



Stock Code : 6674

Compal Broadband Networks, Inc.

2025 Annual Report

Printed on June 4, 2026

Website to inquire about the annual report

<http://mops.twse.com.tw>

<http://www.icbn.com.tw>

I. Spokesperson

Spokesperson: Ho, Chen-Yu/ Director, Finance, Accounting, and
Shareholder Service Department

Deputy Spokesperson: Wang, Yu-Ho/ President

Tel: (03)5600066 # 2503

Email: Investor@compalbn.com

II. Address and telephone number of the Company

Headquarter: 13-1F, No. 1, Taiyuan 1st Street, Zhubei City, Hsinchu County

Tel: (03)5600066

Plant: None

Tel: None

III. Agency handling shares transfer

Name: Agency Department, CTBC

Address: 5F, No. 83, Chongqing S. Rd., Sec. 1, Zhongzheng District, Taipei
City

Tel: (02) 6636-5566

Website: <https://www.ctbcbank.com>

IV. CPAs duly audited the annual financial report for the most recent fiscal year

Names of CPAs: Huang, Keng-Chia; Au, Yiu-Kwan

Name of accounting firm: KPMG Taiwan

Address: 68F, No. 7, Xinyi Rd., Sec. 5, Xinyi District, Taipei City

Tel: (02)8101-6666

Website: <https://home.kpmg.com/tw>

V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities

None

VI The Company's website

<http://www.icbn.com.tw>

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Letter to Shareholders

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



Corporate Governance Report

I • Information on directors, supervisors, the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

(I) Information on directors and supervisors

Apr. 24 2026

Job title	Nationality or place of registration	Name	Gender Age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree of affinity			Remarks
							No. of shares	Share-holding ratio	No. of shares	Share-holding ratio	No. of shares	Share-holding ratio	No. of shares	Share-holding ratio			Title	Name	Relationship	
Director	Republic of China	Compal Electronics, Inc.	Not applicable.	June 24, 2024	Three years	August 19, 2009	29,060,176	42.96%	29,060,176	42.39%	–	–	–	–	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Note 1
Chairman	Republic of China	Compal Electronics, Inc. Representative: Peng, Sheng-Hua	Male 51 - 60		Three years	April 17, 2026			–	–	–	–	–	–	Institute of Electrical Engineering, National Taiwan University Executive VP, Compal Electronics, Inc.	Note 2	None	None	None	Note 1
Director	Republic of China	Compal Electronics, Inc. Representative: Chen, Jui-Tsun	Male 71 - 80		Three years	August 19, 2009			–	–	–	–	–	–	Department of Electrical Engineering, National Cheng Kung University Vice-Chairman and CSO, Compal Electronics, Inc.	Note 2	None	None	None	Note 1
Director	Republic of China	Compal Electronics, Inc. Representative: Wang, Yu-Ho	Male 51-60		Three years	June 24, 2015			812,010	1.18%	–	–	300,000	0.44%	Department of Computer Engineering, Massachusetts State University Chief of Division, Compal Electronics	Note 2	None	None	None	Note 1
Director	Republic of China	Rui Xin Investment Co., Ltd.	Not applicable.	June 24, 2024	Three years	January 24, 2018	3,575,000	5.29%	3,575,000	5.22%	–	–	–	–	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Note 1
Director	Republic of China	Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin	Male 61-70		Three years	January 24, 2018	–	–	–	–	–	–	–	–	Institute of Electrical Engineering, National Taiwan University VP of Marketing, Realtek Semiconductor Corp.	Note 2	None	None	None	Note 1
Independent director	Republic of China	Weng, Chien-Ren	Male 61 - 70	June 24, 2024	Three years	January 24, 2018	–	–	–	–	–	–	–	–	Emory University, Atlanta, GA, USA / MBA Global President, Acer Corp.	Note 2	None	None	None	Note 1
Independent director	Republic of China	Mao, Ying-Wen	Male 61 - 70	June 24, 2024	Three years	January 24, 2018	–	–	–	–	–	–	–	–	Master, Department of Electrical Engineering, National Cheng Kung University Chairman, Sitronix Technology Corp.	Note 2	None	None	None	Note 1
Independent director	Republic of China	Chen, Miao-Ling	Female 61 - 70	June 24, 2024	Three years	January 24, 2018	–	–	–	–	–	–	–	–	PhD in Business Administration, Keio University, Japan Professor, Department of Financial Management, National Sun Yat-sen University	Note 2	None	None	None	Note 1

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: None

Note 2: 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; Infinno 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-Tsun	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.

※Major shareholders of institutional shareholders

March 31, 2026

Name of corporate shareholder	Major shareholders of corporate shareholders
Compal Electronics, Inc.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (4.45%), Fuh Hwa Taiwan Technology Dividend Highlight ETF (3.70%), Kinpo Electronics, Inc. (3.44%), Yuanta/P-shares Taiwan Dividend Plus ETF (3.26%), Labor Pension Fund (The New Fund) (2.51%), Taiwan Cooperative Bank (1.31%), Pzena Emerging Markets Value Fund (1.29%), Robeco Capital Growth Funds (1.05%), City of New York Group Trust (0.92%), Stichting Depositary APG Emerging Markets Equity Pool (0.91%)
Rui Xin Investment Co., Ltd.	Realtek Semiconductor Corp. (100%)

Note: Refer to the form below if the major shareholders are also corporate shareholders.

※Major shareholders of corporate shareholders who also corporate shareholders

March 27, 2026

Name of corporate shareholder	Major shareholders of the corporate shareholder
Kinpo Electronics, Inc.	Compal Electronics, Inc. (8.24%), Panpal Technology Corp. (4.61%), GEBO Limited (2.66%), Ho Bao Investment Co., Ltd. (1.99%), Ruey Shinn Co., Ltd. (1.86%), Custodial Account for the Yuanta Taiwan Value High Dividend ETF Securities Investment Trust Fund, entrusted to and held by Hua Nan Commercial Bank (1.48%), Li-Chu Tsai (1.44%), UBS Taipei Branch is subject to Li Chu Tsai trust property account (1.33%), Sheng-Hsiung Hsu (0.91%), UBS Taipei Branch is subject to Sheng-Hsiung Hsu trust property account (0.9%)

September 16, 2025

Name of corporate shareholder	Major shareholders of the corporate shareholder
Realtek Semiconductor Corp.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (5.60%), Yuanta Taiwan Dividend Plus ETF (5.54%), Coteck Pharmaceutical Industry Co., Ltd. (4.32%), Nan Shan Life Insurance Company, Ltd. (2.94%), Fubon Life Insurance Co., Ltd. (2.02%), Taiwan Business Bank (in custody for UOB Taiwan High Dividend Recovery ETF) (1.61%), New Labor Pension Fund (1.41%), Yuanta/P-shares Taiwan Top 50 ETF (1.29%), Chiang, Ting-Chi (1.28%), Ni, Shu-Ching (1.23%)

※ Disclosure of Information Regarding the Professional Qualifications and Experience of Directors, and the Independence of Independent Directors:

APR.24 2026

Qualification Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as an independent director
Compal Electronics, Inc. Representative: Peng, Sheng-Hua	Possessing professional qualifications and experience in leadership and decision-making, operation and management, operational judgement, commerce and business; none of the circumstance specified in Article 30 of the Company Act.	Not applicable.	—
Compal Electronics, Inc. Representative: Chen, Jui-Tsun	Possessing professional qualifications and experience in leadership and decision-making, operation and management, operational judgement, commerce and business; none of the circumstance specified in Article 30 of the Company Act.		1
Compal Electronics, Inc. Representative: Wang, Yu-Ho	Possessing professional qualifications and experience in leadership and decision-making, operation and management, operational judgement, commerce and business; none of the circumstance specified in Article 30 of the Company Act.		—
Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin	Possessing professional qualifications and experience in operation and management, strategic planning, leadership and decision-making, and international marketing; none of the circumstance specified in Article 30 of the Company Act.		—
Weng, Chien-Ren	Possessing professional qualifications and experience in operation and management, strategic planning, leadership and decision-making, and international marketing; none of the circumstance specified in Article 30 of the Company Act.	The three independent directors at the left have complied with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies promulgated by the Financial Supervisory Commission during the two years before being elected or during the term of office, and are empowered with rights specified Article 14-3 of the Securities and Exchange Act of full participation in decision-making and opinion expression, to exercise their duties independently.	—
Mao, Ying-Wen	Possessing professional qualifications and experience in operations and management, strategic planning, leadership and decision-making, international marketing, and technology R&D; none of the circumstance specified in Article 30 of the Company Act.		—
Chen, Miao-Ling	Possessing expertise in operations and management, accounting and finance; none of the circumstance specified in Article 30 of the Company Act.		1

※ Board diversity and independence:

1. Board diversity:

The Company's Corporate Governance Best Practice Principles stipulate that the Company's board composition shall be diversified, directors concurrently serving as company officers not exceeding one-third of the total number of the board members; and they shall have different professional background, working fields and knowledge, skills, and experience required to exercise the duties. To achieve the ideal goal of corporate governance, the overall board shall have the following qualifications:

- (1) Basic requirements and values: Gender, age, nationality, and culture
- (2) A professional background, professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: ability to lead; ability to make policy decisions; ability to conduct management administration; an international market perspective; knowledge of the industry; ability to perform accounting and financial analysis; ability to make operational judgments; ability to conduct risk/crisis management; and ability of sustainable governance.

The following is the diversity of the board members:

Item		Director	Independent Director
Age	51 - 60 years old		0
	61 - 70 years old		3
	71 - 80 years old	1	0
Gender	Male	4	2
	Female	0	1
Nationality	Republic of China	4	3
Employee status (the Company and its subsidiaries)		1	0

Diversity item Director	Leadership	Decision-making	Management administration	An international market perspective	Knowledge of the industry	Accounting and financial analysis	Operating judgments	Risk management Crisis management	Sustainable governance
Peng, Sheng-Hua	V	V	V	V	V		V	V	V
Chen, Jui-Tsun	V	V	V	V	V		V	V	V
Wang, Yu-Ho	V	V	V	V	V		V	V	V
Tsai, Rong-Jin	V	V	V	V	V	V	V	V	V
Weng, Chien-Ren	V	V	V	V	V	V	V	V	V
Mao, Ying-Wen	V	V	V	V	V	V	V	V	V
Chen, Miao-Ling	V	V	V	V		V		V	V

The current board members meet the requirements of diversity. However, to meet the needs of future development, the components of diversity will be reviewed continuously, to continuously strengthen the goal of diversity of board members at the re-election.

At the 2024 Annual Shareholders' Meeting, the Company elected the 6th Board of Directors, comprising a total of 7 members, including 3 independent directors. Directors who are also employees account for 14%, and independent directors represent 43% of the board. This term also includes one female independent director, with female representation on the board at 14%. The composition of the current board complies with the Company's diversity policy and related requirements. In addition to achieving the specific objective of appointing at least one female director, the status of other board composition targets and their achievement is as follows:

Management goal	Implementation
The number of Directors holding concurrent positions as the Company Managers not exceeding one-third of the Board seats.	Implemented
At least four Directors possess expertise in the computer industry, sales and technology.	Implemented
At least two Directors possess expertise in finance, accounting and technology	Implemented

The Company values gender equality; however, in seeking board candidates, factors such as individual qualifications, professional background, business needs, and board diversity must also be considered. Due to the difficulty in identifying suitable candidates, the proportion of female directors in the current term did not reach one-third. The Company will continue to identify qualified female candidates before the next board election to move toward the gender diversity targets set by the Financial Supervisory Commission (FSC).

2. Independence of the board:

Among seven director seats, there are three independent directors, accounting 43%. None of the circumstance specified in Paragraphs 3 and 4 of Article 26-3, the Securities and Exchange Act among the directors, i.e. none of the director is a spouse or a relative within the second degree of kinship to another director.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches:

APR.24.2026

Title	Nationality	Name	Gender	Date of election / appointment to current term	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Share-holding ratio	No. of shares	Share-holding ratio	No. of shares	Share-holding ratio			Title	Name	Relationship	
President	Republic of China	Wang, Yu-Ho	Male	August 19, 2009	812,010	1.18%	—	—	300,000	0.44%	Department of Computer Engineering, Massachusetts State University Chief of Division, Compal Electronics	Note 1	None	None	None	Note 2
Vice-President	Republic of China	Chang, Chia-Ling	Female	January 19, 2013	—	—	—	—	—	—	University of Mary Hardin-Baylor Bachelor, Department of Business Administration Manager, MOTOTECH INC.	None	None	None	None	Note 2
Vice-President	Republic of China	Huang, Wei-Hsin	Male	January 19, 2013	269,807	0.39%	—	—	—	—	Bachelor, Department of Electronic Engineering, National Taiwan University of Science and Technology Associate Vice President of Accton Technology	None	None	None	None	Note 2
Vice Chief of Division	Republic of China	Ho, Chung-Yu	Male	July 23, 2019	—	—	—	—	—	—	Master's degree, Department of information Engineering, Tamkang University Section Chief, MOTOTECH INC.	None	None	None	None	Note 2
Finance and Accounting Officer	Republic of China	Ho, Chen-Yu	Male	June 23, 2025	—	—	—	—	—	—	Bachelor's Degree in Accounting, National Cheng Kung University Chief of Division, Compal Broadband Networks Inc.	None	None	None	None	Note 2
Audit Officer	Republic of China	Tseng, Mei-Chia	Female	November 7, 2025	—	—	—	—	—	—	Bachelor's Degree in Accounting, Shih Chien University Deputy Audit Senior, Ernst & Young Taiwan	None	None	None	None	Note 2
Corporate Governance Officer	Republic of China	Ho, Chen-Yu	Male	June 23, 2025	—	—	—	—	—	—	Bachelor's Degree in Accounting, National Cheng Kung University Chief of Division, Compal Broadband Networks Inc.	None	None	None	None	Note 2

Note 1: Positions concurrently held in other companies at present

Title	Name	Positions held concurrently in the company and/or in any other company
President	Wang, Yu-Ho	Director: Compal Broadband Networks; Compal Broadband Networks Belgium BVBA; Compal Broadband Networks Netherlands B.V. Vice-Chairman: Starmems Semiconductor Corp.

Note 2: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: None

II • Remuneration paid to directors, supervisors, the President, and Vice Presidents in the most recent year

(I) Remuneration to directors

Unit: NT\$ thousand

Title	Name	Remuneration to directors								Sum of A + B + C + D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A + B + C + D + E + F + G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pension (F)		Employee profit-sharing compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Amount in cash	Amount in share	Amount in cash	Amount in share			
Chairman	Compal Electronics, Inc. Representative: Wong, Chung-Pin (Note 1)	—	—	—	—	—	—	120	120	120 (0.16%)	120 (0.16%)	—	—	—	—	—	—	—	—	120 (0.16%)	120 (0.16%)	61,891
Director	Compal Electronics, Inc. Representative: Chen, Jui-Tsun	—	—	—	—	—	—	120	120	120 (0.16%)	120 (0.16%)	—	—	—	—	—	—	—	—	120 (0.16%)	120 (0.16%)	
Director	Compal Electronics, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Director	Compal Electronics, Inc. Representative: Wang, Yu-Ho	—	—	—	—	—	—	120	120	120 (0.16%)	120 (0.16%)	4,968	4,968	108	108	—	—	—	—	5,196 (6.82%)	5,196 (6.82%)	—
Director	Rui Xin Investment Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Director	Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin	—	—	—	—	—	—	120	120	120 (0.16%)	120 (0.16%)	—	—	—	—	—	—	—	—	120 (0.16%)	120 (0.16%)	—
Independent Director	Weng, Chien-Ren	—	—	—	—	—	—	720	720	720 (0.94%)	720 (0.94%)	—	—	—	—	—	—	—	—	720 (0.94%)	720 (0.94%)	—
Independent Director	Mao, Ying-Wen	—	—	—	—	—	—	720	720	720 (0.94%)	720 (0.94%)	—	—	—	—	—	—	—	—	720 (0.94%)	720 (0.94%)	—
Independent Director	Chen, Miao-Ling	—	—	—	—	—	—	720	720	720 (0.94%)	720 (0.94%)	—	—	—	—	—	—	—	—	720 (0.94%)	720 (0.94%)	—

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: pursuant to Article 22 of the Articles of Incorporation, the remunerations are determined based on the participation in the Company's operation and the value contributed, with the reference with the industrial level, by the Board under authorization.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company): None.

Note 1: Wong, Chung-Pin resigned from the position of Chairman on April 16, 2026. Compal Electronics, Inc. designated Peng, Sheng-Hua as the successor representative director, who was subsequently elected Chairman of the Company by the attending directors at the board meeting on April 17, 2026.

(II) Remuneration to President/Vice President

Unit: NT\$ thousand

Title	Name	Salary (A)		Retirement pension		Rewards and special disbursements		Employee profit-sharing compensation (D)				Sum of A + B + C + D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in share	Amount in cash	Amount in share			
President	Wang, Yu-Ho	3,162	3,162	108	108	1,806	1,806	—	—	—	—	5,076 (6.66)	5,076 (6.66)	—
Vice-President	Chang, Chia-Ling	2,665	2,665	108	108	511	511	—	—	—	—	3,284 (4.31)	3,284 (4.31)	—
Vice-President	Huang, Wei-Hsin	2,138	2,138	108	108	267	267	—	—	—	—	2,514 (3.30)	2,514 (3.30)	—

※ Compensation for the top five highest paid executives in the company (note1)

Title	Name	Salary (A)		Retirement pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note 1)				Sum of A + B + C + D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in share	Amount in cash	Amount in share			
President	Wang, Yu-Ho	3,162	3,162	108	108	1,806	1,806	—	—	—	—	5,076 (6.66)	5,076 (6.66)	—
Vice President	Chang, Chia-Ling	2,665	2,665	108	108	511	511	—	—	—	—	3,284 (4.31)	3,284 (4.31)	—
Vice President	Huang, Wei-Hsin	2,138	2,138	108	108	267	267	—	—	—	—	2,514 (3.30)	2,514 (3.30)	—
Associate Vice President	Li, Shu-Cheng (Note 2)	911	911	56	56	1,425	1,425	—	—	—	—	2,393 (3.14)	2,393 (3.14)	—
Vice Chief of Division	Chen, Hung-Wei (Note 2)	1,386	1,386	84	84	871	871	—	—	—	—	2,341 (3.07)	2,341 (3.07)	—

Note 1: The so-called “top five executives with the highest remuneration” refers to the managers of the company. The standards for the identification of managers are based on the Order No. 0920001301 of the Securities and Futures Administration Commission of the Ministry of Finance on March 27, 2003. The scope of application of “manager” is stipulated. The calculation principle of “the top five highest remuneration” is based on the total amount of salaries, retirement pensions, bonuses, special expenses, etc. received by the company managers from all companies in the consolidated financial report, as well as the amount of employee remuneration, and sorted the top five highest rewards will be recognized.

