

**COMPAL ELECTRONICS, INC.****Parent Company Only Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2025 and 2024****Address: No.581 & 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan  
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## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~29
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	29~30
(6) Explanation of significant accounts	30~65
(7) Related-party transactions	65~73
(8) Pledged assets	73
(9) Commitments and contingencies	74
(10) Losses due to major disasters	74
(11) Subsequent Events	74
(12) Other	74~75
(13) Other disclosures	
(a) Information on significant transactions	76、88~95
(b) Information on investees	76、96~99
(c) Information on investment in mainland China	76、100~101
(14) Segment information	76
9. List of major accounting items	77~87



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## 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, 2025 and 2024, 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended December 31, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

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

#### 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:

In order to facilitate the order production and meet the anticipated future demands, materials are procured in advance. However, changes in market demand or order reductions may lead to inventory obsolescence, increasing the risk of inventory devaluation. As such, the assessment of inventory obsolescence is considered a key matter in the audit of financial statements.

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's accounting policy, inspecting the Company's inventory aging reports, analyzing the change of inventory aging, judgement of specific items, recalculate the estimated loss due to obsolescence and price decline according to Company policy.

### **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 Yiu-Kwan Au.



KPMG

Taipei, Taiwan (Republic of China)  
February 26, 2026

#### 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.**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

		<u>2025</u>		<u>2024</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Net sales revenue</b> (notes (6)(r) and (7))	\$ 683,058,307	100.0	840,187,238	100.0
5000	<b>Cost of sales</b> (notes (6)(f), (6)(n), (7) and (12))	<u>658,756,859</u>	<u>96.4</u>	<u>812,326,668</u>	<u>96.7</u>
	<b>Gross profit</b>	<u>24,301,448</u>	<u>3.6</u>	<u>27,860,570</u>	<u>3.3</u>
	<b>Operating expenses:</b> (notes (6)(n) and (12))				
6100	Selling expenses	2,488,453	0.4	3,071,197	0.4
6200	Administrative expenses	3,143,491	0.5	3,227,295	0.4
6300	Research and development expenses	<u>13,577,482</u>	<u>2.0</u>	<u>12,957,155</u>	<u>1.5</u>
		<u>19,209,426</u>	<u>2.9</u>	<u>19,255,647</u>	<u>2.3</u>
	<b>Net operating income</b>	<u>5,092,022</u>	<u>0.7</u>	<u>8,604,923</u>	<u>1.0</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note (6)(t))	944,469	0.1	977,857	0.1
7020	Other gains and losses, net (note (6)(t))	(938,510)	(0.1)	1,847,152	0.2
7050	Finance costs (note (6)(m))	(1,869,698)	(0.3)	(3,147,794)	(0.4)
7190	Other income (note (6)(t))	598,109	0.1	511,683	0.1
7370	Share of profit of associates and joint ventures accounted for using equity method (note (6)(g))	<u>3,122,268</u>	<u>0.5</u>	<u>2,756,057</u>	<u>0.4</u>
	<b>Total non-operating income and expenses</b>	<u>1,856,638</u>	<u>0.3</u>	<u>2,944,955</u>	<u>0.4</u>
7900	<b>Profit from continuing operations before tax</b>	6,948,660	1.0	11,549,878	1.4
7950	<b>Less: Income tax expenses</b> (note (6)(o))	<u>918,768</u>	<u>0.1</u>	<u>1,507,468</u>	<u>0.2</u>
	<b>Profit</b>	<u>6,029,892</u>	<u>0.9</u>	<u>10,042,410</u>	<u>1.2</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))	43,287	-	72,315	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(8,602,026)	(1.3)	13,697,825	1.6
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	32,983	-	784,730	0.1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(1,610,756)</u>	<u>(0.2)</u>	<u>2,460,678</u>	<u>0.3</u>
	Components of other comprehensive income that will not be reclassified to profit or loss (note (6)(o))	<u>(6,915,000)</u>	<u>(1.1)</u>	<u>12,094,192</u>	<u>1.4</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	(3,516,995)	(0.5)	5,341,707	0.6
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	(268,638)	-	612,866	0.1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(3,785,633)</u>	<u>(0.5)</u>	<u>5,954,573</u>	<u>0.7</u>
8300	<b>Other comprehensive income</b>	<u>(10,700,633)</u>	<u>(1.6)</u>	<u>18,048,765</u>	<u>2.1</u>
8500	<b>Total comprehensive income</b>	<u>\$ (4,670,741)</u>	<u>(0.7)</u>	<u>28,091,175</u>	<u>3.3</u>
	<b>Earnings per share</b> (note (6)(q))				
9750	<b>Basic earnings per share</b>	<u>\$ 1.38</u>		<u>2.30</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 1.37</u>		<u>2.28</u>	

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings					Total other equity interest					Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	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
<b>Balance at January 1, 2024</b>	\$ 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
Profit for the year ended December 31, 2025	-	-	-	-	6,029,892	6,029,892	-	-	-	-	-	6,029,892
Other comprehensive income	-	-	-	-	36,252	36,252	(3,788,353)	(6,951,252)	2,720	(10,736,885)	-	(10,700,633)
Total comprehensive income	-	-	-	-	6,066,144	6,066,144	(3,788,353)	(6,951,252)	2,720	(10,736,885)	-	(4,670,741)
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	1,007,221	-	(1,007,221)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(387,294)	387,294	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(6,170,005)	(6,170,005)	-	-	-	-	-	(6,170,005)
Changes in ownership interests in subsidiaries	-	(643)	-	-	100,976	100,976	-	(121,397)	-	(121,397)	-	(21,064)
Changes in equity of associates and joint ventures accounted for using equity method	-	137,846	-	-	(2,145)	(2,145)	-	(1,736)	-	(1,736)	-	133,965
Adjustments of capital surplus for cash dividends received by subsidiaries	-	70,024	-	-	-	-	-	-	-	-	-	70,024
Others	-	1,001	-	-	-	-	-	-	-	-	-	1,001
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	99,576	99,576	-	(99,576)	-	(99,576)	-	-
<b>Balance at December 31, 2025</b>	\$ 44,071,466	3,681,169	25,019,546	-	53,288,219	78,307,765	415,454	6,210,563	2,720	6,628,737	(881,247)	131,807,890

