Compal Broadband Networks, Inc.
2026 Annual Shareholder's Meeting Minutes

Time and Date of Meeting：	June 22, 2026(Monday) at 9:00 am
Location of Meeting：	2F., No. 3, Taiyuan 1st Street, Zhubei City, Hsinchu County (Multi-functional Conference Room, Tai Yuen Hi-Tech Industrial Park Phase III)
Meeting type：	Physical shareholders' meeting
Total outstanding shares：	68,550,659 shares Total shares represented by shareholders present in person or by proxy: 55,637,957 shares (among them, 5,480,320 shares voted via electronic transmission and E-Meeting) Percentage of shares held by shareholders present in person or by proxy: 81.16%
Directors present：	Director：Peng, Sheng-Hua and Wang, Yu-Ho, 2 directors present。
Attendance：	Liu, Chen-Hsing (KPMG)、Howard Chen (C&A Law Firm)
Chairman：	Peng, Sheng-Hua　　Recorder：　Ko, Yi-Ting

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、2025 business report (please see Attachment 1)。

2、2025 Audit Committee's Audit Report(please see Attachment 2 & 3)。

3、Report on the 2025 profit sharing remuneration to employees and directors and the distribution status。

Explanation：

1. Pursuant to Article 24 of the Articles of Incorporation.
2. The 2025 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 2025 business report and financial statements.

Description：

1. The Company's 2025 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	55,637,957	55,339,073	3,297	0	295,587
%	100%	99.46%	0.00%	0.00%	0.53%

*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 2025.

Description：

1. Undistributed earnings at the beginning of the period amounted to NT$0. After taking account of post-tax losses of NT$ 76,206,609 in 2025, accumulated losses pending compensation totaled NT$ 76,206,609. It is planned to offset these accumulated losses with a capital surplus of NT$ 76,206,609. Upon appropriation of the capital surplus, accumulated losses at the end of the period will amount to NT$ 0.
2. Attached please find the 2025 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	55,637,957	55,339,072	3,297	0	295,588
%	100%	99.46%	0.00%	0.00%	0.53%

*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 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 6)

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	55,637,957	55,341,091	1,378	0	295,488
%	100%	99.46%	0.00%	0.00%	0.53%

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

E、Extraordinary Motions：NA.

F、Meeting close (at 09:28 am on 6/22/2026)
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. 2025 business results

(I) Results of the business plans implemented.

Looking back at 2025, the global manufacturing sector exhibited a divergent trend. Certain countries benefited from continued expansion in investments related to artificial intelligence (AI), high-performance computing (HPC), and cloud infrastructure, driving a notable recovery in the semiconductor industry. However, the pace of recovery in traditional manufacturing remained relatively moderate. Meanwhile, the service sector maintained steady growth, supported by the rebound in tourism, increasing demand for digital services, and resilient domestic consumption. Fluctuations in international oil prices and most commodity prices have moderated, and global inflationary pressures have significantly eased from previous highs. Major economies have gradually shifted their monetary policies toward a more cautiously accommodative stance, resulting in a generally moderate global economic growth environment.

However, with the rapid expansion of AI applications, demand for high-bandwidth memory (HBM) and advanced DRAM has surged significantly, leading to a structural, albeit temporary, supply shortage in the global memory market. This has resulted in extended lead times and rising prices for certain products, impacting capacity allocation and cost structures across the semiconductor supply chain. While this supply-demand imbalance has contributed to the recovery of the industry, it has also increased procurement costs and price volatility risks for enterprises. In addition, following Donald Trump’s re-election as President of the United States, policy initiatives—including adjustments to tariff policies, supply chain restructuring, industrial subsidies, as well as fiscal and immigration policies—have introduced new uncertainties to global trade order, capital flows, and industrial positioning. These developments may have potential impacts on both the supply and demand sides. Furthermore, ongoing geopolitical tensions, intensifying technological competition, and evolving consumer demand patterns remain key sources of uncertainty for future economic development.

Under this macroeconomic environment, the Company experienced a decline in operating revenue compared to the previous year, primarily due to delays in contract manufacturers’ production line adjustments, shortages and rising costs of certain key components, and the impact of U.S. tariff policies. Nevertheless, the Company has actively optimized its product portfolio and customer mix, increased the proportion of high value-added products, and implemented stringent cost control and expense management measures to enhance operational efficiency. As a result, the net loss after tax has continued to narrow compared to the previous year, and the Company’s overall operational fundamentals have gradually improved.

Looking ahead, the Company will continue to focus on core technology development and innovation in application functionalities, actively expand into new customers and markets, and deepen relationships with existing clients. In addition, the Company will strengthen supply chain management and risk control mechanisms to enhance overall operational resilience and competitiveness. Through these efforts, the Company aims to gradually expand its scale of operations and market share, and to create long-term, sustainable value for its shareholders.

