

Compal Broadband Networks, Inc.  
2025 Annual Shareholder's Meeting Minutes

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

## A、Chairman Address (omitted)

## B、Report Items

- 1、2024 business report (please see Attachment 1)。
- 2、2024 Audit Committee's Audit Report (please see Attachment 2 & 3)。
- 3、Report on the 2024 profit sharing remuneration to employees and directors and the distribution status。

### Explanation :

1. Pursuant to Article 24 of the Articles of Incorporation.
2. The 2024 employees' and directors' remunerations have been approved upon the resolutions of the Remuneration Committee and the board of directors, and no employees' and directors' remunerations will be distributed.

## C、Ratification Items

## Motion 1

[Proposed by Board of Directors]

Subject : please ratify the Company's 2024 business report and financial statements.

### Description :

1. The Company's 2024 business report and financial statements have been examined by the Audit Committee and adopted a resolution by the Board of Directors.
2. Attached please find the business report (please see Attachment 1) and the financial statements (please see Attachment 4) ; please ratify.

Resolution : Approved, the voting result of this proposal had reached the standard by the law  
Voting Results:

Voting Results *	Share represented at the time of voting	Votes in favor	Votes against	Votes invalid	abstained
Shares	56,303,463	56,270,833	6,281	0	26,349
%	100%	99.94%	0.01%	0.00%	0.04%

\*including votes casted electronically and e-meeting (numbers in brackets)

Motion 2

[Proposed by Board of Directors]

Subject : please ratify the Company's deficit compensation proposal for 2024.

Description :

1. Undistributed earnings at the beginning of the period amounted to NT\$0. After taking account of post-tax losses of NT\$ 165,937,880 in 2024, accumulated losses pending compensation totaled NT\$ 165,937,880. It is planned to offset these accumulated losses with a special reserve of NT\$ 588,477, a legal reserve of NT\$ 104,493,418 and capital surplus of NT\$ 60,855,985. Upon appropriation of the special reserve, legal reserve, and capital surplus, accumulated losses at the end of the period will amount to NT\$ 0.
2. Attached please find the 2024 Deficit Compensation Table (please see Attachment 5), and please ratify.

Resolution : Approved, the voting result of this proposal had reached the standard by the law

Voting Results:

Voting Results *	Share represented at the time of voting	Votes in favor	Votes against	Votes invalid	abstained
Shares	56,303,463	56,270,033	7,081	0	26,349
%	100%	99.94%	0.01%	0.00%	0.04%

\*including votes casted electronically and e-meeting (numbers in brackets)

D、Discussion Item

Motion 1

[Proposed by Board of Directors]

Subject : please vote for the amendment to the "Articles of Incorporation".

Description :

1. The amendment to the Articles of Incorporation is proposed to accommodate the requirements of applicable laws and regulations.
2. Attached please find the Comparison Table Before and After Amendment to the Articles of Incorporation (please see Attachment 6). Please vote.

Resolution : Approved, the voting result of this proposal had reached the standard by the law

Voting Results:

Voting Results *	Share represented at the time of voting	Votes in favor	Votes against	Votes invalid	abstained
Shares	56,303,463	56,271,033	6,081	0	26,349
%	100%	99.94%	0.01%	0.00%	0.04%

\*including votes casted electronically and e-meeting (numbers in brackets)

Motion 2

[Proposed by Board of Directors]

Subject : please vote for the proposal to release directors from the non-compete restrictions.

Description :

1. As the directors of the Company may invest or engage in other companies with identical or similar business as the Company; with the premise that no harm to the Company's interests, it is intended to release the directors from the non-compete restrictions pursuant to Article 209 of the Company Act.
2. Attached please find the table detailing the new concurrent positions held by the directors in other companies. Please vote. (please see Attachment 7)

Resolution : Approved, the voting result of this proposal had reached the standard by the law  
 Voting Results:

Voting Results *	Share represented at the time of voting	Votes in favor	Votes against	Votes invalid	abstained
Shares	56,303,463	56,271,033	6,087	0	26,343
%	100%	99.94%	0.01%	0.00%	0.04%

\*including votes casted electronically and e-meeting (numbers in brackets)

E 、 Extraordinary Motions : NA.

F 、 Meeting close (at 09:18 am on 6/23/2025)

No shareholders ask questions in the meeting.

(This English version of the AGM Minutes has been translated from the Chinese version of the AGM Minutes, in which the meeting's content and procedures were audio-video recorded.)

# Compal Broadband Networks, Inc.

## Business Report



### I. 2024 business results

#### (I) Results of the business plans implemented.

In 2024, global manufacturing remained stable while the service sector expanded. Commodity prices, including oil, declined, easing inflation and supporting modest global economic growth. However, following Donald Trump's election as U.S. President in November, upcoming changes in trade, fiscal, immigration, and industrial policies may impact global supply and demand, creating future uncertainties. The market also faced challenges such as geopolitical risks, fierce competition, and changing consumer needs. We will continue to monitor these trends and adjust strategies accordingly. Due to inventory adjustments and product realignment by major clients, revenue declined year-over-year. However, we optimized our product and client mix, and effectively controlled costs, significantly reducing our net loss. Going forward, we remain focused on developing new clients and innovative applications, aiming to expand our scale and market share.

#### (II) Financial position, profitability, and budget execution

Our net operating revenue in 2024 amounted to NT\$ 941,934 thousand, which represents a YoY decrease of 19.1%. mainly due to continued inventory reduction by customers in Europe and the U.S., as well as product line adjustments by brand clients, resulting in lower order volumes. Gross profit reached NT\$166.816 million, an increase of 101.3% from the previous year, attributed to optimized product and customer mix and effective cost control. Net loss after tax narrowed to NT\$165.938 million, with an after-tax loss of NT\$2.46 per share. In terms of financial management, the Company maintained a prudent approach, aligning long- and short-term funding with operational growth needs. The current ratio stood at 246%, and the debt ratio at 35%, indicating a healthy financial structure.

The Company did not disclose the financial forecast, so there is no execution of budget.