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2025	2024
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 6,948,660	11,549,878
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	1,270,200	1,299,565
Expected credit loss	6,807	73,438
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	52,392	(56,831)
Finance cost	1,869,698	3,147,794
Interest income	(944,469)	(977,857)
Dividend income	(412,102)	(312,467)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(3,122,268)	(2,756,057)
Others	(54,690)	(81,522)
<b>Total adjustments to reconcile profit (loss)</b>	(1,334,432)	336,063
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in notes and accounts receivable	9,532,310	(14,945,703)
Decrease in other receivables	128,766	85,958
Decrease in inventories	3,084,874	13,243,159
Increase in other current assets	(810,245)	(207,841)
<b>Total changes in operating assets</b>	11,935,705	(1,824,427)
<b>Changes in operating liabilities:</b>		
Increase in notes and accounts payable	3,714,501	9,615,194
Increase (decrease) in other payables	(1,176,689)	1,148,357
Increase in refund liabilities	84,557	32,482
Increase in contract liabilities	472,349	185,287
Increase (decrease) in other current liabilities	(939,644)	2,346,039
Others	(12,613)	(12,668)
<b>Total changes in operating liabilities</b>	2,142,461	13,314,691
<b>Total changes in operating assets and liabilities</b>	14,078,166	11,490,264
<b>Total adjustments</b>	12,743,734	11,826,327
Cash inflow generated from operations	19,692,394	23,376,205
Interest received	939,846	1,010,722
Dividends received	1,195,482	1,148,538
Interest paid	(2,116,932)	(3,074,822)
Income taxes paid	(487,892)	(1,697,196)
<b>Net cash flows from operating activities</b>	19,222,898	20,763,447
<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	(80,575)	(84,317)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	445,208	12,601
Acquisition of financial assets at amortised cost	(9,964)	-
Acquisition of investments accounted for using equity method	(7,018,469)	(1,349,982)
Increase in prepayments for investments	-	(294,657)
Proceeds from capital reduction of investments	39,187	25,000
Acquisition of property, plant and equipment	(309,533)	(341,725)
Proceeds from disposal of property, plant and equipment	21,595	65,058
Decrease (increase) in other receivables due from related parties	3,403,436	(432,745)
Acquisition of intangible assets	(334,772)	(788,577)
Others	(133,457)	104,168
<b>Net cash flows used in investing activities</b>	(3,977,344)	(3,085,176)
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	7,888,225	(3,690,375)
Proceeds from long-term borrowings	30,644,500	38,589,280
Repayments of long-term borrowings	(44,269,500)	(38,531,580)
Payment of lease liabilities	(456,348)	(434,861)
Cash dividends paid	(6,170,005)	(5,288,576)
Others	981	1,030
<b>Net cash flows used in financing activities</b>	(12,362,147)	(9,355,082)
<b>Net increase in cash and cash equivalents</b>	2,883,407	8,323,189
<b>Cash and cash equivalents at beginning of period</b>	28,834,879	20,511,690
<b>Cash and cash equivalents at end of period</b>	\$ 31,718,286	28,834,879

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Notes to the Financial Statements**  
**For the years ended December 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 is primarily 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 financial statements:**

The accompanying parent-company-only financial statements were authorized for issuance by the Board of Directors and issued on February 26, 2026.

**(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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company 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 financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- (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 Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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"> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> </ul>	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

The Company 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 financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

**(4) Summary of material accounting policies:**

The material accounting policies presented in the parent-company-only financial statements are summarized as follows. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts in the statement of financial position, the parent-company-only financial statements have been prepared on the historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(q).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- 1) fair value through other comprehensive income financial assets;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent the hedge is effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(f) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”).

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (“FVOCI”)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the date the shareholders' meeting approved the earning distribution.

3) Fair value through profit or loss ("FVTPL")

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit and other financial assets), debt investments measured at FVOCI, and accounts receivable measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime expected credit loss ("ECL"), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Company recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Interest and loss or gain related to financial liabilities are recognized as profit or loss and are reported under non-operating income and expenses. Financial liabilities are reclassified as equity when converted, and conversions do not generate profit or loss.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income or expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, notes and accounts payable and other payable, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method other than significant interest on short-term loans and payables. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expenses.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the non-financial asset's host contract are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or transition costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Company from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the changes in ownership interests of its associate in capital surplus in proportion to its ownership.

Unrealized profits resulting from the transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

The Company shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Company shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If an entity's ownership interest in an associate or a joint venture is reduced while the entity continues to apply the equity method, the entity shall reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company shall continue to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus, however, when the balance of the capital surplus arising from the investment was insufficient, the difference charged or credited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent-company-only financial statement are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings: 35~50 years
- 2) Building improvement: 2~12 years
- 3) Research equipment: 3~5 years
- 4) Other equipment: 0.5~5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

(i) Goodwill

1) Initial recognition

Goodwill arising from acquisition of subsidiaries is included in intangible assets. The measurement of initial recognition of goodwill, please refer to note (4)(t).

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Goodwill related to an investment accounted for using equity method is included in the carrying amount of the investment, and not allocated to any asset, including goodwill, forms part of the carrying amount of the investment accounted for using the equity method.

(ii) Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

- 1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- 2) Its intention to complete the intangible asset and use or sell it.
- 3) Its ability to use or sell the intangible asset.
- 4) How the intangible asset will generate probable future economic benefits.
- 5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- 6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized expenditure arising from the development phase is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) Amortization

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with all indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- 1) Patents: the shorter of contract period and estimated useful lives
- 2) Computer software: 1~6 years

The residual value, the amortization period, and the amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(m) Impairment of non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets, and assets arising from employee benefits are assessed at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The Company assesses goodwill and intangible assets, which have indefinite useful lives and are not available for use, on an annual basis and recognizes an impairment loss on excess of carrying value over the recoverable amount.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units. If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(o) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(p) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells electronic products to electronic products brand vendor. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company assesses sales discounts based on historical experience, management's judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year. A refund liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic products are made with a credit term which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and change in the present value of defined benefit obligation.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(s) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
  - 1) levied by the same taxing authority; or
  - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

The surtax on unappropriated earnings is recoded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

(t) **Business combination**

Goodwill is measured as an aggregation of the consideration transferred (which generally is measured at fair value at the acquisition date) and as an amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain on the bargain purchase thereafter.

All the transaction costs incurred for the business combination are recognized immediately as the Company's expenses when incurred, except for the issuance of debt or equity instruments.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

If the business combination is achieved in stages, the Company shall measure any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other non-controlling interest is measured (1) at fair value at the acquisition date or (2) by using other valuation techniques acceptable under the IFRS as endorsed by the FSC.

In a business combination achieved in stages, the Company shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(u) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee compensation not yet approved by the Board of Directors.

(v) Operating segments

The operating segment information is disclosed within the consolidated financial statements but not disclosed in the parent-company-only financial statements.

