)	(477)
	\$ 197,401	142,018	177,214
Contract liabilities	\$ 861	17,586	111,967

For the details on accounts receivable and loss allowance, please refer to note (6)(c).

The amount of revenue recognized for the three months ended March 31, 2026 and 2025 that were included in the balance of contract liabilities at the beginning of the period were \$16,725 and \$0, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(r) Remuneration to employees and directors

Pursuant to the resolution approved at the shareholders' meeting on June 23, 2025, the Company amended its Articles of Incorporation. According to the amended Articles, the Company shall distribute employees' remuneration at a rate of not less than 5% of the current year's profitability, of which not less than 5% shall be allocated to frontline employees; and directors' remuneration shall be distributed at a rate of not more than 2% of the current year's profitability. However, if the Company has accumulated losses, the Company shall make up for them. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees serve in the controlled and affiliated companies who meet certain specific requirements.

Before the amendment, the Articles of Incorporation provided that the Company shall distribute employees' remuneration at a rate of not less than 5% of the current year's profitability and directors' remuneration at a rate of not more than 2% of the current year's profitability, however, if the Company has accumulated losses, the Company shall make up for them. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees serve in the controlled and affiliated companies who meet certain specific requirements.

The Company did not estimate employee remuneration and directors' remuneration due to loss before income tax for the three months ended March 31, 2026 and 2025.

The Company did not disburse employee remuneration and directors' remuneration due to loss before income tax for the years ended December 31, 2025 and 2024.

(s) Other profits and losses

The other profits and losses of the Group for the three months and three months ended March 31, 2026 and 2025 were as follow:

	For the three months ended March 31,	
	2026	2025
Foreign currency exchange (losses) gains, net	\$ (1,162)	2,941
Losses on financial liabilities at fair value through profit or loss, net	-	(148)
Gain on lease modification	-	362
Loss on disposal of property, plant and equipment	(20)	-
Others	(6,917)	(3,405)
	<u>\$ (8,099)</u>	<u>(250)</u>

(t) Financial instruments

Except for those described below, there were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments. Please refer to note (6)(s) of the 2025 annual consolidated financial statements for related information.

(i) Credit risk

1) Credit risk

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Sales to individual customers constituting over 10% of total revenue for the three months ended March 31, 2026 and 2025, amounted to \$94,974 and \$133,171, accounting for 85% and 78% of the operating revenue, respectively. The carrying amounts of the accounts receivable as of March 31, 2026 and 2025 amounted to \$161,968 and \$129,774, respectively. In order to reduce credit risk, the Group continuously assesses the financial status of the customers.

3) Accounts receivable credit risk

For credit risk exposure of accounts receivables, please refer to note (6)(c) and credit risk exposure of other receivables, please refer to note (6)(d).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
March 31, 2026					
Non derivative financial liabilities					
Accounts payable (including related parties)	\$ 256,298	(256,298)	(256,298)	-	-
Other payables (including related parties)	76,327	(76,327)	(76,327)	-	-
Lease liabilities — current and non-current	12,401	(12,598)	(8,123)	(4,429)	(46)
	\$ 345,026	(345,223)	(340,748)	(4,429)	(46)
December 31, 2025					
Non derivative financial liabilities					
Accounts payable (including related parties)	\$ 183,270	(183,270)	(183,270)	-	-
Other payables (including related parties)	38,799	(38,799)	(38,799)	-	-
Lease liabilities — current and non-current	14,368	(14,628)	(8,123)	(6,322)	(183)
	\$ 236,437	(236,697)	(230,192)	(6,322)	(183)
March 31, 2025					
Non derivative financial liabilities					
Accounts payable (including related parties)	\$ 190,457	(190,457)	(190,457)	-	-
Other payables (including related parties)	99,787	(99,787)	(99,787)	-	-
Lease liabilities — current and non-current	18,576	(19,028)	(7,574)	(7,574)	(3,880)
Derivative financial liabilities					
Foreign exchange forward contracts:	148				
Outflow		(7,194)	(7,194)	-	-
Inflow		7,055	7,055	-	-
	\$ 308,968	(309,411)	(297,957)	(7,574)	(3,880)

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to financial assets and liabilities for foreign currency risk were as follows:

Unit: thousands of foreign currency

	March 31, 2026			December 31, 2025			March 31, 2025		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	\$	5,110 USD/TWD =31.995	163,494	9,134 USD/TWD =31.430	287,082		4,104 USD/TWD =33.205		136,273
EUR		757 EUR/TWD =36.71	27,789	1,045 EUR/TWD =36.90	38,561		1,262 EUR/TWD =35.97		45,394
Financial liabilities									
Monetary items									
USD		11,309 USD/TWD =31.995	361,831	6,134 USD/TWD =31.430	192,792		9,347 USD/TWD =33.205		310,367

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable (including related parties) and other payables that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on March 31, 2026 and 2025 would have affected the net loss before tax as follows. The analysis is performed on the same basis for both periods:

	March 31, 2026	March 31, 2025
USD (against the TWD)		
Strengthening 5%	\$ (9,917)	(8,705)
Weakening 5%	9,917	8,705
EUR (against the TWD)		
Strengthening 5%	1,389	2,270
Weakening 5%	(1,389)	(2,270)

3) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2026 and 2025, the foreign exchange losses (gains) (including realized and unrealized portions) amounted to \$(1,162) and \$2,941, respectively.