#### (III) R&D status

1. A weak demand outlook in 2024 was driven by delayed inventory adjustments, ongoing layoffs, and product line changes by key clients, leading to cautious adoption of new technologies. Looking ahead to 2025, the launch of the iPhone 16 with full Wi-Fi 7 support, growing AI demand for high-speed networks, and inventory normalization by operators are expected to drive upgrades to Wi-Fi 7 home gateways and create new growth opportunities.
2. CBN continues to ship DOCSIS 3.1 + Wi-Fi 6 gateways and Wi-Fi Mesh APs, while providing samples of Extended DOCSIS 3.1 and Wi-Fi 7 integrated gateways for testing. Extended DOCSIS 3.1 offers near-DOCSIS 4.0 speeds using existing networks, while Wi-Fi 7 integration enhances wireless speed and reduces latency. CBN is also advancing DOCSIS 4.0 development, with modem samples under operator testing.
3. The CBN's 5G FWA and XGS-PON products have reached maturity and are being delivered through strategic partnerships with telecom operators to meet growing demand for high-speed CPE. These collaborations enhance competitiveness and ensure rapid market responsiveness. CBN will continue delivering innovative, high-performance solutions to strengthen its industry leadership.

## II. Overview of 2025 business plan

### (I) Operating guidelines

In this year, the Company will insist the policies of sustainable operation with continuous growth. The major operating guidelines are as below:

1. To expand in North America and support international growth, CBN is establishing a local presence and forming strategic partnerships to better serve regional customer needs.
2. CBN continues to lead in Smart Cable Gateway development, including DOCSIS 3.1 + Wi-Fi 6/7 and DOCSIS 4.0. DOCSIS 4.0 products are now under operator testing. Software features such as enhanced network security and mesh capabilities are also being strengthened.
3. CBN is actively developing new product lines, including XGS-PON, 5G FWA, and Wi-Fi 7 AP/Routers, to seize opportunities from next-gen network technologies.
4. The Company focuses on value-added solutions and value chain optimization, collaborating with customers, partners, and key suppliers to enhance competitiveness.
5. CBN remains committed to environmental protection, regulatory compliance, and corporate social responsibility, contributing its operational achievements back to society.

### (II) Key production and sales policies

1. CBN is optimizing its Vietnam manufacturing base and supply chain, establishing a North America operations center, and evaluating additional sites to mitigate regional risks from natural disasters, geopolitical tensions, or policy changes, while enhancing competitive production and delivery support.
2. Conduct the raw material supply and QC strategy adjustment and control more effectively, to shorten the production cycle, increase the production momentum, for reducing the operating risks while enhancing the utilization of the working funds.
3. With the demand-oriented product design, the simplification of process and better production effectiveness are achieved, while lowering the inventory costs with the common parts and components.
4. Full-ranged quality management and the customer-oriented market strategy, and enhance the communication and coordination between the up- and downstream, to achieve the goal of profit sharing.

## III. Future development strategies and external competition, and the effects of regulatory and macro operating environments

### (I) Future development strategies of the Company

CBN is actively expanding into the North American market and developing new product portfolios to capture growth from next-generation network technologies. By focusing on innovation and delivering high-value, customized solutions, CBN strengthens its position within customer ecosystems and raises barriers to entry for competitors. The Company is also building a global operations network to better serve clients and mitigate risks, supporting long-term sustainability and growth.

### (II) Effects of regulatory and macro operating environments

Driven by emerging technologies such as DOCSIS 4.0, XGS-PON, 5G FWA, and Wi-Fi 7, communication laws and initiatives across Europe and the U.S. are accelerating network equipment upgrades, reigniting demand for both consumer CPE and enterprise networking solutions. Looking ahead to 2025, CBN expects growth momentum from increased 5G FWA CPE shipments, rising Wi-Fi 7 adoption, and the gradual transition from DOCSIS 3.1 to 4.0. However, operations will remain cautious, with tighter controls on capital expenditure, accounts receivable, and inventory levels.

#### IV. Conclusion

Finally, all employees at CBN remain committed to teamwork and execution, continuously strengthening R&D and market development to enhance the Company's economic value. We will also uphold our responsibilities as a global corporate citizen and strive to maximize value for both the Company and our shareholders. We sincerely appreciate your continued support and encouragement for our management team. Thank you very much, and wish you

Your truly,

Chairman Wong, Chung-Pin



President Wang, Yu-Ho



Accounting Officer Lee, Shu-Cheng





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### Independent Auditor's Report

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

#### Opinion

We have audited the consolidated financial statements of Compal Broadband Networks, Inc. and its subsidiaries ( "the Group" ), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( "IFRSs" ), International Accounting Standards ( "IASs" ), Interpretations developed by the International Financial Reporting Interpretations Committee ( "IFRIC" ) or the former Standing Interpretations Committee ( "SIC" ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the auditors' report as follows:

##### 1. Operating revenue

For the accounting policies related to the recognition of operating revenue, please refer to Note 4(o) of the consolidated financial statements regarding revenue from contracts with customer.



Description of key audit matter:

Compal Broadband Networks, Inc. and its subsidiaries primarily engaged in the research, development, and sales of communication products such as smart gateways, digital set-top boxes, and wireless broadband routers. Operating revenue is a key indicator of whether the Company's financial targets are met. To meet investor expectations, operating revenue influences management's decision-making and may present a significant risk of material misstatement due to incorrect timing of revenue recognition. Therefore, revenue recognition is identified as a key audit matter requiring heightened attention from auditors.

How the matter was addressed in our audit:

The main audit procedures performed regarding the aforementioned key audit matter include understanding and evaluating the accounting policies for operating revenue of Compal Broadband Networks, Inc. and its subsidiaries, understanding and assessing the effectiveness of internal controls related to sales revenue recognition, verifying relevant sales revenue documents, and performing cut-off tests on sales revenue transactions for specific periods before and after the balance sheet date. These procedures aim to assess whether the recognized revenue belongs to the correct period and whether the timing of revenue recognition by Compal Broadband Networks, Inc. and its subsidiaries complies with relevant standards.

2. Inventory valuation

Regarding the accounting policies for inventory valuation, please refer to Note 4(h) of the consolidated financial statements on inventory; for uncertainties in inventory valuation, please refer to Note 5 of the consolidated financial statements; for details on inventory, please refer to Note 6(e) of the consolidated financial statements on inventory.

