

**COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2025 and 2024**

Address: No.581 & 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan
Telephone: (02)8797-8588

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安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

Independent Auditors' Review Report

To COMPAL ELECTRONICS, INC.:

Introduction

We have reviewed the accompanying consolidated balance sheets of COMPAL ELECTRONICS, INC. and its subsidiaries (the "Group") as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$43,144,108 thousand and \$43,802,875 thousand, constituting 9.9% and 9.9% of consolidated total assets as of March 31, 2025 and 2024, respectively, total liabilities amounting to \$16,113,002 thousand and \$16,601,029 thousand, constituting 5.6% and 5.4% of consolidated total liabilities as of March 31, 2025 and 2024, respectively, and the absolute value of total comprehensive income (loss) amounting to \$(55,041) thousand and \$14,270 thousand, constituting 2.5% and 0.2% of consolidated total comprehensive income (loss) respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of COMPAL ELECTRONICS, INC. and its subsidiaries as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Kuan-Ying Kuo and Yiu-Kwan Au.



KPMG

Taipei, Taiwan (Republic of China)
May 14, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2025, December 31, 2024, and March 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2025		December 31, 2024		March 31, 2024				March 31, 2025		December 31, 2024		March 31, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note (6)(a))	\$ 83,502,479	19.3	78,947,882	17.1	84,446,451	19.1	2100	Short-term borrowings (Notes (6)(f) and (6)(n))	\$ 52,789,625	12.2	57,900,401	12.5	64,637,821	14.6
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	494	-	145,132	-	7,107	-	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	222,755	-	-	-	24,629	-
1135	Current financial assets for hedging (Note (6)(d))	-	-	-	-	7,235	-	2125	Current financial liabilities for hedging (Note (6)(d))	42,761	-	-	-	-	-
1136	Current financial assets at amortized cost (Note (6)(e))	5,214,134	1.2	5,103,852	1.1	-	-	2130	Current contract liabilities (Note (6)(v))	3,359,408	0.8	3,263,230	0.7	740,656	0.2
1170	Notes and accounts receivable, net (Note (6)(f))	176,238,489	40.6	193,396,543	41.7	171,609,254	38.8	2170	Notes and accounts payable	136,655,839	31.5	148,979,182	32.1	149,116,505	33.7
1180	Notes and accounts receivable due from related parties, net (Notes (6)(f) and (7))	4,724,035	1.1	7,404,318	1.6	4,091,244	0.9	2180	Notes and accounts payable to related parties (Note (7))	7,876,471	1.8	9,753,530	2.1	5,423,553	1.2
1200	Other receivables, net (Notes (6)(f) and (7))	2,469,186	0.6	3,412,241	0.7	3,603,820	0.8	2200	Other payables (Note (7))	26,772,664	6.2	30,179,496	6.5	29,212,915	6.6
1310	Inventories (Notes (6)(g) and (8))	78,483,550	18.1	84,831,955	18.3	102,548,822	23.2	2216	Dividends payable	7,207,701	1.7	34	-	6,268,430	1.4
1470	Other current assets (Note (8))	6,088,510	1.4	6,279,718	1.4	6,381,829	1.4	2230	Current tax liabilities	7,825,890	1.8	7,214,833	1.6	8,242,814	1.8
		356,720,877	82.3	379,521,641	81.9	372,695,762	84.2	2280	Current lease liabilities (Note (6)(p))	1,985,017	0.5	1,955,763	0.4	2,036,131	0.5
Non-current assets:								2300	Other current liabilities	6,439,954	1.5	5,829,977	1.3	4,576,072	1.0
1550	Investments accounted for using equity method (Notes (6)(h) and (7))	7,361,427	1.7	7,344,492	1.6	7,368,992	1.7	2365	Current refund liabilities	3,060,459	0.7	3,672,551	0.8	3,544,466	0.8
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	2,436,591	0.6	1,359,358	0.3	1,316,909	0.3	2322	Long-term borrowings, current portion (Note (6)(o))	12,212,175	2.8	14,303,150	3.1	10,928,149	2.5
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	16,421,215	3.8	23,755,567	5.1	9,697,199	2.2		Non-Current liabilities:	266,450,719	61.5	283,052,147	61.1	284,752,141	64.3
1600	Property, plant and equipment (Notes (6)(l), (6)(m) and (8))	30,568,876	7.0	31,103,899	6.7	30,229,187	6.8	2540	Long-term borrowings (Note (6)(o))	11,046,149	2.6	12,235,001	2.6	15,205,798	3.4
1755	Right-of-use assets (Notes (6)(m) and (8))	13,200,397	3.0	13,350,548	2.9	13,825,844	3.1	2570	Deferred tax liabilities	2,791,335	0.6	3,998,864	0.9	2,053,530	0.5
1780	Intangible assets	1,688,239	0.4	1,718,456	0.4	2,011,900	0.4	2580	Non-current lease liabilities (Note (6)(p))	5,256,384	1.2	6,777,080	1.4	6,968,765	1.6
1840	Deferred tax assets	2,927,693	0.7	2,839,073	0.6	3,588,295	0.8	2640	Non-current net defined benefit liability	525,326	0.1	534,651	0.1	645,915	0.1
1990	Other non-current assets (Note (8))	2,287,967	0.5	2,548,673	0.5	2,150,451	0.5	2670	Non-current liabilities, others (Note (6)(h))	401,080	0.1	478,182	0.1	427,822	0.1
		76,892,405	17.7	84,020,066	18.1	70,188,777	15.8		Total liabilities	20,020,274	4.6	24,023,778	5.1	25,301,830	5.7
										286,470,993	66.1	307,075,925	66.2	310,053,971	70.0
Total assets		\$ 433,613,282	100.0	463,541,707	100.0	442,884,539	100.0	Equity:							
								Equity attributable to owners of parent (Note (6)(s)):							
								3110	Ordinary share	44,071,466	10.2	44,071,466	9.5	44,071,466	10.0
								3200	Capital surplus	3,610,035	0.8	3,472,941	0.8	3,470,231	0.8
								3300	Retained earnings	74,291,106	17.1	78,213,219	16.9	70,031,501	15.8
								3400	Other equity interest	12,710,181	2.9	17,588,331	3.8	3,544,004	0.8
								3500	Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)	(881,247)	(0.2)
										133,801,541	30.8	142,464,710	30.8	120,235,955	27.2
								36XX	Non-controlling interests	13,340,748	3.1	14,001,072	3.0	12,594,613	2.8
									Total equity	147,142,289	33.9	156,465,782	33.8	132,830,568	30.0
								Total liabilities and equity		\$ 433,613,282	100.0	463,541,707	100.0	442,884,539	100.0

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	Net sales revenue (Notes (6)(v) and (7))	\$ 199,097,957	100.0	199,571,114	100.0
5000	Cost of sales (Notes (6)(g), (6)(q), (7) and (12))	<u>188,654,464</u>	<u>94.8</u>	<u>189,781,959</u>	<u>95.1</u>
	Gross profit	<u>10,443,493</u>	<u>5.2</u>	<u>9,789,155</u>	<u>4.9</u>
	Operating expenses: (Notes (6)(q) and (12))				
6100	Selling expenses	1,500,367	0.7	1,366,880	0.7
6200	Administrative expenses	1,308,952	0.6	1,303,379	0.7
6300	Research and development expenses	<u>4,927,979</u>	<u>2.5</u>	<u>4,281,067</u>	<u>2.1</u>
		<u>7,737,298</u>	<u>3.8</u>	<u>6,951,326</u>	<u>3.5</u>
	Net operating income	<u>2,706,195</u>	<u>1.4</u>	<u>2,837,829</u>	<u>1.4</u>
	Non-operating income and expenses:				
7100	Interest income (Note (6)(x))	745,895	0.4	1,038,405	0.5
7210	Other gains and losses, net (Notes (6)(x) and (6)(z))	824,639	0.4	267,242	0.2
7050	Finance costs (Note (6)(p))	(740,783)	(0.4)	(1,014,820)	(0.5)
7190	Other income (Note (6)(x))	91,320	-	87,329	-
7590	Miscellaneous disbursements	(16,029)	-	(2,546)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(h))	<u>(184,314)</u>	<u>(0.1)</u>	<u>(241,527)</u>	<u>(0.1)</u>
	Total non-operating income and expenses	<u>720,728</u>	<u>0.3</u>	<u>134,083</u>	<u>0.1</u>
7900	Profit from continuing operations before tax	3,426,923	1.7	2,971,912	1.5
7950	Less: Income tax expenses (Note (6)(r))	<u>788,332</u>	<u>0.4</u>	<u>674,099</u>	<u>0.3</u>
	Profit	<u>2,638,591</u>	<u>1.3</u>	<u>2,297,813</u>	<u>1.2</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (Note (6)(q))	1,574	-	(756)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(7,217,492)	(3.6)	481,302	0.2
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(19,858)	-	(10,361)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(r))	<u>(1,299,978)</u>	<u>(0.7)</u>	<u>90,143</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(5,935,798)</u>	<u>(2.9)</u>	<u>380,042</u>	<u>0.2</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	1,073,570	0.5	3,390,524	1.7
8368	Gains (losses) on hedging instrument (Note (6)(y))	(42,761)	-	21,480	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	74,019	-	217,446	0.1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(r))	<u>(7,879)</u>	<u>-</u>	<u>4,516</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>1,112,707</u>	<u>0.5</u>	<u>3,624,934</u>	<u>1.8</u>
8300	Other comprehensive income (after tax)	<u>(4,823,091)</u>	<u>(2.4)</u>	<u>4,004,976</u>	<u>2.0</u>
8500	Total comprehensive income	<u><u>\$ (2,184,500)</u></u>	<u><u>(1.1)</u></u>	<u><u>6,302,789</u></u>	<u><u>3.2</u></u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 2,191,229	1.1	1,890,833	1.0
8620	Profit, attributable to non-controlling interests	<u>447,362</u>	<u>0.2</u>	<u>406,980</u>	<u>0.2</u>
		<u><u>\$ 2,638,591</u></u>	<u><u>1.3</u></u>	<u><u>2,297,813</u></u>	<u><u>1.2</u></u>
	Comprehensive income attributable to:				
8710	Comprehensive income (loss), attributable to owners of parent	\$ (2,630,258)	(1.3)	5,821,791	2.9
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>445,758</u>	<u>0.2</u>	<u>480,998</u>	<u>0.3</u>
		<u><u>\$ (2,184,500)</u></u>	<u><u>(1.1)</u></u>	<u><u>6,302,789</u></u>	<u><u>3.2</u></u>
	Earnings per share (Note (6)(u))				
9750	Basic earnings per share	<u><u>\$ 0.50</u></u>		<u><u>0.43</u></u>	
9850	Diluted earnings per share	<u><u>\$ 0.50</u></u>		<u><u>0.43</u></u>	

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													
	Retained earnings						Total other equity interest							
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings								
Balance at January 1, 2024	\$ 44,071,466	4,270,915	23,313,701	1,943,104	47,291,350	72,548,155	(1,747,330)	1,363,472	(3,436)	(387,294)	(881,247)	119,621,995	13,150,858	132,772,853
Profit for the three months ended March 31, 2024	-	-	-	-	1,890,833	1,890,833	-	-	-	-	-	1,890,833	406,980	2,297,813
Other comprehensive income	-	-	-	-	(340)	(340)	3,538,921	386,710	5,667	3,931,298	-	3,930,958	74,018	4,004,976
Total comprehensive income	-	-	-	-	1,890,493	1,890,493	3,538,921	386,710	5,667	3,931,298	-	5,821,791	480,998	6,302,789
Appropriation and distribution of retained earnings:														
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	54	-	-	-	-	-	-	-	-	-	54	-	54
Changes in equity of associates and joint ventures accounted for using equity method	-	19,611	-	-	-	-	-	-	-	-	-	19,611	-	19,611
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Others	-	1,059	-	-	-	-	-	-	-	-	-	1,059	-	1,059
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,037,243)	(1,037,243)
Balance at March 31, 2024	\$ 44,071,466	3,470,231	23,313,701	1,943,104	44,774,696	70,031,501	1,791,591	1,750,182	2,231	3,544,004	(881,247)	120,235,955	12,594,613	132,830,568
Balance at January 1, 2025	\$ 44,071,466	3,472,941	24,012,325	387,294	53,813,600	78,213,219	4,203,807	13,384,524	-	17,588,331	(881,247)	142,464,710	14,001,072	156,465,782
Profit for the three months ended March 31, 2025	-	-	-	-	2,191,229	2,191,229	-	-	-	-	-	2,191,229	447,362	2,638,591
Other comprehensive income	-	-	-	-	-	-	1,123,179	(5,933,386)	(11,280)	(4,821,487)	-	(4,821,487)	(1,604)	(4,823,091)
Total comprehensive income	-	-	-	-	2,191,229	2,191,229	1,123,179	(5,933,386)	(11,280)	(4,821,487)	-	(2,630,258)	445,758	(2,184,500)
Appropriation and distribution of retained earnings:														
Cash dividends of ordinary share	-	-	-	-	(6,170,005)	(6,170,005)	-	-	-	-	-	(6,170,005)	-	(6,170,005)
Changes in equity of associates and joint ventures accounted for using equity method	-	65,930	-	-	2,636	2,636	-	(2,636)	-	(2,636)	-	65,930	-	65,930
Adjustments of capital surplus for cash dividends received by subsidiaries	-	70,024	-	-	-	-	-	-	-	-	-	70,024	-	70,024
Others	-	1,140	-	-	-	-	-	-	-	-	-	1,140	-	1,140
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	54,027	54,027	-	(54,027)	-	(54,027)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,106,082)	(1,106,082)
Balance at March 31, 2025	\$ 44,071,466	3,610,035	24,012,325	387,294	49,891,487	74,291,106	5,326,986	7,394,475	(11,280)	12,710,181	(881,247)	133,801,541	13,340,748	147,142,289

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,426,923	2,971,912
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	1,759,244	1,754,728
Expected credit loss	(23,195)	67,412
Net gain on financial assets or liabilities at fair value through profit or loss	(237,740)	(39,114)
Finance cost	740,783	1,014,820
Interest income	(745,895)	(1,038,405)
Dividend income	(14,456)	(4,039)
Compensation cost of share-based payments	-	822
Share of loss of associates and joint ventures accounted for using equity method	184,314	241,527
Losse (gain) on disposal of property, plant and equipment	1,431	(14,943)
Gain on lease modification	(371)	-
Total adjustments to reconcile profit	1,664,115	1,982,808
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss	144,638	44,955
Decrease in notes and accounts receivable	19,860,109	17,933,703
Decrease (increase) in other receivable	546,386	(1,006,031)
Decrease (increase) in inventories	6,348,405	(7,446,130)
Increase in other current assets	(120,441)	(1,151,262)
Decrease in other non-current assets	63,151	99,776
Total changes in operating assets	26,842,248	8,475,011
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	222,755	(139,906)
Increase (decrease) in contract liabilities	96,178	(26,671)
Decrease in notes and accounts payable	(14,200,402)	(4,455,926)
Decrease in other payables	(3,116,179)	(1,617,846)
Decrease in refund liabilities	(612,092)	(28,675)
Increase in other current liabilities	609,977	1,259,867
Others	(7,751)	(6,113)
Total changes in operating liabilities	(17,007,514)	(5,015,270)
Total changes in operating assets and liabilities	9,834,734	3,459,741
Total adjustments	11,498,849	5,442,549
Cash inflow generated from operations	14,925,772	8,414,461
Interest received	1,220,489	915,555
Dividends received	14,456	4,039
Interest paid	(1,028,951)	(1,059,311)
Income taxes paid	(164,894)	(24,595)
Net cash flows from operating activities	14,966,872	8,250,149
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(110,282)	-
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(522,677)	(128,673)
Proceeds from disposal of financial assets at fair value through other comprehensive income	109,677	-
Acquisition of investments accounted for using equity method	(134,605)	-
Acquisition of property, plant and equipment	(1,545,520)	(1,414,751)
Proceeds from disposal of property, plant and equipment	39,164	102,121
Acquisition of intangible assets	(82,572)	(691,698)
Decrease (increase) in restricted assets	311,429	(36,441)
Others	(41,377)	(35,889)
Net cash flows used in investing activities	(1,976,763)	(2,205,331)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term borrowings	(5,110,776)	5,663,550
Proceeds from long-term borrowings	11,492,449	10,364,197
Repayments of long-term borrowings	(14,772,276)	(10,900,867)
Payment of lease liabilities	(1,539,779)	(1,573,531)
Others	(83,312)	(92,302)
Net cash flows (used in) from financing activities	(10,013,694)	3,461,047
Effect of exchange rate changes on cash and cash equivalents	1,578,182	2,461,106
Net increase in cash and cash equivalents	4,554,597	11,966,971
Cash and cash equivalents at beginning of period	78,947,882	72,479,480
Cash and cash equivalents at end of period	\$ 83,502,479	84,446,451

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2025 and 2024

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

(1) Company history

Compal Electronics, Inc. (“the Company”) was incorporated in June 1984 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No.581 and No.581-1 Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged its subsidiary, Compal Communications, Inc. (“CCI”) (the “Merger”), pursuant to the resolutions of the Board of Directors in November 2013. The Company was the surviving company and CCI was the dissolved company. The effective date of the Merger was February 27, 2014. The Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”) primarily are involved in the manufacture and sale of notebook personal computers (“notebook PCs”), monitors, LCD TVs, mobile phones and various components and peripherals.