Note 2: Associate Vice President Li, Shu-Cheng and Vice Chief of Division Chen, Hung-Wei resigned on July 11, 2025 and December 19, 2025, respectively.

※ Name of the manager who receives employee remuneration and distribution

Unit: NT\$ thousand

	Title	Name	Amount in share	Amount in cash	Total	Total as a percentage of net income after tax (%)
Managerial officer	President	Wang, Yu-Ho	—	—	—	—
	Vice President	Chang, Chia-Ling				
	Vice President	Huang, Wei-Hsin				
	Vice Chief of Division	Ho, Chung-Yu				
	Finance and Accounting Officer	Ho, Chen-Yu				
	Audit Officer	Tseng, Mei-Chia				

(III) An analysis of the total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax in the parent-company only or individual financial report for the most recent two years, and a description of the remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:

- (1) The total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company as a percentage of the net income after tax in the parent-company only or individual financial report for the most recent two years:

Unit: NT\$ thousand

Item	2024		2025	
	Amount	Amount	Amount	%
Director	13,303	(8.02%)	13,514	(17.73%)
Supervisors				
President/Vice-President				
Net income after tax in the parent-company only financial statements	(165,938)		(76,207)	

- (2) The remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:
- A. The remunerations paid to the directors and managerial officers are based on the Articles of Incorporation and the HR regulations of the Company, and deliberated by the Remuneration Committee and resolved by the Board.
 - B. The aforesaid remunerations are referred to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.

III 、Operations of corporate governance

(I) Operation of the Board of Directors

The term of office for the current Board: June 24, 2024 to June 23, 2027

※ The number of board meetings held in the most recent fiscal year was five. The attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person	Attendance by proxy	In-person attendance rate	Remarks
Chairman	Representative of Compal Electronics, Inc.: Wong, Chung-Pin		—	100%	—
Director	Representative of Compal Electronics, Inc.: Chen, Jui-Tsun	—		—	
Director	Representative of Compal Electronics, Inc.: Wang, Yu-Ho		—	100%	
Director	Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin			80%	
Independent Director	Weng, Chien-Ren			80%	
Independent Director	Mao, Ying-Wen			80%	
Independent Director	Chen, Miao-Ling		—	100%	

※ Other information required to be disclosed:

I 、 If the operations of the Board of Directors is under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:

1. Any matter under Article 14-3 of the Securities and Exchange Act: the Company has established the Audit Committee and thus Article 14-3 is not applicable. For the matter under Article 14-5 of the Securities and Exchange Act, please refer to the operation of the Audit Committee.
2. In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.

II 、 In the event of directors' recusal from proposals, the name of director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified:

1. For the 2025 Mid-Autumn Festival Bonus, Year-end Bonus and Employee Restricted Stock Awards: Director Wang, Yu-Ho concurrently serves as the Company's managerial officer and thus recused himself from discussion and voting due to conflict of interest. All other attending directors were inquired by the chair, and approved the proposals as proposed without dissent.
2. Concurrent positions of directors and relief of the non-compete restriction: Directors Wong, Chung-Pin, Chen, Jui-Tsun, Wang, Yu-Ho, Tsai, Rong-Jin, Weng, Chien-Ren, Mao, Ying-Wen, and Chen, Miao-Ling recused themselves from discussion and voting when their concurrent positions were discussed. All other attending directors were inquired by the chair, and approved the proposals as proposed without dissent.

III 、 Implementation of Evaluations of the Board of Directors

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	January 1, 2025 to December 31, 2025	Director	Internal self-evaluation	(Note 1)

Note 1: The Company established the "Rules for Performance Evaluation of Board of Directors and Managerial Officers" on December 29, 2017, specifying that the directors and managerial officers shall be evaluated internally at least once a year, and externally every three years; the evaluation items for the directors are as below:

1. Self-evaluations of the board members

After a year ends, the board members complete the “Self-evaluation Form of Board Members,” including six major items:

- (1) Alignment of the goals and mission of the company;
- (2) Awareness of the duties of a director;
- (3) In the operation of the company;
- (4) Management of internal relationships and communication;
- (5) The director’s professionalism and continuing education; and
- (6) Internal control

2. Evaluation of board members

After the end of each year, the agenda unit of the board of directors and the chairman will evaluate individual directors based on the “board member evaluation form,” and report the evaluation results to the Remuneration Committee and the Board. The Company completed the performance evaluation of directors in March 2026. The average score of the evaluation results is 90 points, showing that the directors of the Company have been actively participating in the Company’s operations.

IV 、 Evaluation of the goals and implementation for strengthening the board’s functions during the current year and the most recent year:

The Company has established the “Rules of Procedure for Board of Directors Meetings” pursuant to the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” for compliance, enters the directors’ attendance in the MOPS, and discloses the key resolutions of board meeting on the Company’s website.

Since 2020, the video board meetings are promoted to enhance the directors’ attendance and increase the chance to participate the proposal discussion in board meetings.

In addition, the Company has the three independent directors to form the Audit Committee, whose major objective is to supervise the follows: fair presentation of the financial reports of the Company; the hiring (and dismissal), independence, and performance of certificated public accountants; the effective implementation of the internal control system; Compliance with relevant laws and regulations by the Company; and management of the existing or potential risks of the Company.

(II) The operations of the Audit Committee or the supervisors’ participation in the operations of the Board of Directors

1. Operation of the Audit Committee:

The Company’s Audit Committee consists of the three independent directors; it aims to assist the Board to perform the supervisory function for quality and reliability of the Company’s implementation of accounting, audit, financial reporting process and the financial control; its major powers are as follows:

- (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- (4) Matters in which a director is an interested party.
- (5) Asset transactions or derivatives trading of a material nature.
- (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
- (7) The offering, issuance, or private placement of equity-type securities.
- (8) The hiring or dismissal of a certified public accountant, or their compensation.
- (9) The appointment or discharge of a financial, accounting, or internal audit officer.

(10) Annual financial reports, and second quarter financial reports that must be audited and attested by a certified public accountant, which are signed or sealed by the chairperson, executive officer, and accounting officer.

(11) Other material matters as may be required by this Corporation or by the competent authority.

2. Reviewing the financial report

The Board of Directors has prepared the 2025 Business Report, financial statements, and the deficit compensation proposal, among which the financial statements were audited by KPMG Taiwan, by whom an Unmodified Opinion audit report was issued. Upon the audit of the Audit Committee, no inconsistency has been found in the aforesaid Business Report, financial statements, and the deficit compensation proposal.

3. Assessment of the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the policies and procedures of the Company's internal control system (including control measures of finance, operation, risk management, information security, and legal compliance), and reviews the regular reports from the Company's auditing unit, CPAs, and management, including risk control management and legal compliance, by referring to the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. The Audit Committee believes that the Company's risk management and internal control system is effective, and the Company has adopted the necessary control mechanisms to monitor and correct violations.

4. Hiring CPAs

The Audit Committee is empowered to supervise the independence of the attesting accounting firm, to ensure the fairness of the financial statements. Except for tax-related services or items approved specifically, attesting accounting firms are not allowed to provide other services of the Company. All services provided by the attesting accounting firm must be approved by the Audit Committee.

To ensure the independence of the accounting firm, the Audit Committee refers to Article 47 of the Certified Public Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity and Independence" to establish the evaluation form of independence, to assess the independence, professionalism, and competence of CPAs, and assess if they are related parties to the Company, or have any relationship involving business or financial benefits.

Upon the deliberation in the 4th meeting of the 3rd Audit Committee on March 11, 2025 and the 5th meeting of the 6th Board on March 11, 2025, it was approved that CPAs, Huang, Keng-Chia and Au Yiu-Kwan, from KPMG Taiwan meet the evaluation criteria of the independence, and competent enough to serve as the Company's attesting CPAs for finance and taxation.

5. The Audit Committee held five meetings in the most recent year (A), and the independent directors' attendance is as follows:

Title	Name	No. of meetings attended in person (B)	Attendance by proxy	In-person attendance rate(B/A)	Remarks
Independent Director	Weng, Chien-Ren		1	80%	None
Independent Director	Mao, Ying-Wen		1	80%	
Independent Director	Chen, Miao-Ling		—	100%	

※Other information required to be disclosed:

(I) 1. If the operations of the Audit Committee fall under any of the circumstances below, the date of the Audit Committee meeting, the session, the content of the proposal, any objection, reservation, or major suggestion made by independent directors, the results of resolutions by the Audit Committee, and the Company's response to the committee's opinions shall be specified.

(1) The matters under Article 14-5 of the Securities and Exchange Act.

Audit Committee Date/Session	Proposal description	The content of any dissenting or qualified opinion or significant recommendation of the independent directors.	The outcomes of audit committee resolutions	The measures taken by the Company based on the opinions of the audit committee
The 3rd meeting, the 3rd Term February 20, 2025	Amendment to the Restricted Stock Awards (“RSAs”) Issuance Plan for Employees	None	All attending members were asked by the chair, and the proposal was approved as proposed without dissent	All attending directors were inquired by the chair, and the proposal was approved as proposed without dissent
The 4th meeting, the 3rd Term March 11, 2025	2024 consolidated and parent company only financial statements	None	All attending members were asked by the chair, and the proposal was approved as proposed without dissent	All attending directors were inquired by the chair, and the proposal was approved as proposed without dissent
	Amendments to the “Internal Control System” and the “Detailed Rules for the Implementation of Internal Audit”	None		
	2024 Statement of the Internal Control System	None		
	Change of the Company’s attesting CPAs for the financial statements.	None		
	Evaluation of the CPAs’ Independence and Competence	None		
	Proposal for the Appropriation of 2024 losses	None		
The 5th meeting, the 3rd Term May 8, 2025	Consolidated financial statements of Q1 2025	None	All attending members were asked by the chair, and the proposal was approved as proposed without dissent	All attending directors were inquired by the chair, and the proposal was approved as proposed without dissent
The 6th meeting, the 3rd Term August 7, 2025	Consolidated financial statements of Q2 2025	None	All attending members were asked by the chair, and the proposal was approved as proposed without dissent	All attending directors were inquired by the chair, and the proposal was approved as proposed without dissent
	Change of the Company’s Financial Officer and Accounting Officer	None		
	Change of the Company’s Corporate Governance Officer	None		
	2024 Sustainability Report	None		
The 7th meeting, the 3rd Term November 7, 2025	Consolidated financial statements of Q3 2024	None	All attending members were asked by the chair, and the proposal was approved as proposed without dissent	All attending directors were inquired by the chair, and the proposal was approved as proposed without dissent
	Change of the Company’s Audit Officer	None		
	2026 audit plan.	None		
	Amendments to the “Internal Control System” and the “Detailed Rules for the Implementation of Internal Audit”	None		

(2) Other than those described above, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

(II) In the event of independent directors’ recusal from proposals, the name of independent director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: None.

(III) Communication between independent directors and the chief internal auditor/CPAs (e.g., financial and business matters communicated and communication methods and results).

1. Policy of communications between the independent directors and internal audit officer:

- The Audit Officer shall submit the inspection report to the members of the Audit Committee in writing by the end of the month next to the month when the an audit project is completed. Shall the independent directors need to learn more about the audit and tracking results, they contact the audit officer whenever proper.

- The audit officer and independent directors meet regularly at least once a quarter to report on the Company's internal audit implementation and internal control system operation.
- The CPAs regularly report to members of the Audit Committee.
- If it is required for the business, the audit officer and the CPAs submit written reports or orally explain to the members of the Audit Committee.

2. Communications between the independent directors and internal audit officer:

Date	Matter(s) communicated	Communication outcome
March 11, 2025	Report on Q4 2024 internal audit implementation 2024 Statement of the Internal Control System	Reviewed by all attending independent directors without further instructions
May 8, 2025	Report on Q1 2025 internal audit implementation	Reviewed by all attending independent directors without further instructions
August 7, 2025	Report on Q2 2025 internal audit implementation	Reviewed by all attending independent directors without further instructions
November 7, 2025	Report on Q3 2025 internal audit implementation	Reviewed by all attending independent directors without further instructions

3. Commutation between the independent directors and the CPAs

Date	Matter(s) communicated	Communication outcome
March 11 2026	The CPAs explained the key audit items in 2025, discussed and communicated with the participants for the questions they raised.	After being reviewed by all the attending independent directors, the financial statements were approved by the Audit Committee without dissent and submitted to the Board for resolution.

(III) The operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
1. Has the Company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles" pursuant to the "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies"	No material deviation
2. The Company's shareholding structure and shareholders' equity				
(1) Has the Company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	V		To ensure the interests of shareholders, the Company has the spokesperson and deputy spokesperson in place, with a dedicated unit responsible for shareholders' suggestions, questions, disputes and litigations.	No material deviation
(2) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	V		Through the report of changes in shareholding of insiders (directors, managers and major shareholders holding 10% of the shares) and the shareholder rosters provided by the shareholder service agency, the Company grasps the actual control list all the time.	No material deviation
(3) Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?	V		The Company and its affiliates operate independently, and each company has its own internal control system regulations. The Company has established the "Subsidiary Supervision and Management Regulations" and the "Regulations for Managing Transactions with Related Parties, Specific Companies and Group Entities" to implement accordingly.	No material deviation

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
(4) Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	V		The Company has established the “Regulations for Preventing Insider Trading.” All directors, managerial officers and employees of the Company, and other persons who have learned of the Company’s internal material information due to their status, occupation or control relationship, shall comply with the relevant regulations.	No material deviation
3. Composition and responsibilities of the Board of Directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		1. The 14th meeting of the 3rd Board of Directors adopted the Corporate Governance Best Practice Principles on December 26, 2017, and a diversity policy is specified under Chapter 3 “Enhanced Functions of the Board of Directors” of the principles. The nomination and selection of board members comply with the Articles of Incorporation, to adopt the candidate nomination system. In addition to evaluating the education, working experience and qualifications of each candidate, the opinions of stakeholders are also referred to, while complying with the “Procedures for Election of Directors and Supervisors” and “Corporate Governance Best Practice Principles” to ensure the diversity and independence of directors. 2. Reviewing the seven directors of the 5th term, not only including one female member, but also Peng, Sheng-Hua, Chen, Jui-Tsun, Wang, Yu-Ho, Tsai, Rong-Jin, Weng, Chien-Ren, and Mao, Ying-Wen have the expertise in leadership, operational judgement, operation and management, crisis management, with the industry knowledge and international market perspective; Chen, Miao-Ling, on the other hand, is good at accounting, financial analysis, and academic research. The Company’s directors with employee status account for 14%, independent directors account for 43%, and the female director accounts for 14%; one director is over 70 years old, four are between 60 and 69 years old, and two are under 60 years old. 3. The diversity policy formulated by the Board on the composition of members are disclosed on the Company’s website and the MOPS.	No material deviation
(2) Has the Company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?		V	No other functional committee has been established.	Other functional committees will be established depending on the needs in the future.

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
(3) Has the Company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	V		The Company has established the “Rules for Performance Evaluation of Board of Directors and Managerial Officers” for regular evaluation.	No material deviation
(4) Does the Company regularly assess the independence of the CPAs?	V		The Company’s Audit Committee annually evaluates the independence and competence of the certifying CPAs. In addition to obtaining the CPAs’ Independence Declaration and Audit Quality Indicators (AQIs), the evaluation is conducted based on the criteria set forth in Note 1 and 13 AQI indicators. The evaluation confirmed that the CPAs and their family members complied with independence requirements and had no financial interests or business relationships with the Company other than audit and tax service fees. Based on the AQI information, the CPAs and their accounting firm demonstrated audit experience and training hours above the industry average and have continued to adopt digital audit tools in recent years to enhance audit quality. The latest evaluation results were reviewed and approved by the Audit Committee and the Board of Directors on March 11, 2025.	No material deviation
4. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders’ meetings, and preparing minutes of board meetings and shareholders’ meetings)?	V		The Company has dedicated personnel to take charge of corporate governance related affairs, including furnishing information required for business execution by directors and independent directors; handling matters relating to board meetings and shareholders meetings according to laws; handling company registration and change registration; and producing minutes of board meetings and shareholders meetings.	No material deviation
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the Company’s website to properly respond to stakeholders’ major CSR issues of concern?	V		The Company maintains smooth communication channels with its banks, creditors and employees, respects and protects their legitimate rights and interests. The Company has established contact numbers or e-mail mailboxes on the website for business consulting and investor relations; all stakeholders can use e-mail to communicate when necessary.	No material deviation

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
6. Does the Company appoint a professional shareholder service agency to handle the affairs related to shareholders' meetings?	V		The Company appoints the Agency Department of CTBC as the Company's shareholder service agency to handle the affairs related to shareholders' meetings.	No material deviation
7. Information disclosures				
(1) Has the Company set up a website to disclose information on financial business and corporate governance?	V		The Company's website (URL: www.icbn.com.tw) discloses the information of finance and business, corporate governance, and shareholders' meetings, both regularly and from time to time.	No material deviation
(2) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)?	V		The Company discloses related information on the Company's website and the MOPS. The Company's website also has the section specific to investor relations to fully disclose the information of finance and business, investor conference, and corporate governance, both regularly and from time to time, for shareholders and the public to refer to.	No material deviation
(3) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?	V		The Company complies with the related requirements to announce and submit an annual financial report to the competent authority within three months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month. For the disclosure of the aforesaid information, please refer to the MOPS (https://mops.twse.com.tw/mops/web/index)	No material deviation
8. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of directors and supervisors liability insurance)?	V		(Note 2)	No material deviation
9. Specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved: The Company has reviewed the results of the corporate governance evaluation and will continue to enhance its governance practices based on the Company's scale and operational needs. The Company will prioritize the implementation of relevant systems, information disclosure, and sustainability-related initiatives for areas requiring further improvement, while continuing to monitor the latest regulatory requirements to strengthen corporate governance maturity.				