Description of key audit matter:

Inventory is measured at the lower of cost and net realizable value. As Compal Broadband Networks, Inc. and its subsidiaries primarily engaged in the research, development, and sales of communication products such as smart gateways, digital set-top boxes, and wireless broadband routers, the sales prices of these products are subject to fluctuations due to changes in supply from upstream suppliers and market competition. This results in the risk that the carrying amount of inventory may exceed its net realizable value. Therefore, inventory valuation is one of the key assessment matters when auditing the consolidated financial statements.

How the matter was addressed in our audit:

The main audit procedures performed regarding the aforementioned key audit matter include evaluating the reasonableness of the inventory write-down or obsolescence policies of Compal Broadband Networks, Inc. and its subsidiaries, performing sampling procedures to check the accuracy of the inventory aging reports, analyzing the changes in inventory aging over various periods, and assessing whether provisions have been made according to the established accounting policies. Additionally, relevant values in the calculations of the lower of cost and net realizable value are tested to evaluate the reasonableness of the net realizable value of inventory.

**Other Matter**

Compal Broadband Networks, Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.



## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chien, Szu-Chuan and Au, Yiu-Kwan.

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KPMG

Taipei, Taiwan (Republic of China)  
March 11, 2025



## 安侯建業聯合會計師事務所 KPMG

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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of Compal Broadband Networks, Inc. ( "the Company" ), which comprise the balance sheet as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended December 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the auditors' report as follows:

#### 1. Operating revenue

For the accounting policies related to the recognition of operating revenue, please refer to Note 4(o) of the financial statements regarding revenue from contracts with customers.

Description of key audit matter:

Compal Broadband Networks, Inc. primarily engaged in the research, development, and sales of communication products such as smart gateways, digital set-top boxes, and wireless broadband routers. Operating revenue is a key indicator of whether the Company's financial targets are met. To meet investor expectations, operating revenue influences management's decision-making and may present a significant risk of material misstatement due to incorrect timing of revenue recognition. Therefore, revenue recognition is identified as a key audit matter requiring heightened attention from auditors.



How the matter was addressed in our audit:

The main audit procedures performed regarding the aforementioned key audit matter include understanding and evaluating the accounting policies for operating revenue of Compal Broadband Networks, Inc., understanding and assessing the effectiveness of internal controls related to sales revenue recognition, verifying relevant sales revenue documents, and performing cut-off tests on sales revenue transactions for specific periods before and after the balance sheet date. These procedures aim to assess whether the recognized revenue belongs to the correct period and whether the timing of revenue recognition by Compal Broadband Networks, Inc. complies with relevant standards.

## 2. Inventory valuation

Regarding the accounting policies for inventory valuation, please refer to Note 4(h) of the financial statements on inventory; for uncertainties in inventory valuation, please refer to Note 5 of the financial statements; for details on inventory, please refer to Note 6(e) of the financial statements on inventory.

Description of key audit matter:

Inventory is measured at the lower of cost and net realizable value. As Compal Broadband Networks, Inc. primarily engaged in the research, development, and sales of communication products such as smart gateways, digital set-top boxes, and wireless broadband routers, the sales prices of these products are subject to fluctuations due to changes in supply from upstream suppliers and market competition. This results in the risk that the carrying amount of inventory may exceed its net realizable value. Therefore, inventory valuation is one of the key assessment matters when auditing the financial statements.

How the matter was addressed in our audit:

The main audit procedures performed regarding the aforementioned key audit matter include evaluating the reasonableness of the inventory write-down or obsolescence policies of Compal Broadband Networks, Inc., performing sampling procedures to check the accuracy of the inventory aging reports, analyzing the changes in inventory aging over various periods, and assessing whether provisions have been made according to the established accounting policies. Additionally, relevant values in the calculations of the lower of cost and net realizable value are tested to evaluate the reasonableness of the net realizable value of inventory.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.



## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chien, Szu-Chuan and Au, Yiu-Kwan.

KPMG

Taipei, Taiwan (Republic of China)  
March 11, 2025

## **Audit Report of the Audit Committee**

The 2024 financial statements of Compal Broadband Networks, Inc. (hereafter “the Company”) have been approved by the Audit Committee and resolved by the board of directors, as well as audited by Chien, Szu-Chuan, CPA and Au, Yiu-Kwan, CPA from KPMG Taiwan with the auditor’s report issued. Additionally, the board of directors also prepared and submit the 2024 Business Report and Proposal of Deficit Compensation; after audit by the Audit Committee, it found no inconsistency to the related regulations including the Company Act. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is reported as above, for your review.

To

2025 Regular Shareholders’ Meeting

Compal Broadband Networks, Inc.



Convener of the Audit Committee:



March 11, 2025

Compal Broadband Networks, Inc. and subsidiaries

Consolidated balance sheet

December 31, 2024 and 2023

Unit: NT\$ thousand

	December 31, 2024				December 31, 2023				Liabilities and Equity				December 31, 2024				December 31, 2023					
	Assets		Amount		December 31, 2024		Amount		December 31, 2023		Current liabilities:		Liabilities and Equity		Amount		December 31, 2024		Amount			
	Current assets:	Amount	%	Amount	%	Amount	%	Amount	%	Current financial liabilities at fair value through profit or loss (note (6)(b))	Current contract liabilities (note (6)(q))	Accounts payable	Accounts payable to related parties (note (7))	Other payables (note (7))	Current provisions (note (6)(j))	Current lease liabilities (note (6)(k))	Other current liabilities	Amount	%	Amount	%	
1100	Cash and cash equivalents (note (6)(a))	\$ 520,103	34	316,940	19	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	
1110	Current financial assets at fair value through profit or loss (note (6)(b))	-	-	4,373	-	2130	Current contract liabilities (note (6)(q))		26,339	2	1,846	-	2130	Current contract liabilities (note (6)(q))		26,339	2	1,846	-	59,773	4	
1170	Accounts receivable, net (notes (6)(c) and (6)(q))	196,185	13	400,967	24	2170	Accounts payable		115,108	7	59,773	4	2170	Accounts payable		115,108	7	59,773	4	223,168	15	
1200	Other receivables, net (notes (6)(d) and (7))	19,548	1	2,551	-	2180	Accounts payable to related parties (note (7))		223,168	15	130,494	8	2180	Accounts payable to related parties (note (7))		223,168	15	130,494	8	75,753	5	
1310	Inventories (note (6)(e))	527,178	34	612,302	37	2200	Other payables (note (7))		75,753	5	186,946	11	2200	Other payables (note (7))		75,753	5	186,946	11	84,086	5	
1410	Prepayments	65,282	4	48,368	3	2250	Current provisions (note (6)(j))		84,086	5	80,598	5	2250	Current provisions (note (6)(j))		84,086	5	80,598	5	13,928	1	
1470	Other current assets	2,133	-	5,481	-	2280	Current lease liabilities (note (6)(k))		13,928	1	14,620	1	2280	Current lease liabilities (note (6)(k))		13,928	1	14,620	1	2,276	-	
		1,330,429	86	1,390,982	83	2300	Other current liabilities		2,276	-	4,120	-	2300	Other current liabilities		2,276	-	4,120	-	540,658	35	
	<b>Non-current assets:</b>																				478,397	29
1550	Investments accounted for using equity method (note (6)(f))	6,784	-	3,502	-		<b>Non-current liabilities:</b>															
1600	Property, plant and equipment (note (6)(g))	124,520	8	159,578	10	2570	Deferred tax liabilities (note (6)(m))		-	-	-										874	-
1755	Right-of-use assets (note (6)(h))	39,915	3	55,155	3	2580	Non-current lease liabilities (note (6)(k))		26,683	2	41,192	2	2580	Non-current lease liabilities (note (6)(k))		26,683	2	41,192	2	26,683	2	
1780	Intangible assets (note (6)(i))	1,972	-	658	-		<b>Total liabilities</b>		567,341	37	520,463	31		<b>Total liabilities</b>		567,341	37	520,463	31			
1840	Deferred tax assets (note (6)(m))	38,144	3	57,018	4		<b>Equity (notes (6)(n) and (6)(o)):</b>															
1900	Other non-current assets (note (8))	4,341	-	4,229	-		3110	Ordinary shares	673,357	43	676,381	41		3110	Ordinary shares	673,357	43	676,381	41			
		215,676	14	280,140	17		3200	Capital surplus	366,459	24	372,404	22		3200	Capital surplus	366,459	24	372,404	22			
	<b>Total assets</b>	<u>\$ 1,546,105</u>	<u>100</u>	<u>1,671,122</u>	<u>100</u>		3300	Retained earnings	(60,856)	(4)	105,082	6		3300	Retained earnings	(60,856)	(4)	105,082	6			
							3410	Exchange differences on translation of foreign financial statements	(196)	-	(198)	-		3410	Exchange differences on translation of foreign financial statements	(196)	-	(198)	-			
							3491	Unearned employee benefit	-	-	(3,010)	-		3491	Unearned employee benefit	-	-	(3,010)	-			
																				978,764	63	
																				1,150,659	69	
																				<u>\$ 1,546,105</u>	<u>100</u>	
																				<u>1,671,122</u>	<u>100</u>	

Chairman: Wong, Chung-Ping



Managerial Officer: Wang, Yu-Ho



Accounting Officer: Li, Shu-Cheng



**Compal Broadband Networks, Inc. and subsidiaries**  
**Consolidated comprehensive income statement**  
**December 31, 2024 and 2023**



Unit: NT\$ thousand

	2024		2023	
	Amount	%	Amount	%
4000 <b>Operating revenue (note (6)(q))</b>	\$ 941,934	100	1,164,054	100
5000 <b>Operating costs (notes (6)(e), (7) and (12))</b>	<u>775,118</u>	<u>82</u>	<u>1,081,197</u>	<u>93</u>
<b>Gross profit from operations</b>	<u>166,816</u>	<u>18</u>	<u>82,857</u>	<u>7</u>
<b>Operating expenses: (notes (6)(k), (6)(l), (6)(r), (7) and (12))</b>				
6100 Selling expenses	77,201	8	68,030	6
6200 Administrative expenses	62,354	7	74,594	6
6300 Research and development expenses	170,211	18	235,030	20
7055 Expected credit loss (notes (6)(c) and (6)(d))	(608)	-	23,532	2
<b>Total operating expenses</b>	<u>309,158</u>	<u>33</u>	<u>401,186</u>	<u>34</u>
<b>Net operating loss</b>	<u>(142,342)</u>	<u>(15)</u>	<u>(318,329)</u>	<u>(27)</u>
<b>Non-operating income and expenses:</b>				
7010 Other income	5,605	-	4,552	-
7020 Other gains and losses (note (6)(s))	(13,445)	(1)	2,074	-
7100 Interest income	6,160	-	10,452	1
7510 Interest expense (note (6)(k))	(583)	-	(675)	-
7770 Share of loss of associates accounted for using equity method (note (6)(f))	(3,333)	-	(3,638)	-
<b>Loss from continuing operations before tax</b>	<u>(5,596)</u>	<u>(1)</u>	<u>12,765</u>	<u>1</u>
<b>Less: Income tax expense (benefit) (note (6)(m))</b>	<u>(147,938)</u>	<u>(16)</u>	<u>(305,564)</u>	<u>(26)</u>
<b>Loss</b>	<u>18,000</u>	<u>2</u>	<u>20,545</u>	<u>2</u>
<b>Other comprehensive income :</b>				
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8360 Exchange differences on translation of foreign financial statements	2	-	487	-
8361 Less: income tax related to items that will be reclassified to profit or loss (note (6)(m))	-	-	97	-
8399 Components of other comprehensive income that will be reclassified to profit or loss	2	-	390	-
<b>Other comprehensive income</b>	<u>2</u>	<u>-</u>	<u>390</u>	<u>-</u>
<b>Total comprehensive loss</b>	<u>\$ (165,936)</u>	<u>(18)</u>	<u>(325,719)</u>	<u>(28)</u>
<b>Loss per share (note (6)(p))</b>				
9750 Basic loss per share	<u>\$ (2.46)</u>		<u>(4.84)</u>	
9850 Diluted loss per share	<u>\$ (2.46)</u>		<u>(4.84)</u>	

**Chairman:**  
**Wong, Chung-Ping**



**Managerial Officer:**  
**Wang, Yu-Ho**



**Accounting Officer:**  
**Li, Shu-Cheng**



Compal Broadband Networks, Inc. and subsidiaries

Consolidated change in equity statement

December 31, 2024 and 2023



Unit: NT\$ thousand

**Balance at January 1, 2023**

Loss for the year ended December 31, 2023

Other comprehensive income for the year ended December 31, 2023

Total comprehensive loss for the year ended December 31, 2023

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Special reserve appropriated