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

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on May 14, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the guidelines of IAS 34 Interim Financial Reporting which are endorsed by the FSC. These consolidated interim financial statements do not include all of the information required by the Regulations and by the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual financial statements.

Except as described in the following paragraph, the significant accounting policies used in the interim financial statement are consistent with the consolidated financial statement for the year ended December 31, 2024. For related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2024.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are consistent with the consolidated financial statement for the year ended December 31, 2024. For related information, please refer to note (4)(c) of the consolidated financial statement for the year ended December 31, 2024.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The list of subsidiaries in the consolidated financial statements as follows:

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	100%	Panpal held 31,648 thousand shares of the Company as of March 31, 2025, which represented 0.7% of the Company's outstanding shares. (Note 2 and 3)
"	Gempal Technology Corp. ("Gempal")	"	100%	100%	100%	Gempal held 18,369 thousand shares of the Company as of March 31, 2025, which represented 0.4% of the Company's outstanding shares. (Note 2 and 3)
"	Hong Ji Capital Co., Ltd. ("Hong Ji")	"	100%	100%	100%	
"	Hong Jin Investment Co., Ltd. ("Hong Jin")	"	100%	100%	100%	
The Company, Panpal, et al.	Arcadyan Technology Corp. ("Arcadyan")	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	33%	33%	33%	The Group had the ability to control Arcadyan. (Note 1)
The Company and Panpal	Compal Mexico Electromex S.A de C.V. ("CMX")	Production of automotive electronic products	100%	100%	100%	
The Company	Rayonnant Technology Co., Ltd. ("Rayonnant Technology")	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	100%	
"	HengHao Technology Co., Ltd. ("HengHao")	Manufacturing of PCs, computer periphery devices, and electronic components	100%	100%	100%	
"	Ripal Optoelectronics Co., Ltd. ("Ripal")	Manufacturing of electric appliance and audiovisual electric products	100%	100%	100%	
"	Mactech Co., Ltd ("Mactech")	Manufacturing of equipment and lighting, retailing of equipment and international trading	53%	53%	53%	
"	General Life Biotechnology Co., Ltd. ("GLB")	Manufacturing and sales of medical equipment	50%	50%	50%	
"	Unicore BioMedical Co., Ltd. ("Unicore")	Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment	100%	100%	100%	
"	Hippo Screen Neurotech Co., Ltd. ("Hippo Screen")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	96%	96%	91%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Shennona Taiwan Co., Ltd. ("Shennona TW")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	100%	100%	100%	
"	Aco Smartcare Co., Ltd. ("Aco Smartcare")	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	71%	71%	71%	
"	Kinpo&Compal Group Assets Development Corporation ("Kinpo& Compal Assets Development")	Real estate development, leasing and related management business	70%	70%	70%	
"	Compal Ruifang Health Assets Development Corporation ("Compal Ruifang ")	Investing and developing businesses, such as public construction and specific zones	100%	100%	100%	
"	Compal Healthcare & Technology Ltd. ("Compal Healthcare")	Information software service, data processing services, and electronic information supply service	100%	100%	100%	
"	Shennona Corporation ("Shennona")	Medical care IOT business	100%	100%	100%	
"	Auscom Engineering Inc. ("Auscom")	R&D of notebook PC related products and components	100%	100%	100%	
"	Just International Ltd. ("Just")	Investment	100%	100%	100%	
"	Compal International Holding Co., Ltd. ("CIH")	"	100%	100%	100%	
"	Compal Electronics (Holding) Ltd. ("CEH")	"	100%	100%	100%	
"	Bizcom Electronics, Inc. ("Bizcom")	Warranty services and marketing of monitors and notebook PCs	100%	100%	100%	(Note 2 and 3)
"	Flight Global Holding Inc. ("FGH")	Investment	100%	100%	100%	(Note 2 and 3)
The Company and BSH	High Shine Industrial Corp. ("HSI")	"	100%	100%	100%	
The Company	Compal Europe (Poland) Sp. z o.o. ("CEP")	Maintenance and warranty services of notebook PCs	100%	100%	100%	
"	Big Chance International Co., Ltd. ("BCI")	Investment	100%	100%	100%	
"	Compal Rayonnant Holdings Limited ("CRH")	"	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Core Profit Holdings Limited ("CORE")	Investment	100%	100%	100%	
"	Compalead Electronics B.V. ("CPE")	"	100%	100%	100%	
"	Compal Poland Sp. z o. o ("CPL")	Maintenance and warranty services of notebook PCs	100%	100%	100%	
Panpal	Compal Technologia Do Brasil Ltda. ("CTB")	Manufacturing of notebook PCs	100%	-	-	CTB was established in March 2024 and was funded in March 2025. (Note 2 and 3)
Panpal and Gempal	Compalead Eletronica do Brasil Industria e Comercio Ltda. ("CEM")	Manufacturing of notebook PCs	100%	100%	100%	(Note 2 and 3)
"	Compal Electronics India Private Limited ("CEIN")	Manufacturing and warranty service of mobile phones	100%	100%	100%	
"	Compal Smart Device India Private Limited ("CSIN")	Sales (trade) of mobile phones	100%	100%	100%	CSIN was established in January 2024.
Panpal and CEB	Compal Electronica DA Amazonia Ltda. ("CEA")	Manufacturing of notebook PCs	-	-	-	CEA was absorbed and merged by CEM(original CEB) in 2024.
Just	Compal Display Holding (HK) Limited ("CDH (HK)")	Investment	100%	100%	100%	
"	Compal Electronics International Ltd. ("CII")	"	100%	100%	100%	
"	Compal International Ltd. ("CPI")	"	100%	100%	100%	
CDH (HK)	Compal Electronics (China) Co., Ltd. ("CPC")	Manufacturing and sales of monitors	100%	100%	100%	
"	Compal Optoelectronics (Kunshan) Co., Ltd. ("CPO")	Manufacturing and sales of LCD TVs	100%	100%	100%	
"	Compal System Trading (Kunshan) Co., Ltd. ("CST")	International trade and distribution of computers and electronic components	100%	100%	100%	
CPC	Compal Smart Device (Chongqing) Co., Ltd. ("CSD")	Research, manufacturing and sales of communication devices, mobile phones, electronic computer, smart watch, and providing related technical service	100%	100%	100%	
CSD	FIPOLL Electronics (Chongqing) Co., Ltd. ("FIP")	Manufacturing of auto parts and accessories	60%	60%	60%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
CII	Smart International Trading Ltd. ("Smart")	Investment	100%	100%	100%	
"	Mexcom Electronics, LLC ("MEL")	"	100%	100%	100%	
"	Mexcom Technologies, LLC ("MTL")	"	100%	100%	100%	
"	Compal Americas (US) Inc. ("CUS")	Sales of automotive electronic products	100%	100%	100%	
"	Compal Electronics N.A. Inc. ("CNA")	"	100%	100%	100%	
CIH	Compal International Holding (HK) Limited ("CIH (HK)")	Investment	100%	100%	100%	
"	Jenpal International Ltd. ("Jenpal")	"	100%	100%	100%	
"	Prospect Fortune Group Ltd. ("PFG")	"	100%	100%	100%	
"	Fortune Way Technology Corp. ("FWT")	"	100%	100%	100%	
CIH (HK)	Compal Electronics Technology (Kunshan) Co., Ltd. ("CET")	Manufacturing of notebook PCs	100%	100%	100%	
"	Compal Information (Kunshan) Co., Ltd. ("CIC")	"	100%	100%	100%	
"	Compal Information Technology (Kunshan) Co., Ltd. ("CIT")	"	100%	100%	100%	
"	Kunshan Botai Electronics Co., Ltd. ("BT")	"	100%	100%	100%	
"	Compal Digital Technology (Kunshan) Co., Ltd. ("CDT")	Manufacturing and sales of notebook PCs, mobile phones, and digital products	100%	100%	100%	
BT	Compower Global Service Co., Ltd. ("CGS")	Maintenance and warranty service of notebook PCs	100%	100%	100%	
CDH (HK) and CIH (HK)	Compal Investment (Jiangsu) Co., Ltd. ("CIJ")	Investment	100%	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. ("CDE")	Manufacturing and sales of LCD TVs	100%	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. ("Etrade")	Investment	100%	100%	100%	
The Company	Webtek Technology Co., Ltd. ("Webtek")	"	100%	100%	100%	
"	Forever Young Technology Inc. ("Forever")	"	100%	100%	100%	
"	UniCom Global, Inc. ("UCGI")	Manufacturing and sales of computers and electronic components	100%	100%	100%	
"	Palcom International Corporation ("Palcom")	Sales of mobile phones	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Poindus Systems Corp, Ltd. ("Poindus Systems")	Sales of PCs and computer periphery devices	56%	56%	56%	
Poindus Systems	Poindus Investment Co., Ltd. ("Poindus Investment")	Investment	100%	100%	100%	Poindus investment had resolved its dissolution and liquidation on December 22, 2022.
"	QiJie Electronics (ShenZhen) Co., Ltd. ("QiJie")	Sales of PCs and computer periphery devices	100%	100%	100%	
"	Poindus Systems UK Limited ("Poindus UK")	"	100%	100%	100%	
"	Adasys GmbH Elektronische Komponenten ("Adasys")	"	100%	100%	100%	
"	Varlink Limited ("Varlink")	"	100%	100%	-	Poindus Systems acquired 100% of Varlink's shares on May 1, 2024.
Poindus Investment	Poindus Systems GmbH GroBhandel mit EDV. Oberursel ("Poindus GmbH")	"	-	-	100%	Poindus GmbH had completed the liquidation on September 17, 2024.
Varlink	EPOS Distributor Limited ("EPOS")	"	100%	100%	-	Poindus System acquired 100% of EPOS's shares on May 1, 2024.
GLB and Panpal	PT GLB Biotechnology Indonesia	Wholesale of medical devices	100%	100%	100%	
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. ("CCI Nanjing")	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. ("CDCN")	"	100%	100%	100%	
"	Compal Wireless Communication (Nanjing) Co., Ltd. ("CWCN")	"	100%	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. ("Hanhelt")	R&D and manufacturing of electronic communication equipment	100%	100%	100%	
"	Giant Rank Trading Ltd. ("GIA")	Sales of mobile phones	100%	100%	100%	
"	Compal Wise Electronic (Vietnam) Co., Ltd. ("CWV")	Manufacturing and sales of mobile phones, tablet PCs, smart watches, communication devices, other electronic devices and providing related technical service.	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
Arcadyan	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Technical support and sales of wireless network products	100%	100%	100%	
"	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	"	100%	100%	100%	(Note 2 and 3)
"	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Sales of wireless network products	100%	100%	100%	(Note 2 and 3)
"	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment	100%	100%	100%	
"	Arcadyan Technology Limited ("Arcadyan UK")	Technical support of wireless network products	100%	100%	100%	(Note 2 and 3)
"	Arcadyan Technology Australia Pty Ltd. ("Arcadyan AU")	Sales of wireless network products	100%	100%	100%	(Note 2 and 3)
"	Arcadyan Technology Corporation (Russia), LLC. ("Arcadyan RU")	"	100%	100%	100%	(Note 2 and 3)
"	Zhi-Bao Technology Inc. ("Zhi-Bao")	Investment	100%	100%	100%	
"	Tatung Technology Inc. ("TTI")	R&D and sales of household digital electronic products	61%	61%	61%	(Note 2)
"	Arcadyan Turkey Technology and Trade Joint Stock Company ("Arcadyan Turkey")	Sales of wireless network product	100%	100%	-	Arcadyan Turkey was established on May 2, 2024. (Note 2)
Arcadyan and Zhi-Bao	Arcadyan do Brasil Ltda. ("Arcadyan Brasil")	"	100%	100%	100%	(Note 2 and 3)
"	Arcadyan India Private Limited ("Arcadyan India")	"	100%	100%	100%	(Note 3)
The Company, Arcadyan and its subsidiaries	Compal Broadband Network Inc. ("CBN")	R&D and sales of cable modem, digital set-up box, and other communication products	63%	63%	63%	
CBN	Compal Broadband Networks Belgium BVBA ("CBNB")	Import and export business, technical support and consulting service of broadband networks	100%	100%	100%	
"	Compal Broadband Networks Netherlands B.V. ("CBNN")	"	100%	100%	100%	
The Company and CBN	Starmems Semiconductor Corp. ("Starmems")	R&D of MEMS technology of manufacturing process of semiconductor and manufacturing of electronic components	48%	48%	48%	The Group had the ability to control Starmems. (Note 1)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
Arcadyan Holding	Sinoprime Global Inc. (“Sinoprime”)	Investment	100%	100%	100%	
”	Arcadyan Technology (Shanghai) Corp. (“SVA Arcadyan”)	R&D and sales of wireless network products	100%	100%	100%	(Note 2)
”	Arch Holding (BVI) Corp. (“Arch Holding”)	Investment	100%	100%	100%	(Note 2)
Arch Holding	Compal Networking (Kunshan) Co., Ltd. (“CNC”)	Manufacturing of wireless network products	100%	100%	100%	(Note 2)
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	”	100%	100%	100%	
TTI	Quest International Group Co., Ltd. (“Quest”)	Investment	100%	100%	100%	(Note 2)
”	Tatung Technology of Japan Co., Ltd. (“TTJC”)	Sales of household digital electronic products	-	-	100%	TTJC had completed the liquidation on November 27, 2024.
Quest	Exquisite Electronic Co., Ltd. (“Exquisite”)	Investment	100%	100%	100%	(Note 2)
TTI and Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	Manufacturing of household digital electronic products	100%	100%	100%	(Note 2)
HSI	Intelligent Universal Enterprise Ltd. (“IUE”)	Investment	100%	100%	100%	
”	Goal Reach Enterprises Ltd. (“Goal”)	”	100%	100%	100%	
IUE	Compal (Vietnam) Co., Ltd. (“CVC”)	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	100%	100%	100%	(Note 2 and 3)
Goal	Compal Development & Management (Vietnam) Co., Ltd. (“CDM”)	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	100%	100%	100%	
Rayonnant Technology and CRH	Allied Power Holding Corp. (“APH”)	Investment	100%	100%	100%	
APH	Primetek Enterprises Limited (“PEL”)	”	100%	100%	100%	
”	Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	”	100%	100%	100%	
Rayonnant Technology (HK)	Rayonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	Manufacturing and sales of aluminum alloy and magnesium alloy products	100%	100%	100%	
HengHao	HengHao Holdings A Co., Ltd. (“HHA”)	Investment	100%	100%	100%	
HHA and BSH	HengHao Holdings B Co., Ltd. (“HHB”)	”	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
HHB	HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	-	-	100%	(Note 4)
“	Lucom Display Technology (Kunshan) Limited (“Lucom”)	Manufacturing of touch panels and LCD TVs	-	-	100%	Lucom completed its liquidation registration in May 2024.
“	HengHao Optoelectronics Technology (Zhejiang) Co., Ltd. (“HengHao Zhejiang”)	Production of touch panels and related components	100%	100%	100%	
BCI	Center Mind International Co., Ltd. (“CMI”)	Investment	100%	100%	100%	
“	Prisco International Co., Ltd. (“PRI”)	“	100%	100%	100%	
CMI	Compal Investment (Sichuan) Co., Ltd. (“CIS”)	Outward investment and consulting services	100%	100%	100%	
PRI	Compal Electronics (Chongqing) Co., Ltd. (“CEQ”)	R&D, manufacturing and sales of notebook PCs, related components, related maintenance and warranty services	100%	100%	100%	
CIS	Compal Electronics (Chengdu) Co., Ltd. (“CEC”)	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	100%	100%	100%	
“	Compal Management (Chengdu) Co., Ltd. (“CMC”)	Corporate management consulting, training and education, business information consulting, financial and tax consulting, investment consulting, and investment management services	100%	100%	100%	
CORE	Billion Sea Holdings Limited (“BSH”)	Investment	100%	100%	100%	
BSH	Mithera Capital Io LP (“Mithera”)	“	99%	99%	99%	
“	Compal USA (Indiana), Inc. (“CIN”)	Foundry of automotive electronic products	100%	100%	100%	
“	Compal Electronics (Vietnam) Co., Ltd. (“CEV”)	R&D, manufacturing, sales and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication devices and other electronic devices	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1: The Group holds less than half of the voting rights of the company, but the Group considers that the rest of the company's shareholding is extremely dispersed. The previous procedures for the participation of other shareholders in the shareholders' meeting show that the Group has the actual ability to unilaterally dominate the relevant activities, and there is no indication that there is an agreement among the other shareholders to make collective decisions, so the Group treats the company as a subsidiary.

Note 2: The financial statements of the subsidiary as of March 31, 2025 have not been reviewed by CPA.

Note 3: The financial statements of the subsidiary as of March 31, 2024 have not been reviewed by CPA.