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

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risk 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Recognition and measurement of refund liabilities

Because of the sales returns and allowances, the Company records refund liabilities (sales returns and allowances provisions) for estimated returns and other allowances in the same period the related revenue is recorded. The estimate is made based on historical experience, market and economic conditions, and any other known factors using the expected value or the most likely amount, and it could be different from actual sales returns and allowances, therefore, the management periodically reviews the adequacy of the estimation used.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial changes, there may be significant differences in the net realizable value of inventories. Refer to note (6)(f) for further description of the valuation of inventories.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash on hand	\$ 1,118	1,392
Checking accounts and demand deposits	11,131,948	14,339,992
Time deposits	18,858,000	12,622,225
Cash equivalents	<u>1,727,220</u>	<u>1,871,270</u>
	<b><u>\$ 31,718,286</u></b>	<b><u>28,834,879</u></b>

Please refer to note (6)(u) 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 Company.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Non-current financial assets mandatorily measured at fair value through profit or loss:</b>		
Non-derivative financial assets		
Stock unlisted in domestic markets	\$ 187,925	158,420
Fund in domestic or foreign markets	249,042	255,523
Derivative instruments not used for hedging		
Foreign warrants	<u>157,784</u>	<u>-</u>
Total	<u><b>\$ 594,751</b></u>	<u><b>413,943</b></u>

For the market risk related to the financial instruments, please refer to note (6)(u).

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

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Equity investments at fair value through other comprehensive income:		
Stock listed in domestic markets	\$ 3,613,568	4,433,817
Stock listed in foreign markets	7,040,252	15,166,260
Stock unlisted in domestic markets	325,030	316,917
Stock unlisted in foreign markets	<u>-</u>	<u>6,000</u>
Total	<u><b>\$ 10,978,850</b></u>	<u><b>19,922,994</b></u>

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

For the year ended December 31, 2025, the Company has sold part of its shareholding in ITH Corporation and its entire shareholding in zSpace Inc., measured at fair value through other comprehensive income. The fair values of the shares upon disposal amounted to \$328,308 and \$13,572, respectively, resulting in a cumulative gain of \$147,702 and a cumulative loss of \$46,608, respectively, which were reclassified from other comprehensive income to retained earnings.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

For the year ended December 31, 2024, the Company has sold part of its shareholdings, measured at fair value through other comprehensive income, in ITH Corporation and Horien Biochemical Technology Co., Ltd.. The fair value of the shares upon disposal amounted to \$5,821 and \$6,780, respectively, resulting in a cumulative gain of \$2,585 and \$3,180, respectively, which was reclassified from other comprehensive income to retained earnings.

For the years ended December 31, 2025 and 2024, the Company had recognized the loss of \$8,602,026 and the gain of \$13,697,825, respectively, as unrealized gain or loss on financial assets measured at fair value through other comprehensive income, which were recognized in other comprehensive income.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Company, the increase (decrease) in other comprehensive income (pre-tax) for the years ended December 31, 2025 and 2024, will be \$548,943 and \$996,150, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

For the Company's information of market risk, please refer to note (6)(u).

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

(d) Notes and accounts receivable

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Accounts receivable – measured at amortized cost	\$ 178,199,583	180,614,419
Accounts receivable – fair value through other comprehensive income	<u>13,974,350</u>	<u>21,115,123</u>
	192,173,933	201,729,542
Less: allowance for uncollectible accounts	<u>(3,748,854)</u>	<u>(3,765,346)</u>
	<b><u>\$ 188,425,079</u></b>	<b><u>197,964,196</u></b>
Notes and accounts receivable, net	<b><u>\$ 153,443,273</u></b>	<b><u>181,373,061</u></b>
Notes and accounts receivable – related parties, net	<b><u>\$ 34,981,806</u></b>	<b><u>16,591,135</u></b>

The Company 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 Company 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.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The loss allowance provision of notes and accounts receivable were determined as follows:

<b>December 31, 2025</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted-average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit-impaired</b>
Level A	\$ 179,704,285	0%	-	No
Level B	8,850,952	1.471%	130,158	No
Level C	<u>3,618,696</u>	100%	<u>3,618,696</u>	Yes
	<b><u>\$ 192,173,933</u></b>		<b><u>3,748,854</u></b>	
<b>December 31, 2024</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted-average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit-impaired</b>
Level A	\$ 192,386,041	0%	-	No
Level B	5,724,805	2.562%	146,650	No
Level C	<u>3,618,696</u>	100%	<u>3,618,696</u>	Yes
	<b><u>\$ 201,729,542</u></b>		<b><u>3,765,346</u></b>	

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Overdue 1 to 180 days	<b><u>\$ 1,706,790</u></b>	<b><u>675,457</u></b>

(iii) The movements in the allowance for notes and accounts receivable were as follow:

	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 3,765,346	3,691,908
Impairment losses recognized	6,807	73,438
Amounts written off	<u>(23,299)</u>	<u>-</u>
Balance at December 31	<b><u>\$ 3,748,854</u></b>	<b><u>3,765,346</u></b>

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(iv) Accounts receivable factoring

The Company entered into accounts receivable factoring agreements with banks. As of December 31, 2025 and 2024, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks were both USD 2,100,000 thousands. Based on the agreements, the Company 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 Company derecognized the above account receivables 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 Company 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. As of December 31, 2025 and 2024, accounts receivable factored were recovered.

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

The details of the factored accounts receivable at the reporting date were as follows:

<b>December 31, 2025</b>							
<u>Purchaser</u>	<u>Accounts receivable factored (gross)</u>	<u>Amount advanced</u>		<u>Amount recognized in other receivables</u>	<u>Collateral</u>	<u>Amount derecognized</u>	<u>Interest rate</u>
		<u>Unpaid</u>	<u>Paid</u>				
Financial Institution	\$ <u>6,951,958</u>	<u>-</u>	<u>6,951,958</u>	<u>-</u>	-	<u>6,951,958</u>	4.22%
<b>December 31, 2024</b>							
<u>Purchaser</u>	<u>Accounts receivable factored (gross)</u>	<u>Amount advanced</u>		<u>Amount recognized in other receivables</u>	<u>Collateral</u>	<u>Amount derecognized</u>	<u>Interest rate</u>
		<u>Unpaid</u>	<u>Paid</u>				
Financial Institution	\$ <u>14,628,853</u>	<u>-</u>	<u>14,628,853</u>	<u>-</u>	-	<u>14,628,853</u>	4.99%~5.12%

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (e) Other receivables

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Other receivables - loans to subsidiaries	\$ -	3,672,425
Other receivables - related parties	726,794	457,805
Others	<u>218,803</u>	<u>342,945</u>
	<b><u>\$ 945,597</u></b>	<b><u>4,473,175</u></b>

As of December 31, 2025 and 2024, none of other receivables were past due.