Note 1: 2025 Evaluation of the CPAs' Independence and Competence

Item	Results
1. Whether or not the CPAs have any direct or material indirect financial service beneficial relationship with the Company.	No
2. Whether or not the CPAs have any financing or guarantee action with the Company or the directors of the Company.	No
3. Whether or not the CPAs have any close business relationship and potential employment relationship with the Company	No
4. Whether or not the CPAs and their audit team members have served as directors, managerial officer or positions that have a significant influence on the audit task in the Company currently or in the most recent two years	No
5. Do the CPAs provide the Company with non-audit services that may directly affect the audit work?	No
6. Whether or not the CPAs serve as broker of the shares or other securities issued by the Company	No
7. Whether or not the CPAs act as the Company's defender or mediate conflicts with other third parties on behalf of the Company	No
8. Whether or not the CPAs are relatives of the Company's directors, managerial officers, or persons who have significant influence on the audit cases.	No
9. Do the CPAs require, contract or accept any remuneration other than those stipulated?	No
10. The CPAs have accepted the Company's engagement as the audit and attesting CPAs for seven consecutive years	No

Note 2: Does the company have other important information that helps to understand the operation of corporate governance?

- Employee interests: in addition to establishing the Employee Welfare Committee, planning employee group insurance, arranging regular health examinations, and implementing a pension system, the Company also provides multiple channels for further education, values the labor relations, and creates equal employment opportunities.
- Employee care: Establish a good relationship of mutual trust and mutual dependence with employees through the welfare system enriching and stabilizing employees' lives, and a good education and training system.
- Employees' Code of Conduct or Ethics: to implement the Company's concept of ethical management, and enable all employees to act accordingly, comply with legal and moral principles to protect the assets, rights and interests and image of the Company and stakeholders, the Company formulates the Company's Commercial Ethic Policy as shown below:
 - Compliance with relevant government laws and regulations
 - Establishment of the protect for the relevant rights of employees, customers, shareholders, suppliers, communities and the environment
 - Insisting the commercial ethics, fair trade, integrity management, and information disclosure, as well as valuing intellectual property and protection of personal safety and trade secrets
- Investor relations: the Company has a dedicated investor relations department, acting as the communication bridge between the Company and investors. In addition to holding investor conferences from time to time, the Company also has a section dedicated to investors on the Company's website, disclosing the Company's information as required by laws to enable investors to fully understand the Company's operating results and long-term business direction.
- Supplier relationship: the Company signs contracts with suppliers to protect the rights and interests of both parties and maintain a good relationship.
- Rights of stakeholders: Stakeholders may communicate with and suggest to the Company to protect their legitimate rights and interests.
- Implementation of risk management policies and risk measurement standards: formulation of various internal regulations pursuant to law, for various risk management and assessments.
- Implementation of customer policy: the Company maintains a stable and good relationship with customers to create profits for the Company.
- The liability insurance for directors purchased by the Company: the Company has purchased liability insurance for all directors, and the insurance coverage for 2025 is US\$ 3,000 thousand.

10. Continuing education of accounting and audit officers:

Title	Name	Date of continuing education	Organizer	Course title	Hours of continuing education:
Finance and Accounting Officer	Ho, Chen-Yu	July 13, 2025 to July 24, 2025	Accounting Research Development Foundation	Continuing Education Program for Newly Appointed Chief Accounting Officers of Issuers, Securities Firms, and Stock Exchanges	30
Audit Officer	Tseng, Mei-Chia	March 03, 2026 to March 05, 2026	The Institute of Internal Auditors	Pre-Service Training Program for Newly Appointed Internal Auditors	18

(IV) If the Company has established a remuneration committee, the composition, responsibilities, and operations of the committee shall be disclosed:

The Company has three independent directors to form the Remuneration Committee, and the current term of office is from June 24, 2024 to June 23, 2027; their major powers are as below:

- Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managerial officers.
- Periodically evaluate and prescribe the remuneration of directors and managerial officers.

1. Information on Remuneration Committee Members

Capacity	Qualification Name	Professional qualifications and experience	Independence analysis (Note 1)										No. of other public companies at which the person concurrently serves as an independent director
			1	2	3	4	5	6	7	8	9	10	
Independent Director (Convener)	Weng, Chien-Ren	Possessing working experience in commerce, management, and electronic-related; currently serving as Director of FLH Co., Ltd.	V	V	V	V	V	V	V	V	V	V	—
Independent Director	Mao, Ying-Wen	Possessing working experience in commerce, management, and electronic-related; currently serving as Chairman, Sitronix Technology Corp.	V	V	V	V	V	V	V	V	V	V	—
Independent Director	Chen, Miao-Ling	Possessing expertise of accounting and finance; currently serving as Independent Director of Taiwan Financial Holdings Co., Ltd	V	V	V	V	V	V	V	V	V	V	1

Note 1: During the two years before being elected or during the term of office, any of the following conditions satisfied please tick ("V") the concerned condition.

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total shares of the Company issued by nominee arrangement or with top ten ownership.
- Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or a direct blood relative within the third degree of kinship of the person listed in (2) and (3).
- Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

- (VIII) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (IX) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company;
- (X) Not under any of the circumstances under the sub-paragraphs of Article 30 of the Company Act.

2. Information on the operation of the Remuneration Committee

The number of remuneration committee meetings held in the most recent fiscal year was: five (A). The attendance by the members was as follows:

Title	Name	No. of meetings attended in person (B)	Attendance by proxy	In-person attendance rate (%) (B/A)	Remarks
Convener	Weng, Chien-Ren			80%	None
Member	Mao, Ying-Wen			80%	
Member	Chen, Miao-Ling		—	100%	

3. Cause of discussion, the outcome of the resolution, and the measures taken by the Company with respect to the members' opinion

Session/Date	Proposal description	The outcomes of Remuneration Committee's resolutions	and the measures taken by the Company with respect to the members' opinion.
The 3rd meeting, the 4th Term February 20, 2025	Amendment to the Restricted Stock Awards ("RSAs") Issuance Plan for Employees	Approved by all attending members of the committee.	Approved upon the Remuneration Committee's resolution, and submitted to the Board for approval upon resolution
	Approval of the list of employees eligible for and the number of restricted stock awards to be granted		
The 4th meeting, the 4th Term March 11, 2025	Proposal of the 2024 performance evaluations for the directors and managerial officers	Approved by all attending members of the committee.	Approved upon the Remuneration Committee's resolution, and submitted to the Board for approval upon resolution
	The 2024 profit sharing remuneration to employees and directors		
The 5th meeting, the 4th Term May 8, 2025	Proposed distribution of the 2025 Dragon Boat Festival bonus	Approved by all attending members of the committee.	Approved upon the Remuneration Committee's resolution, and submitted to the Board for approval upon resolution
	Proposed adjustment to the list of employees eligible for and the number of restricted stock awards to be granted		
The 6th meeting, the 4th Term August 7, 2025	Disbursement of 2025 Mid-Autumn Festival Bonus	Approved by all attending members of the committee.	Approved upon the Remuneration Committee's resolution, and submitted to the Board for approval upon resolution
The 7th meeting, the 4th Term November 7, 2025	Disbursement of 2025 Year-end Bonus	Approved by all attending members of the committee.	Approved upon the Remuneration Committee's resolution, and submitted to the Board for approval upon resolution

※ Other information required to be disclosed:

- If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.
- For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.

(V) The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor:

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Summary	
1. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the board of directors, which supervises the implementation?		V	The Company established the Sustainability Development Office (hereinafter the “ESG Office”) in 2020 and appointed a senior executive as the highest-ranking officer responsible for promoting sustainability initiatives. The ESG Office is responsible for formulating sustainability strategies, planning the Company’s sustainability actions, and coordinating cross-functional activities. Under the ESG Office, six functional task teams have been established, each led by a department head to ensure the implementation of sustainability initiatives within each function. Each team addresses different ESG aspects and provides timely feedback from stakeholders to the ESG Office for the refinement of sustainability strategies. The ESG Office then submits sustainability strategies to the Board of Directors. The Board reviews the annual ESG implementation results, evaluates the feasibility of the sustainability strategies, and provides recommendations when necessary to guide management in making appropriate adjustments.	The Company has not yet established a Sustainability Committee and therefore remains partially misaligned with the recommendations set forth in the “Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies.” However, the Company has continuously promoted sustainability-related initiatives and is currently evaluating the establishment of a Sustainability Committee in the second half of 2026. The proposed committee will serve as the dedicated supervisory unit for the Company’s sustainability development, responsible for coordinating Environmental, Social, and Governance (ESG) policies, objectives, and performance reviews. This initiative is intended to further strengthen the Company’s sustainability governance framework and enhance the effectiveness of sustainable management.
2. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to company operations per the principle of materiality? Has the Company formulated relevant risk management policies or strategies?	V		The Company conducts risk assessments based on the principle of materiality, focusing on environmental, social, and governance (ESG) issues related to its operating sites and subsidiaries. The Company continues to monitor key risk areas, including climate change, information security, supply chain management, occupational safety, regulatory compliance, and corporate governance, and has established corresponding policies and mitigation measures. Through management meetings and internal governance mechanisms,	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Summary	
			department heads regularly review operational risks and the impacts of sustainability-related issues on the Company. Appropriate management and control measures are implemented according to risk categories to reduce operational risks and enhance corporate resilience. In addition, the Company continuously monitors the effectiveness of its risk management framework through its internal control system and internal audit procedures.	
3. Environmental issues (1) Has the Company set up an appropriate environmental management system as per its industrial characteristics?	V		The Company is a product design company, and its products are primarily manufactured by suppliers. In compliance with the relevant regulations of the science park where its offices are located, the Company has established an environmental management system and continues to promote energy conservation, carbon reduction, efficient resource utilization, and mitigation of environmental impacts by integrating environmental protection principles into its operations and daily activities. The Company continuously monitors issues related to climate change, energy consumption, and environmental management within its supply chain. Through internal management mechanisms, the Company implements environmental initiatives and regularly reviews their effectiveness to reduce the environmental impact of its operations. In addition, in response to customer requirements and applicable regulatory standards, the Company requires its suppliers to jointly implement product environmental management and hazardous substance control, thereby enhancing the environmental friendliness of its products.	No material deviation
(2) Is the Company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	V		The Company is committed to improving energy efficiency and promoting environmentally friendly product design. It continuously implements energy conservation and carbon reduction measures, green product management, and the use of low-impact materials to reduce the environmental burden throughout the product life cycle. In product design, the Company promotes green design principles,	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Summary	
			including the restriction or reduction of hazardous substances, the use of single-type plastics where feasible, and the incorporation of recycled and biodegradable plastics. The Company also ensures compatibility between plastic components and chemical surface treatments to enhance recyclability. In addition, products are designed to be easily disassembled, recyclable, and modular, enabling key components to be replaced or upgraded to extend product lifespan. Recycling symbols and material composition labels are also applied to packaging materials and plastic parts to facilitate downstream recycling processes. In terms of hazardous substance management and supply chain management, the Company follows customer requirements for restricted substances and conducts compliance reviews accordingly, while maintaining close communication with customers. The Company also requires key suppliers and subcontractors to sign relevant declarations and comply with its green product and hazardous substance management standards. Suppliers and subcontractors are regularly required to provide test reports for RoHS, REACH, halogen-free compliance, and other relevant substance regulations to ensure products and materials meet environmental regulations and customer requirements. Furthermore, the Company continues to implement green supply chain management through its hazardous substance management system and supplier management mechanisms. All procurement materials must comply with the "Component Approval Management Procedure" and are subject to internal approval and inspection prior to use to ensure compliance with environmental and hazardous substance requirements. During the reporting period, no customer complaints were received due to violations of restricted substance regulations, and all products complied with the hazardous substance requirements of Compal Broadband Networks, Inc.	

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Summary	
(3) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?	V		The Company not only identifies operational risks arising from climate change, but also refers to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB). The Company incorporates the four core elements—Governance, Strategy, Risk Management, and Metrics & Targets—into its operational management and discloses its governance performance in the Sustainability Report. This aims to enable stakeholders to better understand the impacts of climate-related risks and opportunities on Compal Broadband Networks, Inc., as well as the corresponding response measures. The Company discloses its identification results and management measures for climate-related risks and opportunities in Chapter 2 (Corporate Governance) of its Sustainability Report. To date, the Company has identified 11 major climate-related risks, including increased greenhouse gas emission pricing, changes in precipitation patterns and extreme weather events, and rising average temperatures, as well as 10 major opportunities, such as the adoption of more efficient transportation methods, incentive-based policies, and the use of new technologies. Corresponding risk and opportunity management measures have been developed accordingly.	The related Principles are established but the operation is not yet familiarized.
(4) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?	V		The Company annually compiles statistics on greenhouse gas (GHG) emissions and water consumption, and actively implements various emission reduction measures. For detailed information, please refer to Chapter 4 (Environmental Protection) of the Company's Sustainability Report. 1. Greenhouse Gas Emissions: The Company has completed the ISO 14064-1 greenhouse gas inventory for 2025. Please refer to Note 1 for GHG emissions data for the past two years. 2. Water Consumption: The Company operates as an office-based entity, with product manufacturing outsourced to	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Summary	
			contract manufacturers. Although the headquarters does not involve water-intensive processes, the Company remains committed to sustainable water use and proper management to alleviate water resource pressure and ensure operational resilience. Water consumption in 2024 and 2025 was 2.9301 million liters and 2.2205 million liters, respectively, with water intensity of 0.0031 and 0.0039 (million liters per million revenue), respectively. 3. Waste: As an office-based operation, the Company's waste mainly consists of general household waste generated by employees. Such waste is centrally collected and disposed of by the building management committee. Through employee training, the Company promotes waste reduction and sorting practices to enhance resource reuse and recycling value. As waste is handled by the building management committee, quantitative data cannot be disclosed; therefore, only qualitative information is provided.	
4. Social issues (1) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	V		The Company complies with applicable labor laws and regulations and adheres to the principles set forth in international human rights conventions, including the Universal Declaration of Human Rights of the United Nations, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. Accordingly, the Company has established relevant management policies, including procedures for the prevention of child labor and protection of young workers, freedom of association and collective bargaining, prohibition of discrimination and	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Summary	
			disciplinary measures, and prohibition of forced labor. These policies are designed to ensure that employees and external stakeholders are not subject to retaliation, coercion, or threats in the course of employment or services, and that no form of bonded or involuntary labor is used.	
(2) Has the Company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	V		The Company has established a reasonable compensation and remuneration management system to ensure compliance with applicable regulations and alignment with market standards. In addition to fixed monthly salaries, the Company provides various incentive schemes, including year-end (or festival) bonuses, patent bonuses, and employee referral bonuses. Annual salary adjustments are determined based on the Company's operating performance and individual employee performance, enabling employees to share in the Company's operating results. In terms of workforce composition, male employees account for 61% and female employees account for 39% of the total workforce. In managerial positions, males account for 67% and females account for 33%. The Company does not discriminate in employment or promotion decisions based on gender. The Company has established an Employee Welfare Committee in accordance with applicable laws and regularly allocates welfare funds. Welfare committee meetings and employee benefit activities are held periodically to support diverse employee club and recreational activities. Employee benefits include birthday and holiday gift vouchers, health promotion and leisure activities, subsidies for marriage, funeral, illness, and childbirth, hospitalization allowances for employees and their dependents, lucky draws at the year-end banquet, and annual health examinations. In addition to statutory labor insurance coverage, the Company also provides employee group insurance, including life insurance, accident insurance, cancer insurance, and medical insurance, to ensure comprehensive personal protection.	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Summary	
(3) Does the Company provide employees with a safe and healthy work environment and offer safety and health education training for employees regularly?	V		The Company formulates environmental safety and health policies and “Occupational Safety and Health Management” related program documents to control the details of each workplace. Starting from designing various software and hardware facilities in the office environment, the safety of employees is the first priority, to ensure that employees to get the greatest protection when they are working. Through labor safety education and training courses, employees are made to understand the safety of the plant area and possible hazard risks and comply with the “Procedures for Emergency Preparation and Response” to help employees to understand the Company’s disaster level and response, evacuation routes, among other things. In addition, the Company cooperates with the Fire Department of Taiyuan Technology Park to conduct fire drills as instructed, and regularly promotion the disaster prevention knowledge to employees every year. The Company aims to achieve a zero-injury workplace and continuously strives to minimize occupational hazard risks. In 2025, no work-related injuries or fire incidents occurred within the Company.	No material deviation
(4) Has the Company established an effective career development training program for employees?	V		To enhance employees’ professional capabilities, the Company has established an Education and Training Implementation Policy under its internal human resources regulations. Each year, training plans are developed in accordance with business needs and implemented to achieve training objectives, supporting employees’ long-term career development while enabling the Company to benefit from continuous workforce growth. Through internal training, the Company systematically transfers knowledge, skills, and experience across relevant departments and assists employees in defining their learning and career development paths. For new employees, orientation training is provided covering internal policies, information security, and occupational safety, followed by job-specific training conducted by their respective departments. The Company actively	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Summary	
			encourages employees to pursue professional development courses relevant to their work and provides diverse learning channels to support continuous growth and professional fulfillment. Each department formulates and implements its own annual training plan based on operational needs. Training programs include both internal and external courses. Internal training is conducted by arranging instructors to deliver on-site courses, while external training involves sending employees to professional programs organized by external institutions upon approval. Participants are required to share training outcomes with their departments to facilitate knowledge transfer and practical application. Total employee training hours were 850 hours and 1,211 hours in 2024 and 2025, respectively, with average training hours per employee of 9.1 hours and 13.76 hours.	
(5) Does the Company comply with applicable laws and international standards regarding customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' rights and interest?	V		The Company requires its suppliers to comply with the "Green Product Requirements" and "Restricted Substances Control in Products" to meet the requirements of hazardous chemical substance management lists. Suppliers are also required to follow design principles for easy disassembly and recyclability and to provide appropriate labeling to ensure compliance with the Company's hazardous substance standards and to mitigate potential health and safety risks to customers during product use. The Company implements the ISO 27001 Information Security Management System to prevent the leakage of operational documents, safeguard the integrity of customer data and information, and assist all departments in managing and mitigating information security threats and risks. The Company has established dedicated project teams under its business operations, and follows the requirements of the TL 9000 Quality Management System for telecommunications to implement processes covering customer communication, order processing, technical support, complaint handling, and after-sales service, thereby	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Summary	
			enhancing overall service quality. To objectively capture customer feedback, the Company conducts an annual customer satisfaction survey using questionnaires targeting existing customers. After the survey, results and feedback are consolidated and reported to relevant departments and senior management. The Company reviews customer feedback to identify improvement opportunities, and significant issues are addressed through corrective actions, with responses provided to customers via phone or on-site visits when necessary. This ensures accountability and continuous improvement in product and service quality, as well as fulfillment of customer needs. In 2025, no complaints were received regarding contract violations, privacy breaches, customer data loss, or product regulatory issues. To ensure service quality, the Company maintains a stakeholder communication section on its official website and a customer service hotline, and conducts annual customer satisfaction surveys. For items with lower satisfaction scores, internal discussions are held and improvement actions are proposed to strengthen customer relationships and enhance customer recognition.	
(6) Has the Company formulated a supplier management policy, required suppliers to follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?	V		The Company establishes its supplier management system under the TL 9000 Quality Management System to strengthen the selection, evaluation, and performance assessment of both new and existing suppliers. The Company implements a phased approach to ensure suppliers comply with its Sustainable Supplier Policy: - Phase 1 (2024–2027): Tier 1 suppliers are required to provide declarations on the prohibition of hazardous substances and conflict minerals. - Phase 2 (2028–2030): ESG self-assessment questionnaires will be issued to Tier 1 suppliers. - Phase 3 (2031–2033): Tier 1 suppliers will be required to provide supporting evidence or external assurance for their ESG self-assessments. In 2025, no suppliers of Compal Broadband Networks, Inc. were found to	No material deviation