Note 4: HengHao Kunshan was absorbed and merged with HengHao Zhejiang on November 31, 2024, with HengHao Zhejiang being the sole surviving company.

(c) Income taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

Under defined benefit plans, pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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

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

In the preparation of the consolidated interim financial statements, the major sources of significant accounting assumptions, judgments and estimation uncertainty are consistent with note (5) of the annual consolidated financial statements for the year ended December 31, 2024.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference compared with the consolidated financial statements for the year ended December 31, 2024. Please refer to the note (6) of the consolidated financial statements for the year ended December 31, 2024 and for other related information.

(a) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 17,540	17,678	17,931
Checking accounts and demand deposits	20,708,069	25,563,576	28,914,400
Time deposits	59,165,683	49,981,958	53,081,820
Cash equivalents	<u>3,611,187</u>	<u>3,384,670</u>	<u>2,432,300</u>
	<u>\$ 83,502,479</u>	<u>78,947,882</u>	<u>84,446,451</u>

As of March 31, 2025 and 2024, the time deposits with original maturities of more than 3 months, amounting to \$5,214,134 and \$5,103,852, respectively, were recognized as current financial assets at amortized cost. Please refer to note (6)(e).

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Stock listed in domestic markets	\$ 148,390	158,420	181,000
Fund in domestic or foreign markets	1,756,169	1,200,938	1,135,909
Derivative instruments not used for hedging			
Foreign exchange contracts	494	145,132	7,107
Foreign Warrants	<u>532,032</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,437,085</u>	<u>1,504,490</u>	<u>1,324,016</u>
Current	\$ 494	145,132	7,107
Non-current	<u>2,436,591</u>	<u>1,359,358</u>	<u>1,316,909</u>
	<u>\$ 2,437,085</u>	<u>1,504,490</u>	<u>1,324,016</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ 213,348	-	18,591
Swap contracts	<u>9,407</u>	<u>-</u>	<u>6,038</u>
Total	<u>\$ 222,755</u>	<u>-</u>	<u>24,629</u>

The Group uses derivative instruments to hedge foreign currency risk the Group is exposed to arising from its operating activities. The following derivative instruments not applied hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

<u>March 31, 2025</u>				
	<u>Contract amount (in thousands)</u>		<u>Currency</u>	<u>Maturity date</u>
Derivative financial assets:				
Foreign exchange contracts:				
Forward exchange sold	EUR 5,000		EUR to USD	September 12 ~ October 14, 2025
Derivative financial liabilities:				
Foreign exchange contracts:				
Forward exchange purchased	USD 11,448		USD to INR	April 15 ~ May 15, 2025
Forward exchange purchased	USD 160,800		USD to BRL	April 1 ~ September 29, 2025
Forward exchange sold	EUR 18,200		EUR to USD	April 14 ~ September 12, 2025
Swap contracts:				
Currency swap	USD 30,000		USD to TWD	April 23 ~ April 29, 2025
<u>December 31, 2024</u>				
	<u>Contract amount (in thousands)</u>		<u>Currency</u>	<u>Maturity date</u>
Derivative financial assets:				
Foreign exchange contracts:				
Forward exchange purchased	USD 58,000		USD to BRL	January 11 ~ February 17, 2025

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

March 31, 2024			
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange sold	EUR 20,000	EUR to USD	April 12 ~ July 30, 2024
Forward exchange purchased	USD 6,027	USD to INR	April 12 ~ April 29, 2024
Derivative financial liabilities:			
Foreign exchange contracts:			
Forward exchange purchased	USD 740	USD to TWD	April 9 ~ April 30, 2024
Forward exchange sold	USD 83,500	USD to BRL	April 15 ~ June 11, 2024
Swap contracts:			
Currency swap	USD 10,600	USD to TWD	April 11 ~ April 29, 2024

The market risk related to the financial instruments please refer to note (6)(z).

As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(c) Financial assets at fair value through other comprehensive income

	March 31, 2025	December 31, 2024	March 31, 2024
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 5,502,144	6,605,682	4,126,892
Stock listed in foreign markets	8,959,099	15,166,260	3,372,483
Stock unlisted in domestic markets	1,733,562	1,760,034	1,549,556
Stock unlisted in foreign markets	<u>226,410</u>	<u>223,591</u>	<u>648,268</u>
Total	<u><u>\$ 16,421,215</u></u>	<u><u>23,755,567</u></u>	<u><u>9,697,199</u></u>

The purpose that the Group invests in the above-mentioned equity securities is for long-term strategies, but rather for trading purpose. Therefore, these equity securities are designated as at FVOCI.

For the three months ended March 31, 2025, the Group has sold parts of its shareholdings, measured at fair value through other comprehensive income, in ITH Corporation. The fair value of the shares upon disposal amounted to \$109,677, resulting in a cumulative gain of \$54,027, which was reclassified from other comprehensive income to retained earnings.

There were no disposals of investments and transfers of any cumulative gain or loss within equity relating to these investments for the three months ended March 31, 2024.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities held by the Group, the increase (decrease) in other comprehensive income (pre-tax) for the three months ended March 31, 2025 and 2024, will be \$821,061 and \$484,860, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

The Group's information of market risk please refer to note (6)(z).

As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

(d) Financial instruments used for hedging

(i) Financial instruments used for hedging were as follows:

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Cash flow hedge:			
Financial assets used for hedging:			
Forward exchange contracts	\$ <u>-</u>	<u>-</u>	<u>7,235</u>
Financial liabilities used for hedging:			
Forward exchange contracts	\$ <u>42,761</u>	<u>-</u>	<u>-</u>

(ii) Cash flow hedge-Foreign currency risk

The Group's strategy is to use forward exchange contracts to hedge its foreign currency exposure in respect of forecasted future sales.

The Group did not engage in cash flow hedging derivative instruments as of December 31, 2024.

As of March 31, 2025 and 2024, the details related to the items designated as hedge instruments were as follows:

<u>March 31, 2025</u>				
	<u>Contract amount</u> <u>(in thousands)</u>		<u>Average</u> <u>strike price</u>	
	<u>Currency</u>	<u>Maturity period</u>		
Derivative financial liabilities used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 54,000	EUR to USD April 29 ~ December 30, 2025	1.0673	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	March 31, 2024			
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity period</u>	<u>Average strike price</u>
Derivative financial liabilities used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 12,000	EUR to USD	April 29~June 27, 2024	1.0982

- (iii) For the three months ended March 31, 2025 and 2024, there were no ineffective portions of cash flow hedge recognized in profits (losses).
- (iv) For the three months ended March 31, 2025 and 2024, the profits (losses) of changes in fair value of derivative financial instruments used for hedging reclassified from other equity to profit or loss are recognized as revenue in the statement of comprehensive income. Please refer to note (6)(y).

(e) Financial assets at amortized costs

	March 31, 2025	December 31, 2024
Time deposits with original maturities of more than 3 months	<u>\$ 5,214,134</u>	<u>5,103,852</u>

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

For the three months ended March 31, 2025 and the year ended December 31, 2024, the interest rate range for the aforementioned financial assets was between 0.67%~3.85% and 1.635%~1.80%, respectively.

As of March 31, 2025 and December 31, 2024, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(f) Notes and accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivables from operating activities	\$ 120,654	6,880	15,403
Accounts receivables – measured at amortized cost	152,736,061	182,988,520	148,737,459
Accounts receivables – fair value through other comprehensive income	<u>32,119,787</u>	<u>21,841,211</u>	<u>31,005,859</u>
	184,976,502	204,836,611	179,758,721
Less: allowance for uncollectible accounts	<u>(4,013,978)</u>	<u>(4,035,750)</u>	<u>(4,058,223)</u>
	<u>\$ 180,962,524</u>	<u>200,800,861</u>	<u>175,700,498</u>
Notes and accounts receivable, net	<u>\$ 176,238,489</u>	<u>193,396,543</u>	<u>171,609,254</u>
Notes and accounts receivable – related parties, net	<u>\$ 4,724,035</u>	<u>7,404,318</u>	<u>4,091,244</u>

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

(i) Expected credit losses

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

- 1) The loss allowance provision of IT product segment of the Group was determined as follows:

March 31, 2025				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 161,064,340	0%	-	No
Level B	12,941,708	1.60%	207,080	No
Level C	<u>3,773,048</u>	100%	<u>3,773,048</u>	Yes
	<u>\$ 177,779,096</u>		<u>3,980,128</u>	
December 31, 2024				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 182,938,797	0%	-	No
Level B	12,848,133	1.80%	231,199	No
Level C	<u>3,773,048</u>	100%	<u>3,773,048</u>	Yes
	<u>\$ 199,559,978</u>		<u>4,004,247</u>	

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

March 31, 2024

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 158,264,524	0%	-	No
Level B	10,836,723	2.13%	231,285	No
Level C	3,790,493	100%	3,790,493	Yes
	<u>\$ 172,891,740</u>		<u>4,021,778</u>	

- 2) The loss allowance provision of strategically integrated product segment of the Group was determined as follows:

March 31, 2025

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,557,485	0%	-	No
Level B	3,768,446	0.10%	3,770	No
Level C	849,894	1.00%	8,499	No
Level D	-	5.00%	-	-
Level E	21,581	100%	21,581	Yes
	<u>\$ 7,197,406</u>		<u>33,850</u>	

December 31, 2024

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 1,736,227	0%	-	No
Level B	2,780,528	0.10%	2,781	No
Level C	738,542	1.00%	7,386	No
Level D	-	5.00%	-	-
Level E	21,336	100%	21,336	Yes
	<u>\$ 5,276,633</u>		<u>31,503</u>	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

March 31, 2024				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,446,240	0%	-	No
Level B	3,096,824	0.10%	3,110	No
Level C	1,303,054	1.00%	12,472	No
Level D	-	5.00%	-	-
Level E	20,863	100%	20,863	Yes
	<u>\$ 6,866,981</u>		<u>36,445</u>	

(ii) The aging analysis of notes and accounts receivable were determined as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Overdue 1 to 180 days	\$ 1,583,414	1,160,573	1,510,958
Overdue 181 to 365 days	25,639	3,815	78,154
Overdue 365 days	-	-	79,102
	<u>\$ 1,609,053</u>	<u>1,164,388</u>	<u>1,668,214</u>

(iii) The movement in the allowance for notes and accounts receivable were as follows:

	For the three months ended March 31,	
	2025	2024
Balance at January 1	\$ 4,035,750	3,977,808
Impairment losses (reversal) recognized	(22,875)	79,827
Effect of changes in exchange rates	1,103	588
Balance at March 31	<u>\$ 4,013,978</u>	<u>4,058,223</u>

Allowance for uncollectible account is the balance of accounts receivable which are uncollectable. Except for evaluating the situation of the customers' payment records and widely analyzing the credit rating of customers, the Group also takes all the necessary procedures for collection. The Group believes that there is no doubt for the recovery of the due but unimpaired accounts receivable, therefore, no allowance recognized.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iv) Accounts receivable factoring

1) Non-recourse

The Group entered into accounts receivable factoring agreements with banks. As of March 31, 2025, December 31 and March 31, 2024, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 2,100,000 thousand, USD 2,100,000 thousand and USD 2,215,000 thousand, respectively. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable obligor to make payment when it is affected by credit risk. Thus, this is a non-recourse accounts receivable factoring. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. After the transfer of the accounts receivable, the Group can request partial advanced amount, while the interest calculated at an agreed rate is paid to the bank in the period during the time of receiving advance and the accounts receivable is collected. The remaining amounts with no advance are received when the accounts receivable are settled by the customers. There were no factored accounts receivable as of March 31, 2025, December 31 and March 31, 2024.

The Group, customers and banks signed the three-party contracts in which the banks purchase accounts receivable from the Group. The total amount of the accounts receivable should not exceed the facility limit provided by the banks to the Group's customers. Based on the contracts, the banks have no right to request the Group to repurchase the accounts receivable. Thus, this is a non-recourse accounts receivable transfer. As of March 31, 2025, December 31 and March 31, 2024, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of March 31, 2025, December 31 and March 31, 2024, the details of the factored accounts receivable but unsettled were as follows:

March 31, 2025							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ 7,534,204	-	7,534,204	-	-	7,534,204	4.77%
December 31, 2024							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ 14,628,853	-	14,628,853	-	-	14,628,853	4.99%~5.12%

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

March 31, 2024							
<u>Purchaser</u>	<u>Accounts receivable factored (gross)</u>	<u>Amount advanced</u>		<u>Amount recognized in other receivable</u>	<u>Collateral</u>	<u>Amount derecognized</u>	<u>Interest rate</u>
		<u>Unpaid</u>	<u>Paid</u>				
Financial Institution	\$ <u>2,878,692</u>	<u>-</u>	<u>2,878,692</u>	<u>-</u>	-	<u>2,878,692</u>	5.82%~5.98%

2) With recourse

The Group entered into factoring agreements with different financial institutions to sell its accounts receivable. Under the agreements, the Group sold the accounts receivable to the financial institutions with recourse; thus the Group retains almost all the risks and rewards of such accounts receivable, and does not qualify for the derecognition of financial assets. As of May 14, 2025, the carrying amounts of transferred accounts receivable and related financial liabilities, which were not yet derecognized, were as follows:

March 31, 2025					
<u>Purchaser</u>	<u>Accounts receivable transferred</u>	<u>Quota</u>	<u>Amount advanced (recognized as short-term borrowings)</u>	<u>Range of Interest Rate</u>	<u>Collateral</u>
Financial Institution	\$ <u>-</u>	<u>64,575</u>	<u>7,993</u>	6.90 %	Inventories

December 31, 2024					
<u>Purchaser</u>	<u>Accounts receivable transferred</u>	<u>Quota</u>	<u>Amount advanced (recognized as short-term borrowings)</u>	<u>Range of Interest Rate</u>	<u>Collateral</u>
Financial Institution	\$ <u>-</u>	<u>61,785</u>	<u>29,817</u>	7.15 %	Inventories

- (v) As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(g) Inventories

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Finished goods	\$ 25,113,148	25,611,874	30,834,767
Work in progress	6,826,480	13,028,335	10,296,188
Raw materials	46,210,863	45,692,236	60,979,692
Raw materials in transit	<u>333,059</u>	<u>499,510</u>	<u>438,175</u>
	<u>\$ 78,483,550</u>	<u>84,831,955</u>	<u>102,548,822</u>

- (i) For the three months ended March 31, 2025 and 2024, inventory cost recognized as cost of sales amounted to \$188,654,464 and \$189,781,959, respectively.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Due to the sale and scrap of slow-moving inventories, the net realizable value of inventory recovered, and the reversal of inventory write-downs and slow-moving losses amounted to \$169,119 and \$264,476 for the three months ended March 31, 2025 and 2024.

(iii) As of March 31, 2025, December 31 and March 31, 2024, the Group provided part of its inventories as collaterals for its short-term borrowings. Please refer to note (8).

(h) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Associates	\$ 7,478,905	7,467,658	7,461,867
Joint venture	<u>5,532</u>	<u>5,589</u>	<u>6,121</u>
	7,484,437	7,473,247	7,467,988
Plus: credit balance of investments in equity method (recorded as other non-current liability)	7,350	-	26,761
Less: unrealized profits or losses	<u>(130,360)</u>	<u>(128,755)</u>	<u>(125,757)</u>
	<u><u>\$ 7,361,427</u></u>	<u><u>7,344,492</u></u>	<u><u>7,368,992</u></u>

(i) Associates

1) The fair value of the shares of listed company based on the closing price was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 2,395,947	2,058,657	2,401,767
Avalue Technology Inc. ("Avalue")	<u>1,649,110</u>	<u>1,334,212</u>	<u>1,835,661</u>
	<u><u>\$ 4,045,057</u></u>	<u><u>3,392,869</u></u>	<u><u>4,237,428</u></u>

2) The Group's share of the net gain (loss) of associates was as follows:

	For the three months ended March 31,
	2025 2024
The Group's share of the loss of associates	<u><u>\$ (184,186)</u></u> <u><u>(241,251)</u></u>

3) The Group's financial information for investments accounted for using the equity method that are individually immaterial was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amount of individually immaterial associates	<u><u>\$ 7,478,905</u></u>	<u><u>7,467,658</u></u>	<u><u>7,461,867</u></u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	For the three months ended March 31,	
	2025	2024
The Group's share of the net income (loss) of associates:		
Loss from continuing operations	\$ (184,186)	(241,251)
Other comprehensive income	54,161	207,085
Total comprehensive income	<u>\$ (130,025)</u>	<u>(34,166)</u>

(ii) Joint venture

In April 2010, the Group and another company established a jointly controlled entity, Compal Connector Manufacture Ltd. ("CCM"), and obtained an ownership interest of 51%. CCM's actual paid-in capital amounted to USD10,000 thousands.