(iv) Interest rate analysis

The Group's risk exposure to financial assets and liabilities for interest rate has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate for the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the whole year. The rate of change is expressed as the interest rate increase or decrease by 0.25% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, assuming all other variables remaining constant, the net loss before tax would have decreased or increased by \$112 and \$48 for the three months ended March 31, 2026 and 2025 respectively, which would be mainly resulted from the bank deposits with variable interest rates.

(v) Fair value

1) The kinds of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows. However, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required.

		March 31, 2026			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 278,839	-	-	-	-
Accounts receivable, net	197,401	-	-	-	-
Other receivables, net	34,478	-	-	-	-
Other non-current asset (refundable deposits)	1,886	-	-	-	-
Other non-current asset (pledged certificate of deposits)	500	-	-	-	-
Total	<u>\$ 513,104</u>				
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	256,298	-	-	-	-
Other payables (including related parties)	76,327	-	-	-	-
Lease liabilities—current and non-current	12,401	-	-	-	-
Total	<u>\$ 345,026</u>				

December 31, 2025					
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 355,819	-	-	-	-
Accounts receivable, net	142,018	-	-	-	-
Other receivables, net	104,091	-	-	-	-
Other non-current asset (refundable deposits)	1,891	-	-	-	-
Other non-current asset (pledged certificate of deposits)	500	-	-	-	-
Total	<u><u>\$ 604,319</u></u>				
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 183,270	-	-	-	-
Other payables (including related parties)	38,799	-	-	-	-
Lease liabilities—current and non-current	14,368	-	-	-	-
Total	<u><u>\$ 236,437</u></u>				
		March 31, 2025			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 527,759	-	-	-	-
Accounts receivable, net	177,214	-	-	-	-
Other receivables, net	931	-	-	-	-
Other non-current asset (refundable deposits)	2,091	-	-	-	-
Other non-current asset (pledged certificate of deposits)	500	-	-	-	-
Total	<u><u>\$ 708,495</u></u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 148</u>	-	148	-	148
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	190,457	-	-	-	-
Other payables (including related parties)	99,787	-	-	-	-
Lease liabilities—current and non-current	18,576	-	-	-	-
Subtotal	<u>308,820</u>	-	-	-	-
Total	<u><u>\$ 308,968</u></u>				

2) Valuation techniques for financial instruments not measured at fair value

The Group's estimates financial instruments that not measured at fair value by methods and assumptions as follows:

a) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the most recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation technique for financial instruments measured at fair value

a) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward contracts is usually determined by using the forward currency rate.

4) There were no transfers from one level to another for the three months ended March 31, 2026 and 2025.

(u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note (6)(t) of the consolidated financial statements for the year ended December 31, 2025.

(v) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2025. Also, management believes that there were no significant changes in the Group's capital management quantified information as disclosed for the year ended December 31, 2025. Please refer to Note (6)(u) of the consolidated financial statements for the year ended December 31, 2025 for further details.

(w) Investing and financing activities not affecting cash flow

The Group's investing and financing activities which did not affect the cash flow for the three months ended March 31, 2026 and 2025 were as the acquisition of right of use assets by lease, please see notes (6)(h).

Reconciliation of liabilities arising from financing activities were as follows:

	<u>Non-cash changes</u>			
	January 1, 2026	Cash flows	Acquisition	Disposal
Lease liabilities	\$ 14,368	(1,967)	-	-
				March 31, 2026
				12,401

	<u>Non-cash changes</u>			
	January 1, 2025	Cash flows	Acquisition	Disposal
Lease liabilities	\$ 40,611	(1,802)	-	(20,233)
				March 31, 2025
				18,576

(7) Related-party transactions**(a) Parent company and ultimate controlling party**

Compal Electronics, Inc. (“Compal Electronics”) is the parent company of the consolidated entity but also the ultimate controlling party of the Group. Compal Electronics, Inc. has issued the consolidated financial statements available for public use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Compal Electronics, Inc. (“Compal Electronics”)	Parent company
Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	The subsidiary of parent company
Compal (Vietnam) Co., Ltd. (“CVC”)	The subsidiary of parent company
Kinpo Group Management Service Company (“Kinpo”)	The associate of parent company
Starmems Semiconductor Corp. (“Starmems”)	An associate

(c) Significant transactions with related parties**(i) Purchases and processing fee**

	For the three months ended March 31,	
	2026	2025
Parent Company- Compal Electronics	\$ 55,824	7,983

The terms and pricing of purchase transactions with related parties, with payment terms ranging from 90~120 days, were not significantly different from those offered by other vendors.