Cash dividends of ordinary share

Share-based payment transactions

**Balance at December 31, 2023**

Loss for the year ended December 31, 2024

Other comprehensive income for the year ended December 31, 2024

Total comprehensive loss for the year ended December 31, 2024

Appropriation and distribution of retained earnings:

Special reserve reversed

Cash dividends of ordinary share

Share-based payment transactions

**Balance at December 31, 2024**

	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Retained earnings		Total	(588)	(11,213)	(11,801)	Other equity item	Total	Total equity
					Unappropriated retained earnings (accumulated losses)	Total							
<b>Balance at January 1, 2023</b>	\$ 680,021	379,939	147,010	984	317,024	465,018							1,513,177
Loss for the year ended December 31, 2023	-	-	-	-	(326,109)	(326,109)	-	-	-	-	-		(326,109)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	390	-	-	390	390		390
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	(326,109)	(326,109)	390	-	-	390	390		(325,719)
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(396)	396	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(33,827)	(33,827)	-	-	-	-	-		(33,827)
Share-based payment transactions	(3,640)	(7,535)	-	-	-	-	-	-	8,203	8,203	8,203		2,972
<b>Balance at December 31, 2023</b>	676,381	372,404	147,010	588	(42,516)	105,082	(198)	(3,010)	(3,208)	(3,208)	1,150,659		
Loss for the year ended December 31, 2024	-	-	-	-	(165,938)	(165,938)	-	-	-	-	-		(165,938)
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	-	2	-	-	2	2		2
Total comprehensive loss for the year ended December 31, 2024	-	-	-	-	(165,938)	(165,938)	2	-	-	2	2		(165,936)
Appropriation and distribution of retained earnings:													
Special reserve reversed	-	-	(42,516)	-	42,516	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	315	-	-	-	-	-	-	-	-	-	-	315
Share-based payment transactions	(3,024)	(6,260)	-	-	-	-	-	-	3,010	3,010	3,010		(6,274)
<b>Balance at December 31, 2024</b>	\$ 673,357	366,459	104,494	588	(165,938)	60,856	(196)	-	(196)	(196)	978,764		

Chairman: Wong, Chung-Ping



Managerial Officer: Wang, Yu-Ho



Accounting Officer: Li, Shu-Cheng



**Compal Broadband Networks, Inc. and subsidiaries**  
**Consolidated cash flow statement**  
**December 31, 2024 and 2023**



Unit: NT\$ thousand

2024

2023

	2024	2023
<b>Cash flows used in operating activities:</b>		
Loss before tax	\$ (147,938)	(305,564)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit :</b>		
Depreciation and amortization expense	62,699	63,368
Expected credit loss	(608)	23,532
Interest expense	583	675
Interest income	(6,160)	(10,452)
Compensation cost of employee share-based payment	(6,274)	(2,972)
Share of loss of associates accounted for using equity method	3,333	3,638
Gain on disposal of property, plant and equipment	8,378	-
Gain on lease modification	(108)	(3)
<b>Total adjustments to reconcile profit</b>	<b>61,843</b>	<b>77,786</b>
<b>Changes in operating assets and liabilities:</b>		
Change in financial assets mandatorily measured at fair value through profit or loss	4,373	(4,373)
Decrease in accounts receivable	205,394	64,181
Decrease (increase) in other receivables	(16,758)	379,495
Decrease (increase) in inventories	85,124	126,603
(Increase) decrease in prepayments	(16,914)	(2,937)
Decrease (increase) in other current assets	57	2,912
(Decrease) increase in financial liabilities held for trading	-	(8,006)
(Decrease) increase in contract liabilities	24,493	(80)
Decrease in accounts payable	148,009	(619,887)
Increase (decrease) in other payables	(111,193)	65,527
Decrease in provisions	3,488	(36,806)
Increase in other current liabilities	(1,844)	2,500
<b>Total changes in operating assets and liabilities</b>	<b>324,229</b>	<b>(30,871)</b>
<b>Total adjustments</b>	<b>386,072</b>	<b>46,915</b>
Cash outflow generated from operations	238,134	(258,649)
Interest received	5,917	10,344
Interest paid	(583)	(675)
Income taxes (paid) refund	3,291	(539)
<b>Net cash flows used in operating activities</b>	<b>246,759</b>	<b>(249,519)</b>
<b>Cash flows used in investing activities:</b>		
Acquisition of property, plant and equipment	(20,143)	(45,096)
Proceeds from disposal of property, plant and equipment	-	-
Increase in refundable deposits	(112)	(28)
Acquisition of intangible assets	(2,786)	(1,296)
<b>Net cash flows used in investing activities</b>	<b>(29,341)</b>	<b>(46,420)</b>
<b>Cash flows used in financing activities:</b>		
Payment of lease liabilities	(14,257)	(14,745)
Cash dividends paid	-	(33,827)
<b>Net cash flows used in financing activities</b>	<b>(14,257)</b>	<b>(48,572)</b>
Effect of exchange rate changes on cash and cash equivalents	2	487
Net decrease in cash and cash equivalents	203,163	(344,024)
Cash and cash equivalents at beginning of period	316,940	660,964
<b>Cash and cash equivalents at end of period</b>	<b>\$ 520,103</b>	<b>316,940</b>

**Chairman:**  
**Wong, Chung-Ping**



**Managerial Officer:**  
**Wang, Yu-Ho**



**Accounting Officer:**  
**Li, Shu-Cheng**



Compal Broadband Networks, Inc.