The Group's financial information for investment accounted for using the equity method that are individually insignificant was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
The carrying amount of the Group's interests in all individually insignificant joint ventures	<u>\$ 5,532</u>	<u>5,589</u>	<u>6,121</u>
	For the three months ended March 31,		
	2025	2024	
The Group's share of the net income (loss) of joint ventures:			
Net (losses) income from continuing operations			
(also the total comprehensive income (losses))	<u>\$ (128)</u>	<u>(276)</u>	

(iii) Although the Group is the single largest shareholder of some associates, after a comprehensive assessment that the remaining shares of these associates are not concentrated in specific shareholders, the Group is still not able to obtain more than half of the board seats, and it has not obtained more than half of the voting rights of shareholders attending the shareholders' meeting. The Group judges that it does not have absolute power and leading ability over the relevant activities and variable remuneration of these associates, so it assesses that the Group has no control over these associates.

(iv) As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(i) Acquisition of the subsidiary

In order to expand the market landscape in the United Kingdom and Europe, as well as to increase the market share in the retail and other terminal markets, on April 26, 2024, the Board of Directors of Poindus Systems approved to acquire 100% of Varlink's shares in cash, and Varlink was included in the consolidated entity from the acquisition date (May 1, 2024).

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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For the main category of transfer consideration, all of the assets acquired, the liabilities assumed and goodwill on the acquisition date, please refer to the note (6)(i) of the 2024 annual consolidated financial statements.

(j) Changes in subsidiaries' equity

There were no significant transactions for the three months ended March 31, 2025 and 2024. Please refer to note (6)(j) of the consolidated financial statement for the year ended December 31, 2024.

(k) Material non-controlling interests of subsidiaries

There were no significant transactions for the three months ended March 31, 2025 and 2024. Please refer to note (6)(k) of the consolidated financial statement for the year ended December 31, 2024.

(l) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2025 and 2024, were as follows:

	Land	Buildings and building improvement	Machinery	Other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:						
Balance on January 1, 2025	\$ 2,572,173	25,148,276	37,347,242	13,258,717	5,729,251	84,055,659
Additions	-	8,852	173,167	42,383	1,318,633	1,543,035
Disposals and derecognitions	-	(116,473)	(134,626)	(41,148)	-	(292,247)
Reclassifications	-	255	408,563	20,577	(429,395)	-
Effect of movements in exchange rates	2,302	329,543	(555,688)	(28,331)	(117,647)	(369,821)
Balance on March 31, 2025	<u>\$ 2,574,475</u>	<u>25,370,453</u>	<u>37,238,658</u>	<u>13,252,198</u>	<u>6,500,842</u>	<u>84,936,626</u>
Balance on January 1, 2024	\$ 2,485,703	23,946,957	35,821,879	13,224,939	3,327,703	78,807,181
Additions	-	-	92,132	290,570	1,442,469	1,825,171
Disposals and derecognitions	-	(54,752)	(667,591)	(334,152)	-	(1,056,495)
Reclassifications	-	207,106	409,165	35,593	(651,864)	-
Effect of movements in exchange rates	3,938	797,738	974,155	79,952	2,895	1,858,678
Balance on March 31, 2024	<u>\$ 2,489,641</u>	<u>24,897,049</u>	<u>36,629,740</u>	<u>13,296,902</u>	<u>4,121,203</u>	<u>81,434,535</u>
Depreciation and impairments loss:						
Balance on January 1, 2025	\$ -	14,612,011	28,483,781	9,855,968	-	52,951,760
Depreciation for the period	-	326,783	808,968	313,601	-	1,449,352
Disposals and derecognitions	-	(111,094)	(100,563)	(39,995)	-	(251,652)
Effect of movements in exchange rates	-	133,109	(169,168)	254,349	-	218,290
Balance on March 31, 2025	<u>\$ -</u>	<u>14,960,809</u>	<u>29,023,018</u>	<u>10,383,923</u>	<u>-</u>	<u>54,367,750</u>
Balance on January 1, 2024	\$ -	13,527,596	25,936,581	10,302,479	-	49,766,656
Depreciation for the period	-	329,824	784,530	269,163	-	1,383,517
Disposals and derecognitions	-	(54,751)	(586,113)	(328,453)	-	(969,317)
Effect of movements in exchange rates	-	314,148	748,404	(38,060)	-	1,024,492
Balance on March 31, 2024	<u>\$ -</u>	<u>14,116,817</u>	<u>26,883,402</u>	<u>10,205,129</u>	<u>-</u>	<u>51,205,348</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Land	Buildings and building improvement	Machinery	Other equipment	Under construction and prepayment for purchase of equipment	Total
Carrying amounts:						
Balance on January 1, 2025	\$ 2,572,173	10,536,265	8,863,461	3,402,749	5,729,251	31,103,899
Balance on March 31, 2025	\$ 2,574,475	10,409,644	8,215,640	2,868,275	6,500,842	30,568,876
Balance on January 1, 2024	\$ 2,485,703	10,419,361	9,885,298	2,922,460	3,327,703	29,040,525
Balance on March 31, 2024	\$ 2,489,641	10,780,232	9,746,338	3,091,773	4,121,203	30,229,187

As of March 31, 2025 and 2024, the Group capitalization borrowing costs related to construction amounted to \$18,911 thousand and \$11,435 thousand, calculated using capitalization rates of 2.07% and 1.845%~1.97%, respectively.

As of March 31, 2025, December 31 and March 31, 2024, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

(m) Right-of-use assets

The Group leases many assets including land and buildings, machinery and vehicles. Information about leases for which the Group as a lessee is presented as below:

	Land	Buildings	Machinery	Vehicles and other	Total
Cost:					
Balance on January 1, 2025	\$ 12,291,209	3,611,505	50,378	42,777	15,995,869
Additions	-	78,779	-	8,178	86,957
Deductions	-	(75,714)	-	(10,424)	(86,138)
Effect of movements in exchange rates	10,054	29,936	-	118	40,108
Balance on March 31, 2025	\$ 12,301,263	3,644,506	50,378	40,649	16,036,796
Balance on January 1, 2024	\$ 12,177,457	4,008,099	51,551	39,730	16,276,837
Additions	50,584	195,041	-	2,014	247,639
Deductions	-	(428)	(1,174)	(5,982)	(7,584)
Effect of movements in exchange rates	40,076	12,407	1	120	52,604
Balance on March 31, 2024	\$ 12,268,117	4,215,119	50,378	35,882	16,569,496
Depreciation:					
Balance on January 1, 2025	\$ 742,883	1,858,515	26,868	17,055	2,645,321
Depreciation for the period	61,931	182,763	1,120	2,996	248,810
Deductions	-	(40,057)	-	(7,832)	(47,889)
Effect of movements in exchange rates	2,057	(11,938)	-	38	(9,843)
Balance on March 31, 2025	\$ 806,871	1,989,283	27,988	12,257	2,836,399
Balance on January 1, 2024	\$ 486,415	1,948,133	23,563	24,758	2,482,869
Depreciation for the period	61,704	204,357	1,120	2,772	269,953
Deductions	-	1	(1,174)	(5,982)	(7,155)
Effect of movements in exchange rates	5,579	(7,671)	1	76	(2,015)
Balance on March 31, 2024	\$ 553,698	2,144,820	23,510	21,624	2,743,652

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and other</u>	<u>Total</u>
Carrying amount:					
Balance on January 1, 2025	\$ <u>11,548,326</u>	<u>1,752,990</u>	<u>23,510</u>	<u>25,722</u>	<u>13,350,548</u>
Balance on March 31, 2025	\$ <u>11,494,392</u>	<u>1,655,223</u>	<u>22,390</u>	<u>28,392</u>	<u>13,200,397</u>
Balance on January 1, 2024	\$ <u>11,691,042</u>	<u>2,059,966</u>	<u>27,988</u>	<u>14,972</u>	<u>13,793,968</u>
Balance on March 31, 2024	\$ <u>11,714,419</u>	<u>2,070,299</u>	<u>26,868</u>	<u>14,258</u>	<u>13,825,844</u>

In January 2022, the Group signed a contract with the Taipei City Government to obtain the superficies of No.91, Ruan Qiao Section, Beitou District, Taipei City, which has a term of 50 years and may be extended for additional 20 years.

The related depreciation expenses of right-of-use assets amounting to \$56,342 and \$56,341, and the interest expenses of lease liabilities amounting to \$10,893 and \$11,052, which met the conditions for capitalization under property, plant and equipment at the rate of 1.5%, had been recognized as the cost of assets for the three months ended March 31, 2025 and 2024, respectively.

As of March 31, 2025, December 31 and March 31, 2024, the Group provided part of its right-of-use assets as collaterals for its long-term borrowings. Please refer to note (8).

(n) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Unsecured bank loans	\$ 52,772,829	57,861,759	64,628,926
Secured bank loans	<u>16,796</u>	<u>38,642</u>	<u>8,895</u>
Total	<u>\$ 52,789,625</u>	<u>57,900,401</u>	<u>64,637,821</u>
Unused credit line for short-term borrowings	<u>\$ 278,688,000</u>	<u>263,708,000</u>	<u>245,405,000</u>
Range of interest rates	<u>1.75%~6.963%</u>	<u>1.66%~7.15%</u>	<u>1.52%~8.71%</u>

For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(z).

For the collaterals for part of the Group's borrowings, please refer to note (8).

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(o) Long-term borrowings

The details of long-term borrowings were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank loans	\$ 18,562,175	23,325,000	23,258,132
Secured bank loans	4,696,149	3,213,151	2,875,815
Less: current portion	<u>(12,212,175)</u>	<u>(14,303,150)</u>	<u>(10,928,149)</u>
Total	<u>\$ 11,046,149</u>	<u>12,235,001</u>	<u>15,205,798</u>
Unused credit line for long-term borrowings	<u>\$ 29,480,000</u>	<u>23,324,000</u>	<u>24,315,000</u>
Range of interest rates	<u>1.76%~4.77%</u>	<u>1.72%~2.43%</u>	<u>1.625%~5.8%</u>

For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(z).

The Group pledges property, plant and equipment as collateral for its partial long-term borrowings. Please refer to note (8).

(p) Lease liabilities

The details of leases liabilities were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Current	<u>\$ 1,985,017</u>	<u>1,955,763</u>	<u>2,036,131</u>
Non-current	<u>\$ 5,256,384</u>	<u>6,777,080</u>	<u>6,968,765</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2025	2024
Interest on lease liabilities	<u>\$ 12,243</u>	<u>13,682</u>
Expenses relating to short-term leases	<u>\$ 23,605</u>	<u>28,067</u>

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

	For the three months ended March 31,	
	2025	2024
Total cash outflow for leases	<u>\$ 1,575,627</u>	<u>1,615,280</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(i) Real estate leases

The Group leases land leasehold rights and buildings for its office and plant space. The leases of office space typically run for a period of 1~19 years, and of land leasehold rights for 45~50 years.

(ii) Other leases

The Group leases equipment and vehicles with lease terms of 1~5 years.

The Group also leases some office space, equipment and vehicles with contract terms of 1~5 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31,	
	2025	2024
Cost of sales	\$ 214	245
Selling expenses	299	249
Administrative expenses	766	807
Research and development expenses	1,923	2,037
Total	<u><u>\$ 3,202</u></u>	<u><u>3,338</u></u>

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to \$140,681 and \$142,688 for the three months ended March 31, 2025 and 2024, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$187,115 and \$179,437 for the three months ended March 31, 2025 and 2024, respectively.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(r) Income taxes

- (i) Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. The amounts of income tax were as follows:

	For the three months ended March 31,	
	2025	2024
Current tax expense	<u>\$ 788,332</u>	<u>674,099</u>

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

	For the three months ended March 31,	
	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of the defined benefit liability	\$ 315	(151)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>(1,300,293)</u>	<u>90,294</u>
	<u>\$ (1,299,978)</u>	<u>90,143</u>
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	\$ 673	220
Gains (losses) on hedging instrument	<u>(8,552)</u>	<u>4,296</u>
	<u>\$ (7,879)</u>	<u>4,516</u>

- (iii) Examination and approval

The Company's tax returns for the year through 2022 were assessed by the tax authorities.

The ROC tax authorities have assessed the income tax return of GLB, Panpal, Gempal, Palcom, Hong Ji, Unicore, Aco Healthcare, Kinpo&Compal Group, Hippo Screen, UCGI, Shennona TW and Hong Jinn through 2023.

The ROC tax authorities have assessed the income tax return of Ripal, CBN, Zhi-Bao, Mactech, Starmems, Compal Ruifang, Arcadyan, TTI, HengHao, Poindus Systems, Poindus Investment and Rayonnant Technology through 2022.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(s) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2025 and 2024. Please refer to note (6)(s) of the consolidated financial statement for the year ended December 31, 2024.

(i) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Additional paid-in capital	\$ 138,829	137,689	137,718
Treasury share transactions	2,912,034	2,842,010	2,842,010
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	158,436	158,436	158,339
Changes in equity of associates and joint ventures accounted for using equity method	<u>363,970</u>	<u>298,040</u>	<u>295,398</u>
	<u>\$ 3,610,035</u>	<u>3,472,941</u>	<u>3,470,231</u>

The Company's Board of Directors meeting held on February 29, 2024, approved to distribute the cash of \$881,429 (representing 0.2 New Taiwan Dollars per share), by using the additional paid-in capital. The related information can be accessed through the Market Observation Post System website.

(ii) Retained earnings

If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated by the Board of Directors. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The lifecycle of the industry of the Company is in the growing stage. To consider the need of the Company for the future capital, capital budget, long-term financial planning, domestic and foreign competition, the need of shareholders for cash flow and other factors, if there is any profit after close of books, the dividend and bonus to be distributed to shareholders shall not be less than thirty percent of profit after tax for such year and the cash dividend allocated by the Company each year shall not be lower than ten percent of the total dividend (including cash and share dividend) for such year.

According to the law, when there is a deduction from stockholders' equity (excluding treasury stock and unearned employee benefit) during the year, an amount equal to the deduction item is set aside as a special reserve before the earnings are appropriated. A special reserve is made available for earning distribution only after the deduction of the related shareholders' equity has been reversed.

Distribution for the earnings of 2024 and 2023 was approved in the Board of Directors meeting held on February 27, 2025 and February 29, 2024, respectively. The relevant information was as follows:

	2024		2023	
	Amount per share	Total amount	Amount per share	Total amount
Cash dividends distributed to common shareholders	\$ 1.4	<u>6,170,005</u>	1.0	<u>4,407,147</u>

(iii) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the three months ended March 31, 2025 and 2024. As of March 31, 2025, Panpal and Gempal, subsidiaries of the Company, held 50,017 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of 17.6 New Taiwan dollars per share. The total cost was \$881,247. The fair value of the ordinary shares of the Company was 31.85, 37.65 and 36.20 New Taiwan dollars per share as of March 31, 2025, December 31 and March 31, 2024, respectively.

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iv) Other equity interests (net-of-taxes)

	Exchange differences on transaction of foreign operation financial statements	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Others	Total
Balance on January 1, 2025	\$ 4,203,807	13,384,524	-	17,588,331
The Company	1,130,815	(5,639,128)	-	(4,508,313)
Subsidiaries	(81,655)	(328,427)	(11,280)	(421,362)
Associates	74,019	(22,494)	-	51,525
Balance on March 31, 2025	<u>\$ 5,326,986</u>	<u>7,394,475</u>	<u>(11,280)</u>	<u>12,710,181</u>
Balance on January 1, 2024	\$ (1,747,330)	1,363,472	(3,436)	(387,294)
The Company	3,283,134	421,602	-	3,704,736
Subsidiaries	38,341	(24,531)	5,667	19,477
Associates	217,446	(10,361)	-	207,085
Balance on March 31, 2024	<u>\$ 1,791,591</u>	<u>1,750,182</u>	<u>2,231</u>	<u>3,544,004</u>

(t) Share-based payment

There were no significant changes in share-based payment during the three months ended March 31, 2025 and 2024. Please refer to note (6)(t) of the consolidated financial statements for the year ended December 31, 2024 for related information.

(u) Earnings per share

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

	For the three months ended March 31,	
	2025	2024
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	<u>2,191,229</u>	<u>1,890,833</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>2,191,229</u>	<u>1,890,833</u>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares		
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Effect of potential diluted common stock		
Employee compensation (in thousands)	<u>32,120</u>	<u>21,996</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,389,250</u>	<u>4,379,126</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2025			
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United States	\$ 69,223,917	5,637,224	74,861,141
China	22,342,858	16,532	22,359,390
Netherlands	16,634,326	83,643	16,717,969
United Kingdom	9,067,012	1,210,223	10,277,235
Germany	5,853,892	489,975	6,343,867
Others	63,273,270	5,265,085	68,538,355
	\$ 186,395,275	12,702,682	199,097,957
Major products:			
5C related electronics products	\$ 185,777,537	12,178,086	197,955,623
Others	617,738	524,596	1,142,334
	\$ 186,395,275	12,702,682	199,097,957
For the three months ended March 31, 2024			
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United States	\$ 66,909,291	5,530,535	72,439,826
China	27,081,955	43,636	27,125,591
Netherlands	16,705,148	174,367	16,879,515
Germany	7,188,315	643,098	7,831,413
United Kingdom	8,115,335	1,262,370	9,377,705
Others	61,024,386	4,892,678	65,917,064
	\$ 187,024,430	12,546,684	199,571,114
Major products:			
5C related electronics products	\$ 186,525,677	12,311,670	198,837,347
Others	498,753	235,014	733,767
	\$ 187,024,430	12,546,684	199,571,114

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024
Notes and accounts receivable (including related parties)	\$ 184,976,502	204,836,611	179,758,721
Less: allowance for impairment	<u>(4,013,978)</u>	<u>(4,035,750)</u>	<u>(4,058,223)</u>
Total	<u>\$ 180,962,524</u>	<u>200,800,861</u>	<u>175,700,498</u>
Contract liabilities	<u>\$ 3,359,408</u>	<u>3,263,230</u>	<u>740,656</u>

For the details on accounts receivable and allowance for impairment, please refer to note (6)(f).