## (f) Inventories

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Finished goods	\$ 7,797,645	5,934,498
Work in progress	1,635,091	1,450,246
Raw materials	<u>25,282,723</u>	<u>30,415,589</u>
	<b><u>\$ 34,715,459</u></b>	<b><u>37,800,333</u></b>

(i) During the years ended December 31, 2025 and 2024, inventory cost recognized as cost of sales amounted to \$658,756,859 and \$812,326,668, respectively.

(ii) The loss due to the write-down of inventories to net realizable value amounted to \$298,358 for the year ended December 31, 2025. Due to sale and scrap of slow-moving inventories, the net realizable value of inventory recovered, and the reversal of inventory write-down and slow-moving losses amounted to \$604,498 for the year ended December 31, 2024.

(iii) As of December 31, 2025 and 2024, the Company did not provide any inventories as collaterals for its loans.

## (g) Investments accounted for using equity method

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Subsidiaries	\$ 117,314,746	111,640,989
Associates	<u>3,193,063</u>	<u>3,064,046</u>
	120,507,809	114,705,035
Plus: Credit balance of investments in equity method (recorded as other non-current liability)	1,271,172	1,089,166
Less: unrealized profits or losses	<u>(177,766)</u>	<u>(194,401)</u>
	<b><u>\$ 121,601,215</u></b>	<b><u>115,599,800</u></b>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (i) Subsidiaries

Please refer to the consolidated financial statement for the year ended December 31, 2025.

## (ii) Associates

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Allied Circuit Co., Ltd. (“Allied Circuit”)	\$ 1,840,393	1,218,928
Avalue Technology Inc. (“Avalue”)	<u>1,364,060</u>	<u>1,334,212</u>
	<b><u>\$ 3,204,453</u></b>	<b><u>2,553,140</u></b>

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

	<b>2025</b>	<b>2024</b>
The Company’s share of the loss of associates	<u>\$ (8,491)</u>	<u>(273,339)</u>

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Carrying amount of individually immaterial associates	<u>\$ 3,193,063</u>	<u>3,064,046</u>
	<b><u>2025</u></b>	<b><u>2024</u></b>
The Company’s share of the net income (loss) of associates:		
Loss from continuing operations	\$ (8,491)	(273,339)
Other comprehensive income (loss)	<u>16,234</u>	<u>310,684</u>
Total comprehensive income (loss)	<b><u>\$ 7,743</u></b>	<b><u>37,345</u></b>

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(h) Changes in subsidiaries' equity

(i) Changes in subsidiaries' equity did not result in the Company's loss of control

1) Cancellation of subsidiaries' restricted shares

Compal Broadband Network Inc. ("CBN") cancelled 302 thousand restricted shares in the year ended December 31, 2024, resulting in an increase of 0.28% the ownership of the Company and its subsidiaries in CBN in the year ended December 31, 2024.

2) Issuance of new shares for cash of subsidiaries

The Company purchased newly issued shares of Aco Healthcare Co., Ltd. ("Aco Healthcare") amounting to \$99,566 at a percentage different from its existing ownership percentage in July, 2025, resulting in an increase in the ownership of the Company in Aco Healthcare from 71.46% to 83.23%.

The Company purchased newly issued shares of Starmems Semiconductor Corp. ("Starmems") amounting to \$29,650 at a percentage different from its existing ownership percentage in April, 2024, resulting in an increase in the ownership of the Company in Starmems from 35% to 38.03%.

The Company purchased newly issued shares of Hippo Screen Neurotech Co., Ltd. ("Hippo Screen") amounting to \$50,000 at a percentage different from its existing ownership percentage in June, 2024, resulting in an increase in the ownership of the Company in Hippo Screen from 91% to 95.5%.

3) The following summarizes the effect of changes in equity of the Company due to changes in the ownership interest of subsidiaries:

	<u>2025</u>	<u>2024</u>
Capital surplus – changes in ownership interest in subsidiaries	\$ (643)	151
Retained earnings	<u>(20,421)</u>	<u>(7,088)</u>
	<u>\$ (21,064)</u>	<u>(6,937)</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2025 and 2024, were as follows:

	Land	Buildings and building improvement	Other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:					
Balance on January 1, 2025	\$ 1,047,797	2,286,640	3,102,858	63,046	6,500,341
Additions	-	11,739	239,718	58,076	309,533
Disposals and derecognitions	-	(24,904)	(85,651)	-	(110,555)
Reclassifications	-	-	95,808	(95,808)	-
Balance on December 31, 2025	<u>\$ 1,047,797</u>	<u>2,273,475</u>	<u>3,352,733</u>	<u>25,314</u>	<u>6,699,319</u>
Balance on January 1, 2024	\$ 1,047,797	2,447,898	2,917,420	28,056	6,441,171
Additions	-	11,984	247,707	82,034	341,725
Disposals and derecognitions	-	(173,242)	(109,313)	-	(282,555)
Reclassifications	-	-	47,044	(47,044)	-
Balance on December 31, 2024	<u>\$ 1,047,797</u>	<u>2,286,640</u>	<u>3,102,858</u>	<u>63,046</u>	<u>6,500,341</u>
Depreciation and impairments loss:					
Balance on January 1, 2025	\$ -	1,626,464	2,657,327	-	4,283,791
Depreciation for the period	-	58,097	271,121	-	329,218
Disposals and derecognitions	-	(24,904)	(85,252)	-	(110,156)
Balance on December 31, 2025	<u>\$ -</u>	<u>1,659,657</u>	<u>2,843,196</u>	<u>-</u>	<u>4,502,853</u>
Balance on January 1, 2024	\$ -	1,725,290	2,481,593	-	4,206,883
Depreciation for the period	-	74,414	276,743	-	351,157
Disposals and derecognitions	-	(173,240)	(101,009)	-	(274,249)
Balance on December 31, 2024	<u>\$ -</u>	<u>1,626,464</u>	<u>2,657,327</u>	<u>-</u>	<u>4,283,791</u>
Carrying amounts:					
Balance on December 31, 2025	<u>\$ 1,047,797</u>	<u>613,818</u>	<u>509,537</u>	<u>25,314</u>	<u>2,196,466</u>
Balance on January 1, 2024	<u>\$ 1,047,797</u>	<u>722,608</u>	<u>435,827</u>	<u>28,056</u>	<u>2,234,288</u>
Balance on December 31, 2024	<u>\$ 1,047,797</u>	<u>660,176</u>	<u>445,531</u>	<u>63,046</u>	<u>2,216,550</u>

As of December 31, 2025 and 2024, the Company did not provide property, plant and equipment as collateral for its borrowing.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (j) Right-of-use assets