Balance sheet

December 31, 2024 and 2023

Unit: NT\$ thousand

	December 31, 2024				December 31, 2023				Liabilities and Equity				December 31, 2024							
	Assets		December 31, 2024		December 31, 2023		Liabilities and Equity		December 31, 2024		December 31, 2023		December 31, 2024		December 31, 2023					
		Amount	%	Amount	%			Amount	%	Amount	%			Amount	%	Amount	%			
<b>Assets</b>																				
<b>Current assets:</b>																				
1100 Cash and cash equivalents (note (6)(a))	\$	508,571	33	305,429	18	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	\$	-	-	-	2130	Current contract liabilities (note (6)(q))	26,339	2	1,846	-			
1110 Current financial assets at fair value through profit or loss (note (6)(b))		-	-	4,373	-	2170	Accounts payable	115,108	7	59,773	4	2180	Accounts payable to related parties (note (7))	223,168	15	130,494	8			
1170 Accounts receivable, net (notes (6)(c) and (6)(q))	196,185	13		400,967	24	2200	Other payables (note (7))	75,431	5	186,946	11	1200 Other receivables, net (notes (6)(d) and (7))	19,528	-	2250	Current provisions (note (6)(j))	84,086	5	80,598	5
1310 Inventories (note (6)(e))	527,178	34		612,302	37	2280	Current lease liabilities (note (6)(k))	13,928	1	14,620	1	1410 Prepayments	65,282	4	2300	Other current liabilities	2,276	-	4,120	-
1410 Prepayments				48,368	3															
1470 Other current assets	2,133	-		5,481	-															
		1,318,877	85	1,379,449	82															
<b>Non-current assets:</b>																				
1550 Investments accounted for using equity method (note (6)(f))	18,014	1		15,035	1	2570	Deferred tax liabilities (note (6)(m))	-	-	-	-	1600 Property, plant and equipment (note (6)(g))	124,520	8	2580	Non-current lease liabilities (note (6)(k))	874	-	41,192	2
1755 Right-of-use assets (note (6)(h))	39,915	3		55,155	3															
1780 Intangible assets (note (6)(i))	1,972	-		658	-															
1840 Deferred tax assets (note (6)(m))	38,144	3		57,018	4															
1900 Other non-current assets (note (8))	4,341	-		4,229	-															
		226,906	15	291,673	18															
<b>Total assets</b>		<b>\$ 1,545,783</b>	<b>100</b>	<b>1,671,122</b>	<b>100</b>															
<b>Liabilities and Equity</b>																				
<b>Current liabilities:</b>																				
2120 Current financial liabilities at fair value through profit or loss (note (6)(b))	\$	-	-	-	-	2130 Current contract liabilities (note (6)(q))	26,339	2	2170 Accounts payable	115,108	7	2180 Accounts payable to related parties (note (7))	223,168	15	2200 Other payables (note (7))	75,431	5	2250 Current provisions (note (6)(j))	84,086	5
2280 Current lease liabilities (note (6)(k))	13,928	1				2300 Other current liabilities	2,276	-												
<b>Non-current liabilities:</b>																				
2570 Deferred tax liabilities (note (6)(m))	-	-		-	-	2580 Non-current lease liabilities (note (6)(k))	26,683	2												
<b>Total liabilities</b>																				
<b>Equity (notes (6)(n) and (6)(o)):</b>																				
3100 Ordinary shares	673,357	43				3200 Capital surplus	366,459	24	3300 Retained earnings	(60,856)	(4)	3410 Exchange differences on translation of foreign financial statements	(196)	-	3491 Unearned employee benefit	(198)	-			
<b>Total equity</b>																				
<b>Total liabilities and equity</b>																				
<b>Total assets</b>		<b>\$ 1,545,783</b>	<b>100</b>																	
<b>Total liabilities and equity</b>																				

Chairman: Wong, Chung-Ping



Managerial Officer: Wang, Yu-Ho



Accounting Officer: Li, Shu-Cheng



Compal Broadband Networks, Inc.  
Comprehensive income statement  
December 31, 2024 and 2023



	Unit: NT\$ thousand			
	2024		2023	
	Amount	%	Amount	%
4000	<b>Operating revenue (note (6)(q))</b>		\$ 941,934	100
5000	<b>Operating costs (notes (6)(e), (7) and (12))</b>		775,118	82
	<b>Gross profit from operations</b>		166,816	18
	<b>Operating expenses: (notes (6)(i), (6)(k), (6)(l), (7) and (12))</b>			
6100	Selling expenses	77,187	8	68,030
6200	Administrative expenses	61,980	7	74,086
6300	Research and development expenses	170,211	18	235,030
6450	Expected credit loss (notes (6)(c) and (6)(d))	(608)	-	23,532
	<b>Total operating expenses</b>	308,770	33	400,678
	<b>Net operating loss</b>	(141,954)	(15)	(317,821)
	<b>Non-operating income and expenses:</b>			
7010	Other income (note (7))	5,522	-	4,552
7020	Other gains and losses (note (6)(s))	(13,445)	(1)	2,074
7100	Interest income	6,160	1	10,452
7510	Interest expense (note (6)(k))	(583)	-	(675)
7775	Share of loss of associates accounted for using equity method (note (6)(f))	(3,638)	-	(4,146)
		(5,984)	(1)	12,257
7900	<b>Loss from continuing operations before tax</b>	(147,938)	(16)	(305,564)
7950	<b>Less: Income tax expenses (benefit) (note (6)(m))</b>	18,000	2	20,545
	<b>Loss</b>	(165,938)	(18)	(326,109)
8300	<b>Other comprehensive income:</b>			
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Exchange differences on translation of foreign financial statements	2	-	487
8399	Less: income tax related to items that will be reclassified to profit or loss (note (6)(m))	-	-	97
	Components of other comprehensive income that will be reclassified to profit or loss	2	-	390
8300	<b>Other comprehensive income</b>	2	-	390
	<b>Total comprehensive loss</b>	<b>\$ (165,936)</b>	<b>(18)</b>	<b>(325,719)</b>
9750	<b>Loss per share (note (6)(p))</b>			
9850	Basic loss per share	\$ (2.46)		(4.84)
	Diluted loss per share	\$ (2.46)		(4.84)

Chairman:  
Wong, Chung-Ping



Managerial Officer:  
Wang, Yu-Ho



Accounting Officer:  
Li, Shu-Cheng



Compal Broadband Networks, Inc.