Evaluation item	Operations			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Summary	
			have committed material violations of environmental, occupational health and safety, or social responsibility regulations.	
5. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as CSR reports that discloses the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?	V		The Company prepares the corporate social responsibility report pursuant to the internationally accepted report preparation guidelines (GRI Standards), and the reports are verified by the independent third-party impartial agency, GREAT International Certification Co., Ltd, pursuant to the AA1000 accountability principle and GRI standards, to confirm that the reports meet the core options of the GRI standards, and AA1000 Type 1 Moderate Assurance Level, and are disclosed on the Company's website.	No material deviation
6. Where the Company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specify the differences between the implementation and the principles: The Company prepares a Sustainability Report and discloses it on its official website. It has also established the "Sustainability Best Practice Principles" as the basis for relevant management, integrating sustainability into its overall business strategy and continuously promoting related initiatives. The Company's operations are in line with the established principles, with no material deviations identified.				
7. Other important information that facilitates the understanding of the promotion of sustainable development: For the community participation, social contribution, social service, social welfare, consumer rights, human rights and other social responsibility activities, the Company actively supports numerous public welfare activities every year and plans and implements them through the "Corporate Social Responsibility Committee" to feed back to the society by participating in activities and fulfill corporate social responsibility. In 2025, the annual activities are as follows: Donation of Equipment: In 2025, employees voluntarily participated in a relief donation activity organized by the Taiwan Asia Orphan Care Association to support disaster relief efforts in Myanmar, collecting a total of 156 clothing items.				

Note 1: Greenhouse gas inventory information for the past two years.

2024 Greenhouse Gas Emissions	
Scope / Emission Intensity	Emissions
Scope 1 / Direct emissions	13.2647 tonCO ₂ e
Scope 2 / Indirect emissions	555.7851 tonCO ₂ e
Total GHG emissions	569.0498 tonCO ₂ e
GHG intensity	0.6041 tonCO ₂ e/ million revenue
2025 Greenhouse Gas Emissions	
Scope / Emission Intensity	Emissions
Scope 1 / Direct emissions	16.9343 tonCO ₂ e
Scope 2 / Indirect emissions	308.1507 tonCO ₂ e
Scope 3 / Indirect emissions	75.6280 tonCO ₂ e
Total GHG emissions	400.7130 tonCO ₂ e
GHG intensity	0.6702 tonCO ₂ e/ million revenue

(VI) Implementation of Climate-Related Information

Item	Implementation:
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	The Company's General Manager serves as the chairperson responsible for governance of climate-related risks and opportunities. Heads of each primary operating unit are responsible for risk identification, assessment, and management. The governance of climate-related risks and opportunities, together with annual sustainability risk management matters, is reported to the Board of Directors by the General Manager on an annual basis, and the Board oversees the effectiveness of implementation.
2. Describe how the identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, long-term).	The Company has assessed the impacts of climate-related risks and opportunities on its operations. In the short term, no material impact on business operations, strategy, or financial performance has been identified. In the medium to long term, however, due to global net-zero emissions trends, tightening environmental regulations, and increasing customer requirements for green products and low-carbon supply chains, the impacts of climate-related risks are expected to gradually increase. In response to climate change and sustainability trends, the Company will continue to promote green product design and require suppliers to adopt green manufacturing practices and hazardous substance management measures to reduce environmental impacts and enhance product environmental friendliness and supply chain sustainability. In addition, to support energy conservation, carbon reduction, and operational efficiency improvements, the Company will, based on business development and actual needs, gradually plan capital expenditures for R&D equipment, energy efficiency improvements, and operational management. The finance function will coordinate funding arrangements in line with overall business planning to support the Company's sustainable operations and long-term development objectives.
3. Describe the financial impacts of extreme weather events and transition actions.	Positive Impact: 1. Revenue growth driven by low-carbon products and technological innovation: The Company continues to invest in green design and low-carbon technology development, launching energy-efficient and low-carbon products that meet customer needs. This enhances market share, supports revenue growth, and strengthens the Company's competitive advantage. Negative Financial Impacts: 1. Increased costs from carbon fees, carbon taxes, and emissions trading: As the global economy transitions toward low-carbon development, the Company may be required to purchase carbon credits or bear carbon fees and carbon taxes to comply with regulatory requirements or customer expectations. If the Company's export products are subject to the European Union Carbon Border Adjustment Mechanism (CBAM), additional carbon-related costs may arise. In addition, rising carbon prices may further increase operating costs. 2. Rising costs of low-carbon materials and supply chain impacts: Due to fluctuations in energy prices and global decarbonization policies, procurement costs for low-carbon or recycled materials may increase. Cost increases incurred by suppliers to meet carbon reduction requirements may also be passed on to the Company, thereby raising production costs. Furthermore, failure of suppliers to comply with low-carbon requirements may lead to material shortages and delivery delays.

Item	Implementation:			
4. Describe the integration of climate risk identification, assessment, and management processes into the overall risk management system.	For the identification, assessment, and management of climate risks, our company integrates relevant processes into the overall risk management system.			
	Risk Identification	Risk Assessment	Management Strategy	Execute unit
	According to the nature of the Company's operations, the executing units conduct relevant risk identification annually.	The executing units conduct comprehensive climate risk assessments and integration.	The company incorporates climate change risks into its long-term operational risk management through the processes of identification, assessment, and management strategies.	Sustainable ESG Office
5. When conducting scenario analysis to assess resilience to climate change risks, it is essential to outline the scenarios, parameters, assumptions, analysis factors, and major financial impacts used.	The Company discussed the 2°C Scenario (2DS) in Sustainability Committee meetings and referenced international climate-related regulations as well as tools provided by the Taiwan Climate Change Projection and Information Platform (TCCIP) as a basis for assessing climate-related risk and opportunity scenarios. The Company ultimately adopted the 2DS/RCP8.5 scenario as its physical climate risk scenario. Under this scenario, the Company identified and assessed climate-related risks and opportunities, including physical risks and transition risks, and developed corresponding thematic descriptions of climate-related risks and opportunities.			
6. If a transformation plan is in place to manage climate-related risks, describe the plan's content, as well as the indicators and goals used to identify and manage physical and transition risks.	The Company's transition plan for managing climate-related risks is currently under development.			
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be clarified.	The Company has not yet implemented internal carbon pricing as a planning tool.			
8. If climate-related goals are set, the following details should be specified: activities covered, scope of greenhouse gas emissions, planning timeline, and progress towards targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet the goals, details regarding the source and quantity of carbon offsets and RECs should be provided. Quantity of Renewable Energy Certificates (RECs)	The Company's climate-related targets are currently under development.			
9. Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans.	The Company operates as an office-based organization and plans to continue implementing energy-saving and carbon reduction measures, including maintaining indoor air-conditioning at optimal temperatures, conducting regular inspection and maintenance of HVAC systems to ensure efficient operation, and strengthening			

Item	Implementation:
	waste segregation, reduction, and recycling practices. The schedule for greenhouse gas inventory and assurance is as follows: A. Parent company completes greenhouse gas inventory: March 2026 (Completed; please refer to (5) Note 1) B. Subsidiaries complete greenhouse gas inventory: March 2027 C. Parent company completes external verification: December 2028 D. Subsidiaries complete external verification: March 2029

(VII)The Company’s implementation of ethical management and any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX- Listed Companies and reasons thereof

Reasons therefor		Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof
Item	Yes	No	Summary		
1. Formulation of ethical management policies and plans					
(1) Has the Company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?	V		In order to implement the culture of ethics and responsibility, the Company has formulated the “Personnel Management Rules” clearly requiring employees to insist the service code of ethic and integrity. The Company also formulated the “Ethical Corporate Management Best Practice Principles.” The Company shall establish policies based on ethics on the business philosophy of integrity, transparency and responsibility, while establishing the good mechanism of corporate governance and risk control, to create a sustainable business environment, and require the Board, management and all employees to strictly comply with.		No material deviation
(2) Has the Company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with a higher risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?	V		The Company has established the “Policy of Commercial Ethical Regulations,” “Corporate Governance Best Practice Principles,” and “Procedures for Ethical Management and Guidelines for Conduct” to regulate the whistle blowing and disciplinary actions for unethical conducts, while auditing the compliance thereof through the implementations of various internal control systems.		No material deviation
(3) Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?	V		In the “Ethical Corporate Management Best Practice Principles,” the following are specified: prohibition from offering and acceptance of bribes; prohibition from illegal political donations; prohibition from improper charitable donations or sponsorship; prohibition from offering or acceptance of unreasonable presents or hospitality, or other improper benefits; prohibition from infringement of intellectual property rights; prohibition from engaging in unfair competitive practices; prevention from damage to stakeholders		No material deviation

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
			by products or services. There are also the conduct guidelines, and the system of disciplinary actions specific to violations and appealing to be implemented accordingly. In addition to strengthening promoting to new employees, the policies are concretely implemented in daily operations, and the content is regularly reviewed and updated in a timely manner when requires.	
2. Implementation of ethical management				
(1) Does the Company evaluate each counterparty's records for ethics? Has the Company specified the terms of ethical conduct in each contract signed with each counterparty?	V		The Company insists the philosophy of ethical management, and the performance of commercial activity contracts specify that the ethic cannot be violated.	No material deviation
(2) Has the Company established a dedicated (concurrent) unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?		V	While the Company has not yet established a dedicated (concurrent) unit to promote ethical corporate management, the Board adopts the audit function to inspect the implementation of the Company's ethical management policy. The Company assesses the corruption risks of each department and operating base, and purchases liability insurance for directors and members who have a significant influence on the Company.	In the future, the Company will establish a dedicated unit under the Board to promote ethical corporate management when needed.
(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V		The "Policy of Commercial Ethical Regulations" formulated by the Company specifies the policy of avoiding conflicts of interest. When the personal interests of employees, or family members, relatives and friends outside the workplace that may cause conflicts of interest, and interfere with the overall interests of the Company in any form, as required by the policy, such employees must prepared the conflict of interest report, fully disclosing any circumstance that may cause a conflict of interest, and immediately report to the officers level by level.	No material deviation
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		In order to ensure the implementation of the philosophy of ethical management, the Board has set up three independent directors, and established the Remuneration Committee and the Audit Committee, with a complete and effective internal control system, related management procedures and accounting systems, to be implemented and reviewed whenever requires, to ensure the continuous effectiveness of the design and implementation of the system. The Company conducts self-inspection every year, and then the internal audit unit reviews the self-inspection reports of each unit, including control environment, risk assessment, control operation, information, communication and supervision, along with the internal control deficiencies found by the audit unit and improvement of abnormal matters, to serve as the main basis for the Board and the President to evaluate the effectiveness of the overall internal control system and issue a	No material deviation

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof												
	Yes	No	Summary													
			statement on the internal control system.													
(5) Does the Company regularly hold internal and external education and training on ethical management?		V	<table><tr><td colspan="3">The Company has conducted integrity management training courses for all employees starting in 2025.</td></tr><tr><td>Integrity Course Title</td><td>Number of Participants</td><td>Total Training Hours on Integri</td></tr><tr><td>General Integrity Training for New Employees</td><td>18</td><td>18</td></tr><tr><td>General Integrity Training for Current Staff</td><td>86</td><td>86</td></tr></table>	The Company has conducted integrity management training courses for all employees starting in 2025.			Integrity Course Title	Number of Participants	Total Training Hours on Integri	General Integrity Training for New Employees	18	18	General Integrity Training for Current Staff	86	86	No material deviation
The Company has conducted integrity management training courses for all employees starting in 2025.																
Integrity Course Title	Number of Participants	Total Training Hours on Integri														
General Integrity Training for New Employees	18	18														
General Integrity Training for Current Staff	86	86														
3. Implementation of the Company’s whistleblowing system																
(1) Has the Company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?	V		The Company has set up the internal and external whistleblower mailboxes (cbn_whistleblower@compalbn.com), as well as the relevant punishment regulations, for the responsible unit to assign appropriate dedicated personnel to handle such based on the nature and involved parties of the whistleblowing. No whistle blowing was received in 2025.	No material deviation												
(2) Has the Company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?	V		In the appealing and whistleblowing procedures, unless otherwise provided by law, the personal information of the whistle blowers will be kept confidential, and appropriate protective measures will be adopted pursuant to laws to protect personal information and privacy.	No material deviation												
(3) Does the Company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	V		Based on the above, the Company adopts appropriate confidentiality measures pursuant to laws. and the Company handles complaints or whistle blowing in a confidential manner promptly, fairly and objectively. If the complaint or the whistle blowing is made by an employee, the Company guarantees that the employee will not be treated improperly due to the complaint or whistle blowing.	No material deviation												
4. Enhanced information disclosure																
(1) Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V		The Company’s website has disclosed information related to the corporate governance and has a dedicated unit responsible for disclosing financial information on the MOPS, with the spokesperson to speak on behalf of the Company.	No material deviation												
5. If the Company has formulated its own Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies, please specify the difference between its operation and the principles: The Company has established the “Corporate Governance Best Practice Principles,” and “Procedures for Ethical Management and Guidelines for Conduct;” and the Company’s operation is not materially deviated from the established																

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
Principles.				
6.	Other important information that facilitates the understanding of the Company’s ethical management (e.g., reviewing and amending the Company’s corporate governance best practice principles): The Company has announced the “Corporate Governance Best Practice Principles,” and “Procedures for Ethical Management and Guidelines for Conduct” on the Company’s website.			

(VIII) Other key information enhance the understanding to the operations of the corporate governance

1. The Company's website is www.icbn.com.tw; the information is collected and maintained by a dedicated personnel member, and regularly disclosed and updated, for investors to check the financial, business, investor conference and other information.
2. To establish the management for preventing insider trading, avoid the improper leakage of material internal information, and ensure the consistency and accuracy of the information released by the Company externally, the Company has stipulated the "management of preventing insider trading" in the internal control system. The Company will handle relevant promotion through the Company's website, contracts, and education and training, and notify directors, managerial officers and all employees to comply with relevant regulations.

(IX) Implementation of the internal control system

1. Statement of the Internal Control System

Compal Broadband Networks Statement of the Internal Control System

Date: March 11, 2026

The Company's internal control system for 2025 as per the results of our self-assessment is hereby declared as follows:

- I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability of financial reporting, and compliance with applicable laws and regulations.
- II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.
- IV. The Company has adopted the aforementioned criteria for evaluating the internal control system to assess the effectiveness of the design and implementation of the internal control system.
- V. Based on the results of the assessment described in the preceding paragraph, the Company is of the opinion that, as of December 31, 2025, its internal control system (including the supervision and management of its subsidiaries), with respect to the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws and regulations, was effectively designed and implemented, and could reasonably assure the achievement of the aforementioned objectives.
- VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been approved by the Company's Board of Directors on March 11, 2026. Among the seven directors attending the meeting in person or by proxy, none expressed any dissenting opinion, and all approved the contents of this Statement. The Company hereby makes this Statement accordingly.

Compal Broadband Networks, Inc.



Chairman, Wong, Chung-Pin



President: Wang, Yu-Ho



2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(X) Important resolutions by the shareholders' meeting and the Board of Directors in the most recent year and up to the publication date of the annual report

1. Regular shareholders' meeting

Time: 9:00 am, June 23, 2025

Venue: 2F., No. 3, Taiyuan 1st Street, Zhubei City, Hsinchu County

(Multi-functional Conference Room, Tai Yuen Hi-Tech Industrial Park Phase III)

Key resolutions:

- (1) Ratification of the 2024 business report and financial statements.
- (2) Ratification of the 2024 deficit compensation.
- (3) Lifting the non-compete restriction on the directors.