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

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance on January 1, 2025	\$ 2,259,628	19,364	2,278,992
Additions	160,592	2,963	163,555
Deductions	<u>(337,266)</u>	<u>(3,543)</u>	<u>(340,809)</u>
Balance on December 31, 2025	<u>\$ 2,082,954</u>	<u>18,784</u>	<u>2,101,738</u>
Balance on January 1, 2024	\$ 2,084,605	2,064	2,086,669
Additions	412,046	17,300	429,346
Deductions	<u>(237,023)</u>	<u>-</u>	<u>(237,023)</u>
Balance on December 31, 2024	<u>\$ 2,259,628</u>	<u>19,364</u>	<u>2,278,992</u>
Depreciation:			
Balance on January 1, 2025	\$ 1,252,902	3,966	1,256,868
Depreciation for the period	449,081	6,104	455,185
Deductions	<u>(303,176)</u>	<u>(950)</u>	<u>(304,126)</u>
Balance on December 31, 2025	<u>\$ 1,398,807</u>	<u>9,120</u>	<u>1,407,927</u>
Balance on January 1, 2024	\$ 1,052,288	1,080	1,053,368
Depreciation for the period	435,579	2,886	438,465
Deductions	<u>(234,965)</u>	<u>-</u>	<u>(234,965)</u>
Balance on December 31, 2024	<u>\$ 1,252,902</u>	<u>3,966</u>	<u>1,256,868</u>
Carrying amount:			
Balance on December 31, 2025	<u>\$ 684,147</u>	<u>9,664</u>	<u>693,811</u>
Balance on January 1, 2024	<u>\$ 1,032,317</u>	<u>984</u>	<u>1,033,301</u>
Balance on December 31, 2024	<u>\$ 1,006,726</u>	<u>15,398</u>	<u>1,022,124</u>

## (k) Short-term borrowings

The details of short-term borrowings were as following:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured bank loans	<u>\$ 51,115,650</u>	<u>43,227,425</u>
Unused credit line for short-term borrowings	<u>\$ 124,466,000</u>	<u>127,496,000</u>
Range of interest rates	<u>1.72%~4.19%</u>	<u>1.66%~5.29%</u>

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (l) Long-term borrowings

The details of long-term borrowings were as follows:

<b>December 31, 2025</b>				
	<b>Currency</b>	<b>Range of annual interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	1.75%~2.22%	2026~2028	\$ 9,700,000
Less: current portion				(3,900,000)
Total				<b>\$ 5,800,000</b>
Unused credit line for long-term borrowings				<b>\$ 38,040,000</b>

<b>December 31, 2024</b>				
	<b>Currency</b>	<b>Range of annual interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	1.72%~2.28%	2025~2027	\$ 23,325,000
Less: current portion				(14,300,000)
Total				<b>\$ 9,025,000</b>
Unused credit line for long-term borrowings				<b>\$ 23,276,000</b>

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

## (m) Lease liabilities

The details of lease liabilities were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current	<b>\$ 351,666</b>	<b>413,270</b>
Non-current	<b>\$ 351,160</b>	<b>620,504</b>

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

The amounts recognized in profit or loss was as follows:

	<b>2025</b>	<b>2024</b>
Interest on lease liabilities	<b>\$ 12,688</b>	<b>15,142</b>
Expenses relating to leases of low-value assets or short-term leases	<b>\$ 25,198</b>	<b>26,472</b>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The amounts recognized in the statement of cash flows for the Company was as follows:

	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	<u>\$ 494,234</u>	<u>476,475</u>

(i) Building leases

The Company leases buildings for its office and factory space, typically running for a period of 1~10 years.

(ii) Other leases

The Company leases vehicles with lease terms of 3~5 years.

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

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ (992,972)	(1,064,429)
Fair value of plan assets	<u>564,972</u>	<u>580,529</u>
Net defined benefit liabilities	<u>\$ (428,000)</u>	<u>(483,900)</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Act) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The balance of the Company's labor pension reserve account in the Bank of Taiwan amounted to \$537,814 (excluding the ending balance of interest receivable) as of December 31, 2025. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligations on January 1	\$ (1,064,429)	(1,173,609)
Current service costs and interest	(19,277)	(18,691)
Remeasurements of net benefit liabilities	11,462	33,637
Benefit paid by the plan	<u>79,272</u>	<u>94,234</u>
Defined benefit obligations on December 31	<u>\$ (992,972)</u>	<u>(1,064,429)</u>

3) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets on January 1	\$ 580,529	604,726
Expected return on plan assets	8,597	7,731
Remeasurements of net benefit plan assets	31,825	38,678
Contributions paid by the employer	23,293	23,628
Benefits paid by the plan	<u>(79,272)</u>	<u>(94,234)</u>
Fair value of plan assets on December 31	<u>\$ 564,972</u>	<u>580,529</u>

4) Expenses recognized in profit or loss

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

	<u>2025</u>	<u>2024</u>
Current service cost	\$ 3,130	3,168
Net interest on the net defined benefit liability (asset)	<u>7,550</u>	<u>7,792</u>
	<u>\$ 10,680</u>	<u>10,960</u>
Cost of sales	\$ 275	288
Selling expenses	543	528
Administrative expenses	2,709	2,848
Research and development expenses	<u>7,153</u>	<u>7,296</u>
	<u>\$ 10,680</u>	<u>10,960</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

5) Actuarial assumptions

The following were the Company's principal actuarial assumptions at the reporting date:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Discount rate	1.30%	1.60%
Future salary increase rate	3.00%	3.00%

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date is \$23,256.

The weighted-average lifetime of the defined benefit plan is 7.0 years.

6) Sensitivity analysis

If the main actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Effects to the defined benefit obligation</b>	
	<b>Increased 0.25%</b>	<b>Decreased 0.25%</b>
December 31, 2025		
Discount rate	(16,940)	17,455
Future salary increasing rate	17,129	(16,712)
December 31, 2024		
Discount rate	(19,041)	19,635
Future salary increasing rate	19,326	(18,839)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

The method and assumption used in the sensitivity analysis is consistent with prior period.

(ii) Defined contribution plans

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company recognized the pension costs under the defined contribution method amounting to \$440,477 and \$445,843 for the years ended December 31, 2025 and 2024, respectively. Payment was made to the Bureau of Labor Insurance.