Change in equity statement

December 31, 2024 and 2023

Unit: NT\$ thousand

**Balance at January 1, 2023**  
 Loss for the year ended December 31, 2023  
 Other comprehensive income for the year ended December 31, 2023  
 Total comprehensive loss for the year ended December 31, 2023  
 Appropriation and distribution of retained earnings:  
     Legal reserve appropriated  
     Special reserve appropriated  
     Cash dividends of ordinary share  
 Share-based payment transactions  
**Balance at December 31, 2023**  
 Loss for the year ended December 31, 2024  
 Other comprehensive income for the year ended December 31, 2024  
 Total comprehensive loss for the year ended December 31, 2024  
 Appropriation and distribution of retained earnings:  
     Special reserve reversed  
     Cash dividends of ordinary share  
 Share-based payment transactions  
**Balance at December 31, 2024**

	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Retained earnings (accumulated losses)	Total	Unappropriated retained earnings (accumulated losses)	Exchange differences on translation of foreign financial statements	Other equity	Unearned employee benefit	Total	Total equity
<b>Balance at January 1, 2023</b>	\$ 680,021	379,939	147,010	984	317,024	465,018		(588)		(11,213)	(11,801)	1,513,177
Loss for the year ended December 31, 2023	-	-	-	-	(326,109)	(326,109)	-	-	-	-	-	(326,109)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	390	-	-	390	390	390
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	(326,109)	(326,109)	390	-	-	390	390	(325,719)
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(396)	396	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(33,827)	(33,827)	-	-	-	-	-	(33,827)
Share-based payment transactions	(3,640)	(7,535)	-	-	-	-	-	-	8,203	8,203	8,203	(2,972)
<b>Balance at December 31, 2023</b>	676,381	372,404	147,010	588	(42,516)	105,082	(198)	(3,010)	(3,208)	(3,208)	1,150,659	
Loss for the year ended December 31, 2024	-	-	-	-	(165,938)	(165,938)	-	-	-	-	-	(165,938)
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	-	2	-	2	2	2	2
Total comprehensive loss for the year ended December 31, 2024	-	-	-	-	(165,938)	(165,938)	2	-	2	2	2	(165,936)
Appropriation and distribution of retained earnings:												
Special reserve reversed	-	-	42,516	-	42,516	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	315	-	-	-	-	-	-	-	-	-	315
Share-based payment transactions	(3,024)	(6,260)	-	-	-	-	-	-	3,010	3,010	3,010	(6,274)
<b>Balance at December 31, 2024</b>	<u>\$ 673,357</u>	<u>366,459</u>	<u>104,494</u>	<u>588</u>	<u>(165,938)</u>	<u>60,856</u>	<u>(196)</u>	<u>-</u>	<u>(196)</u>	<u>-</u>	<u>-</u>	<u>978,764</u>

Chairman: Wong, Chung-Ping



Managerial Officer: Wang, Yu-Ho



Accounting Officer: Li, Shu-Cheng



Compal Broadband Networks, Inc.  
Cash flow statement  
December 31, 2024 and 2023



Unit: NT\$ thousand

2024

2023

**Cash flows used in operating activities:**

Loss before tax	\$ (147,938)	(305,564)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation and amortization expense	62,699	63,368
Expected credit loss	(608)	23,532
Interest expense	583	675
Interest income	(6,160)	(10,452)
Compensation cost of employee share-based payment	(6,274)	(2,972)
Share of loss of associates accounted for using equity method	3,638	4,146
Gain on disposal of property, plant and equipment	8,378	
Gain on lease modification	(108)	(3)
<b>Total adjustments to reconcile profit</b>	<b>62,148</b>	<b>78,294</b>

**Changes in operating assets and liabilities:**

Change in financial assets mandatorily measured at fair value through profit or loss	4,373	(4,373)
Decrease in accounts receivable	205,394	64,181
Decrease (increase) in other receivables	(16,760)	379,497
Decrease (increase) in inventories	85,124	126,603
(Increase) decrease in prepayments	(16,914)	(2,937)
Decrease (increase) in other current assets	57	2,912
(Decrease) increase in financial liabilities held for trading	-	(8,006)
(Decrease) increase in contract liabilities	24,493	(80)
Decrease in accounts payable	148,009	(619,887)
Increase (decrease) in other payable	(111,515)	65,527
Decrease in provisions	3,488	(36,806)
Increase in other current liabilities	(1,844)	2,500
<b>Total changes in operating assets and liabilities</b>	<b>323,905</b>	<b>(30,869)</b>
<b>Total adjustments</b>	<b>386,053</b>	<b>47,425</b>

Cash outflow generated from operations	238,115	(258,139)
Interest received	5,917	10,344
Interest paid	(583)	(675)
Income taxes (paid) refund	3,291	(539)
<b>Net cash flows used in operating activities</b>	<b>246,740</b>	<b>(249,009)</b>

**Cash flows used in investing activities:**

Acquisition of property, plant and equipment	(20,143)	(45,096)
Proceeds from disposal of property, plant and equipment	-	-
Increase in refundable deposits	(112)	(28)
Acquisition of intangible assets	(2,786)	(1,296)
<b>Net cash flows used in investing activities</b>	<b>(29,341)</b>	<b>(46,420)</b>

**Cash flows used in financing activities:**

Payment of lease liabilities	(14,257)	(14,745)
Cash dividends paid	-	(33,827)
<b>Net cash flows used in financing activities</b>	<b>(14,257)</b>	<b>(48,572)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>203,142</b>	<b>(344,001)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>305,429</b>	<b>649,430</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 508,571</b>	<b>305,429</b>

Chairman:  
Wong, Chung-Ping



Managerial Officer:  
Wang, Yu-Ho



Accounting Officer:  
Li, Shu-Cheng



Compal Broadband Networks, Inc.

Deficit Compensation Table

2024

	Unit: NT\$
	Amount
Beginning undistributed earnings	0
Net loss after tax in 2024	(165,937,880)
Accumulated losses pending compensation	(165,937,880)
Special reserve set aside to offset losses	588,477
Legal reserve set aside to offset losses	104,493,418
Capital surplus set aside to offset losses	60,855,985
Ending accumulated undistributed earnings	0

Chairman:  
Wong, Chung-Pin



Managerial Officer:  
Wang, Yu-Ho



Accounting Officer:  
Li, Shu-Cheng



Compal Broadband Networks, Inc.

