

## **Independent Auditor's Report**

To COMPAL ELECTRONICS, INC.:

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Inventory valuation**

Please refer to Note (4)(g) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note (6)(f) of the financial statements.

#### **Description of key audit matters:**

Inventory stock resulting from production forecasting, may lead to product obsolescence, which might fail to meet the market demands, and a decline in orders. Therefore, the valuation of inventory is one of the key audit matters.

Our key audit procedures performed in respect of the above area included the following:

In order to verify the rationality of assessment of inventory valuation estimated by the Company, our key audit procedures included reviewing the consistency of prior year and accounting policy, inspecting the Company's inventory aging reports, analyzing the change of inventory aging, judgement of specific items, as well as verifying the inventory aging reports and the calculation of lower of cost or net realizable value.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuan-Ying Kuo and Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)  
February 27, 2025

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the 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 audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

COMPAL ELECTRONICS, INC.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 28,834,879	7.0	20,511,690	5.4	2100	Short-term borrowings (note (6)(k))	\$ 43,227,425	10.5	46,917,800	12.4
1170	Notes and accounts receivable, net (note (6)(d))	181,373,061	44.0	171,591,962	45.4	2130	Current contract liabilities (note (6)(r))	882,813	0.2	697,526	0.2
1180	Notes and accounts receivable due from related parties, net (notes (6)(d) and (7))	16,591,135	4.0	11,475,862	3.0	2170	Notes and accounts payable	84,585,742	20.5	80,947,046	21.4
1200	Other receivables, net (notes (6)(e) and (7))	4,473,175	1.1	3,951,773	1.1	2180	Notes and accounts payable to related parties (note (7))	88,340,934	21.4	82,364,436	21.8
1310	Inventories (note (6)(f))	37,800,333	9.2	51,043,492	13.5	2200	Other payables (note (7))	13,553,440	3.3	12,332,111	3.3
1470	Other current assets	1,436,639	0.3	1,278,640	0.3	2230	Current tax liabilities	3,310,414	0.8	3,781,754	1.0
		270,509,222	65.6	259,853,419	68.7	2280	Current lease liabilities (note (6)(m))	413,270	0.1	352,900	0.1
Non-current assets:						2300	Other current liabilities	3,721,399	0.9	1,375,360	0.4
1550	Investments accounted for using equity method (note (6)(g))	115,599,800	28.0	105,496,882	27.9	2365	Current refund liabilities	2,795,951	0.7	2,763,469	0.7
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	413,943	0.1	337,855	0.1	2322	Long-term borrowings, current portion (note (6)(l))	14,300,000	3.4	10,742,300	2.8
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	19,922,994	4.8	6,197,710	1.6			255,131,388	61.8	242,274,702	64.1
1600	Property, plant and equipment (note (6)(i))	2,216,550	0.5	2,234,288	0.6	Non-Current liabilities:					
1755	Right-of-use assets (note (6)(j))	1,022,124	0.2	1,033,301	0.3	2540	Long-term borrowings (note (6)(l))	9,025,000	2.2	12,525,000	3.3
1780	Intangible assets	628,556	0.2	349,922	0.1	2570	Deferred tax liabilities (note (6)(o))	3,834,784	0.9	1,785,947	0.5
1840	Deferred tax assets (note (6)(o))	1,875,198	0.5	2,568,652	0.7	2580	Non-current lease liabilities (note (6)(m))	620,504	0.2	688,466	0.2
1990	Other non-current assets	462,064	0.1	221,733	-	2640	Non-current net defined benefit liability (note (6)(n))	483,900	0.1	568,883	0.1
		142,141,229	34.4	118,440,343	31.3	2670	Non-current liabilities, others (note (6)(g))	1,090,165	0.3	828,769	0.2
								15,054,353	3.7	16,397,065	4.3
								270,185,741	65.5	258,671,767	68.4
						Total liabilities					
						Equity (note (6)(p)):					
						3110	Ordinary share	44,071,466	10.7	44,071,466	11.7
						3200	Capital surplus	3,472,941	0.8	4,270,915	1.0
						3300	Retained earnings	78,213,219	19.0	72,548,155	19.2
						3400	Other equity interest	17,588,331	4.2	(387,294)	(0.1)
						3500	Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)
								142,464,710	34.5	119,621,995	31.6
Total assets		\$ 412,650,451	100.0	378,293,762	100.0	Total equity					
						Total liabilities and equity		\$ 412,650,451	100.0	378,293,762	100.0