(o) Income taxes

(i) Income tax expenses

- 1) The amount of income tax for the years ended December 31, 2025 and 2024, was as follows:

	<u>2025</u>	<u>2024</u>
Current tax expense		
Recognized during the period	\$ 1,157,086	1,528,651
Undistributed earnings additional tax	166,281	172,651
Tax credit of investment	<u>(322,306)</u>	<u>(475,447)</u>
	1,001,061	1,225,855
Deferred tax expense		
Recognition and reversal of temporary differences	<u>(82,293)</u>	<u>281,613</u>
	<u>(82,293)</u>	<u>281,613</u>
Income tax expense	<u><u>\$ 918,768</u></u>	<u><u>1,507,468</u></u>

- 2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2025 and 2024, was as follows:

	<u>2025</u>	<u>2024</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	\$ 8,657	14,463
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>(1,619,413)</u>	<u>2,446,215</u>
	<u><u>\$ (1,610,756)</u></u>	<u><u>2,460,678</u></u>

- 3) The income tax expense that was reconciled between the actual income tax expense and profit before tax for the years ended December 31, 2025 and 2024, was as follows:

	<u>2025</u>	<u>2024</u>
Profit before tax	<u><u>\$ 6,948,660</u></u>	<u><u>11,549,878</u></u>
Income tax calculated based on tax rate	\$ 1,389,732	2,309,976
Undistributed earnings additional tax	166,281	172,651
Estimated tax effect of tax exemption on investment income, net	(254,380)	35,581
Realized investment loss	(5,585)	(26,201)
Investment tax credit	(322,306)	(475,447)
Changes in unrecognized temporary differences	(303,402)	(611,890)
Adjustment of estimated difference and other	<u>248,428</u>	<u>102,798</u>
Income tax expense	<u><u>\$ 918,768</u></u>	<u><u>1,507,468</u></u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

	<u>Unrealized exchange losses, net</u>	<u>Refund liabilities</u>	<u>Allowance for obsolescence loss and inventory valuation</u>	<u>Defined benefit plans</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:						
Balance on January 1, 2025	\$ 996,745	443,293	80,904	145,162	209,094	1,875,198
Recognized in profit or loss	(104,968)	16,911	16,985	(2,523)	92,689	19,094
Recognized in other comprehensive income	-	-	-	(8,657)	-	(8,657)
Balance on December 31, 2025	<u>\$ 891,777</u>	<u>460,204</u>	<u>97,889</u>	<u>133,982</u>	<u>301,783</u>	<u>1,885,635</u>
Balance on January 1, 2024	\$ 1,734,370	436,796	122,939	162,159	112,388	2,568,652
Recognized in profit or loss	(737,625)	6,497	(42,035)	(2,534)	96,706	(678,991)
Recognized in other comprehensive income	-	-	-	(14,463)	-	(14,463)
Balance on December 31, 2024	<u>\$ 996,745</u>	<u>443,293</u>	<u>80,904</u>	<u>145,162</u>	<u>209,094</u>	<u>1,875,198</u>
	<u>Unrealized exchange gains, net</u>	<u>Others</u>	<u>Total</u>			
Deferred tax liabilities:						
Balance on January 1, 2025	\$ (844,455)	(2,990,329)	(3,834,784)			
Recognized in profit or loss	63,199	-	63,199			
Recognized in other comprehensive income	-	1,619,413	1,619,413			
Balance on December 31, 2025	<u>\$ (781,256)</u>	<u>(1,370,916)</u>	<u>(2,152,172)</u>			
Balance on January 1, 2024	\$ (1,241,833)	(544,114)	(1,785,947)			
Recognized in profit or loss	397,378	-	397,378			
Recognized in other comprehensive income	-	(2,446,215)	(2,446,215)			
Balance on December 31, 2024	<u>\$ (844,455)</u>	<u>(2,990,329)</u>	<u>(3,834,784)</u>			

(iii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tax effect of deductible temporary differences	<u>\$ 436,803</u>	<u>394,117</u>

The Company assesses and considers that some of the income tax reduction items may be unrealized, hence they are not recognized as deferred tax assets.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(iv) Unrecognized deferred tax assets and liabilities related to investments in subsidiaries

The temporary differences associated with investment in subsidiaries were not recognized as deferred income tax assets and liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

As of December 31, 2025 and 2024, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to \$3,766,929 and \$3,640,359, respectively.

As of December 31, 2025 and 2024, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to \$76,743,920 and \$78,021,791, respectively.

(v) Examination and approval

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

(p) Capital and other equities

(i) Ordinary shares

As of December 31, 2025 and 2024, the Company's authorized common stock consisting of 6,000,000 thousand shares with a par value of 10 New Taiwan dollar per share amounted to \$60,000,000 of which 4,407,147 thousand shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Additional paid-in capital	\$ 138,690	137,689
Treasury share transactions	2,912,034	2,842,010
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	157,793	158,436
Changes in equity of associates and joint ventures accounted for using equity method	435,886	298,040
	<b><u>\$ 3,681,169</u></b>	<b><u>3,472,941</u></b>

In accordance with the ROC Company Act, realized capital reserves can only be used to increase the common stock or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

(iii) 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.

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.

1) Legal reverse

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares and distributing stock dividends or distributing cash to shareholders. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

2) Special reverse

During earnings distribution, if the Company has already reclassified a portion of earnings to special reserve, it shall make supplemental allocation of special reserve for any difference between the amount of the current-period total net reduction of other shareholders' equity and the amount it has already allocated. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Distribution for the earnings of 2024 and 2023 were approved in the meeting of the Board of Directors 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>

Distribution for the earnings of 2025 was approved in the meeting of the Board of Directors held on February 26, 2026. The relevant information was as follows:

	2025	
	Amount per share	Total amount
Cash dividends distributed to common shareholders from the unappropriated earnings	\$ 1.1	<u>4,847,861</u>

The related information of the earnings distribution for the year ended December 31, 2025, can be accessed through the Market Observation Post System website after the related meeting.

(iv) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the years ended December 31, 2025 and 2024. As of December 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 30.40 and 37.65 New Taiwan dollars per share as of December 31, 2025 and 2024, respectively.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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 five 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.

(v) 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	(3,516,995)	(7,082,189)	-	(10,599,184)
Subsidiaries	(160,246)	(59,130)	2,720	(216,656)
Associates	(111,112)	(32,642)	-	(143,754)
Balance on December 31, 2025	<u>\$ 415,454</u>	<u>6,210,563</u>	<u>2,720</u>	<u>6,628,737</u>
Balance on January 1, 2024	\$ (1,747,330)	1,363,472	(3,436)	(387,294)
The Company	5,341,707	11,245,845	-	16,587,552
Subsidiaries	328,204	746,808	3,436	1,078,448
Associates	281,226	28,399	-	309,625
Balance on December 31, 2024	<u>\$ 4,203,807</u>	<u>13,384,524</u>	<u>-</u>	<u>17,588,331</u>

(q) Earnings per share

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

	<u>2025</u>	<u>2024</u>
<b>Basic earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 6,029,892</u>	<u>10,042,410</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>
<b>Diluted earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>\$ 6,029,892</u>	<u>10,042,410</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>32,717</u>	<u>39,934</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,389,847</u>	<u>4,397,064</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (r) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>2025</u>	<u>2024</u>
Primary geographical markets:		
United States	\$ 249,262,055	320,423,409
China	65,961,409	127,107,109
Netherlands	59,040,632	65,994,132
Japan	47,055,584	43,014,963
Others	<u>261,738,627</u>	<u>283,647,625</u>
	<u>\$ 683,058,307</u>	<u>840,187,238</u>
Major products :		
5C related electronic products	\$ 681,942,128	839,080,605
Others	<u>1,116,179</u>	<u>1,106,633</u>
	<u>\$ 683,058,307</u>	<u>840,187,238</u>