(II) Financial position, profitability, and budget execution

The Company's consolidated net operating revenue for 2025 amounted to NT$597,888 thousand, representing a decrease of 36.5% compared to the previous year. The decline in revenue was primarily attributable to delays in production line adjustments by contract manufacturers, which adversely affected production quality and output efficiency. In addition, shortages and rising prices of certain key components led to deferred shipments of some orders. Furthermore, impacted by U.S. tariff policies, customers adopted more cautious procurement strategies and adjusted order volumes to reduce overall costs and diversify supply chain risks, which also affected the Company's revenue performance during the year.

Gross profit for the year was NT$207,024 thousand, representing an increase of 24.1% compared to the previous year. This improvement was mainly driven by the Company's proactive optimization of its product portfolio and customer mix, along with an increased proportion of high value-added products, resulting in a significant enhancement in overall gross margin.

Benefiting from improvements in operational structure and effective cost control measures, the Company's net loss after tax narrowed to NT$76,207 thousand for the year, with a loss per share of NT$1.13.

From a financial management perspective, the Company adheres to a prudent and sound approach, appropriately planning the allocation of short-term and long-term funds in accordance with operational needs, and maintaining healthy liquidity and capital structure. For 2025, the current ratio was 386% and the debt ratio was 22%, indicating an overall sound financial position.

The Company has not publicly disclosed financial forecasts; therefore, there is no budget execution information to report.

(III) R&D status

Advancing Toward the 10G and AI-Driven Connectivity Era- Amid the transition of home broadband toward the 10G era in 2026, the Company is progressing toward a next-generation evolution of its product portfolio:

1. Transformation Strategy for Cable Broadband Architecture:
   In addition to maintaining stable supply of mainstream DOCSIS 3.1 + Wi-Fi 6/7 solutions, the Company is strategically leveraging DOCSIS 3.1 Plus technology to support operators during the transition period of HFC networks to DOCSIS 4.0. This enables the early delivery of near-10G performance, with downstream speeds of up to 9 Gbit/s and upstream speeds of up to 2 Gbit/s.
2. Deployment of DOCSIS 4.0 and Wi-Fi 7:
   The Company's DOCSIS 4.0 cable modem has entered the operator certification phase. At the same time, we are deepening the integration of Wi-Fi 7 technology by leveraging Multi-Link Operation (MLO) and AI-based traffic prediction technologies to address congestion and latency challenges associated with ultra-high-definition video streaming and indoor VR/AR applications.
3. Convergence of Fiber and Wireless Access:
   For the increasingly mature XGS-PON and 5G FWA solutions, the Company is not only focused on hardware performance but is also incorporating edge computing capabilities. This transformation enables home gateways to evolve into intelligent household hubs, meeting customer demand for ultra-low latency and highly reliable CPE solutions.

II. Overview of 2026 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. Global Footprint Expansion and Deepening Presence in North America:
   By establishing operational bases in North America, the Company has developed a strategic collaboration model characterized by "local development with real-time feedback," ensuring that product specifications are precisely aligned with the next-generation network architectures of major North American telecom operators.
2. AI Empowerment and Hardware-Software Integration:
   The Company continues to strengthen its Smart Cable Gateway product line by not only delivering high-speed connectivity enabled by Wi-Fi 7, but also incorporating AI-driven network security and cloud-based intelligent mesh optimization on the software side. These enhancements help operators reduce post-deployment maintenance costs while improving end-user satisfaction.
3. Diversification and Expansion of Product Portfolio:
   The Company is actively investing in the development of next-generation technologies such as Wi-Fi 8 and 50G-PON, positioning itself to capture opportunities arising from AI-driven transformation in the ICT industry. These efforts enable customers to differentiate themselves from competitors and create sustained value.
4. Focus on Value-Added Products and Strengthening Value Chain Management:
   The Company emphasizes enhancing product value while strengthening value chain management capabilities, working closely with customers, strategic partners, and key suppliers to jointly drive growth and reinforce competitive advantages.
5. Commitment to Environmental Protection and Corporate Social Responsibility:
   The Company complies with applicable environmental regulations and corporate social responsibility requirements, fulfilling its role as a responsible corporate citizen and giving back to society through its operational achievements.

(II) Sales volume forecast and basis of estimation

Major global economies continue to prioritize digital infrastructure as a key pillar of national development, accelerating broadband network upgrades and digital transformation to enhance industrial competitiveness and economic resilience. With the increasing penetration of fiber-to-the-home (FTTH), rising demand for enterprise private networks and cloud applications, and bandwidth upgrade requirements driven by AI computing in data centers, the overall networking equipment market maintains a moderate growth momentum. In addition, the gradual adoption of low Earth orbit (LEO) satellite communications and next-generation Wi-Fi technologies is creating a new wave of technological upgrade opportunities for the industry.

However, the global market still faces several uncertainties, including escalating geopolitical risks, cost fluctuations arising from supply chain restructuring, and adjustments in trade policies and tariff measures among major economies. These factors may affect end-market demand and corporate capital expenditures, resulting in a relatively cautious short-term growth outlook.