The amount of revenue recognized for the three months ended March 31, 2025 and 2024 that were included in the balance of contract liability at the beginning of the period was \$389,750 and \$481,274, respectively.

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

(w) Employees' and directors' compensations

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees and directors, shall be distributed to employees as compensations in an amount of not less than two percent thereof and to directors as compensations in an amount of not more than two percent of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

The Company accrued and recognized its employee compensation of \$292,832 and \$257,960, and directors' compensation of \$15,617 and \$13,758 for the three months ended March 31, 2025 and 2024, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting.

The Company accrued and recognized its employee compensation of \$1,363,545 and \$814,143, and directors' compensation of \$72,722 and \$43,051 for the years ended December 31, 2024 and 2023, respectively. There is no differences between the amount approved in the Board of Directors' meeting and those recognized in the financial statements, the related information can be accessed through the Market Observation Post System website.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(x) Non-operating income and expenses

(i) Interest income

The details of interest income for the three months ended March 31, 2025 and 2024, were as follows:

	For the three months ended March 31	
	2025	2024
Interest income from bank deposits	\$ 742,245	1,037,571
Other interest income	3,650	834
	\$ 745,895	1,038,405

(ii) Other income

The other incomes for the three months ended March 31, 2025 and 2024, were as follows:

	For the three months ended March 31,	
	2025	2024
Dividend revenue	\$ 14,456	4,039
Other revenue	76,864	83,290
	\$ 91,320	87,329

(iii) Other gains and losses

The other gains and losses for the three months ended March 31, 2025 and 2024, were as follows:

	For the three months ended March 31,	
	2025	2025
(Losses) gains on disposal of property, plant, and equipment, and intangible assets, net	\$ (1,431)	14,943
Foreign currency exchange gains, net	1,003,510	212,472
(Losses) gains on financial assets and liabilities at fair value through profit or loss, net	(177,811)	39,827
Others	371	-
	\$ 824,639	267,242

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(y) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the three months ended March 31, 2025 and 2024, were as follows:

	For the three months ended March 31,	
	2025	2024
Cash flow hedge:		
(Losses) gains from current period	\$ (48,045)	27,861
Less: reclassification of (losses) gains included in profit or loss	(5,284)	6,381
Profit recognized in other comprehensive income	<u><u>\$ (42,761)</u></u>	<u><u>21,480</u></u>

(z) Financial instruments

Except for those described below, there were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments. Please refer to note (6)(z) of the consolidated financial statements for the year ended December 31, 2024 for related information.

(i) Credit risk

Information of exposure to credit risk of notes and accounts receivable please refer to note (6)(f).

Other financial assets at amortized cost include other receivables and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g) of the consolidated financial statements for the year ended December 31, 2024.) Due to the counter parties and the performing parties of the Group's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

The movements in the allowance for the three months ended March 31, 2025 and 2024 were as follows:

	Other receivables
Balance on January 1, 2025	\$ 10,354
Impairment losses recognized (reversed)	(320)
Balance on March 31, 2025	<u><u>\$ 10,034</u></u>
Balance on January 1, 2024	\$ 14,548
Impairment losses recognized (reversed)	(12,415)
Balance on March 31, 2024	<u><u>\$ 2,133</u></u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. Except for lease liabilities, the amounts exclude estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
March 31, 2025					
Non-derivative financial liabilities					
Secured borrowings	\$ 4,712,945	(4,712,945)	(16,796)	(125,000)	(4,571,149)
Unsecured borrowings	71,335,004	71,335,004	64,985,004	4,050,000	2,300,000
Lease liabilities—current and non-current	7,241,401	(8,506,985)	(2,064,624)	(2,007,550)	(4,434,811)
Notes and accounts payable	144,532,310	(144,532,310)	(144,532,310)	-	-
Other payables and dividends payable	33,980,365	(33,980,365)	(33,980,365)	-	-
Derivative financial liabilities					
Forward exchange contracts:	213,348				
Outflow		(6,571,211)	(6,571,211)	-	-
Inflow		6,361,317	6,361,317	-	-
Currency swap contracts:	9,407				
Outflow		(993,000)	(993,000)	-	-
Inflow		983,890	983,890	-	-
Forward exchange contracts used for hedging:	42,761				
Outflow		(1,928,880)	(1,928,880)	-	-
Inflow		1,907,692	1,907,692	-	-
	<u>\$ 262,067,541</u>	<u>(120,637,793)</u>	<u>(115,849,283)</u>	<u>1,917,450</u>	<u>(6,705,960)</u>
December 31, 2024					
Non-derivative financial liabilities					
Secured borrowings	\$ 3,251,793	(3,251,793)	(41,792)	(114,093)	(3,095,908)
Unsecured borrowings	81,186,759	(81,186,759)	(72,161,759)	(6,725,000)	(2,300,000)
Lease liabilities—current and non-current	8,732,843	(9,992,683)	(2,037,340)	(2,036,635)	(5,918,708)
Notes and accounts payable	158,732,712	(158,732,712)	(158,732,712)	-	-
Other payables	30,179,530	(30,179,530)	(30,179,530)	-	-
	<u>\$ 282,083,637</u>	<u>(283,343,477)</u>	<u>(263,153,133)</u>	<u>(8,875,728)</u>	<u>(11,314,616)</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
March 31, 2024					
Non-derivative financial liabilities					
Secured borrowings	\$ 2,884,710	(2,884,710)	(203,912)	(166,667)	(2,514,131)
Unsecured borrowings	87,887,058	(87,887,058)	(75,362,058)	(5,556,250)	(6,968,750)
Lease liabilities—current and non-current	9,004,896	(10,320,360)	(2,125,313)	(2,033,783)	(6,161,264)
Notes and accounts payable	154,540,058	(154,540,058)	(154,540,058)	-	-
Other payables and dividends payable	35,481,345	(35,481,345)	(35,481,345)	-	-
Derivative financial liabilities					
Forward exchange contracts:	18,591				
Outflow		(2,714,154)	(2,714,154)	-	-
Inflow		2,695,629	2,695,629	-	-
Currency swap contracts:	6,038				
Outflow		(339,200)	(339,200)	-	-
Inflow		332,354	332,354	-	-
	<u>\$ 289,822,696</u>	<u>(291,138,902)</u>	<u>(267,738,057)</u>	<u>(7,756,700)</u>	<u>(15,644,145)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: thousands of foreign currency / thousands of New Taiwan Dollars

	<u>March 31, 2025</u>			<u>December 31, 2024</u>			<u>March 31, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD to TWD	\$ 7,977,095	33.2050	264,879,439	10,899,358	32.785	357,335,452	7,683,501	32	245,872,032
USD to CNY	8,656	7.253	287,422	33,493	7.3035	1,098,068	14,028	7.2263	448,896
EUR to TWD	30,664	35.97	1,102,984	21,926	34.14	748,554	31,196	34.46	1,075,014
CNY to USD	2,152,641	0.1379	9,856,877	1,984,436	0.1369	8,906,678	3,161,327	0.1384	14,000,885
Non-monetary items									
THB to TWD	9,084,807	0.9751	8,858,595	15,699,356	0.9642	15,137,319	3,841,972	0.8778	3,372,483
Financial liabilities									
Monetary items									
USD to TWD	7,427,657	33.205	246,635,351	10,650,751	32.785	349,184,872	7,400,697	32	236,822,272
USD to CNY	2,665	7.253	88,491	3,056	7.3035	100,191	1,223	7.2263	39,136
USD to BRL	271,826	5.7422	9,025,982	253,331	6.1923	8,305,457	193,933	4.9962	6,205,856
EUR to TWD	15,656	35.97	563,146	12,534	34.14	427,911	1,699	34.46	58,548
CNY to USD	2,529,027	0.1379	11,580,337	2,639,480	0.1369	11,846,690	3,369,542	0.1384	14,923,028

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against Group entities' functional currency as of March 31, 2025 and 2024, would have increased (decreased) the net profit before tax as follows for the three months ended March 31, 2025 and 2024. The analysis is performed on the same basis for both periods.

	<u>March 31, 2025</u>	<u>March 31, 2024</u>
USD (against the TWD)		
Strengthening 5%	\$ 912,204	452,488
Weakening 5%	(912,204)	(452,488)
USD (against the CNY)		
Strengthening 5%	9,947	20,488
Weakening 5%	(9,947)	(20,488)
USD (against the BRL)		
Strengthening 5%	(451,299)	(310,293)
Weakening 5%	451,299	310,293
EUR (against the TWD)		
Strengthening 5%	26,992	50,823
Weakening 5%	(26,992)	(50,823)
CNY (against the USD)		
Strengthening 5%	86,173	(46,107)
Weakening 5%	(86,173)	46,107

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2025 and 2024, the foreign exchange gains, including both realized and unrealized, amounted to \$1,003,510 and \$212,472, respectively.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the three months ended March 31, 2025 and 2024, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	For the three months ended March 31,	
	2025	2024
Interest increased by 0.25%	\$ 5,987	10,382
Interest decreased by 0.25%	(5,987)	(10,382)

(v) Fair value information

1) The categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss, financial instruments used for hedging and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	March 31, 2025				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss—current and non-current					
Foreign exchange contracts	\$ 494	-	494	-	494
Foreign Warrants	532,032	-	-	532,032	532,032
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,904,559	-	-	1,904,559	1,904,559
Subtotal	2,437,085				
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic markets	5,502,144	5,502,144	-	-	5,502,144
Stocks listed in foreign markets	8,959,099	8,959,099	-	-	8,959,099
Stocks unlisted in domestic markets	1,733,562	-	-	1,733,562	1,733,562
Stocks unlisted in foreign markets	226,410	-	-	226,410	226,410
Accounts receivable	32,119,787	-	32,119,787	-	32,119,787
Subtotal	48,541,002				
Financial assets measured at amortized cost					
Cash and cash equivalents	83,502,479	-	-	-	-
Time deposits with original maturities of more than 3 months	5,214,134	-	-	-	-
Notes and accounts receivable, net	144,118,702	-	-	-	-
Notes and accounts receivable due from related parties, net	4,724,035	-	-	-	-
Other receivables	2,469,186	-	-	-	-
Other current assets (restricted assets)	572,606	-	-	-	-
Refundable deposits	503,906	-	-	-	-
Other non-current assets (restricted assets)	17,159	-	-	-	-
Subtotal	241,122,207				
Total	\$ 292,100,294				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ 222,755	-	222,755	-	222,755
Financial liabilities used for hedging	42,761	-	42,761	-	42,761
Financial liabilities measured at amortized cost					
Short-term borrowings	52,789,625	-	-	-	-
Notes and accounts payable	136,655,839	-	-	-	-
Notes and accounts payable to related parties	7,876,471	-	-	-	-
Other payables and dividends payable	33,980,365	-	-	-	-
Lease liabilities—current and non-current	7,241,401	-	-	-	-
Long-term borrowings current portion	12,212,175	-	-	-	-
Long-term borrowings	11,046,149	-	-	-	-
Deposits received	232,148	-	-	-	-
Total	\$ 262,299,689				

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	December 31, 2024				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging \$	145,132	-	145,132	-	145,132
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,359,358	-	-	1,359,358	1,359,358
Subtotal	<u>1,504,490</u>				
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic markets	6,605,682	6,605,682	-	-	6,605,682
Stocks listed in foreign markets	15,166,260	15,166,260	-	-	15,166,260
Stocks unlisted in domestic markets	1,760,034	-	-	1,760,034	1,760,034
Stocks unlisted in foreign markets	223,591	-	-	223,591	223,591
Accounts receivable	21,841,211	-	21,841,211	-	21,841,211
Subtotal	<u>45,596,778</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	78,947,882	-	-	-	-
Time deposits with original maturities of more than 3 months	5,103,852	-	-	-	-
Notes and accounts receivable, net	171,555,332	-	-	-	-
Notes and accounts receivable due from related parties, net	7,404,318	-	-	-	-
Other receivables	3,412,241	-	-	-	-
Other current assets (restricted assets)	884,255	-	-	-	-
Refundable deposits	463,366	-	-	-	-
Other non-current assets (restricted assets)	16,939	-	-	-	-
Subtotal	<u>267,788,185</u>				
Total	<u>\$ 314,889,453</u>				
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 57,900,401	-	-	-	-
Notes and accounts payable	148,979,182	-	-	-	-
Notes and accounts payable to related parties	9,753,530	-	-	-	-
Other payables	30,179,530	-	-	-	-
Lease liabilities—current and non-current	8,732,843	-	-	-	-
Long-term borrowings current portion	14,303,150	-	-	-	-
Long-term borrowings	12,235,001	-	-	-	-
Deposits received	210,844	-	-	-	-
Subtotal	<u>282,294,481</u>				
Total	<u>\$ 282,294,481</u>				

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March 31, 2024					
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 7,107	-	7,107	-	7,107
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,316,909	-	-	1,316,909	1,316,909
Subtotal	1,324,016				
	7,235	-	7,235	-	7,235
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic markets	4,126,892	4,126,892	-	-	4,126,892
Stocks listed in foreign markets	3,372,483	3,372,483	-	-	3,372,483
Stocks unlisted in domestic markets	1,549,556	-	-	1,549,556	1,549,556
Stocks unlisted in foreign markets	648,268	-	-	648,268	648,268
Accounts receivable	31,005,859	-	31,005,859	-	31,005,859
Subtotal	40,703,058				
Financial assets measured at amortized cost					
Cash and cash equivalents	84,446,451	-	-	-	-
Notes and accounts receivable, net	140,603,395	-	-	-	-
Notes and accounts receivable due from related parties, net	4,091,244	-	-	-	-
Other receivables	3,603,820	-	-	-	-
Other current assets (restricted assets)	745,136	-	-	-	-
Refundable deposits	669,763	-	-	-	-
Other non-current assets (restricted assets)	367,372	-	-	-	-
Subtotal	234,527,181				
Total	\$ 276,561,490				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ 24,629	-	24,629	-	24,629
Financial liabilities measured at amortized cost					
Short-term borrowings	64,637,821	-	-	-	-
Notes and accounts payable	149,116,505	-	-	-	-
Notes and accounts payable to related parties	5,423,553	-	-	-	-
Other payables and dividends payable	35,481,345	-	-	-	-
Lease liabilities—current and non-current	9,004,896	-	-	-	-
Long-term borrowings current portion	10,928,149	-	-	-	-
Long-term borrowings	15,205,798	-	-	-	-
Deposits received	365,421	-	-	-	-
Subtotal	290,163,488				
Total	\$ 290,188,117				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

2) Fair value valuation technique of financial instruments not measured at fair value

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

a) Financial assets and liabilities measured at amortized cost

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

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed company is determined by reference to the market quotation.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b) Derivative financial instruments

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

4) Transfer from one level to another

There was no transfer from one level to another in the three months ended March 31, 2025 and 2024.

5) Changes in Level 3

The change in Level 3 at fair value in the three months ended March 31, 2025 and 2024, were as follows:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2025	\$ 1,359,358	1,983,625	3,342,983
Total gains and losses recognized:			
In profit or loss	237,740	-	237,740
In other comprehensive income	-	(16,471)	(16,471)
Purchased	817,334	-	817,334
Effect of changes in exchange rates	22,159	(7,182)	14,977
Balance on March 31, 2025	<u>\$ 2,436,591</u>	<u>1,959,972</u>	<u>4,396,563</u>
Balance on January 1, 2024	\$ 1,217,512	1,860,338	3,077,850
Total gains and losses recognized:			
In profit or loss	39,114	-	39,114
In other comprehensive income	-	237,597	237,597
Purchased	34,713	93,960	128,673
Effect of changes in exchange rates	25,570	5,929	31,499
Balance on March 31, 2024	<u>\$ 1,316,909</u>	<u>2,197,824</u>	<u>3,514,733</u>

For the three months ended March 31, 2025 and 2024, total gains and losses that were included in “other gains and losses, net” and “unrealized gains and losses from equity instruments at fair value through other comprehensive income” were as follows:

	For the three months ended March 31,	
	2025	2024
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	<u>\$ 237,740</u>	<u>39,114</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	<u>\$ (16,471)</u>	<u>237,597</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- 6) The quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 input to measure fair values include financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, financial assets at fair value through profit or loss.