## (ii) Contract balance

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Notes and accounts receivable (including related parties)	\$ 192,173,933	201,729,542	186,783,839
Less: allowance for impairment	(3,748,854)	(3,765,346)	(3,691,908)
Less: credit balances of investments in equity method	-	-	(24,107)
Total	<u>\$ 188,425,079</u>	<u>197,964,196</u>	<u>183,067,824</u>
Contract liabilities	<u>\$ 1,355,162</u>	<u>882,813</u>	<u>697,526</u>

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

The amounts of revenue recognized for the years ended December 31, 2025 and 2024 that was included in the balances of contract liability at the beginning of the period were \$882,813 and \$697,526, 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.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(s) Employees' and directors' compensations

On May 29, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended 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 compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent thereof and to directors as compensation 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. No less than eight percent of the amount of compensation to employee shall be allocated as compensation distributions to the non-executive employees. The compensation 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 who meet certain requirements.

Prior to the amendment, the Articles of Incorporation stipulated that, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent thereof and to directors as compensation 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 compensation 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 who meet certain requirements.

The Company accrued and recognized its employee compensation of \$820,339 (including distributions to the non-executive employees) and \$1,363,545, and directors' compensation of \$43,751 and \$72,722 for the years ended December 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 related information can be accessed through the Market Observation Post System website. There is no difference between the amount approved in the Board of Directors' meeting and those recognized in the financial statements of 2025 and 2024.

There is no differences between the amount estimated and recognized in the financial statements of 2024 and actual distribution. The remuneration and compensation were all paid in cash. The related information can be accessed through the Market observation Post System website.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(t) Non-operating income and expenses

(i) Interest income

The interest income for the years ended December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 774,848	777,231
Other interest income	169,621	200,626
	<u>\$ 944,469</u>	<u>977,857</u>

(ii) Other income

The other income for the years ended December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Dividend revenue	\$ 412,102	312,467
Government grants	3,593	47,469
Rental revenue	18,836	16,296
Other revenue	163,578	135,451
	<u>\$ 598,109</u>	<u>511,683</u>

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Gains on disposal of investments	\$ 15,388	-
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	(52,392)	56,831
Foreign currency exchange (losses) gains, net	(940,808)	1,708,799
Others	39,302	81,522
	<u>\$ (938,510)</u>	<u>1,847,152</u>

(u) Financial instruments

(i) Credit risk

- 1) The carrying amount of financial assets represents the maximum amount exposed to credit risk.

The Company's customers are mainly from the high-tech industry. The Company does not concentrate on a specific customer and the sales regions are widely spread, thus there should be no concern on the significant concentrations of accounts receivable credit risk. And in order to mitigate accounts receivable credit risk, the Company constantly assesses the financial status of the customers.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

2) Receivables and debt securities

For information of exposure to credit risk of notes and accounts receivable, please refer to note (6)(d).

Other financial assets at amortized cost includes 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)(f)). Due to the counter parties and the performing parties of the Company's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

(ii) Liquidity risk

The following table shows 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>
<b>December 31, 2025</b>					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 60,815,650	(60,815,650)	(55,015,650)	(2,300,000)	(3,500,000)
Notes and accounts payable	176,641,177	(176,641,177)	(176,641,177)	-	-
Other payables	12,129,518	(12,129,518)	(12,129,518)	-	-
Lease liabilities—current and non-current	<u>702,826</u>	<u>(716,176)</u>	<u>(359,090)</u>	<u>(200,177)</u>	<u>(156,909)</u>
	<b><u>\$ 250,289,171</u></b>	<b><u>(250,302,521)</u></b>	<b><u>(244,145,435)</u></b>	<b><u>(2,500,177)</u></b>	<b><u>(3,656,909)</u></b>
<b>December 31, 2024</b>					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 66,552,425	(66,552,425)	(57,527,425)	(6,725,000)	(2,300,000)
Notes and accounts payable	172,926,676	(172,926,676)	(172,926,676)	-	-
Other payables	13,553,440	(13,553,440)	(13,553,440)	-	-
Lease liabilities—current and non-current	<u>1,033,774</u>	<u>(1,056,027)</u>	<u>(425,508)</u>	<u>(348,553)</u>	<u>(281,966)</u>
	<b><u>\$ 254,066,315</u></b>	<b><u>(254,088,568)</u></b>	<b><u>(244,433,049)</u></b>	<b><u>(7,073,553)</u></b>	<b><u>(2,581,966)</u></b>

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD to TWD	\$ 7,061,508	31.43	221,943,196	9,541,948	32.785	312,832,765
Non-monetary items						
THB to TWD	7,029,006	1.0016	7,040,252	15,699,356	0.9642	15,137,319
Financial liabilities						
Monetary items						
USD to TWD	6,841,095	31.43	215,015,616	9,563,121	32.785	313,526,922

2) Sensitivity analysis

The Company'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 the Company's functional currency as of December 31, 2025 and 2024, would have increased (decreased) the net profit before tax as follows for the years ended December 31, 2025 and 2024. The analysis is performed on the same basis for both periods.

	December 31, 2025	December 31, 2024
USD (against the TWD)		
Strengthening 5%	\$ 346,379	(34,708)
Weakening 5%	(346,379)	34,708

3) Exchange gains and losses of monetary items

As the Company deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2025 and 2024, the foreign exchange gains (losses), including both realized and unrealized, amounted to loss \$940,808 and gain \$1,708,799, respectively.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only 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 Company'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 years ended December 31, 2025 and 2024, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	<u>2025</u>	<u>2024</u>
Interest increased by 0.25%	\$ 7,320	7,021
Interest decreased by 0.25%	(7,320)	(7,021)