Taking into account industry trends and evolving market conditions, the Company expects overall shipments of networking products in 2026 to grow by approximately 1% to 3% compared to the previous year. The Company will continue to focus on high-end broadband products and differentiated application markets, strengthen its technological capabilities and cost competitiveness, and closely monitor changes in market demand to sustain steady growth momentum.

(III) Key production and sales policies

1. Optimization of Vietnam Production Base and Supply Chain System:
   The Company will optimize its production base in Vietnam and strengthen its supply chain framework, while enhancing the establishment of a localized operational system in North America. It will also continue to evaluate the feasibility of additional production and operational sites to mitigate regional risks arising from natural disasters, geopolitical developments, and changes in national policies, while providing customers with competitive production and sales support.
2. Enhancement of Raw Material Supply and Quality Control Strategies:
   The Company will implement more effective strategies in raw material procurement and quality control to shorten production cycles, improve production efficiency, reduce operational risks, and strengthen working capital utilization.
3. Demand-Driven Product Design and Manufacturing Efficiency:
   By adopting a demand-oriented approach to product design, the Company aims to simplify manufacturing processes and enhance production efficiency, while reducing inventory costs through the use of standardized and shared components.
4. Total Quality Management and Customer-Oriented Market Strategy:
   The Company will promote total quality management and customer-focused market strategies, strengthening communication and coordination across the value chain to achieve a mutually beneficial outcome among all stakeholders.

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

(I) Future development strategies of the Company

The Company will actively expand into new markets in North America and develop new product portfolios to capture significant opportunities arising from technological upgrades in the networking industry. At the same time, the Company is committed to technological innovation, providing customers with high value-added and customized products and services, and strengthening its role and value within customers' ecosystems. In addition, the Company will proactively build a global logistics and operations network to better serve customers while diversifying operational risks, with the objective of achieving sustainable growth and long-term development.

(II) Effects of regulatory and macro operating environments

A review of communication infrastructure policies and broadband upgrade initiatives in Europe and the United States indicates that the gradual adoption of next-generation high-speed transmission technologies—such as DOCSIS 4.0, XGS-PON, 5G FWA, and Wi-Fi 7—is driving a recovery in demand for both residential CPE and enterprise networking equipment. However, telecom operators remain cautious in their capital expenditures, and the pace of market recovery varies across regions.

Looking ahead, the Company's operations are expected to benefit from the steady growth in shipments of 5G FWA CPE, increasing penetration of Wi-Fi 7, and the ongoing upgrade trend of cable modems toward DOCSIS 4.0, which is anticipated to further optimize the product mix. Nevertheless, in response to market uncertainties, the Company will strengthen capital expenditure efficiency assessments and prudently manage accounts receivable and inventory levels to maintain stable operations.

IV. Conclusion

Finally, all employees of the Company will continue to leverage strong teamwork and execution capabilities to enhance research and development as well as market expansion, further increasing the Company’s economic value. At the same time, the Company remains committed to fulfilling its responsibilities as a global corporate citizen, striving to maximize value for both the Company and its shareholders.

We also sincerely hope that our shareholders will continue to offer their encouragement and support to the management team.

Thank you, and we wish you good health, peace, and every success.

Sincerely,

Chairman: Peng, Sheng-Hua

President: Wang, Yu-Ho

Accounting Officer: Ho, Chen-Yu

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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, 2025 and 2024, 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, 2025 and 2024, 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(p) 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(d) 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, 2025 and 2024, 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 Huang, Keng-Chia and Au, Yiu-Kwan.

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KPMG

Taipei, Taiwan (Republic of China)
March 11, 2026

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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, 2025 and 2024, 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended December 31, 2025 and 2024, 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(p) 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(g) 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(d) 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 Huang, Keng-Chia and Au, Yiu-Kwan.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2026

Audit Report of the Audit Committee

The 2025 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 Huang, Keng-Chia, 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 2025 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

2026 Regular Shareholders' Meeting

Compal Broadband Networks, Inc. 鋐寶科技股份有限公司

Convener of the Audit Committee: 翁建仁

March 11, 2026

Compal Broadband Networks, Inc. and subsidiaries
Consolidated balance sheet
December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 355,819	30	520,103	34
1170	Accounts receivable, net (notes (6)(b) and (6)(p))	142,018	12	196,185	13
1200	Other receivables, net (notes (6)(c) and (7))	104,091	9	19,548	1
1310	Inventories (note (6)(d))	394,729	33	527,178	34
1410	Prepayments	41,363	4	65,282	4
1470	Other current assets	1,759	-	2,133	-
		1,039,779	88	1,330,429	86
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(e))	5,055	1	6,784	-
1600	Property, plant and equipment (note (6)(f))	109,137	9	124,520	8
1755	Right-of-use assets (note (6)(g))	14,085	1	39,915	3
1780	Intangible assets (note (6)(h))	2,969	-	1,972	-
1840	Deferred tax assets (note (6)(l))	15,305	1	38,144	3
1900	Other non-current assets (note (8))	2,391	-	4,341	-
		148,942	12	215,676	14
	Total assets	$ 1,188,721	100	1,546,105	100