**COMPAL ELECTRONICS, INC.**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Net sales revenue</b> (notes (6)(r) and (7))	\$ 840,187,238	100.0	874,914,215	100.0
5000	<b>Cost of sales</b> (notes (6)(f), (6)(n), (7) and (12))	<u>812,326,668</u>	<u>96.7</u>	<u>846,864,149</u>	<u>96.8</u>
	<b>Gross profit</b>	<u>27,860,570</u>	<u>3.3</u>	<u>28,050,066</u>	<u>3.2</u>
	<b>Operating expenses:</b> (notes (6)(n) and (12))				
6100	Selling expenses	3,071,197	0.4	4,668,460	0.5
6200	Administrative expenses	3,227,295	0.4	2,966,700	0.4
6300	Research and development expenses	<u>12,957,155</u>	<u>1.5</u>	<u>13,086,935</u>	<u>1.5</u>
		<u>19,255,647</u>	<u>2.3</u>	<u>20,722,095</u>	<u>2.4</u>
	<b>Net operating income</b>	<u>8,604,923</u>	<u>1.0</u>	<u>7,327,971</u>	<u>0.8</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note (6)(t))	977,857	0.1	1,001,520	0.1
7020	Other gains and losses, net (note (6)(t))	1,847,152	0.2	46,734	-
7050	Finance costs (note (6)(m))	(3,147,794)	(0.4)	(4,059,174)	(0.5)
7190	Other income (note (6)(t))	511,683	0.1	304,391	0.1
7370	Share of profit of associates and joint ventures accounted for using equity method (note (6)(g))	<u>2,756,057</u>	<u>0.4</u>	<u>4,088,258</u>	<u>0.5</u>
	<b>Total non-operating income and expenses</b>	<u>2,944,955</u>	<u>0.4</u>	<u>1,381,729</u>	<u>0.2</u>
7900	<b>Profit from continuing operations before tax</b>	11,549,878	1.4	8,709,700	1.0
7950	<b>Less: Income tax expenses</b> (note (6)(o))	<u>1,507,468</u>	<u>0.2</u>	<u>1,042,073</u>	<u>0.1</u>
	<b>Profit</b>	<u>10,042,410</u>	<u>1.2</u>	<u>7,667,627</u>	<u>0.9</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans(note (6)(n))	72,315	-	(12,857)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	13,697,825	1.6	828,717	0.1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	784,730	0.1	463,228	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>2,460,678</u>	<u>0.3</u>	<u>119,156</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss (note (6)(o))	<u>12,094,192</u>	<u>1.4</u>	<u>1,159,932</u>	<u>0.1</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	5,341,707	0.6	(376,004)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	612,866	0.1	107,239	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>5,954,573</u>	<u>0.7</u>	<u>(268,765)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>18,048,765</u>	<u>2.1</u>	<u>891,167</u>	<u>0.1</u>
8500	<b>Total comprehensive income</b>	<u>\$ 28,091,175</u>	<u>3.3</u>	<u>8,558,794</u>	<u>1.0</u>
	<b>Earnings per share</b> (note (6)(q))				
9750	<b>Basic earnings per share</b>	<u>\$ 2.30</u>		<u>1.76</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 2.28</u>		<u>1.75</u>	