Implementation:

- (1) Lifting the non-compete restriction on the directors: announced on the MOPS on June 23, 2025.

2. Board of Directors

Date	Key resolutions
August 7, 2025	1. Approved the change of the Company's Financial Officer and Accounting Officer. 2. Approved the change of the Company's Corporate Governance Officer. 3. Approved the consolidated financial statements of Q2 2025. 4. Approved the disbursement of the 2025 Mid-Autumn Festival Bonus. 5. Approved the authorization to borrow from financial institutions. 6. Approved the 2024 Sustainability Report.
November 7, 2025	1. Approved the consolidated financial statements of Q3 2025. 2. Approved the cancellation of restricted employee shares that had not yet met the vesting conditions. 3. Approved the change of the Company's Audit Officer 4. Approved the 2026 audit plan. 5. Approved the revision of the "Internal Control System" and the "Internal Audit Implementation Rules." 6. Approved the disbursement of the 2025 Year-end Bonus. 7. Approved the authorization to borrow from financial institutions.
March 11, 2026	1. Approved the 2025 profit-sharing bonuses for employees and directors. 2. Approved the allocation ratio of the 2026 profit-sharing bonuses for employees and directors. 3. Approved the 2025 business report and the consolidated and parent-company-only financial statements. 4. Approved the 2025 Statement of the Internal Control System. 5. Approved the change of the CPAs engaged to audit the Company's financial statements, effective from Q1 2026.
April 2, 2026	1. Approved the convention of 2026 regular shareholders' meeting.
April 17, 2026	1. Approved the re-election of the Chairman
May 8, 2026	1. Approved the consolidated financial statements of Q1 2026. 2. Approved the 2026 business plan. 3. Approved the concurrent positions held by directors and the lifting of their non-compete restrictions. 4. Approved the distribution of the 2026 Dragon Boat Festival bonus.

(XI) During the most recent year and up to the date publication of this annual report, if the

directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

IV 、Information on the Company's audit fees

(I) Range table of CPA's service fees

Unit: NT\$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fees (Note)	Remarks
KPMG Taiwan	Huang, Keng-Chia Au, Yiu-Kwan	January 1, 2025 to December 31, 2025	2,160	510	None

Note: This includes NT\$120 thousand for transfer pricing, NT\$210 thousand for tax attestation services, NT\$160 thousand for company registration changes, and NT\$20 thousand for reporting salary information of full-time employees not holding managerial positions.

(II) If the CPA firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount of the decrease in the audit fees and the reason thereof shall be disclosed: None.

(III) When the audit fees paid for the current year are lower than those paid for the prior year by 15% or more, the amount and percentage of the decrease and thereof shall be disclosed: None.

V 、 Replacement of CPAs

(I) Information on the former CPAs:

Date of Replacement	Board of Directors resolution made on March 11, 2026		
Causes for the replacement	In coordination with the internal rotation of accountants at KPMG Taiwan, starting from the first quarter of 2026, the Company’s CPAs changed from Huang, Keng-Chia and Au, Yiu-Kwan to Liu, Chen-Hsing and Kuo, Kuan-Ying.		
Termination by the Company or the CPA	Party Condition	CPA	Client
	Termination by the Company	N/A	
	Rejection of appointment		
For the most recent two years, the causes for an audit opinion other than unqualified audit opinion	N/A		
Deviation from the Issuer	YES		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None		
	Description: N/A		
Additional Disclosures (under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines)	None		

(II) Information on new CPAs:

Name of CPA Firm	KPMG Taiwan
Name of CPA	Liu, Chen-Hsing Kuo, Kuan-Ying
Date of Appointment	Board of Directors resolution made on March 11, 2026
Inquiries into Accounting Treatments or principles for Specific Transactions and possible Opinions on Financial Statements before Appointment	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

(III) Reply from the former CPAs to the matters under Article 10, subparagraph 5, items 1 and 2-3 of the Regulations: None.

VI 、Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed : None.

VII 、The changes in the transfer or pledge of equity shares by directors, supervisors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year and up to the publication date of this annual report

(I) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: Shares

Job title	Name	2025		Current year up to April 24, 2026	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Shareholder with 10% or more stake	Compal Electronics, Inc.	—	—	—	—
Chairman	Compal Electronics, Inc. Representative: Peng, Sheng-Hua				
Director	Compal Electronics, Inc. Representative: Chen, Jui-Tsun				
Director	Compal Electronics, Inc. Representative: Wang, Yu-Ho	—	—	—	—
Director	Rui Xin Investment Co., Ltd. Representative: Tsai, Rong-Jin				

Job title	Name	2025		Current year up to April 24,2026	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Independent Director	Weng, Chien-Ren	—	—	—	—
Independent Director	Mao, Ying-Wen	—	—	—	—
Independent Director	Chen, Miao-Ling	—	—	—	—
Shareholder with 10% or more stake	Topower Co., Ltd.	—	—	—	—
President	Wang, Yu-Ho	201,000 (391,000)	—	—	—
Vice President	Chang, Chia-Ling	147,000 (594,597)	—	—	—
Vice President	Huang, Wei-Hsin	105,000 (222,000)	—	0 (51,000)	—
Vice Chief of Division	Ho, Chung-Yu	63,000 (215,300)	—	—	—
Finance and Accounting Officer	Ho, Chen-Yu	48,000 (48,000)	—	—	—
Audit Officer	Tseng, Mei-Chia (Note 3)	—	—	—	—
Vice Chief of Division	Chen, Hung-Wei (Note 1)	54,000 (56,000)	—	—	—
Vice Chief of Division	Chen, Kuo-Hsin (Note 1)	54,000 (55,000)	—	—	—
Vice Chief of Division	Hsiao, Hsu-Shuen (Note 1)	54,000 0	—	—	—
Officer of Accounting and Finance	Li, Shu-Cheng (Note 1)	—	—	—	—
Audit Officer	Lo, Shi-Tang (Note 2)	9,000 (9,000)	—	—	—

Note 1: Vice Chief of Division Chen, Hung-Wei, Vice Chief of Division Chen, Kuo-Hsin, Vice Chief of Division Hsiao, Hsu-Shuen and Associate Vice

President Li, Shu-Cheng resigned on December 19, 2025, November 21, 2025, June 30, 2025 and July 11, 2025, respectively.

Note 2: Manager Lo, Shi-Tang was reassigned to a different position on October 7, 2025.

Note 3: Senior Administrator Tseng, Mei-Chia assumed office on November 7, 2025.

(II) Any counterparty in any such transfer or pledge of equity interests is a related party

(1) Information on equity transfer: None.

(2) Information on equity pledge: None.

VIII 、Information about the top ten shareholders with shareholding ratio, and their relationship with each other or their spouses or relatives within the second degree of kinship

April 24, 2026; Unit: shares; %

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name	Relationship	
Compal Electronics, Inc. Representative: Chen, Jui-Tsun	29,060,176	42.39%	—	—	—	—	Topower Co., Ltd. Arcadyan Technology Corporation	Affiliates	—
Topower Co., Ltd. Representative: Tseng, Chao-Peng	13,139,637	19.17%	—	—	—	—	Compal Electronics, Inc. Arcadyan Technology Corporation	Affiliates	—
China Development Advantageous Venture Capital Limited Partnership Representative: CDIB Capital Co., Ltd.	4,119,000	6.01%	—	—	—	—	—	—	—
Rui Xin Investment Co., Ltd. Representative: Huang, Yi-Wei	3,575,000	5.22%	—	—	—	—	PacketX Investment Co. Ltd.	Affiliates	—
PacketX Investment Co. Ltd. Representative: Yeh, Bo-Ren	3,575,000	5.22%	—	—	—	—	Rui Xin Investment Co., Ltd.	Affiliates	—
Lin, Kao-Huang	2,320,000	3.38%	—	—	—	—	—	—	—
The trust account for restricted stock with voting rights and dividend rights of Compal Broadband Networks, Inc. employees, held in custody by CTBC Bank Co., Ltd. as trustee	1,215,000	1.77%	—	—	—	—	—	—	—
Wang, Yu-Ho	812,010	1.18%	—	—	300,000	0.44%	—	—	—
Arcadyan Technology Corporation Representative: Chen, Jui-Tsun	533,217	0.78%	—	—	—	—	Compal Electronics, Inc. Topower Co., Ltd.	Affiliates	—
Chen, Jing-Yao	368,000	0.54%	—	—	—	—	—	—	—

IX 、The total number of shares held and the consolidated shareholdings in any single investee by the Company, its directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company

December 31, 2025; Unit: shares; %

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio
Compal Broadband Networks Belgium BVBA	20	100%	—	—	20	100%
Compal Broadband Networks Netherlands B.V.	20	100%	—	—	20	100%
Starmems Semiconductor Corp.	1,630	9.59%	—	—	1,630	9.59%

Fundraising

I、Capital and shares

(I) Source of share capital

April 24, 2026; Unit: thousand shares; NT\$ thousand

Year/ month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of share capital	Capital increased by assets other than cash	Other
2009.08	10	20,000	200,000	10,000	100,000	Cash capital increase	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.09887916800 for reference
2011.12	10	20,000	200,000	14,840	148,400	Capitalization of earnings	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10090611910 for reference
2013.08	10	20,000	200,000	19,292	192,920	Capitalization of earnings	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10287070600 for reference
2014.08	10	60,000	600,000	25,079	250,796	Capitalization of earnings	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10387277200 for reference
2015.06	10	60,000	600,000	25,387	253,872	Conversion of subscription warrants	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10484714400 for reference
2015.08	10	60,000	600,000	33,003	330,033	Capitalization of earnings	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10486667700 for reference
2016.05	10	60,000	600,000	33,252	332,525	Conversion of subscription warrants	None	Approved with Letter Fu-Chan-Yeh-Shang-Zhi No.10585978700 for reference
2017.01	10	60,000	600,000	53,252	532,525	Cash capital increase	None	Approved with Letter Jing-Shou-Shang-Zhi No.10601008420 for reference
2017.03	10	60,000	600,000	53,528	535,276	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10601040970 for reference
2017.06	10	60,000	600,000	54,865	548,648	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10601074300 for reference
2017.11	10	100,000	1,000,000	60,351	603,512	Capitalization of earnings	None	Approved with Letter Jing-Shou-Shang-Zhi No.10601150080 for reference
2018.07	10	100,000	1,000,000	60,490	604,897	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10701085060 for reference
2018.11	10	100,000	1,000,000	60,702	607,024	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10701141960 for reference
2018.12	10	100,000	1,000,000	66,818	668,184	Cash capital increase	None	Approved with Letter Jing-Shou-Shang-Zhi No.10701155380 for reference
2019.03	10	100,000	1,000,000	66,838	668,377	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10801030990 for reference
2019.11	10	100,000	1,000,000	66,887	668,871	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10801167250 for reference
2020.11	10	100,000	1,000,000	66,932	669,324	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.10901223370 for reference
2021.01	10	100,000	1,000,000	66,970	669,704	Conversion of subscription warrants	None	Approved with Letter Jing-Shou-Shang-Zhi No.11001055130 for reference
2022.01	10	100,000	1,000,000	68,470	684,704	Issuance of restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11001241670 for reference
2022.03	10	100,000	1,000,000	68,419	684,194	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101047130 for reference
2022.05	10	100,000	1,000,000	68,405	684,049	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101081820 for reference
2022.07	10	100,000	1,000,000	68,405	684,049	Amendment to the Articles of Incorporation	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101129800 for reference
2022.08	10	100,000	1,000,000	68,381	683,808	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101161320 for reference
2022.11	10	100,000	1,000,000	68,002	680,021	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11101221710 for reference
2023.04	10	100,000	1,000,000	67,654	676,537	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11230055520 for reference
2023.08	10	100,000	1,000,000	67,638	676,381	Cancellation of new	None	Approved with Letter Jing-Shou-Shang-Zhi

April 24, 2026; Unit: thousand shares; NT\$ thousand

Year/ month	Issue price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of share capital	Capital increased by assets other than cash	Other
						restricted stock for employees		No.11230168020 for reference
2024.05	10	100,000	1,000,000	67,336	673,357	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.1130084610 for reference
114.06	10	100,000	1,000,000	68,836	688,357	Issuance of restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11430087130 for reference
114.11	10	100,000	1,000,000	68,698	686,977	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11430187990 for reference
115.03	10	100,000	1,000,000	68,551	685,507	Cancellation of new restricted stock for employees	None	Approved with Letter Jing-Shou-Shang-Zhi No.11530040660 for reference

April 24, 2026; Unit: shares

Share type	Authorized capital			Remarks
	Outstanding shares	Unissued share	Total	
Common share	68,550,659	31,449,341	100,000,000	Authorized shares include ten million shares for employee subscription warrants or corporate bonds with subscription right to exercise the subscription right

Note: The Company's shares were listed on November 28, 2018.

※Information Relating to the Shelf Registration System: not applicable

(II) List of Major Shareholders

April 24, 2026; Unit: shares

Names of major shareholders	Number of shares held	Shareholding (%)
Compal Electronics, Inc.	29,060,176	42.39%
Topower Co., Ltd.	13,139,637	19.17%
China Development Advantageous Venture Capital Limited Partnership	4,119,000	6.01%
Rui Xin Investment Co., Ltd.	3,575,000	5.22%
PacketX Investment Co. Ltd.	3,575,000	5.22%
Lin, Kao-Huang	2,320,000	3.38%
The trust account for restricted stock with voting rights and dividend rights of Compal Broadband Networks, Inc. employees, held in custody by CTBC Bank Co., Ltd. as trustee	1,215,000	1.77%
Wang, Yu-Ho	812,010	1.18%
Arcadyan Technology Corporation	533,217	0.78%
Chen, Jing-Yao	368,000	0.54%

(III) Dividend policy and implementation

(1) The dividend policy stipulated in the Articles of Incorporation

Pursuant to the Company's Articles of Incorporation, if there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital, and the remainder shall be set aside or reversed as special reserve in accordance with the law; if there is any remaining earnings, the balance plus the accumulated undistributed earnings may be proposed by the board of directors for distribution upon the resolution of the shareholders' meeting; provided, the distribution may be exempted if the EPS is less than NT\$1.

The Company is in the stage of operation growth; the dividend distribution policy shall consider the operating environment, operating performance, and financial structures, among other things, for the distribution. No less than 10% of the distributable earnings shall be provided for shareholders' bonus; provided, the board of directors may adjust the percentage based on the overall operating conditions at that time, and submit the proposal for the resolution of shareholders' meeting. However, the cash dividends distributed to the shareholders must not be less than 10% of the sum of the cash and share dividends.

(2) Dividend distribution proposed in the shareholders' meeting

The Company authorizes the board meeting attended by two-thirds or more directors, and the resolution by the majority of the attended directors, to distribute all or part of the shareholders' dividends and bonuses, in cash, and report to the shareholders' meeting.

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

(3) When the dividend policy is expected to be changed materially, please described: None.

(IV) The influence of the stock dividend proposed at the shareholders' meeting on the Company's operating performance and earnings per share: Not applicable. (The Company did not disclose the financial forecast of 2025.)

(V) Employee and director's remuneration:

- (1) The percentage of the profit for or scope of employee remuneration and directors' remuneration as stated in the Company's Articles of Incorporation:

The Company shall distribute employees' remuneration at a rate of not less than 5% of the current year's profitability, of which not less than 5% shall be allocated to frontline employees; and directors' remuneration shall be distributed at a rate of not more than 2% of the current year's profitability. However, if the Company has accumulated losses, the Company shall make up for them.

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 by a board meeting attended by two-thirds or more of 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.

- (2) Basis for estimation of employee remuneration and directors' and supervisors' remuneration in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount:

The Company estimates the amount of employee remuneration and director remuneration pursuant with the Articles of Incorporation, and reports to the shareholders' meeting after the deliberation of the Remuneration Committee and the resolution of the board of directors.

After the end of the year, if there is a major change in the distribution amount resolved by the board of directors before the release date of the consolidated financial report, the change will adjust the expenses in the year when the provision is made. If the amount changes after the release date of the consolidated financial report, it will be treated as the change in accounting estimates, and will be adjusted and accounted in the next year.

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

- (3) The distribution of remuneration approved by the Board of Directors:

1. The amount of employee remuneration and director remuneration distributed in cash or share are as below:

Employee remuneration is NT\$0.

Director remuneration is NT\$0.

Where there is a difference with the estimated amount for the year, in which the expenses are recognized, the amount of difference, reason, and accounting treatment shall be disclosed: no difference from the estimated amount recognized in annual expenses.

2. The amount of employee remuneration in stock and the amount as a percentage of the sum of net income after tax as in the standalone financial statement for this period and the total employee dividends for this period: no such situation.

- (4) Actual distribution of remunerations to employees, directors, and supervisors in the previous year:

Unit: NTS

The 2024 earnings distribution proposal	Actual distribution	Distribution proposal approved by the Board	Amount of difference	Recognized	Amount of difference
Employee remuneration	0	0	0	0	0
Directors remuneration	0	0	0	0	0

The 2024 employee and director remunerations were resolved by the board of directors on March 11, 2025, and reported to the shareholders' meeting on June 23, 2025. The actual amount distributed was identical to the estimate.

(VI) The repurchase of the Company's shares: None.

II 、 Issuance of corporate bonds: None.

III 、 Issuance of preference shares: None.

IV 、 Issuance of depository receipts: None.

V 、 Issuance of employee subscription warrants: None.