	Liabilities and Equity	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current liabilities:				
2130	Current contract liabilities (note (6)(p))	$ 17,586	2	26,339	2
2170	Accounts payable	100,122	8	115,108	7
2180	Accounts payable to related parties (note (7))	83,148	7	223,168	15
2200	Other payables (note (7))	38,799	3	75,753	5
2250	Current provisions (note (6)(i))	5,395	-	84,086	5
2280	Current lease liabilities (note (6)(j))	7,919	1	13,928	1
2300	Other current liabilities	16,601	1	2,276	-
		269,570	22	540,658	35
	Non-current liabilities:				
2570	Deferred tax liabilities (note (6)(l))	419	-	-	-
2580	Non-current lease liabilities (note (6)(j))	6,449	1	26,683	2
		6,868	1	26,683	2
	Total liabilities	276,438	23	567,341	37
	Equity (notes (6)(m) and (6)(n)):				
3110	Ordinary shares	686,977	58	673,357	43
3200	Capital surplus	318,678	27	366,459	24
3300	Retained earnings	(76,207)	(6)	(60,856)	(4)
3410	Exchange differences on translation of foreign financial statements	501	-	(196)	-
3491	Unearned employee benefit	(17,666)	(2)	-	-
	Total equity	912,283	77	978,764	63
	Total liabilities and equity	$ 1,188,721	100	1,546,105	100

Chairman: Wong, Chung-Ping **Managerial Officer: Wang, Yu-Ho** **Accounting Officer: Ho, Chen-Yu**

Compal Broadband Networks, Inc. and subsidiaries

Consolidated comprehensive income statement

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		2025			2024	
			Amount	%	Amount	%
4000	**Operating revenue (note (6)(p))**	$	597,888	100	941,934	100
5000	**Operating costs (notes (6)(d), (7) and (12))**		390,864	65	775,118	82
	Gross profit from operations		207,024	35	166,816	18
	Operating expenses: (notes (6)(h), (6)(i), (6)(j), (6)(k), (7) and (12))					
6100	Selling expenses		24,104	4	77,201	8
6200	Administrative expenses		51,079	9	62,354	7
6300	Research and development expenses		200,218	33	170,211	18
6450	Expected credit loss (notes (6)(b) and (6)(c))		(1,706)	-	(608)	-
	Total operating expenses		273,695	46	309,158	33
	Net operating loss		(66,671)	(11)	(142,342)	(15)
	Non-operating income and expenses:					
7010	Other income (note (7))		3,294	-	5,605	-
7020	Other gains and losses (note (6)(r))		5,650	1	(13,445)	(1)
7100	Interest income		6,671	1	6,160	-
7510	Interest expense (note (6)(j))		(339)	-	(583)	-
7060	Share of loss of associates accounted for using equity method (note (6)(e))		(1,729)	-	(3,333)	-
			13,547	2	(5,596)	(1)
7900	**Loss from continuing operations before tax**		(53,124)	(9)	(147,938)	(16)
7950	**Less: Income tax expense (note (6)(l))**		23,083	4	18,000	2
	Loss		(76,207)	(13)	(165,938)	(18)
8300	**Other comprehensive income:**					
8360	**Components of other comprehensive income that will be reclassified to profit or loss**					
8361	Exchange differences on translation of foreign financial statements		872	-	2	-
8399	Less: income tax related to items that will be reclassified to profit or loss (note (6)(l))		175	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss		697	-	2	-
8300	**Other comprehensive income**		697	-	2	-
	Total comprehensive loss	$	(75,510)	(13)	(165,936)	(18)
	Loss per share (note (6)(o))					
9750	Basic loss per share	$		(1.13)		(2.46)
9850	Diluted loss per share	$		(1.13)		(2.46)

Chairman: Wong, Chung-Ping **Managerial Officer: Wang, Yu-Ho** **Accounting Officer: Ho, Chen-Yu**

Compal Broadband Networks, Inc. and subsidiaries

Consolidated change in equity statement

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity item			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Accumulated losses	Total	Exchange differences on translation of foreign financial statements	Unearned employee benefit	Total	Total equity
Balance at January 1, 2024	$ 676,381	372,404	147,010	588	(42,516)	105,082	(198)	(3,010)	(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
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	(165,938)	(165,938)	2	-	2	(165,936)
Legal reserve used to offset accumulated deficits	-	-	(42,516)	-	42,516	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	315	-	-	-	-	-	-	-	315
Share-based payment transactions	(3,024)	(6,260)	-	-	-	-	-	3,010	3,010	(6,274)
Balance at December 31, 2024	673,357	366,459	104,494	588	(165,938)	(60,856)	(196)	-	(196)	978,764
Loss for the year ended December 31, 2025	-	-	-	-	(76,207)	(76,207)	-	-	-	(76,207)
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	-	-	697	-	697	697
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	(76,207)	(76,207)	697	-	697	(75,510)
Legal reserve and special reserve used to offset accumulated deficits	-	-	(104,494)	(588)	105,082	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	(60,856)	-	-	60,856	60,856	-	-	-	-
Share-based payment transactions	13,620	13,075	-	-	-	-	-	(17,666)	(17,666)	9,029
Balance at December 31, 2025	**$ 686,977**	**318,678**	**-**	**-**	**(76,207)**	**(76,207)**	**501**	**(17,666)**	**(17,165)**	**912,283**