Most of fair value measurements of the Group which are categorized as equity investment into Level 3 have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

The quantified information for significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income—equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.93~3.22, 1.94~3.36 and 1.70~2.86, respectively, on March 31, 2025, December 31 and March 31, 2024)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings (17.91, 17.94 and 14.77, respectively, on March 31, 2025, December 31 and March 31, 2024)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (All are 40%~65% on March 31, 2025, December 31 and March 31, 2024)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss—Warrants	Black-Scholes option pricing model	Volatility(30% on March 31, 2025)	The higher the Volatility is, the higher the fair value will be.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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7) Sensitivity analysis for fair value of financial instruments using Level 3 inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using Level 3 inputs, if the valuation parameters changed, the impacts on other comprehensive income or loss are as follows:

			Other comprehensive income	
	Input	Move up or down	Favorable change	Unfavorable change
March 31, 2025				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>17,670</u>	<u>15,177</u>
	Multiples of earnings	5%	\$ <u>1,583</u>	<u>1,589</u>
	Lack-of-Marketability discount rate	5%	\$ <u>7,101</u>	<u>9,588</u>
December 31, 2024				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>20,456</u>	<u>17,081</u>
	Multiples of earnings	5%	\$ <u>1,590</u>	<u>1,571</u>
	Lack-of-Marketability discount rate	5%	\$ <u>7,314</u>	<u>10,708</u>
March 31, 2024				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>16,483</u>	<u>17,723</u>
	Multiples of earnings	5%	\$ <u>1,530</u>	<u>1,501</u>
	Lack-of-Marketability discount rate	5%	\$ <u>8,692</u>	<u>7,481</u>

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument if there are one or more unobservable inputs.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

8) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards NO. 32 Sections 42 endorsed by the FSC which requested for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

Unit: thousands of New Taiwan Dollars / thousands of US Dollars

March 31, 2025			
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement			
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)
Cash/ Short-term borrowings	\$ <u>94,409,353</u>	<u>94,409,353</u>	-
	(USD <u>2,843,227</u>)	(USD <u>2,843,227</u>)	

December 31, 2024			
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement			
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)
Cash/ Short-term borrowings	\$ <u>208,583,907</u>	<u>208,583,907</u>	-
	(USD <u>6,362,175</u>)	(USD <u>6,362,175</u>)	

March 31, 2024			
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement			
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)
Cash/ Short-term borrowings	\$ <u>446,528,896</u>	<u>446,528,896</u>	-
	(USD <u>13,954,028</u>)	(USD <u>13,954,028</u>)	

(aa) Financial risk management

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the note (6)(aa) of the consolidated financial statements for the year ended December 31, 2024.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(ab) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2024. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2024. Please refer to note (6)(ab) of the consolidated financial statements for the year ended December 31, 2024.

(ac) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2025 and 2024 were acquisition of right-of-use assets by leasing, please refer to note (6)(m).

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2025	Cash flow	Other non-cash changes	March 31, 2025
Short-term borrowings	\$ 57,900,401	(5,110,776)	-	52,789,625
Long-term borrowings	26,538,151	(3,279,827)	-	23,258,324
Lease liabilities	8,732,843	(1,539,779)	48,337	7,241,401
Deposits received and others	478,182	(83,312)	6,210	401,080
Total liabilities from financing activities	<u>\$ 93,649,577</u>	<u>(10,013,694)</u>	<u>54,547</u>	<u>83,690,430</u>

	January 1, 2024	Cash flow	Other non-cash changes	March 31, 2024
Short-term borrowings	\$ 58,974,271	5,663,550	-	64,637,821
Long-term borrowings	26,670,617	(536,670)	-	26,133,947
Lease liabilities	10,331,217	(1,573,531)	247,210	9,004,896
Deposits received and others	494,422	(92,302)	25,702	427,822
Total liabilities from financing activities	<u>\$ 96,470,527</u>	<u>3,461,047</u>	<u>272,912</u>	<u>100,204,486</u>

(7) Related-party transactions:

(a) Name and relationship with related parties

The followings are the entities that have had transactions with the Group during the periods covered in the financial statement.

Name of related party	Relationship with the Group
Compal Precision Module (Jiangsu) Co., Ltd. ("CPM")	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. ("Changbao")	An associate

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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<u>Name of related party</u>	<u>Relationship with the Group</u>
Avalue	An associate
Crownpo Technology Inc. (“Crownpo”)	An associate
Allied Circuit	An associate
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd. (“LIZ (Nantong)”)	An associate
ARCE THERAPEUTICS, INC. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
River Regeneration and Rejuvenation Biotechnology Co. Ltd. (“River Regeneration”)	An associate
Acbel Polytech Inc. and its subsidiaries (“Acbel”)	Substantial related party (Note 1)
Cal-Comp Electronics (Thailand) Public Company Limited and its subsidiaries (“Cal-Comp”)	Substantial related party (Note 2)
Kinpo Electronics, Inc. (“Kinpo”)	Substantial related party (Note 2)

Note 1: The chairman of the board of Acbel was the first degree of kinship of the former chairman of the board of the Company. Due to the expiration of the term of the chairman of the board of the Company, Acbel became the substantial related party of the Group since May 31, 2024.

Note 2: The chairman of the board of Cal-Comp and Kinpo was the same chairman of the board of the Company. Due to the expiration of the term of the chairman of the board of the Company, Cal-Comp and Kinpo became the substantial related parties of the Group since May 31, 2024.

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	For the three months ended March 31,	
	2025	2024
Short-term employee benefits	\$ 206,291	211,882
Post-employment benefits	1,741	2,011
Share-based payments	-	331
	\$ 208,032	214,224

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

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(c) Significant related-party transactions

(i) Sale of goods to related parties

The amounts of significant sales transactions between the Group and related parties were as follows:

	For the three months ended March 31,	
	2025	2024
Associates	\$ 191,147	30,209
Other related parties	131	22
	\$ 191,278	30,231

Sales prices for related parties were similar to those of the third-party customers. The collection period was 60~120 days for related parties.

(ii) Purchase of goods from related parties

The amounts of significant purchase transactions between the Group and related parties were as follows:

	For the three months ended March 31,	
	2025	2024
Associates	301,400	497,383
Other related parties	11,785,322	8,075,578
	12,086,722	8,572,961

Purchase prices and payment period from related parties were similar to those from third-party suppliers. The payment period was 60~165 days for related parties.

(iii) Receivables due from relate parties

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

Account	Related party categories	March 31, 2025	December 31, 2024	March 31, 2024
Notes and accounts receivable	Associates	\$ 164,382	123,365	36,200
Notes and accounts receivable	Other related parties	4,559,653	7,280,953	4,055,044
Other receivables	Associates	1,127	1,342	1,231
Other receivables	Other related parties	42	51	46
		\$ 4,725,204	7,405,711	4,092,521

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iv) Payables to related parties

The payables arising from the transactions mentioned above and other on behalf rendering of services of other related parties were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Notes and accounts payable	Associates	\$ 315,965	518,254	518,512
Notes and accounts payable	Other related parties	7,560,506	9,235,276	4,905,041
Other payables	Associates	1,035	1,112	245
Other payables	Other related parties	18,972	16,900	116,460
		<u>\$ 7,896,478</u>	<u>9,771,542</u>	<u>5,540,258</u>

(v) Property transactions

The acquisitions of financial assets from related parties are summarized as follows:

<u>For the three months ended March 31, 2025</u>				
<u>Relationship</u>	<u>Item</u>	<u>Number of shares</u>	<u>Object</u>	<u>Acquisition price</u>
Associates–Allied Circuit	Investment accounted for using the equity method	1,346 thousand shares	The Company increased the capital of its associate–Allied Circuit, by cash	134,605

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Inventories	Bank loans and accounts receivable factoring	\$ 121,816	172,914	43,491
Other current assets	Pledged deposit	572,606	884,255	745,136
Property, plant, and equipment	Bank loans	165,260	442,070	458,417
Right-of-use assets	Bank loans	7,733,964	7,774,957	7,897,935
Other non-current assets	Customs deposit	800	800	800
Other non-current assets	Pledged deposit	16,359	16,139	366,572
		<u>\$ 8,610,805</u>	<u>9,291,135</u>	<u>9,512,351</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(9) Commitments and contingencies:

The details of commitments and contingencies were as follows:

- (a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against the Group concerning its former employees who joined the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.
- (b) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.
- (c) As of March 31, 2025, December 31 and March 31, 2024, the Group's signed commitments to purchase property, plant and equipment amounted to \$8,319,020, \$2,326,645 and \$2,897,503, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

- (a) The employee benefits, depreciation and amortization expenses by categorized function are summarized as follows:

By function By item	Three months ended March 31, 2025			Three months ended March 31, 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	2,272,584	4,203,605	6,476,189	2,552,527	4,145,851	6,698,378
Labor and health insurance	194,644	294,900	489,544	222,194	294,581	516,775
Pension	148,968	182,030	330,998	149,942	175,521	325,463
Others	341,190	207,524	548,714	621,159	183,656	804,815
Depreciation	1,355,085	286,735	1,641,820	1,333,377	263,752	1,597,129
Amortization	4,451	112,973	117,424	6,135	151,464	157,599

- (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions

The following were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2025:

- (i) Loans to other parties: Please refer to Table 1
- (ii) Guarantees and endorsements for other parties: Please refer to Table 2
- (iii) Securities held as of March 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 4
- (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 5
- (vi) Business relationships and significant intercompany transactions: Please refer to Table 6

(b) Information on investees: Please refer to Table 7

(c) Information on investment in mainland China: Please refer to Table 8

(14) Segment information:

Three months ended March 31, 2025				
	Information technology product segment	Strategically integrated product segment	Adjustment and elimination	Total
Revenue:				
Revenue from external customers	\$ 186,395,275	12,702,682	-	199,097,957
Revenue from segments	275,663	-	(275,663)	-
Total revenue	\$ 186,670,938	12,702,682	(275,663)	199,097,957
Reportable segment profit	\$ 2,521,740	905,183	-	3,426,923
Three months ended March 31, 2024				
	Information technology product segment	Strategically integrated product segment	Adjustment and elimination	Total
Revenue:				
Revenue from external customers	\$ 187,024,430	12,546,684	-	199,571,114
Revenue from segments	676,734	-	(676,734)	-
Total revenue	\$ 187,701,164	12,546,684	(676,734)	199,571,114
Reportable segment profit	\$ 2,148,247	823,665	-	2,971,912

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(March 31, 2025)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	UCGI	Other receivables	Y	230,000	230,000	230,000	2.38%	Short-term financing	-	Operating demand	-	-	-	26,760,308	53,520,616	(Note 1)
0	The Company	HengHao	Other receivables	Y	200,000	200,000	-	2.38%	Short-term financing	-	Operating demand	-	-	-	26,760,308	53,520,616	(Note 1)
0	The Company	CEM	Other receivables	Y	3,652,550	3,320,500	1,826,275	5.01%	Short-term financing	-	Operating demand	-	-	-	26,760,308	53,520,616	(Note 1)
0	The Company	CTB	Other receivables	Y	2,656,400	2,324,350	1,494,225	5.01%	Short-term financing	-	Operating demand	-	-	-	26,760,308	53,520,616	(Note 1)
0	The Company	CEP	Other receivables	Y	166,025	166,025	-	5.01%	Short-term financing	-	Operating demand	-	-	-	26,760,308	53,520,616	(Note 1)
0	The Company	CSIN	Other receivables	Y	332,050	332,050	332,050	5.01%	Short-term financing	-	Operating demand	-	-	-	26,760,308	53,520,616	(Note 1)
1	CPC	CIC	Other receivables	Y	228,650	228,650	228,650	2.10%	Short-term financing	-	Operating demand	-	-	-	3,014,312	3,014,312	(Note 2)
1	CPC	CCI Nanjing	Other receivables	Y	1,188,980	1,188,980	1,143,250	2.10%	Short-term financing	-	Operating demand	-	-	-	3,014,312	3,014,312	(Note 2)
2	CIT	HengHao Kunshan	Other receivables	Y	1,992,300	996,150	996,150	5.01%-5.42%	Short-term financing	-	Operating demand	-	-	-	31,501,577	31,501,577	(Note 3)
2	CIT	CEM	Other receivables	Y	332,050	332,050	332,050	5.01%	Short-term financing	-	Operating demand	-	-	-	31,501,577	31,501,577	(Note 3)
3	CPO	CIT	Other receivables	Y	685,950	685,950	685,950	2.10%	Short-term financing	-	Operating demand	-	-	-	3,365,624	3,365,624	(Note 4)
3	CPO	CEM	Other receivables	Y	996,150	996,150	996,150	5.01%	Short-term financing	-	Operating demand	-	-	-	3,365,624	3,365,624	(Note 4)
3	CPO	CCI Nanjing	Other receivables	Y	823,140	823,140	823,140	2.10%	Short-term financing	-	Operating demand	-	-	-	3,365,624	3,365,624	(Note 4)
4	CET	BT	Other receivables	Y	503,030	503,030	137,190	1.60%-2.20%	Short-term financing	-	Operating demand	-	-	-	5,405,728	5,405,728	(Note 5)
5	Panpal	HengHao	Other receivables	Y	300,000	300,000	300,000	2.38%	Short-term financing	-	Operating demand	-	-	-	2,341,593	2,341,593	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	1,826,275	1,826,275	1,826,275	5.01%	Short-term financing	-	Operating demand	-	-	-	12,155,669	12,155,669	(Note 7)
6	CIC	CTB	Other receivables	Y	332,050	332,050	332,050	5.01%	Short-term financing	-	Operating demand	-	-	-	12,155,669	12,155,669	(Note 7)
7	BSH	CIN	Other receivables	Y	464,870	464,870	464,870	5.01%	Short-term financing	-	Operating demand	-	-	-	9,048,618	9,048,618	(Note 8)
8	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	5,000	5,000	5,000	2.38%	Short-term financing	-	Operating demand	-	-	-	11,512	958,358	(Note 9)
8	Gempal	CEP	Other receivables	Y	232,435	232,435	232,435	5.01%	Short-term financing	-	Operating demand	-	-	-	958,358	958,358	(Note 9)
8	Gempal	Hippo Screen	Other receivables	Y	35,000	35,000	35,000	2.38%	Short-term financing	-	Operating demand	-	-	-	958,358	958,358	(Note 9)
9	Hong Ji	Aco Smartcare	Other receivables	Y	100,000	100,000	49,000	2.38%	Short-term financing	-	Operating demand	-	-	-	485,643	485,643	(Note 10)
10	Arcadyan	Arcadyan Brasil	Other receivables	Y	66,200	66,200	49,650	5.50%	Short-term financing	-	Operating demand	-	-	-	2,990,935	5,981,871	(Note 11)
10	Arcadyan	Arcadyan Turkey	Other receivables	Y	132,400	132,400	-	6.00%	Short-term financing	-	Operating demand	-	-	-	2,990,935	5,981,871	(Note 11)
11	Poindus Systems	Adasys	Other receivables-related parties	Y	23,199	23,199	23,199	3.72%	Transaction for business between two parties	83,918	-	-	-	-	77,740	232,278	(Note 12)
11	Poindus Systems	Adasys	Other receivables-related parties	Y	23,199	23,199	-	3.26%	Short-term financing	-	Enhances working capital	-	-	-	116,139	232,278	(Note 12)
11	Poindus Systems	Poindus Systems UK Limited	Long-term receivables	Y	26,774	11,534	11,534	5.61%	Transaction for business between two parties	19,222	-	-	-	-	52,719	232,278	(Note 12)
11	Poindus Systems	Varlink	Other receivables-related parties	Y	64,080	64,080	42,720	5.43%-5.61%	Short-term financing	-	Enhances working capital	-	-	-	116,139	232,278	(Note 12)

(Continued)

Notes to Consolidated Financial Statements

- Note 1 : According to the Company's "Procedures of Lending Funds to Other Parties", the total amount of loans lent to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be calculated together with the amount of guarantee endorsed by the Company for the company. In addition, the Company shall not limit the total amount of loans to subsidiaries in which the Company directly or indirectly holds 100% of the voting shares to 80% of the aforementioned amount, but the maximum amount shall not exceed 50% of the Company's total funds lending limit, and shall be calculated together with the amount of guarantees endorsed by the Company for such companies.
- Note 2 : According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 3 : According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 4 : According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 5 : According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 6 : According to Pampal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Pampal. When a short-term financing facility with Pampal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Pampal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 50% directly or indirectly owned subsidiaries by Pampal, or the ultimate parent company's 50% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Pampal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 7 : According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 8 : According to BSH's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of BSH. When a short-term financing facility with BSH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of BSH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of BSH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 9 : According to Gempal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Gempal. When a short-term financing facility with Gempal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Gempal's total amount of lendable capital, and shall be combined with the Gempal's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Gempal, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 10 : According to Hong Ji's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Hong Ji. When a short-term financing facility with Hong Ji is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Hong Ji's total amount of lendable capital, and shall be combined with the Hong Ji's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Hong Ji, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 11 : According to Arcadyan's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Arcadyan. To borrowers having business relationship with Arcadyan, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Arcadyan. Also, the amount shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Arcadyan's investee. The total amount for lending the borrower shall not exceed 80% of the net worth of the borrower, nor shall it exceed 20% of the net worth of Arcadyan, and shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating.
- Note 12 : According to Poindus Systems' Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Poindus Systems. To borrowers having business relationship with Poindus Systems, the total amount of loans for individual is the lower of the amount of transaction for business between the two parties during the previous twelve months and 20% of the net worth of the company's latest financial statements. When a short-term financing facility is necessary, the total amount of loans for individual is the lower of 40% of the net worth of the company receiving financial financing and 20% of the net worth of the Poindus Systems. In addition, Poindus Systems shall not limit the total amount of loans to subsidiaries in which Poindus Systems directly or indirectly holds 100% of the aforementioned amount, but the maximum amount shall not exceed 20% of the net worth of Poindus Systems.
- Note 13 : The transactions had been eliminated in the consolidated financial statements.