VI · Issuance of new restricted employee shares:

(I) Issuance of new restricted employee shares

April 24, 2026

Type of new restricted employee shares	2025 new restricted employee shares
Effective registration date and total number of shares	January 8, 2025
Issue date	May 28, 2025
Number of new restricted employee shares issued	1,500,000
Issue price	NT\$0 (as share dividends)
Ratio of the number of new restricted employee shares issued to the total number of issued shares	2.19%
Vesting conditions of the new restricted employee shares	1. Vesting Condition 1 – Total of 1,000,000 Shares: Employees who are granted Restricted Stock Awards (RSAs) under Vesting Condition 1 shall be entitled to the respective portion of shares upon satisfying both of the following conditions at each applicable vesting date: (i) continued employment with the Company as of the vesting date, and (ii) achievement of performance rating of “B” or above for the most recent fiscal year prior to the vesting date, as assessed by the Company. The vesting schedule is as follows: 40% upon completion of one year of service; 30% upon completion of two years of service; 30% upon completion of three years of service. 2. Vesting Condition 2 – Total of 500,000 Shares: Employees who are granted RSAs under Vesting Condition 2 shall be entitled to the respective portion of shares upon satisfying all of the following conditions at each applicable vesting date: (i) the consolidated revenue for the most recent fiscal year prior to the vesting date, as audited and certified by an independent auditor, reflects a growth of at least 20% compared to the average consolidated revenue of the preceding two fiscal years; (ii) the Company records net profit after tax for the same period; and (iii) the employee remains in service with the Company at the vesting date and receives a performance rating of “B” or above for the most recent fiscal year. The vesting schedule is as follows: 40% upon completion of one year of service; 30% upon completion of two years of service; 30% upon completion of three years of service. 3. Employees may be granted RSAs under both Vesting Condition 1 and Vesting Condition 2 simultaneously.
Rights restricted of the new restricted employee shares	1. Employees shall not sell, transfer, gift, pledge, encumber, or otherwise dispose of the RSAs in any manner. 2. Upon issuance, the RSAs shall be immediately placed into a trust account. Prior to the fulfillment of the applicable vesting conditions, employees shall not, under any circumstances or for any reason, request the return or delivery of the RSAs from the trustee. Notwithstanding the foregoing, the RSAs shall be entitled to participate in stock dividends, cash dividends, and subscriptions in capital increases. Any shares acquired as a result of such rights (e.g., stock dividends or new shares from capital increases) shall not be subject to the same vesting restrictions and shall not be considered restricted shares. Until the vesting conditions are met, all shareholder rights associated with the RSAs—including attendance at shareholders’ meetings, making proposals, speaking, voting, and any other rights or entitlements—shall be exercised by the trustee on behalf of the employee.
Custody of new restricted	Entrusted
Treatment of new restricted employee shares allocated or	Any Restricted Stock Awards (RSAs) granted to employees that fail to meet the applicable vesting conditions shall be forfeited in full and repurchased by the Company at no cost. The forfeited shares shall be cancelled accordingly.
Number of new restricted employee shares that have been retired or bought back	285,000
Number of new restricted shares that have vested	0
Number of unvested new restricted shares	1,215,000
The ratio of the number of unvested new restricted shares	1.77%

The effect on shareholders' equity	(As presented in the Board of Directors' resolution of the Company dated August 2024) As of now, the Company has 67,335,659 shares outstanding. The proposed issuance of Restricted Stock Awards (RSAs) will account for approximately 2% of the total issued shares. Based on the average closing price of NT\$27.67 per share in June 2024, the estimated compensation cost to be recognized is NT\$27.67 per share, resulting in a total estimated expense of NT\$41,505 thousand over a three-year period. Impact on Earnings Per Share and Shareholders' Equity: Based on the vesting conditions and the current number of outstanding shares, the estimated annual dilution effect on earnings per share (EPS) is approximately NT\$0.21. Such an impact is not expected to have a material adverse effect on shareholders' equity.
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Note: The issued shares are based on the issued 68,550,659 common shares as of April 24, 2026.

(II) Names and Acquisition Status of Managerial Officers Who Have Acquired New Restricted Employee Shares and the Top Ten Employees Who Have Acquired New Restricted Employee Shares

April 24, 2026; Unit: thousand shares; NT\$ thousand

	Title	Name	Number of new restricted employee shares granted	Ratio of the number of new restricted employee shares granted to the total number of issued shares	Vested Restricted Shares				Unvested Restricted Shares			
					Number of vested shares	Issue price	Issue amount	Ratio of the number of vested restricted shares to the total number of issued shares	Number of unvested shares	Issue price	Issue amount	Ratio of the number of unvested restricted shares to the total number of issued shares
Managerial officers	President	Wang, Yu-Ho	582	0.85%	0	0	0	0%	582	0	0	0.85%
	Vice President	Chang, Chia-Ling										
	Vice President	Huang, Wei-Hsin										
	Finance and Accounting Officer	Ho, Chen-Yu										
	Vice Chief of Division	Ho, Chung-Yu										
	Audit Officer	Tseng, Mei-Chia										
Employees	Senior Manager	Fan, Cheng-En	249	0.36%	0	0	0	0%	249	0	0	0.36%
	Senior Manager	Yu, Huei-Ming										
	Senior Manager	Lee, Chien-Hua										
	Manager	Kuo, Chiu-Sheng										
	Manager	Luan, Fei-Hsien										
	Manager	Cheng, Sun-Hsu										
	Manager	Lo, Shi-Tang										
	Project Manager	Pan, Chung-Ming										
	Vice Manager	Fan, Chieh-Ru										
	Vice Manager	Kuo, Shih-Hsien										
	Vice Manager	Yang, Chuan-Chuan										
	Vice Manager	Sun, Ching-Lan										

Note 1: The issued shares are based on the issued 68,550,659 common shares as of April 24, 2026.

Note 2: Unvested rights do not include shares retrieved and cancelled due to resignation and failure to meet the vesting conditions.

VII 、 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII 、 Implementation of the capital allocation plans

- (I) Description of the plans: for the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.**
- (II) Implementation: With respect to funds usage under the plans referred to in the preceding subparagraph, the annual report shall (for the period as of the quarter preceding the date of publication of the annual report) analyze the status of implementation and compare actual benefits with expected benefits. Where implementation has failed to yield the expected progress or benefits, specific reasons for such failure shall be provided, explain any effect it might have upon shareholders' equity, and outline the plan for correcting the situation: None.**

Overview of operations

The Company prepares the consolidated financial statements with 100% owned reinvested subsidiaries - Compal Broadband Networks Belgium BVBA and Compal Broadband Networks Netherlands B.V. As each subsidiary is mainly engaged in research, development and sales of smart gateways, the operation overview of each consolidated entity is the same as that of the Company.

I 、Information on business

(I) Scope of business

1. The businesses operated by the Company are as below:

- A. CC01060 Wired Communication Mechanical Equipment Manufacturing
- B. CC01070 Wireless Communication Mechanical Equipment Manufacturing
- C. CC01080 Electronics Components Manufacturing
- D. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- E. CC01110 Computer and Peripheral Equipment Manufacturing
- F. E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering
- G. F113070 Wholesale of Telecommunication Apparatus
- H. F213060 Retail Sale of Telecommunication Apparatus
- I. F401010 International Trade
- J. I501010 Product Designing
- K. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Sales weight of main products

Unit: NT\$ thousand; %

Product \ Year	2024		2025	
	Amount	Weight of business	Amount	Weight of business
Communication network product	802,885	85.24%	409,956	68.57%
Revenue from sales of materials and others	139,049	14.76%	187,932	31.43%
Total	941,934	100.00%	597,888	100.00%

3. The products (services) provided by the Company

The main business activities of the Company and its subsidiaries include research, development, and sales of communication products such as smart gateways, wireless broadband routers, fiber optic modems, and Fixed Wireless Access (FWA) equipment.

4. New products (services) planned to be developed

Based on the original technologies and products, the Company will continue to develop the following new products:

- A. Developing the DOCSIS 3.1 innovative technology smart home gateway that integrates the latest Wi-Fi 7 specifications and Mesh function, closer to the strategic goals of operator customers (high-end products have more stringent requirements for Wi-Fi specifications and user experience); regarding software, through the RDK platform, the development time is shortened, the user experience is extended, and it is able to provide highly competitive high-quality services and products to compete with competitors.

- B. Strategically cooperating with chip manufacturers to develop new products for the next generation of DOCSIS 4.0 home gateways.
- C. Committed to developing a variety of household fiber optic gateways (10G PON ONU/HGU) and residential Ethernet gateways, to provide operators with more diversified home network solutions.
- D. Launching various LTE/5G FWA based on LTE and 5G mobile networks, allowing telecom and cable operator in Europe and the United States to customers with more diverse household broadband Internet access options.
- E. To cope with the needs of smart homes and Wi-Fi Mesh, the Company will continue to develop dual-band or even triple-band Wi-Fi extenders and match them with household wireless gateways to build complete home Wi-Fi signal coverage, allowing operators' customers to enjoy enhanced user experience through high-quality Wi-Fi services.

(II) Overview of the industry

1. Current status and development of the industry

According to research data from the DataReportal Digital 2025 Global Overview Report and the International Telecommunication Union (ITU), the global number of internet users exceeded 6 billion in 2025, with internet penetration continuing to increase. Digital connectivity has become an important indicator of national competitiveness and the level of industrial digitalization. As governments worldwide actively promote digital infrastructure development, smart city initiatives, and AI applications, global demand for broadband networks and high-speed data transmission continues to grow rapidly.

In recent years, the rapid proliferation of generative AI, large language models (LLMs), cloud computing, edge computing, the Internet of Things (IoT), smart homes, remote working, video streaming, and video conferencing applications has driven continuously increasing demand for high-bandwidth, low-latency, and highly reliable network environments. At the same time, the growing prevalence of multi-device connectivity and smart home applications has led both residential and enterprise network architectures to evolve toward higher speed, greater intelligence, and higher integration, further driving demand growth in the global networking equipment market.

At present, major countries worldwide have designated digital infrastructure as a key national development priority. In the United States, the Infrastructure Investment and Jobs Act (IIJA) continues to support broadband infrastructure investment and rural connectivity expansion, while the BEAD program promotes fiber and 5G network deployment. In the European Union, initiatives such as the Digital Decade 2030 and the CEF Digital program aim to strengthen cross-border high-speed network construction and digital infrastructure development. In Asia, Japan continues to advance Beyond 5G technologies, South Korea is actively developing 6G and AI-integrated applications, and India is accelerating nationwide broadband deployment through the Digital India and BharatNet programs. Major global economies are actively investing in digital transformation and high-speed network infrastructure, underscoring the role of network infrastructure as a strategic asset in the AI era.

According to market research data, the global cable modem market is projected to grow from approximately USD 9.43 billion in 2024 to approximately USD 13.99 billion in 2029, representing a compound annual growth rate (CAGR) of around 9.3%, driven primarily by increasing demand for high-speed broadband, upgrades to DOCSIS 3.1/4.0 technologies, the widespread adoption of Wi-Fi 6/6E/7, and rapid growth in smart home applications.

In the Cable CPE (Customer Premises Equipment) segment, as telecommunications operators and broadband service providers actively develop smart home, cloud services, and AI applications, product functionality has gradually evolved from traditional connectivity devices into smart home digital hubs. Next-generation products not only support high-speed Wi-Fi 6/6E and Wi-Fi 7 technologies, but also increasingly integrate AI-

based bandwidth management, intelligent cybersecurity protection, IoT device management, edge AI computing, home monitoring, smart voice control, and remote device management functions, in order to enhance overall user experience and operational efficiency.

In addition, through remote management protocols such as TR-369 (USP), operators are able to monitor end-device status in real time, enabling proactive maintenance, remote troubleshooting, and customized QoS service configurations, thereby improving service quality and operational efficiency.

Overall, driven by the continued advancement of global AI applications, high-speed broadband upgrades, widespread adoption of smart homes, and ongoing digital transformation, the networking industry maintains strong long-term growth momentum. In the future, Cable CPE products are expected to continue evolving toward higher speed, greater integration, higher value-added functionality, and greater intelligence, becoming a key enabler of the global digital economy and smart living.

2. The relations between the up-, mid-, and downstream industries

The Company is a mid-stream manufacturer in the netcom industry, mainly providing R&D, production, and sales of network communication products; the upstream is mainly integrated circuit chip manufacturers, printed circuit boards and electronic components; the downstream includes network telecommunications and cable TV operators, retailers, enterprise users and general users. The Company integrates upstream and downstream R&D systems, provides integrated network system communication products, and drives the development of communication network-related platforms and industries.

Upstream	Midstream	Downstream
SoC IC design PC PCB Memory Power supply Mechanism and package	Research, development, production and manufacture, and sales of cable modems and networking communication products.	MSO & Telecom operators Retailers Enterprise users General users

3. Various product development trends

Global broadband network technologies continue to evolve toward higher speed, lower latency, greater intelligence, and higher integration, driving ongoing upgrades in markets such as cable broadband, fiber access, fixed wireless access (FWA), and home wireless networking equipment. With the rapid proliferation of generative AI, cloud computing, smart homes, video streaming, remote working, and Internet of Things (IoT) applications, demand for high bandwidth, high stability, and simultaneous multi-device connectivity continues to increase, thereby accelerating the technological advancement of next-generation networking products.

In the North American market, major cable MSO operators continue to promote upgrades to DOCSIS 4.0 technology in order to extend the utilization benefits of existing HFC (Hybrid Fiber-Coaxial) network infrastructure, while enhancing upstream and downstream transmission speeds and spectrum efficiency. DOCSIS 4.0 is capable of providing multi-gigabit broadband services and reducing the capital expenditure burden associated with full-scale fiber infrastructure replacement, making it one of the key upgrade directions in the North American broadband market.

In addition, the Fixed Wireless Access (FWA) market continues to experience rapid growth. With the expansion of 5G network coverage and telecommunications operators actively promoting home broadband alternatives, FWA has become an important solution for the rapid deployment of high-speed networks in rural areas, suburban regions, and emerging markets. At the same time, global demand for fiber broadband continues to increase, driving steady growth in the market for PON (Passive Optical Network)-related equipment, demonstrating that high-speed fiber access technology remains a long-term industry development trend.

In the field of home wireless networking, Wi-Fi 7 technology has emerged as a key focus of the next-generation market. Compared with Wi-Fi 6/6E, Wi-Fi 7 provides higher transmission speeds, lower latency, and enhanced multi-device processing capabilities, making it well-suited for high-bandwidth application scenarios such as 4K/8K video streaming, cloud gaming, AR/VR applications, AI computing, and smart homes. Major telecommunications operators and broadband service providers in Europe and North America have gradually introduced integrated Wi-Fi 7 and Mesh Wi-Fi solutions to enhance overall home wireless coverage quality and user experience.

On the other hand, as AI technologies are gradually integrated into networking equipment, intelligent management functions have become an important direction for product development. Functions including AI-based traffic management, intelligent bandwidth allocation, abnormal traffic detection, home cybersecurity protection, IoT device management, and remote operation and maintenance are being progressively integrated into next-generation Cable CPE and Gateway products to enhance product value and user experience.

In response to the rapidly changing industry environment and evolving technological trends, the Company continues to invest in the development of next-generation broadband access technologies, smart home applications, and highly integrated networking devices. The Company is also actively strengthening its hardware and software integration capabilities, flexible supply chain management, and product quality management in order to enhance market competitiveness and customer service capabilities.

Looking ahead, the Company will continue to deepen cooperative relationships with global telecommunications operators and strategic customers, while actively expanding its presence in product areas related to high-speed broadband, smart homes, AI applications, and low-carbon sustainability. Through reliable product quality, technological innovation, and rapid service capabilities, the Company aims to further enhance its competitive advantages and market share in the global networking and communications market.

4. Product competitions

As global demand for high-speed broadband continues to grow, competition in the Cable Broadband and home networking equipment markets has also intensified. In recent years, DOCSIS 3.1 technology has gradually matured, and major global Cable MSO operators have continued to promote upgrades to integrated smart gateways supporting Wi-Fi 6/6E and Wi-Fi 7 in order to meet the growing bandwidth demands of applications such as simultaneous multi-device connectivity, 4K/8K video streaming, cloud gaming, remote working, and smart homes. With higher transmission speeds, lower latency, and enhanced bandwidth management capabilities, Wi-Fi 7 has become a key development direction for mid- to high-end Cable CPE products.

Meanwhile, DOCSIS 4.0 technology has gradually entered the commercial deployment stage. Major North American cable operators, including Comcast and Charter, continue to advance DOCSIS 4.0 network upgrade plans to enhance upstream and downstream bandwidth capabilities while extending the utilization benefits of existing HFC network infrastructure. However, as DOCSIS 4.0 deployment involves upgrades to network nodes, amplifiers, and spectrum architecture, the related capital expenditures are relatively high. Accordingly, the overall market adoption schedule will continue to progress gradually based on each operator's investment strategy and market demand.

In the wireless broadband sector, the rapid development of Wi-Fi, IoT, and AI applications has continued to drive demand for highly integrated, intelligent, and high-performance networking products. In addition to hardware specifications, product integration capabilities, software feature development, remote device management, cybersecurity protection, and AI application integration have also become key competitive factors for networking products. Through remote management mechanisms such as TR-369 (USP), operators are able to perform real-time device monitoring, remote troubleshooting, and service quality optimization, thereby helping enhance end-user experience and reduce operation and maintenance costs.

In terms of the supply chain, although Taiwan's networking industry possesses comprehensive capabilities in product design, system integration, and mass production, certain high-end chipsets, RF components, and key parts remain dependent on international suppliers. As a result, supply chain management capability, component procurement control, and flexible manufacturing capacity have also become important factors in maintaining competitive advantages within the industry.

At present, the global Cable CPE and smart home equipment markets are gradually evolving toward higher-end, integrated, and platform-based development. Major domestic networking companies, including Sercomm Corporation, Hitron Technologies Inc., and the Company, continue to invest in the development of next-generation broadband access technologies, smart home solutions, and AI-enabled products, while actively deepening cooperative relationships with international telecommunications operators and branded customers.

The Company will continue to strengthen its in-house R&D capabilities and further deepen its "independent design plus joint customer development" product strategy. The Company also plans to actively invest in technology areas related to high-speed broadband, Wi-Fi 7, smart homes, AI applications, and remote management. At the same time, through lean supply chain management, shared platform design, and product modularization strategies, the Company aims to enhance product development efficiency and market responsiveness, thereby strengthening its competitive advantages and long-term growth momentum in the mid- to high-end networking product market.