Chairman: Wong, Chung-Ping **Managerial Officer: Wang, Yu-Ho** **Accounting Officer: Ho, Chen-Yu**

Compal Broadband Networks, Inc. and subsidiaries

Consolidated cash flow statement

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		2025	2024
Cash flows from (used in) in operating activities:			
Loss before tax	$	(53,124)	(147,938)
Adjustments:			
Adjustments to reconcile profit:			
Depreciation and amortization expense		60,241	62,699
Expected credit impairment reversal gains		(1,706)	(608)
Interest expense		339	583
Interest income		(6,671)	(6,160)
Compensation cost of employee share-based payment		9,029	(6,274)
Share of loss of associates accounted for using equity method		1,729	3,333
Gain on disposal of property, plant and equipment		-	8,378
Gain on lease modification		(362)	(108)
Total adjustments to reconcile profit		62,599	61,843
Changes in operating assets and liabilities:			
Change in financial assets mandatorily measured at fair value through profit or loss		-	4,373
Decrease in accounts receivable		55,939	205,394
Increase in other receivables		(84,990)	(16,758)
Decrease in inventories		132,449	85,124
Decrease (increase) in prepayments		23,919	(16,914)
Decrease in other current assets		-	57
(Decrease) increase in contract liabilities		(8,753)	24,493
(Decrease) increase in accounts payable		(155,006)	148,009
Decrease in other payables		(36,954)	(111,193)
(Decrease) increase in provisions		(78,691)	3,488
Increase (decrease) in other current liabilities		14,325	(1,844)
Total changes in operating assets and liabilities		(137,762)	324,229
Total adjustments		(75,163)	386,072
Cash (outflow) inflow generated from operations		(128,287)	238,134
Interest received		7,052	5,917
Interest paid		(339)	(583)
Income taxes refund		374	3,291
Net cash flows (used in) from operating activities		(121,200)	246,759
Cash flows from (used in) investing activities:			
Acquisition of investments accounted for using equity method		-	(6,300)
Acquisition of property, plant and equipment		(35,637)	(20,143)
Decrease (increase) in refundable deposits		1,950	(112)
Acquisition of intangible assets		(2,669)	(2,786)
Net cash flows used in investing activities		(36,356)	(29,341)
Cash flows from (used in) financing activities:			
Payment of lease liabilities		(7,600)	(14,257)
Net cash flows used in financing activities		(7,600)	(14,257)
Effect of exchange rate changes on cash and cash equivalents		872	2
Net (decrease) increase in cash and cash equivalents		(164,284)	203,163
Cash and cash equivalents at beginning of period		520,103	316,940
Cash and cash equivalents at end of period	$	355,819	520,103

Chairman: Wong, Chung-Ping **Managerial Officer: Wang, Yu-Ho** **Accounting Officer: Ho, Chen-Yu**

Compal Broadband Networks, Inc.
Balance sheet
December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 343,489	29	508,571	33
1170	Accounts receivable, net (notes (6)(b) and (6)(p))	142,018	12	196,185	13
1200	Other receivables, net (notes (6)(c) and (7))	104,069	9	19,528	1
1310	Inventories (note (6)(d))	394,729	33	527,178	34
1410	Prepayments	41,363	4	65,282	4
1470	Other current assets	1,759	-	2,133	-
		1,027,427	87	1,318,877	85
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(e))	16,606	2	18,014	1
1600	Property, plant and equipment (note (6)(f))	109,137	9	124,520	8
1755	Right-of-use assets (note (6)(g))	14,085	1	39,915	3
1780	Intangible assets (note (6)(h))	2,969	-	1,972	-
1840	Deferred tax assets (note (6)(l))	15,305	1	38,144	3
1900	Other non-current assets (note (8))	2,391	-	4,341	-
		160,493	13	226,906	15
	Total assets	**$ 1,187,920**	**100**	**1,545,783**	**100**

	Liabilities and Equity	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current liabilities:				
2130	Current contract liabilities (note (6)(p))	$ 17,586	2	26,339	2
2170	Accounts payable	100,122	8	115,108	7
2180	Accounts payable to related parties (note (7))	83,148	7	223,168	15
2200	Other payables (note (7))	37,998	3	75,431	5
2250	Current provisions (note (6)(i))	5,395	-	84,086	5
2280	Current lease liabilities (note (6)(j))	7,919	1	13,928	1
2300	Other current liabilities	16,601	1	2,276	-
		268,769	22	540,336	35
	Non-current liabilities:				
2570	Deferred tax liabilities (note (6)(l))	419	-	-	-
2580	Non-current lease liabilities (note (6)(j))	6,449	1	26,683	2
		6,868	1	26,683	2
	Total liabilities	275,637	23	567,019	37
	Equity (notes (6)(m) and (6)(n)):				
3100	Ordinary shares	686,977	58	673,357	43
3200	Capital surplus	318,678	27	366,459	24
3300	Retained earnings	(76,207)	(6)	(60,856)	(4)
3410	Exchange differences on translation of foreign financial statements	501	-	(196)	-
3491	Unearned employee benefit	(17,666)	(2)	-	-
	Total equity	912,283	77	978,764	63
	Total liabilities and equity	**$ 1,187,920**	**100**	**1,545,783**	**100**