The Group sold raw materials to its related parties for processing purposes, wherein the related sales income and costs have been eliminated in the financial statements and were not treated as sales of raw materials and purchases of finished goods. For the raw materials sold and processed, the uncollected amounts are recorded under other receivables, whereas for the raw materials that have not been processed, the collected amounts are recorded under other payables.

(ii) Other expenditures

Parent company and other related parties provided software updated services (the provisions were eliminated in the financial statements), professional services and other expenditures for the Group, and the related expenses were as follows:

	For the three months ended March 31,	
	2026	2025
Parent Company- Compal Electronics	\$ 1,725	349
Other related parties	20	25
	\$ 1,745	374

(iii) Rental income

The Group leases office space and machinery equipment to the associates. Rental agreements are signed based on prevailing rental rates in neighboring areas and rental is collected on a monthly basis. For the three months ended March 31, 2026 and 2025, the rent revenue amounted to \$373 and \$390, respectively.

(iv) Receivables from related parties

The receivables arising from the transactions mentioned above and payment on behalf of related parties were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Other receivables	Other related parties-CVC	\$ -	89,918	-
"	Associate	255	126	266
		<u>\$ 255</u>	<u>90,044</u>	<u>266</u>

(v) Payables to related parties

The payables arising from the transactions mentioned above and payment on behalf of the Group were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts payable	Parent Company-Compal Electronics	\$ 119,164	83,148	108,310
Other payables	Other related parties-CDE	-	-	33,421
Other payables	Other related parties-CVC	37,588	-	33,992
Other payables	Other related parties	21	21	26
		<u>\$ 156,773</u>	<u>83,169</u>	<u>175,749</u>

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>For the three months ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Short-term employee benefits	\$ 4,683	5,458
Post-employment benefits	143	216
Share-based payments	1,090	-
	<u>\$ 5,916</u>	<u>5,674</u>

There are no termination benefits and other long-term benefits. Please refer to note (6)(o) for explanations related to share-based payments.

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Other non-current assets-restricted asset-time deposit	Guarantee payment for import VAT	\$ 500	500	500

(9) Significant commitments and contingencies:

As of March 31, 2026, the Group has signed technical service agreements with an unrecognized amount of USD 2,625 (approximately NTD 83,987).

(10) Losses due to major disasters: None**(11) Subsequent events: None****(12) Other:**

- (a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By item	By function	For the three months ended March 31,					
		2026			2025		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits							
Salary		-	33,914	33,914	-	33,004	33,004
Labor and health insurance		-	2,229	2,229	-	2,475	2,475
Pension		-	1,078	1,078	-	1,192	1,192
Remuneration of directors		-	660	660	-	660	660
Others		-	694	694	-	782	782
Depreciation		2,122	13,466	15,588	1,156	12,882	14,038
Amortization		-	476	476	-	531	531

(13) Other disclosures:

- (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2026:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of March 31, 2026 (excluding investment in subsidiaries, associates and joint ventures): None
- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (vi) Business relationships and significant intercompany transactions: None

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2026 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2026			Net income (losses) of investee	Investment Income (losses)	Note
				March 31, 2026	December 31, 2025	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	CBNB	Belgium	Import, export, technical support, and consulting services for broadband network products and related components	6,842	6,842	20	100%	4,876	(94)	(94)	Notes 1 ~ 2
The Company	CBNN	Netherlands	"	7,016	7,016	20	100%	6,528	9	6	Notes 1 ~ 2
The Company	Starmems	Taiwan	Research and development of micro-electro-mechanical system (MEMS) microphone technology products	16,300	16,300	1,630	9.59%	4,711	(3,618)	(344)	The company of investments accounted for using equity method

Note 1: Except for the current period profit or loss of the investee, which was translated into NTD using the average exchange rate (EUR@37.044), all other items were translated using the closing exchange rate as of the reporting date (EUR@36.71).

Note 2: The transaction had been eliminated in the consolidated financial statements.

(c) Information on investment in mainland China: None

(14) Segment information:

The Group has one reportable segment, mainly engaged in researching, developing, and selling communications products such as intelligent gateways, digital set-top boxes, and wireless broadband share devices. Please refer to the balance sheet and the statement of comprehensive income for details of departmental profit and loss, departmental assets, and departmental liability in line with the financial statements.