(III) Overview of technology and R&D

A. Research and development expenses invested during the most recent fiscal year up to the date of publication of the annual report:

Unit: NT\$ thousand; %

Year	Research and development expenses	Operating revenue	Ratio of research and development expenses to operating revenue
2025	200,218	597,888	33.49%
Q1 2026	45,067	112,132	40.19%

B. Technologies or products successfully developed

1. Smart gateway with XGSPON (fiber network) and tri-band Wi-Fi 7 integration
2. Smart gateway with tri-band Wi-Fi 7 integration
3. Smart gateway with dual-band Wi-Fi 6 integration
4. Smart gateway with 5G NR and dual-band Wi-Fi 6 integration
5. Smart gateway with DOCSIS3.1/DOCSIS4.0

(IV) Long-term and short-term business development plans:

1. Short-term business development plans:

- (1) Continue to develop existing customers and markets, actively expand its scale and mixes based on existing products, continuously improve technical capabilities and provide value-added services to deepen the value and position in the customer ecosystem.
- (2) Strengthen the operation management, optimize production, cost and quality and other logistics management key points, and thereby solidify the competitive advantages.

2. Long-term business development plans:

- (1) Develop value-added innovative network and smart home products, strengthen the development of new products and key technologies, provide a diversified product mixes, enhance competitiveness and timely meet customers' needs for rapid update of system specifications.
- (2) Develop jointly with chip manufacturers to ensure leading product technologies and functions, and cooperate in market development.
- (3) Develop new product lines and new market customers, effectively diversify customer and market risks, and maintain stable growth.

II 、 Overview of market, production, and sales

(I) Market analysis

1. Geographic areas where the main products (services) of the company are provided (supplied)

Unit: NT\$ thousand; %

Sales area	2023		2024	
	Amount	Weight (%)	Amount	Weight (%)
Americas	473,025	50.22%	300,952	50.34%
Asia	306,657	32.56%	193,019	32.28%
Europe	162,252	17.22%	103,917	17.38%
Total	941,934	100.00%	597,888	100.00%

2. Market shares

The Company's major customers are primarily located in the North American and European markets, and its long-term business partners include several leading MSOs in Europe and the United States. However, in recent years, the shipment ratio has shown a declining trend due to adjustments in OEM production lines and the impact of U.S. tariff policies. Currently, the Company's global market share of Cable Modem CPE shipments is approximately 0.53%. As we expand further in the North American market and continue to enhance our product technology, both market share and revenue are expected to grow.

3. Demand and supply conditions for the market in the future, the market's growth potential

Looking ahead to 2026, following the completion of inventory adjustments in the global networking and communications industry in recent years, overall market demand has gradually returned to a normal growth trajectory. According to forecasts by IEK Consulting of ITRI, Dell'Oro Group, and several international market research institutions, the global networking equipment market is expected to maintain stable growth momentum, driven by the rapid development of AI applications, the continuing advancement of digital transformation, high-speed broadband upgrades, and growing smart home demand.

Major global telecommunications operators and broadband service providers are currently continuing to promote infrastructure deployment and equipment upgrades related to fiber broadband, DOCSIS 4.0, Wi-Fi 7, 5G FWA (Fixed Wireless Access), and smart home applications. Among these, Wi-Fi 7 products have gradually entered the stage of broader commercial adoption, driving a new wave of replacement demand for high-end gateway and Mesh Wi-Fi devices. In addition, 5G FWA continues to expand across North America, Europe, and emerging markets due to its advantages in rapid deployment and reduced infrastructure costs.

Furthermore, the rapid growth of high-bandwidth applications such as generative AI, cloud computing, edge computing, IoT, and video streaming has continued to drive increasing demand from households and enterprises for high-speed, low-latency, and highly reliable networking equipment. In the future, networking products are expected to evolve beyond high-speed transmission capabilities toward greater intelligence, integration, and remote management functionality. Features such as AI-driven traffic management, cybersecurity protection, and smart home integration will become key competitive factors for next-generation products.

Overall, as global digital infrastructure continues to upgrade and demand for AI applications grows rapidly, digital transformation has become a long-term development priority for governments and enterprises worldwide. This trend is expected to continue driving growth in global network infrastructure and broadband equipment demand, thereby providing stable long-term growth momentum for the networking and communications industry.

4. Competitive edges

The Company continues to place customer needs and market trends at the core of its product development strategy. Leveraging its in-house R&D capabilities, rapid product design and development expertise, and integrated hardware and software technologies, the Company provides customers with high-performance, highly reliable, and high value-added networking products and solutions. At the same time, through comprehensive supply chain management and platform-based product design, the Company enhances development efficiency, reduces product costs, and shortens time-to-market, thereby strengthening its competitive advantages and improving customer service capabilities.

In response to the rapid development trends of high-speed broadband, smart homes, AI applications, and cloud services, the Company continues to invest in the research and development of next-generation broadband access and intelligent network management technologies, including Wi-Fi 7, DOCSIS 4.0, Mesh Wi-Fi, TR-369 (USP) remote device management, Self-Optimizing Network (SON), Smart Bridge, and Smart Home Gateway technologies. The Company is also actively strengthening capabilities in AI-based intelligent traffic management, cybersecurity protection, IoT device integration, and remote operation and maintenance functions to enhance end-user connectivity experiences and improve operational efficiency for service providers.

In addition, the Company continues to deepen the development of software platforms and value-added application services to assist customers in integrating diverse applications, including broadband access, smart homes, video streaming, IoT management, and cloud services, thereby providing more comprehensive integrated solutions and steadily advancing toward its goal of becoming a total solution provider for customers.

Looking ahead, the Company will continue to strengthen its core R&D capabilities and technology integration expertise, while deepening cooperative relationships with global telecommunications operators and strategic customers. By doing so, the Company aims to capture growth opportunities arising from the continued expansion of high-speed broadband, AI applications, and smart home markets, and further enhance its competitive position in the global networking and communications market.

5. The favorable and unfavorable factors for future development and countermeasures

Favorable factors

(1) Professional R&D team

The R&D team has professional technical advantages. Meanwhile, the Company continuously introduces domestic and foreign advanced software and hardware systems, increases the added values of products to integrate technologies, invests in in-house research and development results and masters core technologies, to meet future market trends.

(2) Customized product design

Leveraging years of product development experience and a deep understanding of the needs of global telecommunications operator customers, the Company's R&D team continues to provide highly customized and differentiated networking product solutions. In product design, in addition to supporting functions such as Airtime Management, Smart Bridge, Wi-Fi Statistics, Radius Accounting, and Mesh Wi-Fi, the Company also continues to strengthen applications related to cloud-based device management, TR-369 (USP) remote device management, smart home integration, and AI-based Wi-Fi optimization technologies, with the aim of enhancing end-user network experiences and improving operators' management efficiency.

Furthermore, through its integrated hardware and software capabilities and flexible customization expertise, the Company continues to assist customers in rapidly deploying differentiated services and value-added applications to meet the growing market demand for high-speed broadband, smart home, and cloud management applications.

Unfavorable factors and countermeasures

(1) Accelerated product replacement rate

With the diversified development of network services and the increasingly wide application range through the expansion of network bandwidth, the introduction of new functions and higher speed products will also accelerate the replacement rate and the demand for inter-substitution with other products.

Countermeasures: The Company will continue to improve its technical capabilities, monitor market trends, work closely with customers, enhance the advantages of time to market and actively cultivate mutually trustworthy and beneficial cooperation with customers.

(2) Currency fluctuation and currency exchange risk

Countermeasures: Manage these risks through regular operating and financing activities, shorten the payment schedule of customers, and regularly use derivatives, such as foreign exchange forwards and swap tradings to reduce exchange risk.

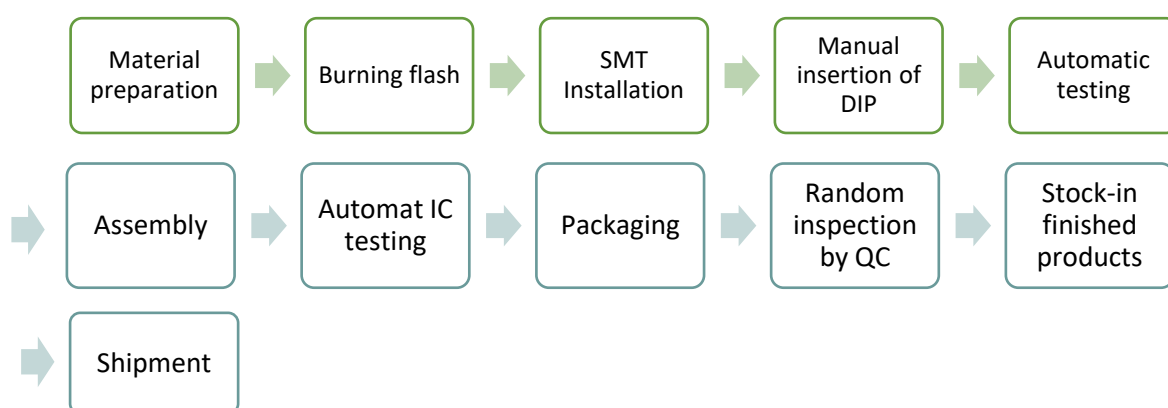
(II) Important usage and production processes of main products

(1) Important usage of main products

The Company's product business scope includes the provision of products integrating broadband, voice, wireless network, and communication network, to provide convenient network services at the user end. The Company has established a world-class leadership position with its strength regarding the network product integration accumulated over the years. By combining the professional technologies and integrated development of application platforms, the Company continuously improve and innovate the technologies, to provide complete solutions to meet customers' diversified needs for digital integration and network communication.

(2) Production process

The Company's product manufacturing process includes circuit board assembly and finished product assembly. The production process is as follows:



(III) Supply of main raw materials

The main raw material suppliers of the Company's products come from the United States, Taiwan, and China; the Company maintains good supply relationships with each supplier and signs supply contracts to stabilize the supply source and avoid material shortages. Since the Company's shipments have reached an economical scale, and it has good relationships with operator customers with technological leadership, all major chip manufacturers are willing to provide close technical services and competitive prices to meet customers' requirements for production capacity and price.

(IV) The names of clients/suppliers with purchases (sales) accounting for at least 10% of the total in any of the last two years, the amount and percentage of the purchases (sales), and reason for increase/decrease:

(1) Information of major suppliers:

Unit: NT\$ thousand

	2024				2025			
Item	Name	Amount	As a percentage of the annual net purchase (%)	Relations with the issuer	Name	Amount	As a percentage of the annual net purchase (%)	Relations with the issuer
1	Company Five	205,742	31.09%	None	Company Five	133,762	30.28%	None
2	Group Eight	117,396	17.74%	None	Group Eight	0	0.00%	None
3	Compal Electronics, Inc.	78,122	11.81%	Parent company	Compal Electronics, Inc.	35,407	8.02%	Parent company
4	Company Eleven	0	0.00%	None	Company Eleven	56,906	12.88%	None
	Other	260,503	39.36%		Other	215,640	48.82	
	Net purchase	661,763	100.00%		Net purchase	441,715	100.00%	

Reason for the change: There were no significant changes in the primary suppliers. In 2025, no purchases were made from Group Eight. Purchases from Company Eleven increased due to customers designating specific suppliers for certain components.

(2) Information of major sales

Unit: NT\$ thousand

	2024				2025			
Item	Name	Amount	As a percentage of the annual net sales (%)	Relations with the issuer	Name	Amount	As a percentage of the annual net sales (%)	Relations with the issuer
1	Group I	359,494	38.17%	None	Group I	284,712	47.62%	None
2	Group K	164,841	17.50%	None	Group K	70,502	11.79%	None
3	Group L	95,196	10.11%	None	Group L	76,023	12.72%	None
4	Company K	112,950	11.99%	None	Company K	0	0.00%	None
	Other	209,453	22.23%		Other	166,651	27.87%	
	Net sales	941,934	100.00%		Net sales	597,888	100.00%	

Reason for the change: The market competition is intense, and the performance of each customer varies. Therefore, there are differences in sales to individual customers.

III 、 The number, average years of service, average age, and distribution of education attainment of in-service employees during the most recent two years

Unit: persons; years old; year

Year		2024	2025	April 24, 2026
Number of employees	Direct employees	—	—	—
	Indirect employees	94	88	69
	Total	94	88	69
Average age		37.93	36	38.31
Average years of service		5.44	4.1	5.31
Education distribution percentage (%)	Ph.D.	1.06%	0.00%	0.00%
	Master's degree	37.23%	36.36%	40.58%
	College	59.57%	61.37%	59.42%
	Below senior high school	2.13%	2.27%	0.00%

IV 、 Disbursements for environmental protection

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The operation of the Company generates none of special pollution; therefore, there is no amount of loss or compensation from environmental pollution, and no such expenditure is expected in the future years.

V 、 Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

1. Employee benefit plans

The Company provides employee welfare measures in accordance with applicable laws, including labor insurance, national health insurance, the new labor pension scheme, and employee group insurance. The Employee Welfare Committee has been established, and welfare funds are allocated in compliance with relevant regulations. In addition to subsidies for employees' marriage, funeral, illness, and maternity events, the Company regularly organizes sports activities, birthday celebrations, and social gatherings to promote employee well-being and strengthen internal interaction. The Company also provides birthday and holiday gift vouchers, annual employee health examinations, hospitalization allowances for employees and their dependents, and lucky draws during the year-end banquet as part of its welfare programs.

To support the government's fertility encouragement policy and align with the Group's initiatives, the Company provides a generous cash bonus for employees upon childbirth.

2. Continuing education, training, and implementation thereof

The Company regards the Company's employees as important assets, and values talent cultivation, to arrange professional on-the-job training courses and management courses for employees based on the needs of each function, including: internal classes and external training from time to time, to integrate internal and external resources of the enterprise, and cultivates talents in a planned way to cultivate talents with rich professional challenging abilities.

3. Retirement systems, and implementation thereof

According to the new labor retirement system of the Labor Pension Act, the Company contributes 6% of the total month salary of employees as a pension and deposit it into the individual pension account with the Bureau of Labor Insurance.

4. Status of labor-management agreements and measures for preserving employees' rights and interests

The Company values employee welfare and care, regularly holds labor-management meetings, and provides channels for employees to appeal, to maintain the smooth labor-management communication channels, so that all difficulties, needs and problems of employees can be valued and properly handled by managers at all levels.

5. Employee's code of conduct

The Company has established the "Ethical Corporate Management Best Practice Principles;" all employees of the Company should strictly observe the Company's business ethics policy when engaging in daily work and business, maintain the Company's reputation, and gain the respect and trust of customers, suppliers and other people from all society. The main contents are:

- (1) Employees should avoid any conflict or possible influence between personal interests and Company interests.
- (2) For suppliers, customers, and other people from the society related to the Company's business, the highest business ethics standards must be maintained, and any gifts, money, and entertainment must not be accepted or given to affect normal business relationships and judgments. Any form of bribery should be absolutely prohibited.
- (3) Employees of the Company shall not disclose any confidential business information or intellectual property of the Company to any other person, manufacturer or companies without authorization during their service and after resignation.
- (4) All employees are responsible for complying with this policy and related procedures. The management at all levels will fully implement and ensure that their subordinates understand, accept and observe relevant regulations.

6. Work environment and employee personal safety protection measures

Starting from designing various software and hardware facilities in the office environment, the Company deems the safety of employees the first priority, to ensure that employees to get the greatest protection when they are working. All entrances and exits of the Company are equipped with access control card reading devices. Tai Yuen Hi-Tech Industrial Park where the Company is located is equipped with AEDs, and security personnel guard the park 24 hours to ensure the personal safety of employees.

The Company's various electromechanical or fire-fighting equipment (such as fire alarms or fire extinguishers) are regularly maintained or serviced according to the specified time to ensure that they are in the best available condition.

In addition, the COVID-19 pandemic cannot be overlooked yet. To reduce the risk of employee infection, the Company has actively deployed the following pandemic prevention measures:

- (1) Prepare appropriate and sufficient pandemic containment items (such as masks, alcohol, thermometers, thermal imaging cameras, and rapid screening reagents).
- (2) Establish temperature measurement and screening measures to strengthen labor health management.
- (3) Strengthen the cleaning and disinfection of all areas of the workplace.
- (4) Strengthen education and training on workplace infection prevention and labor self-protection.
- (5) Conduct pandemic containment information investigations, monitor the personal health status of employees, and take necessary tracking and management measures.
- (6) Strengthen drills for alternative/ divided work and working from home.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

- The Company's labor relations have always been harmonious, and there has been no loss due to labor disputes, nor any loss due to labor disputes is expected in the coming years.
- Possible expenses that could be incurred currently and, in the future, and measures being or to be taken: None.

VI 、 Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

1. Cyber security risk management:

(i) Information security management system:

As information security is becoming increasingly important to industries nowadays, the Company's President Office and Information Unit must strengthen relevant operations pursuant to international standards, to meet relevant requirements of regulations, contracts, and customers and suppliers, while obtaining international certification to ensure the effectiveness of relevant operations.

(ii) Information security risk management framework

To maintain the Company's information security, the Company has established the Operation Management Committee, an information security management representative (dedicated personnel), a document editing team, a risk management and evaluation team, and an internal audit team to manage related information security risks. Every six months, the information security management representative reports the effectiveness of the information security management issues related to information security and the directions, to ensure its continuous suitability, appropriateness and effectiveness.

(iii) Cyber security policies:

Based on the principle of being simple, easy-to remember, consistent to the goal of information security management, the Company disseminate the information security announcement to remind the employees with "three don'ts, four dos, and one without" as the promotion of information security.

(iv) Concrete management programs:

To strengthen the management of information security, a dedicated information security officer and staff will be appointed. Each unit implements relevant operations pursuant to the established information security policies, management procedures, operating guidelines and norms, and implementation operations with regular internal and external audits performed. The purchase of information security insurance is being measured.