Chairman: Wong, Chung-Ping **Managerial Officer: Wang, Yu-Ho** **Accounting Officer: Ho, Chen-Yu**

Compal Broadband Networks, Inc.

Comprehensive income statement

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		2025			2024	
			Amount	**%**	**Amount**	**%**
4000	**Operating revenue (note (6)(p))**	$	597,888	100	941,934	100
5000	**Operating costs (notes (6)(d), (7) and (12))**		390,864	65	775,118	82
	Gross profit from operations		207,024	35	166,816	18
	Operating expenses: (notes (6)(h), (6)(i), (6)(j), (6)(k), (7) and (12))					
6100	Selling expenses		24,104	4	77,187	8
6200	Administrative expenses		50,507	8	61,980	7
6300	Research and development expenses		200,218	34	170,211	18
6450	Expected credit loss (notes (6)(b) and (6)(c))		(1,706)	-	(608)	-
	Total operating expenses		273,123	46	308,770	33
	Net operating loss		(66,099)	(11)	(141,954)	(15)
	Non-operating income and expenses:					
7010	Other income (note (7))		3,273	-	5,522	-
7020	Other gains and losses (note (6)(r))		5,650	1	(13,445)	(1)
7100	Interest income		6,671	1	6,160	-
7510	Interest expense (note (6)(j))		(339)	-	(583)	-
7775	Share of loss of associates accounted for using equity method (note (6)(e))		(2,280)	-	(3,638)	-
			12,975	2	(5,984)	(1)
7900	**Loss from continuing operations before tax**		(53,124)	(9)	(147,938)	(16)
7950	**Less: Income tax expenses (note (6)(l))**		23,083	4	18,000	2
	Loss		(76,207)	(13)	(165,938)	(18)
8300	**Other comprehensive income:**					
8360	**Components of other comprehensive income that will be reclassified to profit or loss**					
8361	Exchange differences on translation of foreign financial statements		872	-	2	-
8399	Less: income tax related to items that will be reclassified to profit or loss (note (6)(l))		175	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss		697	-	2	-
8300	**Other comprehensive income**		697	-	2	-
	Total comprehensive loss	$	(75,510)	(13)	(165,936)	(18)
	Loss per share (note (6)(o))					
9750	Basic loss per share	$		(1.13)		(2.46)
9850	Diluted loss per share	$		(1.13)		(2.46)

Chairman: Wong, Chung-Ping **Managerial Officer: Wang, Yu-Ho** **Accounting Officer: Ho, Chen-Yu**

Compal Broadband Networks, Inc.

Change in equity statement

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Accumulated losses	Total	Exchange differences on translation of foreign financial statements	Unearned employee benefit	Total	Total equity
Balance at January 1, 2024	$ 676,381	372,404	147,010	588	(42,516)	105,082	(198)	(3,010)	(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
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	(165,938)	(165,938)	2	-	2	(165,936)
Legal reserve used to offset accumulated deficits	-	-	(42,516)	-	42,516	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	315	-	-	-	-	-	-	-	315
Share-based payment transactions	(3,024)	(6,260)	-	-	-	-	-	3,010	3,010	(6,274)
Balance at December 31, 2024	673,357	366,459	104,494	588	(165,938)	(60,856)	(196)	-	(196)	978,764
Loss for the year ended December 31, 2025	-	-	-	-	(76,207)	(76,207)	-	-	-	(76,207)
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	-	-	697	-	697	697
Total comprehensive loss for the year ended December 31, 2025	-	-	-	-	(76,207)	(76,207)	697	-	697	(75,510)
Legal reserve and special reserve used to offset accumulated deficits	-	-	(104,494)	(588)	105,082	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	(60,856)	-	-	60,856	60,856	-	-	-	-
Share-based payment transactions	13,620	13,075	-	-	-	-	-	(17,666)	(17,666)	9,029
Balance at December 31, 2025	**$ 686,977**	**318,678**	**-**	**-**	**(76,207)**	**(76,207)**	**501**	**(17,666)**	**(17,165)**	**912,283**

Chairman: Wong, Chung-Ping **Managerial Officer: Wang, Yu-Ho** **Accounting Officer: Ho, Chen-Yu**

Compal Broadband Networks, Inc.