Notes to Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties:

(March 31, 2025)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1 × 2 and 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CEM	(Note 4)	33,450,385	174,947	44,827	44,827	-	0.03%	66,900,770	Y	-	-
0	The Company	CTB	(Note 4)	33,450,385	793,680	396,880	396,880	-	0.30%	66,900,770	Y	-	-
0	The Company	Compal Ruifang	(Note 3)	33,450,385	998,500	998,500	-	-	0.75%	66,900,770	Y	-	-
0	The Company	CPL	(Note 3)	33,450,385	143,880	143,880	143,880	-	0.11%	66,900,770	Y	-	-
0	The Company	Kinpo & Compal Group Assets Development Corporation	(Note 3)	33,450,385	15,400,000	15,400,000	-	-	11.51%	66,900,770	Y	-	-
1	Arcadyan	Arcadyan AU	(Note 4)	1,993,957	248,250	248,250	-	-	1.66%	5,981,871	Y	-	-

Note 1 : According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 50% of the Company's net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed 25% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount of the current year, and shall be combined with the amount lend to others when calculating. The amount of endorsements/ guarantees permitted to make between subsidiaries whose over 90% of its voting shares are owned, directly or indirectly, by the Company shall be no more than 10% of the net worth of the Company. The amount of endorsements/ guarantees permitted to make between directly or indirectly wholly owned subsidiaries is not limited by the aforementioned restriction, only the maximum amount shall be no more than 25% of the net worth of the Company.

Note 2 : According to Arcadyan's Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees Arcadyan and its subsidiaries are permitted to make shall not exceed 40% of the Arcadyan's net worth. Endorsements/guarantees Arcadyan and its subsidiaries are permitted to make for a single company shall not exceed 1/3 of the aforementioned total amount.

Note 3 : Subsidiary whose over 50% common stock is directly owned.

Note 4 : Subsidiary whose over 50% common stock is indirectly owned.

(Continued)

Notes to Consolidated Financial Statements

Table 3 Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):
(March 31, 2025)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
The Company	Taiwan Mobile	-	Financial assets at fair value through other comprehensive income-non-current	3,197	372,485	-	372,485	
	Kinpo	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	124,044	2,654,537	8%	2,654,537	
	Cal-Comp	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	1,554,139	8,858,595	15%	8,858,595	
	ITH Corporation	-	Financial assets at fair value through other comprehensive income-non-current	6,180	327,540	2%	327,540	
	Lenovo Group Limited		Financial assets at fair value through profit or loss-non-current	-	532,032	-	532,032	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		1,132,757		1,132,757	
	Total				13,877,946			
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	1,007,992	1%	1,007,992	(Note 1)
	Kinpo	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	69,370	1,484,510	5%	1,484,510	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	1,088,640	5%	1,088,640	
	AcBel	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	11,332	327,491	1%	327,491	
	Others		Financial assets at fair value through other comprehensive income-non-current		255,158		255,158	
	Total				4,163,791			
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	585,064	-	585,064	(Note 1)
	Others	-	Financial assets at fair value through other comprehensive income-non-current		53,665		53,665	
	Total				638,729			
Arcadyan	Others	-	Financial assets at fair value through profit or loss and other comprehensive income		55,114		55,114	
Mactech	Others	-	Financial assets at fair value through other comprehensive income-non-current		15,060		15,060	
Mithera	Others	-	Financial assets at fair value through other comprehensive income-non-current		149,422		149,422	
BT	Others	-	Financial assets at fair value through other comprehensive income-non-current		4,578		4,578	
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non-current	-	887,113	-	887,113	
BSH	ABG Capital PartnersV, LP (ABG)	-	Financial assets at fair value through profit or loss-non-current	-	410,726	-	410,726	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		248,383		248,383	
	Total				659,109			

Note 1 : The transaction had been eliminated in the consolidated financial statements.

(Continued)

Notes to Consolidated Financial Statements

Table 4 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the three months ended March 31, 2025)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	CEM	Subsidiaries wholly owned by the Company	Sale	(1,041,229)	(0.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	1,994,272	1.0%	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	19,394,419	10.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(55,055,436)	(31.8)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	1,504,908	0.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(3,314,334)	(1.9)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	24,724,905	13.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(6,317,635)	(3.7)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	3,017,871	1.6%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(6,166,359)	(3.6)%	(Note 2)
Just and its subsidiaries	Kinpo	Substantial related party	Purchase	11,608,440	6.3%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(7,265,170)	(4.2)%	(Note 2)
	Compal Electronic, Inc.	Parent company	Sale	(1,504,908)	(82.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	3,314,334	95.5%	(Note 2)
	UCGI	With the same ultimate parent company	Sale	(190,019)	(9.9)%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	137,584	2.1%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	241,026	3.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(242,755)	(3.2)%	(Note 2)
	CIH and its subsidiaries	Parent company	Sale	(19,394,419)	(95.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	55,055,436	95.5%	(Note 2)
CIH and its subsidiaries	CEM	With the same ultimate parent company	Sale	(111,335)	(0.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	155,568	0.1%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(477,586)	(1.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	5,036,697	3.5%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	289,034	0.4%	Net 60 days from the delivery	Similar to non-related parties	Adjustments will be made based on demand for funding.	(290,274)	(0.3)%	(Note 2)
	CPM	An associate	Purchase	239,155	0.3%	120 days	Similar to non-related parties	There is no significant difference.	(241,351)	(0.2)%	(Note 2)
	Acbel and its subsidiaries	Substantial related party	Purchase	119,154	0.2%	120 days	Similar to non-related parties	There is no significant difference.	(193,158)	(0.2)%	(Note 2)

(Continued)

Notes to Consolidated Financial Statements

Table 4 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the three months ended March 31, 2025)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(3,017,871)	(95.1)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding.	6,166,359	80.9%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(241,026)	(3.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	242,755	1.6%	(Note 2)
CEM	CTB	With the same ultimate parent company	Sale	(411,285)	(16.0)%	45 days	Similar to non-related parties	There is no significant difference.	648,073	23.1%	(Note 2)
	Compal Electronic, Inc.	Parent company	Purchase	1,041,229	61.3%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(1,994,272)	(78.5)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	111,335	6.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(155,568)	(6.1)%	(Note 2)
CTB	CEM	With the same ultimate parent company	Purchase	411,285	38.1%	120 days	According to markup pricing	There is no significant difference.	(648,073)	(30.9)%	(Note 2)
UCGI	Avaluc	An associate	Sale	(134,704)	(43.1)%	75 days	Similar to non-related parties	There is no significant difference.	126,494	35.9%	
	JUST and its subsidiaries	With the same ultimate parent company	Purchase	190,019	83.3%	60 days	Similar to non-related parties	There is no significant difference.	(137,584)	(84.7)%	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(24,724,905)	(97.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	6,317,635	98.1%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(289,034)	(1.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	290,274	1.0%	(Note 2)
	Arcadyan and its subsidiaries	With the same ultimate parent company	Sale	(227,711)	(1.0)%	Net 60 days from the end of the month of delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	229,130	0.9%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	477,586	2.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(5,036,697)	(13.1)%	(Note 2)
Arcadyan	Acradyan USA	Arcadyan's subsidiary	Sale	(5,218,573)	(46.0)%	Net 120 days from delivery	-	-	26,379	(1.0)%	(Note 2)
	Acradyan AU	Arcadyan's subsidiary	Sale	(329,326)	(3.0)%	Net 60 days from the end of the month of delivery	-	-	166,666	3.0%	(Note 2)
	Acradyan Germany	Arcadyan's subsidiary	Sale	(194,068)	(2.0)%	Net 150 days from delivery	-	-	186,880	4.0%	(Note 2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	1,760,130	9.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1&2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(1,760,130)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1&2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	227,711	2.0%	Net 60 days from the end of the month of delivery	-	-	(229,130)	(1.0)%	(Note 2)
Acradyan USA	Arcadyan	With the same ultimate parent company	Purchase	5,218,573	100.0%	Net 120 days from delivery	-	-	(26,379)	(100.0)%	(Note 2)
Acradyan AU	Arcadyan	With the same ultimate parent company	Purchase	329,326	100.0%	Net 60 days from the end of the month of delivery	-	-	(166,666)	(100.0)%	(Note 2)
Acradyan Germany	Arcadyan	With the same ultimate parent company	Purchase	194,068	100.0%	Net 150 days from delivery	-	-	(186,880)	(100.0)%	(Note 2)

Note 1: The remaining balance is the net value of commissioned processing and sales of raw material.

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

Note 3: The amount of other receivables on March 31, 2025 is 2,197,461 thousand dollars.

(Continued)

Notes to Consolidated Financial Statements

Table 5 Receivables from related parties with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(March 31, 2025)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	CBN	The Company's subsidiary	107,684	0.19	-	-	44,975 (Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	3,107,132 (Note 3)	(Note 3)	-	-	- (Note 1)	-
The Company	HSI and its subsidiaries	The Company's subsidiary	1,852,354 (Note 3)	(Note 3)	-	-	967,194 (Note 1)	-
The Company	CEM	The Company's subsidiary	1,994,272	1.80	-	-	1,052,606 (Note 1)	-
The Company	Cal-Comp	Substantial related party	4,559,295 (Note 3)	(Note 3)	-	-	1,920,296 (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	3,314,334	2.31	-	-	245,751 (Note 1)	-
Just and its subsidiaries	UCGI	With the same ultimate parent company	137,584	5.12	-	-	- (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	55,055,436	1.35	-	-	52,913,323 (Note 1)	-
CIH and its subsidiaries	CEM	With the same ultimate parent company	155,568	3.29	-	-	43,142 (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	5,036,697	0.35	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	6,166,359	1.64	-	-	3,094,530 (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,333,970	0.15	-	-	- (Note 1)	-
BCI and its subsidiaries	CTB	With the same ultimate parent company	419,449	-	-	-	- (Note 1)	-
BCI and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	242,755	7.94	-	-	- (Note 1)	-
CEM	CTB	With the same ultimate parent company	648,073	2.35	-	-	82,905 (Note 1)	-
UCGI	Avalue	An associate	126,494	5.30	-	-	- (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	6,317,635	16.06	-	-	4,674,651 (Note 1)	-
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	290,274	7.68	-	-	- (Note 1)	-
HSI and its subsidiaries	Arcadyan	With the same ultimate parent company	229,130	4.74	-	-	88,109 (Note 1)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	2,197,461 (Note 3)	(Note 3)	-	-	473,374 (Note 2)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	186,880	3.93	-	-	- (Note 2)	-
Arcadyan	Arcadyan AU	With the same ultimate parent company	166,666	8.73	-	-	137,438 (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	137,181 (Note 4)	(Note 4)	-	-	- (Note 2)	-

Note 1: Balance as of May 7, 2025.

Note 2: Balance as of April 24, 2025.

Note 3: Receivables due to purchasing on behalf of related parties.

Note 4: Accounts receivables due to processing raw material.

(Continued)

Notes to Consolidated Financial Statements

Table 6 Business relationships and significant intercompany transactions:

(March 31, 2025)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions				Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms		
0	The Company	CEM	1	Sales Revenue	1,041,229	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.		0.5%
				Accounts Receivable	1,994,272	"		0.5%
1	Just and its subsidiaries	The Company	2	Sales Revenue	1,504,908	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.		0.8%
				Accounts Receivable	3,314,334	"		0.8%
1	Just and its subsidiaries	UCGI	3	Sales Revenue	190,019	There is no significant difference of price to non-related parties. The credit period is net 60 days, and will be adjusted if necessary.		0.1%
				Accounts Receivable	137,584	"		-
2	CIH and its subsidiaries	The Company	2	Sales Revenue	19,394,419	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.		9.7%
				Accounts Receivable	55,055,436	"		12.7%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	477,586	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.		0.2%
				Accounts Receivable	5,036,697	"		1.2%
2	CIH and its subsidiaries	CEM	3	Sales Revenue	111,335	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.		0.1%
				Accounts Receivable	155,568	"		-
3	BCI and its subsidiaries	The Company	2	Sales Revenue	3,017,871	The price is based on BCI and its subsidiaries' s operating cost. The credit period is net 120 days, and will be adjusted if necessary.		1.5%
				Accounts Receivable	6,166,359	"		1.4%
3	BCI and its subsidiaries	Just and its subsidiaries	3	Sales Revenue	241,026	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.		0.1%
				Accounts Receivable	242,755	"		0.1%
4	CEM	CTB	3	Sales Revenue	411,285	There is no significant difference of price to non-related parties. The credit period is net 45 days.		0.2%
				Accounts Receivable	648,073	"		0.1%
5	HSI and its subsidiaries	The Company	2	Sales Revenue	24,724,905	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.		12.4%
				Accounts Receivable	6,317,635	"		1.5%
5	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	289,034	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.		0.1%
				Accounts Receivable	290,274	"		0.1%
5	HSI and its subsidiaries	Arcadyan	3	Sales Revenue	227,711	There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month of delivery.		0.1%
				Accounts Receivable	229,130	"		0.1%
6	Arcadyan	Arcadyan Germany	3	Sales Revenue	194,068	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.		0.1%
				Accounts Receivable	186,880	"		-
6	Arcadyan	Arcadyan USA	3	Sales Revenue	5,218,573	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.		2.6%
				Accounts Receivable	26,379	"		-
6	Arcadyan	Arcadyan AU	3	Sales Revenue	329,326	There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month of delivery.		0.2%
				Accounts Receivable	166,666	"		-
6	Arcadyan	Arcadyan Vietnam	3	Other Receivable	2,197,461	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.		0.5%
11	Arcadyan Vietnam	Arcadyan	3	Processing Revenue	1,760,130	The price is based on Arcadyan Vietnam's cost.		0.9%

Note 1: The numbers filled in as follows:

- 0 represents the Company.
- Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

- represents transactions between the parent company and its subsidiaries.
- represents transactions between the subsidiaries and the parent company.
- represents transactions between subsidiaries.

(Continued)

Notes to Consolidated Financial Statements

Table 7 The information on investees for the nine months ended March 31, 2025 (excluding information on investees in Mainland China):

(March 31, 2025)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
The Company	Kinpo & Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	4,025,000	4,025,000	402,500	70%	3,976,403	(4,045)	(2,833)	(Note 2)
	Bizcom	Milpitas, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	533,302	5,955	7,761	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	11,554,531	112,644	112,644	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	52,162,189	720,577	720,577	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,609,868 (Note 1)	326,487	282,180	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,822,955 (Note 1)	68,937	43,220	(Note 2)
	Kinpo Group Management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,151	154	57	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	103,656	(2,994)	(2,994)	(Note 2)
	Unicore	Taipei City	Management & Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	7,000	100%	62,364	(647)	(647)	(Note 2)
	Lead-Honor	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,913,105	-	-	(Note 2)
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and international trade	20,000	20,000	2,000	100%	15,725	(2,639)	(2,639)	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	475,087	395,388	10,955	20%	540,792	66,463	13,169	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	353,046	11,768	56%	375,430	20,026	11,223	(Note 2)
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	159,083	159,083	330,276	71%	15,109	(17,665)	(12,624)	(Note 2)
	Lipo Holding Co. Ltd.	Cayman Islands	Investment	489,450	489,450	98	49%	84,180	(51,617)	(25,292)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	1,022,068	11,226	11,226	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	64,650	64,650	6,465	38%	24,539	(6,221)	(2,366)	(Note 2)
	Crownpo	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	(7,349)	(11,734)	(3,900)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,247,968	30,815	30,815	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	411,557	14,171	14,171	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	291,076	(3,516)	(1,859)	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	175,697	481	4,756	(Note 2)
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	19%	2,883,522	678,727	127,225	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	3,821,120	(148,219)	(148,219)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	48,210	48,210	-	100%	7,643	-	-	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	613,820	(65,574)	(35,135)	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	385,553	385,553	844	100%	198,288	(17,766)	(17,766)	(Note 2)
	CPL	Poland	Maintenance and warranty services of notebook PCs	1,307,669	652,669	3,214	100%	1,331,848	(8,903)	(8,903)	(Note 2)
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	209,076	4,646	30%	132,945	(22,161)	(6,648)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	158,160	158,160	44,540	20%	46,396	(27,264)	(5,532)	
	Hippo Screen	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and international trade	162,000	162,000	9,550	96%	21,078	(5,640)	(5,386)	(Note 2)
	Infino	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	12,946	(11,221)	(3,110)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	6,019,757	6,019,757	29,015	100%	(523,519)	97	97	(Note 2)

(Continued)