(v) Resources Invested in Information Security Management:

To enhance information security, the Company has appointed a Chief Information Security Officer and a dedicated staff member. All departments follow the established policies and procedures.

Information Security Announcements: Key updates on phishing, social engineering, major vulnerabilities, and market news are posted on the Company's intranet.

Training: All new employees receive information security training upon onboarding, ensuring they understand the rules and develop proper security awareness.

Threat Intelligence: As a member of TWCERT/CC and SP-ISAC, the Company collects threat intelligence and takes timely measures to reduce risks.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None of such situations.

VII 、 Important contracts

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Sales contract	Company A	Took effective on July 1, 2015, and either of the parties may terminate the contract upon notice to the other party 12 months in advance.	Commissioned design, R&D, and manufacture of wireless network communication product	Non-disclosure terms
Sales contract	Company B	Took effective on September 9, 2015, and either of the parties may terminate the contract upon notice to the other party 6 months in advance.	Commissioned design, R&D, and manufacture of wireless network communication product	Non-disclosure terms
Purchase contract	Compal Electronics, Inc.	Took effective on July 15, 2016, and either of the parties may terminate the contract upon notice to the other party 6 months in advance.	Commissioning the production of wireless network communication products	Non-disclosure terms
Purchase contract	Company C	Took effective on November 27, 2025, and either of the parties may terminate the contract upon notice to the other party 6 months in advance.	Commissioning the production of wireless network communication products	Non-disclosure terms

Financial Position and Financial Performance Review Analysis and Risk Management

I 、 Financial position

(I) The assets, liabilities, or equity during the past 2 fiscal years

Unit: NT\$ thousand

Accounting item \ Year	2025	2024	Difference	
			Amount	%
Current asset	1,039,779	1,330,429	(290,650)	(21.85)
Property, plant and equipment	109,137	124,520	(15,383)	(12.35)
Other assets	39,805	91,156	(51,351)	(56.33)
Total assets	1,188,721	1,546,105	(357,384)	(23.12)
Current liabilities	269,570	540,658	(271,088)	(50.14)
Non-current liabilities	6,868	26,683	(19,815)	(74.26)
Total liabilities	276,438	567,341	(290,903)	(51.27)
Share capital (including share capital received in advance)	686,977	673,357	13,620	2.02
Capital reserve	318,678	366,459	(47,781)	(13.04)
Retained earnings	(76,207)	(60,856)	(15,351)	25.23
Other equity	(17,165)	(196)	(16,969)	8,657.65
Total equity	912,283	978,764	(66,481)	(6.79)

(II) The main reasons for any material change and the effect thereof

(The change is 20% or more, with amount of NT\$10 million or more)

- A. Current Assets: The decrease was mainly due to reductions in cash and cash equivalents and inventories.
- B. Other Assets: The decrease was mainly due to reductions in right-of-use assets and deferred income tax assets.
- C. Current liabilities: The decrease was mainly due to reductions in accounts payable to related parties and current provisions.
- D. Non-current liabilities: Due to the decreased lease liabilities.
- E. Retained earnings: The net loss of the period decreased the retained earnings.
- F. Other equity: Due to the increased unearned employee benefit

(III) The effect of material changes during the past 2 fiscal years, and the measures to be taken in response

Based on the above analysis, it can be deduced that the major changes in the Company's financial status in the past two years are the impacts from normal operating activities.

II、Financial performance

(I) Operating revenues, operating income, or income before tax during the past 2 fiscal years (consolidated)

Unit: NT\$ thousand

Item \ Year	2025	2024	Amount increased (decrease)	Change percentage (%)
Net operating revenue	597,888	941,934	(344,046)	(36.53)
Operating costs	390,864	775,118	(384,254)	(49.57)
Gross operating profit	207,024	166,816	40,208	24.10
Operating expenses	273,695	309,158	(35,463)	(11.47)
Net operating profit	(66,671)	(142,342)	75,671	(53.16)
Non-operating income and expenses	13,547	(5,596)	19,143	(342.08)
Net profit before tax	(53,124)	(147,938)	94,814	(64.09)
Income tax expense	23,083	18,000	5,083	28.24
Net profit of the period	(76,207)	(165,938)	89,731	(54.08)
Other comprehensive income	697	2	695	34,750.00
Total comprehensive loss and profit of the period	(75,510)	(165,936)	90,426	(54.49)

(II) Main reason of material changes

(The change is 20% or more, with amount of NT\$10 million or more)

1. Net operating revenue, operating costs and gross operating profit: The decline in revenue was primarily attributable to delays in production line adjustments by contract manufacturers, which adversely affected production quality and output efficiency. However, adjustments in the product and customer mix led to a decrease in operating costs, resulting in an increase in both gross profit and gross margin.
2. Operating expenses: Decreased due to strengthened expense control.
3. Non-operating income and expenses: The decrease was mainly due to a lower net gain from financial assets (liabilities) measured at fair value through profit or loss and in losses from the disposal of property, plant, and equipment.
4. Net operating profit, net profit before tax, net profit for the current period, and total comprehensive income for the current period: As noted in Points 1 and 2 above, the improvement was mainly due to adjustments in product and customer mix, as well as strengthened expense control.

(III) Expected sales volume and the basis thereof

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.

(IV) Possible effect upon the company's finance and operations as well as measures to be taken in response

To cope with the growth of operations, the Company has formulated appropriate financial strategies. For the capital requirement plan for the year, please refer to the liquidity analysis for the coming year in this annual report.

III 、Cash flows (consolidated)

(I) Analysis of changes in cash flows during the most recent year

Unit: NT\$ thousand

Beginning balance of cash	Net cash flow from operating activities for the whole year	Net cash flow from investing and financing activities for the whole year	Effect from exchange rate	Amount of remaining cash	Remedial measures for cash flow deficit	
					Investing plan	Financing plan
520,103	(121,200)	(43,956)	872	355,819	None	None

1. Net cash outflow from operating activities: Mainly due to payments of accounts payable.
2. Net cash outflow from investing activities: Mainly due to the acquisition of property, plant and equipment.
3. Net cash outflow from financing activities: Mainly due to distribution of dividends.

(II) Corrective measures to be taken in response to illiquidity: Not applicable.

(III) Liquidity analysis for the coming year:

Unit: NT\$ thousand

Beginning balance of cash	Expected net cash flow from operating activities for the whole year	Expected net cash flow from investing and financing activities for the whole year	Expected amount of remaining cash	Expected remedial measures for cash flow deficit	
				Investing plan	Financing plan
355,819	(122,693)	(19,165)	213,961	None	None

1. Net cash inflow from operating activities: The projection of cash inflow generated from operating activities.
2. Net cash outflow from investing and financing activities: Mainly the expected increased capital expenditure and payment of lease liabilities.

IV 、Influence of major capital expenditures on finance and business in the most recent year

(I) Allocation of major capital expenditures and source of capital: None.

(II) Expected possible benefits: None.

V 、 Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) Reinvestment policy for the most recent fiscal year

The Company's reinvestment strategy is mainly to strengthen the scale of operations and focus on the development of the broadband wireless network industry, to accumulate the Company's core resources.

(II) The main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability:

The reinvestment of the Company, Compal Broadband Networks Belgium BVBA and Compal Broadband Networks Netherlands B.V. generated losses due to government levies and insurance premiums before operation in the initial stage of establishment. This situation will be improved when the scale of operation is stabilized in the future.

Sarmems Semiconductor is still in its start-up stage, the improvement is expected when the new-generation MEMS microphone is developed and the sales of such is promoted.

(III) Investment plans for the coming year:

There is no investment plan with material amount in the coming year for the time being.

VI 、 Risks

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate during the most recent fiscal year up to the date of publication of the annual report, and response measures to be taken in the future.

1. The effect upon the Company's profits (losses) of interest rate fluctuations and response measures to be taken in the future

The interest income of the Company and its subsidiaries in 2024 and 2025 was NT\$6,160 thousand and NT\$6,671 thousand, accounting for 0.65%, and 1.12%, and -4.16% and -12.56% of the revenue and net profits (losses) before tax of each period. In addition, the interest expense of the Company and its subsidiaries in 2024 and 2025 was NT\$583 thousand and NT\$339 thousand, accounting for 0.06% and 0.06%, and -0.39% and -0.64% of the revenue and net profits (losses) before tax of each period. Overall, interest rate fluctuation have no significant effect on the profits and losses of the Company and its subsidiaries. The Company maintains good credit relationships with banks, and collects interest rate related information. When the Company's operation scale expands in the future and there is a need for funds, it can obtain preferential interest rate conditions.

2. The effect upon the Company's profits (losses) of exchange rate fluctuations and response measures to be taken in the future

The net exchange gain of the Company and its subsidiaries in 2025 were NT\$3,770 thousand, accounting for 0.63% of the net operating revenue. The exchange rate risk to which the Company and the subsidiaries are exposed to is the effect of fluctuating exchange rates of USD and EUR; the sensitivity analysis is as below:

- (1) When USD appreciates (depreciates) 5% against TWD, the profit and loss of 2025 will increase or decrease by NT\$4,715 thousand.
- (2) When EUR appreciates (depreciates) 5% against TWD, the profit and loss of 2025 will increase or decrease by NT\$1,928 thousand.

The specific measures taken by the Company and its subsidiaries in response to exchange rate fluctuation are as follows

- A. In addition to the natural hedging effect of the purchase and sale of goods denominated in foreign currencies, for the net foreign currency positions, the exchange rate market information, the movement, and trend forecasts are collected and evaluated by financial staff all the time, to make exchange whenever needed to lower the risk.
 - B. The Company maintains close contact with major banks, to fully grasp the changes in the foreign exchange market, and provide the information to relevant personnel as a basis for quotations, for reflecting changes in exchange rates in a timely manner.
 - C. The Company has established the “Operational Procedures for the Acquisition and Disposal of Assets” to regulate the operational procedures of derivative transactions. In addition, necessary measures may be taken depending on foreign currency positions and exchange rate changes to reduce the exchange rate risks arising from the Company’s business operations.
 - D. When sales persons offer quotations, factors arising from exchange rate fluctuation are considered together to avoid the risk of exchange rate fluctuations.
3. The effect upon the company’s profits (losses) of changes in the inflation rate and response measures to be taken in the future

The profits and losses of the Company and its subsidiaries in the past have not been significantly affected by inflation. If the purchase cost increases due to inflation, the Company and its subsidiaries will also adjust the sales price in due course accordingly.

(II) The company’s policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby during the most recent fiscal year up to the date of publication of the annual report; and response measures to be taken in the future

1. The policy regarding high-risk investments, highly leveraged investments, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

During the most recent fiscal year up to the date of publication of the annual report, the Company and the subsidiaries have not engaged in high-risk and highly leveraged investment based on the principle of conservativeness and robustness. In the future, any investment made by the Company and the subsidiaries will be implemented pursuant to the internal regulations after prudential assessments.

2. The policy regarding loans to other parties, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

During the most recent fiscal year up to the date of publication of the annual report, the Company and the subsidiaries have not loaned any funds to others. Additionally, upon the approval resolved by the shareholders’ meeting, the “Operational Procedures for Loaning of Funds to Others” have been established to be complied with in the future if any fund is to be loaned to other as required by the business.

3. The policy regarding endorsements and guarantee, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

During the most recent fiscal year up to the date of publication of the annual report, the Company and the subsidiaries have not made any endorsement/guarantee to others. Additionally, upon the approval resolved by the shareholders' meeting, the "Operational Procedures for Making Endorsement and Guarantee" have been established to be complied with in the future if any endorsement/guarantee will be made to others.

4. The policy regarding derivatives transactions, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

As of December 31, 2025 and March 31, 2026, the Company and its subsidiaries did not hold any derivative financial instruments.

In 2025 and the first quarter of 2026, the recognized losses from the derivative trading (including foreign exchange forwards and foreign exchange swap contracts) engaged by the Company and its subsidiaries and were NT\$4,923 thousand and NT\$0 thousand, respectively; the Company has entered contracts of derivative trading with several banks, mainly aiming to avoid the market risks that may arise from the exchange rate and interest rate fluctuations of the net positions of assets and liabilities denominated in foreign currencies. They are not used for arbitrage and speculation, so the market risk is not large. In addition, other than the regulations promulgated by competent authorities and generally accepted accounting standards, upon the approval resolved by the shareholders' meeting, the "Operational Procedures for the Acquisition and Disposal of Assets" and the "Operational Procedures for Engaging in Derivative Trading" have been established to regulate the procedures of engaging in derivative transactions.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work during the most recent fiscal year up to the date of publication of the annual report:

The future research and development plan of the Company and its subsidiaries is mainly to develop value-added innovative network and smart home products, and to strengthen the development of new products and key technologies. The growth of business scale will gradually increase the annual research and development expenses to support future research and development plans and increase market competitiveness; it is estimated the research and development expenses to be invested in 2026 will be approximately NT\$195,875 thousand.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response during the most recent fiscal year up to the date of publication of the annual report:

The Company complies with the important policies and legal changes of the competent authority on corporate governance, Company Act and Securities and Exchange Act. Moreover, the Company's operations have always been in compliance with relevant laws and regulations at home and abroad. The Company and its subsidiaries also collect information on changes in relevant policies and laws at any time, and consult relevant professionals to provide reference to the management.

(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response during the most recent fiscal year up to the date of publication of the annual report:

The Company and its subsidiaries monitor the technology, development and changes related to the industry in which it operates and quickly grasp the industry trends. Coupled with the continuous improvement of research and development capabilities, technological changes and industrial changes will not have a major effect on the Company's finance and business.

- Information security management risk:

1. Risk of cyber attack

The Company has established a network and computer security protection system to control or maintain important business functions such as the Company's operations and accounting, but it cannot guarantee that its computer system can completely prevent network attacks from any third-party aiming to paralyzing system. These cyber attacks invade the Company's internal network system illegally and conduct activities such as disrupting the Company's operations and damaging the Company's reputation. In the event of a serious cyber attack, the Company's operating system may lose important company data and be shut down indefinitely due to unresolved issues under attack.

The Company reviews and evaluates its network security procedures every year to ensure its adequacy and effectiveness, but it cannot guarantee that the Company will not be affected by new risks and attacks in the ever-changing network security threats. Cyber attacks may also attempt to steal the Company's trade secrets, other intellectual property and confidential information, such as proprietary information of customers or other stakeholders, and personal information of employees. Malicious hackers can also try to introduce computer viruses, destructive software or ransomware into the Company's network system to interfere with the Company's operations, regain control over the computer system, to blackmail the Company or spy on confidential information. These attacks may cause the Company to compensate customers for losses due to delay or interruption of orders; or to undertake remedial and improvement measures at huge costs to strengthen the Company's network security system, while involving the Company in the relevant legal cases or regulatory investigations, and where the Company assumes material legal responsibility to the leakage of customer or third-party information to which the Company is obliged for confidentiality.

As of the publication date of the annual report, the Company has not discovered any major cyber attacks or incidents that have or may have a material adverse effect on the Company's business and operations, nor has it been involved in any related legal cases or regulatory investigations.

2. Damage of information system

The information system structure establishes host backup and off-site data backup mechanisms based on its risk level, to reduce the risk of service interruption; the backup media is sent to off-site storage for custody, and the inspection of operating mainframes and contingency drills are enhanced to ensure the normal operation of the information system and data preservation, to reduce the risk of system interruption caused by unpredicted natural disasters and human errors, and ensure that the expected target timeframe of system recovery to be met.

To restore business as soon as possible and reduce possible losses and risks when information system damage occurs, emergency contingency drills are conducted every year to evaluate the importance of the functions, as well as the risks and impacts on operations, for planning, designing and upgrading appropriate hardware and software devices, improving operating process. For the information security risk control, the Company has established and implemented an information security management system, formulated information security policy documents to regulate the Company's information security, while regularly conducting information security risk assessments and internal and external audit for information security cycle, to ensure the effectiveness of the management system and compliance with laws and regulations.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response during the most recent fiscal year up to the date of publication of the annual report:

The Company and its subsidiaries have always insists the operating principles of professionalism and ethics, focusing on the core business operations, complying with laws and regulations, implementing risk control and maintaining the corporate image. As of the publication date of this annual report, the Company and its subsidiaries have not no crisis management resulted from changes in corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report: None.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report:

A. Consolidation of purchase

The Company and its subsidiaries primarily focus on research and development and sales operations. Products are mainly manufactured through outsourced production arrangements to enhance manufacturing efficiency and supply flexibility. In the past, products were primarily manufactured by contract manufacturers within the Compal Group, based on the Group's operational division model, in order to maintain product quality and production stability.

To mitigate supplier concentration risk and strengthen supply chain management, the Company has commenced production adjustments in 2026 and established cooperative relationships with additional contract manufacturers to further enhance supply stability and supply chain flexibility.

B. Consolidation of sales

The business model of the Company and its subsidiaries is in-house brand promotion oriented. With excellent R&D and design capabilities, the Company can quickly provide customized products meeting customer needs. Therefore, the Company's sales targets are mainly international manufacturers, distributed in Europe, Americas, Asia and other places around the world, the two parties have close and nice business relationships and cooperation. However, in addition to continuing to stabilize existing customer sources, the Company is also actively expanding and developing new customer sources to diversify the risk of consolidated sales.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report: None.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken during the most recent fiscal year up to the date of publication of the annual report: None.

(XII) List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report during the most recent fiscal year up to the date of publication of the annual report: None.

(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII 、 Other important matters: None.

Special items to be included

I 、 Information related to the company's affiliates

For related information, please visit the Market Observation Post System (MOPS) at https://mopsov.twse.com.tw/mops/web/t57sb01_q10, and select “Electronic Document Download / Affiliated Enterprises Disclosure Section” under the individual company tab.

II 、 Private placement of securities in the most recent year up to the publication date of this annual report: None.

III 、 Other necessary supplementary information: None.

IV 、 Any event as specified in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders' rights and interest or securities prices occurred to the company during the most recent year and up to the publication date of this annual report: None.

Compal Broadband Networks, Inc.



Chairman: Peng, Sheng-Hua



President: Wang, Yu-Ho