Cash flow statement

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) operating activities:		
Loss before tax	$ (53,124)	(147,938)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation and amortization expense	60,241	62,699
Expected credit impairment reversal gains	(1,706)	(608)
Interest expense	339	583
Interest income	(6,671)	(6,160)
Compensation cost of employee share-based payment	9,029	(6,274)
Share of loss of associates accounted for using equity method	2,280	3,638
Gain on disposal of property, plant and equipment	-	8,378
Gain on lease modification	(362)	(108)
Total adjustments to reconcile profit	63,150	62,148
Changes in operating assets and liabilities:		
Change in financial assets mandatorily measured at fair value through profit or loss	-	4,373
Decrease in accounts receivable	55,939	205,394
Increase in other receivables	(84,988)	(16,760)
Decrease in inventories	132,449	85,124
Decrease (increase) in prepayments	23,919	(16,914)
Decrease in other current assets	-	57
(Decrease) increase in contract liabilities	(8,753)	24,493
(Decrease) increase in accounts payable	(155,006)	148,009
Decrease in other payable	(37,433)	(111,515)
(Decrease) increase in provisions	(78,691)	3,488
Increase (decrease) in other current liabilities	14,325	(1,844)
Total changes in operating assets and liabilities	(138,239)	323,905
Total adjustments	(75,089)	386,053
Cash (outflow) inflow generated from operations	(128,213)	238,115
Interest received	7,052	5,917
Interest paid	(339)	(583)
Income taxes refund	374	3,291
Net cash flows used in operating activities	(121,126)	246,740
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(6,300)
Acquisition of property, plant and equipment	(35,637)	(20,143)
Decrease (increase) in refundable deposits	1,950	(112)
Acquisition of intangible assets	(2,669)	(2,786)
Net cash flows used in investing activities	(36,356)	(29,341)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(7,600)	(14,257)
Net cash flows used in financing activities	(7,600)	(14,257)
Net (decrease) increase in cash and cash equivalents	(165,082)	203,142
Cash and cash equivalents at beginning of period	508,571	305,429
Cash and cash equivalents at end of period	$ 343,489	508,571

Chairman: Wong, Chung-Ping **Managerial Officer: Wang, Yu-Ho** **Accounting Officer: Ho, Chen-Yu**

Compal Broadband Networks, Inc.

Deficit Compensation Table

2025

Unit: NT$	
	Amount
Beginning undistributed earnings	0
Net loss after tax in 2025	(76,206,609)
Accumulated losses pending compensation	(76,206,609)
Capital surplus set aside to offset losses	76,206,609
Ending accumulated undistributed earnings	0