The Comparison Table Before and After Amendment to the Articles of Incorporation

Before the Amendment	After the Amendment	Amendment Rationale
<p>Article 24</p> <p>The Company shall distribute no lower than 5% of the profit of the year as the employees' remunerations, and no more than 2% of the same as the directors' remunerations; however, the accumulated losses shall be offset first. The "profit of the year" in the preceding paragraph refers to the income after the pre-tax income of the year deducting the distribution of the employees' and directors' remunerations. The distribution of the employees' and directors' remunerations shall be resolved by the majority of the attending directors in a board meeting attended by two-third or more of the all directors, and reported to the shareholders' meeting. The employee's remuneration may be paid in shares or cash, and the employees entitled to receive the remuneration include the employees of parents or subsidiaries of the company meeting certain specific requirements.</p>	<p>Article 24</p> <p>The Company shall distribute no lower than 5% of the profit of the year as the employees' remunerations (<u>with no lower than 5% of this amount designated for non-executive employees</u>), and no more than 2% of the same as the directors' remunerations; however, the accumulated losses shall be offset first. The "profit of the year" in the preceding paragraph refers to the income after the pre-tax income of the year deducting the distribution of the employees' and directors' remunerations. The distribution of the employees' and directors' remunerations shall be resolved by the majority of the attending directors in a board meeting attended by two-third or more of the all directors, and reported to the shareholders' meeting. The employee's remuneration may be paid in shares or cash, and the employees entitled to receive the remuneration include the employees of parents or subsidiaries of the company meeting certain specific requirements.</p>	In compliance with laws and regulations
<p>Article 26</p> <p>The Articles of Incorporation were established on August 12, 2009 upon the agreement of all initiators. The 1<sup>st</sup> to the 7<sup>th</sup> amendment (omitted).</p>	<p>Article 26</p> <p>The Articles of Incorporation were established on August 12, 2009 upon the agreement of all initiators. The 1<sup>st</sup> to the 7<sup>th</sup> amendment (omitted). <u>The 8th amendment was made on June 23, 2025.</u></p>	To add the amendment date

## Compal Broadband Networks, Inc.

## Positions held concurrently in the company and/or in any other company

Title	Name	Positions held concurrently in the company and/or in any other company
Chairman	Wong, Chung-Pin	<p>Chairman: Compal Broadband Networks; HippoScreen Neurotech Corp.; Shennona Co., Ltd.; Rayonnant Technology Co., Ltd.; Henghao Technology Co., Ltd.; UNICOM GLOBAL, INC.; Starmems Semiconductor Corp.; POINDUS SYSTEMS CORP.; Compal USA (Indiana), Inc.; Wah Yuen Technology Holding Ltd. Compal Healthcare and Technology Ltd.</p> <p>Executive Director: Compower Global Service Co., Ltd.</p> <p>Director: Taiwan Sanga Co., Ltd., Taiwania Capital Biotechnology VIII Corporation, Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Allied Power Holding Corp., Auscom Engineering Inc., Compal Connector Manufacture Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., Primetek Enterprises Ltd., Sirql Inc., Varlink Limited</p> <p>Supervisor: Hong Ya Technology Corporation</p>
Director	Chen, Rui-Tsun	<p>Chairman: Compal Electronics, Inc.; Arcadyan Technology Corporation, Ripal Optotronics Co., Ltd., Palcom International Corporation, General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., Raypal Biomedical Co., Ltd., River Regeneration and Rejuvenation Biotechnology Co. Ltd., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Kinpo&amp;Compal Group Assets Development Corporation, Ray-Kwong Medical Management Consulting Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., Compal Smart Device India Private Limited.</p> <p>Director: Compal Broadband Networks, Inc., Mactech Co., Ltd., HengHao Technology Co. Ltd., UNICOM GLOBAL, INC., Kinpo&amp;Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation, Phoenix Innovation Venture Capital Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal (Vietnam) Co., Ltd., Compal Development &amp; Management (Vietnam) Co., Ltd., Ascendant Private Equity Investment Ltd., Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Billion Sea Holdings Ltd., Big Chance International Co., Ltd., Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Americas (US) Inc., Compal Display Holding (HK) Limited, Compal Electronics International Ltd., Compal Electronics N.A. Inc., Compal Electronics (Holding) Ltd., Compal International Ltd., Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal Rayonnant Holdings Ltd., Compal USA (Indiana), Inc., Compalead Electronics B.V., Compal Wise Electronic (Vietnam) Co., Ltd., Core Profit Holdings Ltd., Etrade Management Co., Ltd., Flight Global Holding Inc., Forever Young Technology Inc., Fortune Way Technology Corp., Giant Rank Trading Ltd., Goal Reach Enterprises Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal International Ltd., Just International Ltd., Prospect Fortune Group Ltd., Prisco International Co., Ltd., Smart International Trading Ltd., Sinoprime Global Inc., Wah Yuen Technology Holding Ltd., Webtek Technology Co., Ltd., Director of Chengdian Culture and Education Foundation</p> <p>Independent Director: Powertech Technology Inc.</p>

Title	Name	Positions held concurrently in the company and/or in any other company	
Director	Wang, Yu-Ho	Director: Compal Broadband Networks; Compal Broadband Networks Belgium BVBA; Compal Broadband Networks Netherlands B.V. Vice Chairman: Starmems Semiconductor Corp. President: Compal Broadband Networks	
Director	Tsai, Rong-Jin	Chairman: RayMX Microelectronics Corp.; Cheng-Chi Technology Ltd. Director: Compal Broadband Networks VP of Marketing: Realtek Semiconductor Corp.	
Independent Director	Weng, Chien-Ren	Director: FLH Co., Ltd. Independent Director: Compal Broadband Networks	
Independent Director	Mao, Ying-Wen	Chairman: Sitronix Technology Corp.; Sitronix Investment Corp.; Forcelead Technology Corp.; and Sitronix Holding International Limited. Director: Sensortek Technology Corp.; MCORE TECHNOLOGY CORP.; SYNC-TECH SYSTEM CORP.; INFOSITRONIX TECHNOLOGY CORP.; Silicon Power Computer & Communications Inc.; EZGLOBAL NETWORK SERVICE INC.; Director, Fong Huang Innovation Investment Co., Ltd., Director, Fong Huang II Innovation Investment Co., Ltd, Director, Fong Huang III Innovation Investment Co., Ltd., Director, Fong Huang IV Innovation Investment Co., Ltd. CEO: Sitronix Technology Corp. and Forcelead Technology Corp. Independent Director: Compal Broadband Networks	
Independent Director	Chen, Miao-Ling	Independent Director: Compal Broadband Networks and Taiwan Financial Holding Co., Ltd.	