Notes to Consolidated Financial Statements

Table 7 The information on investees for the nine months ended March 31, 2025 (excluding information on investees in Mainland China):

(March 31, 2025)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
The Company	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	10,256,883	(126,359)	(126,359)	(Note 2)
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	386,223	(23,289)	(13,661)	(Note 2)
	Rayonnant Technology	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	225,801	(19,100)	(19,100)	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	307,725	(32,626)	(32,626)	(Note 2)
	Acendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,392,091	(29,271)	(10,165)	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(597,300)	(54,334)	(39,935)	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	523,157	(15,939)	(15,939)	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,629,150	2,958	2,958	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	689,997	20,000	100%	71,435	16,216	16,203	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	108,754	1,828	1,828	(Note 2)
	Avalac	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	785,171	136,270	27,319	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	9,054,360	(109,129)	(109,129)	(Note 2)
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	300,000	300,000	30,000	100%	301,813	252	252	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	247,560	15,035	50%	418,279	23,431	11,755	(Note 2)
	Compal Healthcare	Taipei City	Information software services, data processing services, and electronic information supply services	20,000	20,000	4,000	100%	44,315	16,972	16,972	(Note 2)
	River Regeneration	Taipei City	Regeneration and rejuvenation of stem cell	100,020	100,020	6,000	31%	73,302	(16,425)	(5,475)	
	Genki Compal Long-Term Care Corporation Aggregate	New Taipei City	Residential elderly care services	21,915	21,915	-	49%	21,915	-	-	
	CMX	Mexico	Production of automotive electronic products	77,997	77,997	-	100%	80,768	(2,251)	(2,248)	(Note 2)
	Precisely Printed Medical Ltd.	Kaohsiung City	Biotechnology services, research & development services	10,000	-	1,000	30%	8,516	(847)	(1,484)	
								<u>116,578,761</u>		<u>794,434</u>	
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	616,666	678,727	Investment gain (losses) recognized by Panpal	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	171,229	148,263	3,157	6%	155,834	66,463	Investment gain (losses) recognized by Panpal	
	PT GLB Biotechnology Indonesia	Indonesia	Manufacturing and wholesale of medical equipment	894	894	-	1%	785	(2,430)	Investment gain (losses) recognized by Panpal	(Note 2)
Gempal	Others							(1,599,620)			(Note 2)
	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	723,499	678,727	Investment gain (losses) recognized by Gempal	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	78,908	53,645	3,472	6%	171,417	66,463	Investment gain (losses) recognized by Gempal	
Hong Ji	Others							94,807			(Note 2)
	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	723,499	678,727	Investment gain (losses) recognized by Hong Ji	(Note 2)
Hong Jin	Allied Circuit	Taoyuan City	Production and selling of PCB boards	17,066	10,389	918	2%	40,433	66,463	Investment gain (losses) recognized by Hong Ji	
	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	131,942	131,942	4,609	2%	344,378	678,727	Investment gain (losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	2,068,588	2,068,588	62,298	100%	8,660,798	97,613	Investment gain (losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	423,198	423,198	12,745	100%	435,687	(10,920)	Investment gain (losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	16,603	16,603	500	100%	16,322	37	Investment gain (losses) recognized by Just	(Note 2)

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Notes to Consolidated Financial Statements

Table 7 The information on investees for the nine months ended March 31, 2025 (excluding information on investees in Mainland China):

(March 31, 2025)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
CII	Smart	British Virgin Islands	Investment	33	33	1	100%	404	(1)	Investment gain (losses) recognized by CII	(Note 2)
	MEL	U.S.A.	Investment	273,410	273,410	-	100%	229,533	543	Investment gain (losses) recognized by CII	(Note 2)
CII	MTL	U.S.A.	Investment	33	33	-	100%	33	-	Investment gain (losses) recognized by CII	(Note 2)
	CNA	U.S.A.	Sales of automotive electronic products	83,013	83,013	2,500	100%	95,540	4,792	Investment gain (losses) recognized by CII	(Note 2)
	CUS	U.S.A.	Sales of automotive electronic products	249,038	249,038	2,500	100%	106,964	(16,254)	Investment gain (losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,483,817	2,483,817	74,803	100%	51,137,918	705,345	Investment gain (losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	244,057	244,057	7,350	100%	135,798	1,595	Investment gain (losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	33	33	1	100%	208,499	20,829	Investment gain (losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	494,755	494,755	14,900	100%	494,754	-	Investment gain (losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	169,346	169,346	5,100	51%	5,532	(250)	Investment gain (losses) recognized by CIH	(Note 2)
HSI	IUE	British Virgin Islands	Investment	2,224,735	2,224,735	67,000	100%	1,744,711	(68,705)	Investment gain (losses) recognized by HSI	(Note 2)
	Goal	British Virgin Islands	Investment	421,704	421,704	12,700	100%	357,661	3,131	Investment gain (losses) recognized by HSI	(Note 2)
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	2,224,735	2,224,735	67,000	100%	1,744,711	(68,705)	Investment gain (losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	421,704	421,704	12,700	100%	312,934	3,131	Investment gain (losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,683,628	2,683,628	80,820	100%	6,329,093	(165,919)	Investment gain (losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	332,050	332,050	10,000	100%	3,927,790	39,559	Investment gain (losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,881,135	4,881,135	147,000	100%	9,054,360	(109,129)	Investment gain (losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	167,685	167,685	-	99%	147,756	(170)	Investment gain (losses) recognized by BSH	(Note 2)
	CIN	U.S.A.	Manufacturing	269,957	269,957	1	100%	561,248	(33,865)	Investment gain (losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,228,585	1,228,585	37,000	46%	1,341,477	(65,574)	Investment gain (losses) recognized by BSH	(Note 2)
	HHB	British Virgin Islands	Investment	199,230	199,230	9,000	16%	230,418	(111,904)	Investment gain (losses) recognized by BSH	(Note 2)
	CEV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication equipment, and other electronic products	1,992,300	1,992,300	-	100%	2,067,810	(4,099)	Investment gain (losses) recognized by BSH	(Note 2)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain (losses) recognized by Forever	(Note 2)
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	66,410	66,410	-	100%	49,297	(199)	Investment gain (losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	830,125	830,125	25,000	35%	(318,931)	(54,334)	Investment gain (losses) recognized by Webtek	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	1,701,027	1,701,027	47,780	100%	2,419,180	(77,375)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A.	Technology support and sales of wireless network products	23,055	23,055	1	100%	159,213	9,839	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	1	100%	110,278	2,509	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	38,412	1,548	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	305,365	(7,752)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	144,239	450	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	6,673	103	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	91,111	4,914	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	507	(481)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Turkey	Turkey	Sales of wireless network products	61,268	61,268	6,200	100%	58,343	2,109	Investment gain (losses) recognized by Arcadyan	(Note 2)

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Notes to Consolidated Financial Statements

Table 7 The information on investees for the nine months ended March 31, 2025 (excluding information on investees in Mainland China):

(March 31, 2025)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(54,260)	2,664	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	(Note 2)
	Arcadyan India	India	Sales of wireless network products	76,952	76,952	19,800	100%	(6,836)	46,632	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	48,197	48,197	13,673	20%	193,843	(23,289)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	(Note 2)
	Sinoprime	British Virgin Islands	Investment	961,555	961,555	29,050	100%	2,023,900	12,730	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	364,464	364,464	35	100%	218,280	(103,093)	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	39,720	39,720	1,200	100%	9,069	(191)	Investment gain (losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	38,727	38,727	1,170	100%	8,143	(197)	Investment gain (losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	959,900	959,900	-	100%	2,018,868	12,665	Investment gain (losses) recognized by Sinoprime	(Note 2)
Rayonnant Technology	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	202,927	(26,107)	Investment gain (losses) recognized by Rayonnant Technology	(Note 2)
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	-	Investment gain (losses) recognized by Rayonnant Technology	(Note 2)
CRH	APH	British Virgin Islands	Investment	415,063	415,063	12,500	59%	336,356	(26,107)	Investment gain (losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	104,629	104,629	3,151	100%	51,615	458	Investment gain (losses) recognized by APH	(Note 2)
	Rayonnant (HK)	Hong Kong	Investment	597,690	597,690	18,000	100%	453,751	(55,663)	Investment gain (losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(1,703,127)	(93,802)	Investment gain (losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,556,718	1,556,718	46,882	84%	(1,474,637)	(111,904)	Investment gain (losses) recognized by HHA	(Note 2)
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	5,156	(86)	Investment gain (losses) recognized by CBN	(Note 2)
	CBNN	Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,488	(93)	Investment gain (losses) recognized by CBN	(Note 2)
	Starmems	Taiwan	R&D of MEMS microphone related products	16,300	16,300	1,630	10%	6,187	(6,221)	Investment gain (losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,980,331	2,980,331	95,862	37%	3,896,127	(405,177)	Investment gain (losses) recognized by FGH	(Note 2)
GLB	PT GLB Biotechnology Indonesia	Indonesia	Manufacturing and wholesale of medical equipment	83,340	83,340	42	99%	77,783	(2,430)	Investment gain (losses) recognized by GLB	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	15%	2,377	(6,967)	Investment gain (losses) recognized by Mactech	(Note 2)
Poindus Systems	Poindus Investment	Taipei City	Investment holding	4,100	4,100	(Note 3)	100%	416	-	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(9,308)	488	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	3,505	(3,738)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Varlink	UK	Sales of PCs and peripherals	61,590	61,590	140	100%	53,491	3,300	Investment gain (losses) recognized by Poindus Systems	(Note 2)
Varlink	EPOS	UK	Sales of PCs and peripherals	-	-	0.001	100%	-	-	Investment gain (losses) recognized by Varlink	(Note 2)

Note 1: The carrying value had been deducted \$559,812 and \$321,435 of the Company's stock held by Panpal and Gempal, respectively.

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

Note 3: A limited company, therefore no number of shares.

(Continued)

Notes to Consolidated Financial Statements

Table 8 Information on investment in Mainland China:
(March 31, 2025)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars / shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2025	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CPC	Manufacturing and sales of monitors	1,228,585	(Note 1)	1,228,585	-	-	1,228,585	86,303	100%	86,303	3,011,299	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	664,100	(Note 2)	664,100	-	-	664,100	13,611	100%	13,611	198,335	-
CET	Manufacturing of notebook PCs	398,460	(Note 2)	398,460	-	-	398,460	(163,396)	100%	(163,396)	5,318,791	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	274,686	(Note 2)	(Note 3)	-	-	-	134,386	100%	134,386	743,688	-
FIP	Manufacturing of auto parts and accessories	412,030	(Note 2)	(Note 3)	-	-	-	(8,990)	60%	(5,394)	241,832	-
BT	Manufacturing of notebook PCs	33,205	(Note 2)	33,205	-	-	33,205	(8,953)	100%	(8,953)	(135,394)	-
CGS	Maintenance and warranty service of notebook PCs	9,156	(Note 2)	(Note 3)	-	-	-	(3,885)	100%	(3,885)	(23,685)	-
LIZ Electronics (Kunshan) Co., Ltd.	Production and processing chip resistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	1,062,560	(Note 1)	442,623	-	-	442,623	(38,760)	43%	(16,737)	45,092	-
LIZ Electronics (Nantong) Co., Ltd.	Research & development, and manufacturing chip components (chip resistors, ceramic chip diode; selling self-produced products and providing after-sales service. Performing wholesale and trading business of electronic components, semiconductors, special materials for electronic components, and spare parts	2,091,995	(Note 1&3)	48,811	-	-	48,811	(108,522)	44%	(47,641)	230,409	-
CIC	Manufacturing of notebook PCs	398,460	(Note 2)	398,460	-	-	398,460	106,232	100%	106,232	12,418,646	-
CPO	Manufacturing and sales of LCD TVs	401,781	(Note 1)	401,781	-	-	401,781	12,671	100%	12,671	3,445,308	-
CIT	Manufacturing of notebook PCs	796,920	(Note 2)	796,920	-	-	796,920	757,814	100%	757,814	32,670,230	-
CST	International trade and distribution of computers and electronic components	46,487	(Note 2)	46,487	-	-	46,487	312	100%	312	47,123	-
CIJ	Investment and consulting services	517,998	(Note 2)	517,998	-	-	517,998	153	100%	153	2,734,373	-
CDE	Manufacturing and sales of LCD TVs	498,075	(Note 2)	(Note 3)	-	-	-	(35)	100%	(35)	2,696,783	-
CIS	Outward investment and consulting services	2,683,628	(Note 1)	2,683,628	-	-	2,683,628	(165,919)	100%	(165,919)	6,329,093	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,656,400	(Note 2)	(Note 3)	-	-	-	(166,275)	100%	(166,275)	6,293,942	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	26,564	(Note 2)	(Note 3)	-	-	-	348	100%	348	28,277	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	332,050	(Note 1)	332,050	-	-	332,050	39,559	100%	39,559	3,927,790	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	13,946,100	(Note 2)	2,743,630	-	-	2,743,630	(169,644)	37%	(62,124)	5,296,934	-

(Continued)

Notes to Consolidated Financial Statements

Table 8 Information on investment in Mainland China:
(March 31, 2025)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars / shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2025	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Changhao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,992,300	(Note 2)	380,396	-	-	380,396	(75,469)	37%	(27,637)	534,191	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	597,690	(Note 2)	415,063	-	-	415,063	(55,663)	100%	(55,663)	454,400	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	896,535	(Note 1)	730,510	-	-	730,510	(7,860)	100%	(7,860)	(1,441,529)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	192,589	(Note 1)	192,589	-	-	192,589	(855)	100%	(855)	70,859	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,627,045	(Note 1)	630,895	-	-	630,895	(44,992)	100%	(44,992)	413,668	-
Hanhelt	R&D and manufacturing of electronic communication equipment	66,410	(Note 1)	66,410	-	-	66,410	-	100%	-	2,590	-
Arcadyan												
SVA Arcadyan	R&D and sales of wireless network products	268,110	(Note 1)	444,202 (Note 7)	-	-	444,202	954	100%	954	51,802	-
CNC	Manufacturing and wireless network products	412,095	(Note 1)	364,464 (Note 8)	-	-	364,464	(103,093)	100%	(103,093)	716,383	-
THAC	Manufacturing of household electronics products	400,676	(Note 1 & 9 & 10)	38,065	-	-	38,065	(592)	100%	(592)	22,938	-
HengHao												
HengHao Zhejiang	Production of touch panels and related components	1,627,045	(Note 2)	(Note 3)	-	-	-	(112,612)	100%	(112,612)	(1,626,281)	-
Poindus Systems												
Qijie	Sales of PCs and peripherals	33,205	(Note 1)	33,205	-	-	33,205	(364)	100%	(364)	8,492	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	18,014,941 (US\$542,537) (Note 5)	26,234,938 (US\$790,090)	(Note 6)
Arcadyan	846,731 (US\$25,581)	1,136,522 (US\$34,336)	8,972,807
HengHao	1,556,385 (US\$46,872) (Note 5)	1,556,385 (US\$46,872)	(Note 12)
Poindus Systems	33,205 (US\$1,000)	33,205 (US\$1,000)	348,417

Note 1 : Indirectly investment in Mainland China through companies registered in the third region.

Note 2 : Indirectly investment in Mainland China through an existing company registered in the third region.

Note 3 : Investees held by Kunshan Botai Electronics Co., Ltd. ("BT"), Compal Investment (Jiansu) Co., Ltd. ("CIU"), Compal Electronic (Sichuan) Co., Ltd. ("CIS"), Compal Electronics (China) Co., Ltd. ("CPC") and Compal Smart Device (Chongqing) Co., Ltd. ("CSD") through their own funds.

Note 4 : The investment income (loss), except for Compal Precision Module (Jiangsu) Co., Ltd., was determined based on the financial report reviewed by the CPAs.

Note 5 : Including the investment amount of sold or dissolved companies, including Beijing Xuntong Electronic Technology Co., Ltd., VAP Optoelectronics (NanJing) Corp., Flextronics Technology (Shanghai) Ltd., Sheng Bao Precision Electronics (Taicang) Co., Ltd., Lucom, Heng Hao Kunshan, LCFC (HeFei) Electronics Technology Co., Ltd. and the increased investment amount from merging with Compal Communication Co., Ltd.

Note 6 : As the Company has obtained the certificate of being qualified for operating headquarters, issued by Industrial Development Bureau, MOEA, the upper limit on investment in mainland China is not applicable.

Note 7 : Arcadyan paid US\$18,420 thousand and acquired 100% shares of SVA Arcadyan from Accton Asia through Arcadyan Holding in 2010.

Note 8 : Arcadyan paid US\$8,561 thousand and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.

Note 9 : Arcadyan's subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).

Note 10 : Arcadyan's subsidiary, TTI, increase the capital of THAC by accounts receivable of TTI amounting to US\$8,755 thousands on August 16, 2023.

Note 11 : The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 12 : The net equity of HengHao is negative at March 31, 2025.

Note 13 : HengHao Kunshan merged with HengHao Zhejiang through an absorption merger in November 2024, with HengHao Zhejiang being the sole surviving company.

(iii) Significant transactions:

For the three months ended March 31, 2025, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".