Chairman: Peng, Sheng-Hua

Managerial Officer: Wang, Yu-Ho

Accounting Officer: Ho, Chen-Yu

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	Peng, Sheng-Hua	Chairman:	Compal Broadband Networks, Inc.; Compal Ruifang Health Assets Development Corporation; HippoScreen Neurotech Corp.; Shennona Co., Ltd.; Compal Wireless Communications (Nanjing) Co., Ltd.; Compal Digital Communications (Nanjing) Co., Ltd.; HANHELT Communications (Nanjing) Co., Ltd.; Compal Communications (Nanjing) Co., Ltd.
		Director:	Compal Electronics, Inc.; Arcadyan Technology Corporation; Ripal Optoelectronics Co., Ltd.; UniCore Biomedical Co., Ltd.; Aco Healthcare Co., Ltd.; Kinpo Group Management Consultant Company; Kinpo & Compal Group Assets Development Corporation; Palcom International Corporation; Infinnno Technology Corp.; Mactech Co., Ltd.; Gempal Technology Corp.; Hong Jin Investment Co., Ltd.; Hong Ji Capital Co., Ltd.; Compal Optoelectronics (Kunshan) Co., Ltd.; Compal Investment (Jiangsu) Co., Ltd.; Compal Display Electronics (Kunshan) Co., Ltd.; Compal Electronics (China) Co., Ltd.; Compal Smart Device (Chongqing) Co., Ltd.; Bizcom Electronics, Inc.; COMPAL SMART DEVICE INDIA PRIVATE LIMITED; Shennona Corporation
		Supervisor:	General Life Biotechnology Co., Ltd.
		CEO:	Palcom International Corporation; Compal Investment (Jiangsu) Co., Ltd.; Compal Display Electronics (Kunshan) Co., Ltd.; HANHELT Communications (Nanjing) Co., Ltd.; Compal Smart Device (Chongqing) Co., Ltd.
		Executive VP:	Compal Electronics, Inc.
		Branch Manager:	Compal Electronics, Inc. Kaohsiung Branch
Director	Chen, Jui-Tsung	Chairman:	Compal Electronics, Inc.; Arcadyan Technology Corporation; Ripal Optotronics Co., Ltd.; UniCore Biomedical Co., Ltd.; Aco Healthcare Co., Ltd.; ARC Therapeutics, Inc.; Palcom International Corporation; Fusionite Corporation; GeneralLife Biotechnology Co., Ltd.; Ray-Kwong Medical Management Consulting Co., Ltd.; Kinpo & Compal Group Assets Development Corporation; River Regeneration and Rejuvenation Biotechnology Co. Ltd.; Raypal Biomedical Co., Ltd.; Gempal Technology Corp.; Panpal Technology Corp.; Hong Jin Investment Co., Ltd.; Hong Ji Capital Co., Ltd.; Compal Optoelectronics (Kunshan) Co., Ltd.; Compal Investment (Jiangsu) Co., Ltd.; Compal System Trading (Kunshan) Co., Ltd.; Compal Information Technology (Kunshan) Co., Ltd.; Compal Display Electronics (Kunshan) Co., Ltd.; Compal Information (Kunshan) Co., Ltd.; Compal Electronics Technology (Kunshan) Co., Ltd.; Compal Electronics (ChongQing) Co., Ltd.; Compal Electronics (China) Co., Ltd.; Compal Digital Technology (Kunshan) Co., Ltd.; Kunshan Botai Electronics Co., Ltd.; Compal Smart Device (Chongqing) Co., Ltd.; COMPAL SMART DEVICE INDIA PRIVATE LIMITED
		Director:	Compal Broadband Networks, Inc.; Compal Ruifang Health Assets Development Corporation; Kinpo Group Management Consultant Company; Mactech Co., Ltd.; UNICOM GLOBAL, INC.; HengHao Technology Co. Ltd.; Phoenix Innovation Venture Capital Co., Ltd.; Compal Management (Chengdu) Co., Ltd.; Compal (Vietnam) Co., Ltd.; Compal Investment (Sichuan) Co., Ltd.; Compal Development & Management (Vietnam) Co., Ltd.; Compal Electronics (Chengdu) Co., Ltd.; Compal Networking (Kunshan) Co., Ltd.; NCKUEE ALUMNI ASSOCIATION; Arcadyan Holding (BVI) Corp.; Arch Holding (BVI) Corp.; Ascendant Private Equity Investment Ltd.; Big Chance International Co., Ltd.; Billion Sea Holdings Ltd.; Bizcom Electronics, Inc.; Center Mind International Co., Ltd.; Compal Americas (US) Inc.; Compal Display Holding (HK) Limited; Compal Electronics (Holding) Ltd.; Compal Electronics International Ltd.; Compal Electronics N.A. Inc.; Compal International Holding Co., Ltd.; Compal International Holding (HK) Limited; Compal International Ltd.; Compal Rayonnant Holdings Ltd.; Compal USA (Indiana), Inc.; Compal Wise Electronic (Vietnam) Co., Ltd.; Compal Electronics Europe; Core Profit Holdings Limited; Etrade Management Co.,Ltd.; Flight Global Holding Inc.; Forever Young Technology Inc.; Fortune Way Technology Corp.; Giant Rank Trading Limited; 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.; Prisco International Co., Ltd.; Prospect Fortune Group Ltd.; Sinoprime Global Inc.; Smart International Trading Ltd.; Wah Yuen Technology Holding Ltd.; Webtek Technology Co.,Ltd
		Executive Director:	Compower Global Service Co., Ltd.
		President:	Compal Electronics (Vietnam) Co., Ltd.
		Independent Director:	Powertech Technology Inc.
		Trustee:	Institute for Biotechnology and Medicine Industry

Title	Name	Positions held concurrently in the company and/or in any other company	
Director	Wang, Yu-Ho	Director: Vice Chairman: President:	Compal Broadband Networks; Compal Broadband Networks Belgium BVBA; Compal Broadband Networks Netherlands B.V. Starmems Semiconductor Corp. Compal Broadband Networks
Director	Tsai, Rong-Jin	Chairman: Director: VP of Marketing:	RayMX Microelectronics Corp. Compal Broadband Networks Inc. Realtek Semiconductor Corp.
Independent Director	Weng, Chien-Ren	Director: Independent Director:	FLH Co., Ltd. Compal Broadband Networks Inc.
Independent Director	Mao, Ying-Wen	Chairman: Director: CEO: Independent Director:	Sitronix Technology Corp.; Sitronix Investment Corp.; Forcelead Technology Corp.; Seer Microelectronics, Inc.; Sitronix Holding International Limited.; Sitronix Global Limited. Sensortek Technology Corp.; More Technology Corp.; Sync-Tech System Corp.; Infsitronix Technology Corp.; Silicon Power Computer & Communications Inc.; EZGLOBAL Networks Service Inc.; Fong Huang Innovation Investment Co., Ltd.; Fong Huang II Innovation Investment Co., Ltd,; Fong Huang III Innovation Investment Co., Ltd.; Fong Huang IV Innovation Investment Co., Ltd.; Fong Huang VI Innovation Investment Co., Ltd.; Fong Huang VII Innovation Investment Co., Ltd. Sitronix Technology Corp.; Forcelead Technology Corp.; Seer Microelectronics, Inc. Compal Broadband Networks inc.
Independent Director	Chen, Miao-Ling	Independent Director:	Compal Broadband Networks Inc.; Taiwan Financial Holding Co., Ltd.