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings						Total other equity interest					
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Others	Total other equity interest	Treasury shares	Total equity	
Balance at January 1, 2023	\$ 44,071,466	5,078,580	22,576,846	8,206,750	39,185,463	69,969,059	(1,469,711)	(461,103)	(12,290)	(1,943,104)	(881,247)	116,294,754
Profit for the year ended December 31, 2023	-	-	-	-	7,667,627	7,667,627	-	-	-	-	-	7,667,627
Other comprehensive income	-	-	-	-	(2,238)	(2,238)	(277,619)	1,162,170	8,854	893,405	-	891,167
Total comprehensive income	-	-	-	-	7,665,389	7,665,389	(277,619)	1,162,170	8,854	893,405	-	8,558,794
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	736,855	-	(736,855)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(6,263,646)	6,263,646	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)
Changes in ownership interests in subsidiaries	-	2,213	-	-	(16,652)	(16,652)	-	3,469	-	3,469	-	(10,970)
Changes in equity of associates and joint ventures accounted for using equity method	-	10,490	-	-	(16,991)	(16,991)	-	13,433	-	13,433	-	6,932
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021
Others	-	1,040	-	-	-	-	-	-	-	-	-	1,040
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(645,503)	(645,503)	-	645,503	-	645,503	-	-
Balance at December 31, 2023	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
Profit for the year ended December 31, 2024	-	-	-	-	10,042,410	10,042,410	-	-	-	-	-	10,042,410
Other comprehensive income	-	-	-	-	67,375	67,375	5,951,137	12,026,817	3,436	17,981,390	-	18,048,765
Total comprehensive income	-	-	-	-	10,109,785	10,109,785	5,951,137	12,026,817	3,436	17,981,390	-	28,091,175
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	698,624	-	(698,624)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,555,810)	1,555,810	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)
Changes in ownership interests in subsidiaries	-	151	-	-	(7,088)	(7,088)	-	-	-	-	-	(6,937)
Changes in equity of associates and joint ventures accounted for using equity method	-	22,253	-	-	(36,251)	(36,251)	-	-	-	-	-	(13,998)
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021
Others	-	1,030	-	-	-	-	-	-	-	-	-	1,030
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	5,765	5,765	-	(5,765)	-	(5,765)	-	-
Balance at December 31, 2024	\$ 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

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 11,549,878	8,709,700
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	1,299,565	1,343,643
Expected credit loss	73,438	49,027
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(56,831)	(47,871)
Finance cost	3,147,794	4,059,174
Interest income	(977,857)	(1,001,520)
Dividend income	(312,467)	(90,278)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(2,756,057)	(4,088,258)
Others	(81,522)	340
Total adjustments to reconcile profit (loss)	336,063	224,257
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Increase in notes and accounts receivable	(14,945,703)	(76,980)
Decrease in other receivables	85,958	255,955
Decrease in inventories	13,243,159	2,020,665
Increase in other current assets	(207,841)	(432,044)
Total changes in operating assets	(1,824,427)	1,767,596
Changes in operating liabilities:		
Increase in notes and accounts payable	9,615,194	9,129,059
Increase (decrease) in other payables	1,148,357	(600,839)
Increase in refund liabilities	32,482	751,240
Increase (decrease) in contract liabilities	185,287	(2,520)
Increase (decrease) in other current liabilities	2,346,039	(630,456)
Others	(12,668)	(10,915)
Total changes in operating liabilities	13,314,691	8,635,569
Total changes in operating assets and liabilities	11,490,264	10,403,165
Total adjustments	11,826,327	10,627,422
Cash inflow generated from operations	23,376,205	19,337,122
Interest received	1,010,722	945,368
Dividends received	1,148,538	832,126
Interest paid	(3,074,822)	(4,246,023)
Income taxes paid	(1,697,196)	(1,468,963)
Net cash flows from operating activities	20,763,447	15,399,630
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(84,317)	(2,326,911)
Proceeds from disposal of financial assets at fair value through other comprehensive income	12,601	47,921
Acquisition of investments accounted for using equity method	(1,349,982)	(3,979,240)
Increase in prepayments for investments	(294,657)	-
Proceeds from capital reduction and liquidation of investments	25,000	3,420
Acquisition of property, plant and equipment	(341,725)	(256,391)
Proceeds from disposal of property, plant and equipment	65,058	65,706
Increase in other receivables due from related parties	(432,745)	(101,447)
Acquisition of intangible assets	(788,577)	(337,007)
Others	104,168	168,895
Net cash flows used in investing activities	(3,085,176)	(6,715,054)
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term borrowings	(3,690,375)	(6,150,779)
Proceeds from long-term borrowings	38,589,280	44,267,025
Repayments of long-term borrowings	(38,531,580)	(51,524,725)
Payment of lease liabilities	(434,861)	(438,966)
Cash dividends paid	(5,288,576)	(5,288,576)
Others	1,030	(2,559)
Net cash flows used in financing activities	(9,355,082)	(19,138,580)
Net (decrease) increase in cash and cash equivalents	8,323,189	(10,454,004)
Cash and cash equivalents at beginning of period	20,511,690	30,965,694
Cash and cash equivalents at end of period	\$ 28,834,879	20,511,690

See accompanying notes to financial statements.