(v) Fair value information

1) The categories and fair value of financial instruments

The Company's financial assets and liabilities at fair value through profit or loss 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.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	December 31, 2025				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—non-current</b>					
Foreign warrants	\$ 157,784	-	-	157,784	157,784
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>436,967</u>	-	-	436,967	436,967
	<u>594,751</u>				
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	3,613,568	3,613,568	-	-	3,613,568
Stocks listed on foreign markets	7,040,252	7,040,252	-	-	7,040,252
Stocks unlisted on domestic markets	325,030	-	-	325,030	325,030
Accounts receivable	<u>13,974,350</u>	-	13,974,350	-	13,974,350
Subtotal	<u>24,953,200</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	31,718,286	-	-	-	-
Bond investments	9,964	-	-	-	-
Notes and accounts receivable, net	139,468,923	-	-	-	-
Notes and accounts receivable due from related parties, net	34,981,806	-	-	-	-
Other receivables	945,597	-	-	-	-
Refundable deposits -current and non-current	<u>366,434</u>	-	-	-	-
Subtotal	<u>207,491,010</u>				
Total	<u><b>\$ 233,038,961</b></u>				
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 51,115,650	-	-	-	-
Notes and accounts payable	82,438,903	-	-	-	-
Notes and accounts payable to related parties	94,202,274	-	-	-	-
Other payables	12,129,518	-	-	-	-
Lease liabilities—current and non-current	702,826	-	-	-	-
Long-term borrowings current portion	3,900,000	-	-	-	-
Long-term borrowings	5,800,000	-	-	-	-
Deposits received	<u>979</u>	-	-	-	-
Total	<u><b>\$ 250,290,150</b></u>				

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	December 31, 2024				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—non-current</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 413,943	-	-	413,943	413,943
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	4,433,817	4,433,817	-	-	4,433,817
Stocks listed on foreign markets	15,166,260	15,166,260	-	-	15,166,260
Stocks unlisted on domestic markets	316,917	-	-	316,917	316,917
Stocks unlisted on foreign markets	6,000	-	-	6,000	6,000
Accounts receivable	21,115,123	-	21,115,123	-	21,115,123
Subtotal	<u>41,038,117</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	28,834,879	-	-	-	-
Notes and accounts receivable, net	160,257,938	-	-	-	-
Notes and accounts receivable due from related parties, net	16,591,135	-	-	-	-
Other receivables	4,473,175	-	-	-	-
Refundable deposits—current and non-current	232,977	-	-	-	-
Subtotal	<u>210,390,104</u>				
Total	<u>\$ 251,842,164</u>				
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 43,227,425	-	-	-	-
Notes and accounts payable	84,585,742	-	-	-	-
Notes and accounts payable to related parties	88,340,934	-	-	-	-
Other payables	13,553,440	-	-	-	-
Lease liabilities—current and non-current	1,033,774	-	-	-	-
Long-term borrowings current portion	14,300,000	-	-	-	-
Long-term borrowings	9,025,000	-	-	-	-
Deposits received	999	-	-	-	-
Total	<u>\$ 254,067,314</u>				

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

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

- a) Financial assets measured at amortized cost and financial 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.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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 balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Company 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.

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.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

4) Transfer from one level to another

There was no transfer from one level to another in the year ended December 31, 2025.

The Company held an investment in equity of ITH Corporation and zSpace, Inc., which was classified as a financial asset at fair value through other comprehensive income. The fair value of the investment was originally categorized as Level 3 on December 31, 2023. This was because the shares were not listed on the exchange market and was measured by significant unobservable inputs. However, in November and December 2024, ITH Corporation and zSpace, Inc. listed their equity shares on an exchange and they are currently actively traded in the market. Since the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 as of December 31, 2024.

5) Changes in Level 3

The change in Level 3 at fair value in the years ended December 31, 2025 and 2024, were as follow:

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2025	\$ 413,943	322,917	736,860
Total gains and losses recognized:			
In profit or loss	(52,392)	-	(52,392)
In other comprehensive income	-	2,351	2,351
Purchased	80,575	-	80,575
Disposal	(103,328)	-	(103,328)
Proceeds of capital reduction of investment	(38,704)	(483)	(39,187)
Transferred from prepayments for investments (recorded as "other non-current assets")	294,657	-	294,657
Transferred from investments accounted for using the equity method	-	245	245
Balance on December 31, 2025	<u>\$ 594,751</u>	<u>325,030</u>	<u>919,781</u>
Balance on January 1, 2024	\$ 337,855	539,234	877,089
Total gains and losses recognized:			
In profit or loss	56,831	-	56,831
In other comprehensive income	-	218,086	218,086
Purchased	44,257	40,060	84,317
Disposal	-	(12,601)	(12,601)
Proceeds of capital reduction of investment	(25,000)	-	(25,000)
Transferred from level 3 to Level 1	-	(461,862)	(461,862)
Balance on December 31, 2024	<u>\$ 413,943</u>	<u>322,917</u>	<u>736,860</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

For the years ended December 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”, respectively were as follows:

	<b>2025</b>	<b>2024</b>
Total gains and losses recognized:		
In profit or loss (as “other gains and losses, net”)	\$ <u><u>(77,145)</u></u>	<u><u>56,831</u></u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	\$ <u><u>2,351</u></u>	<u><u>(23,608)</u></u>

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

The Company’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.

Most of fair value measurements of the Company 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:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationships between significant unobservable inputs and fair value</b>
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 (2.13~3.38 and 1.94~3.36, respectively, on December 31, 2025 and 2024) Lack-of-Marketability discount rate (40%~65% on December 31, 2025 and 2024)	The higher the multiple is, the higher the fair value will be. 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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
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 December 31, 2025)	The higher the Volatility is, the higher the fair value will be.

7) Sensitivity analysis for fair value of financial instruments using Level 3 inputs

The Company'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 impact on other comprehensive income or loss are as follows:

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
<b>December 31, 2025</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>25,759</u>	<u>14,392</u>
	Lack-of-Marketability discount rate	5%	\$ <u>18,623</u>	<u>21,527</u>
<b>December 31, 2024</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>11,930</u>	<u>9,176</u>
	Lack-of-Marketability discount rate	5%	\$ <u>1,103</u>	<u>3,857</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.**  
**Notes to Parent-Company-Only Financial Statements**

(v) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Company. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk.

3) Guarantees

Pursuant to the Company's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Company has business with. As of December 31, 2025 and 2024, the guarantees provide to the subsidiaries amounted to \$17,309,028 and \$17,492,383, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset.

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(k) and (6)(l) for unused credit lines of short-term and long-term borrowings as of December 31, 2025 and 2024.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily USD.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place, the Company buys or sells foreign currencies at spot rate to ensure that the net exposure is kept on an acceptable level.

2) Interest rate risk

The Company borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow. Therefore, the Company manages the interest rates risk by maintaining an adequate combination of fixed and variable interest rates.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

3) Other price risk

The Company is exposed to equity price risk arising from investments in listed equity securities.

(w) Capital management

The policy of capital management made by the Board of Directors is to maintain a strong capital base so as to stabilize the confidence of the investors, creditors and the public market and to sustain future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors the capital structure by way of periodical review the debt ratio. As of December 31, 2025 and 2024, the debt ratio was as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Total liabilities	<u>\$ 264,982,502</u>	<u>270,185,741</u>
Total assets	<u>\$ 396,790,392</u>	<u>412,650,451</u>
Debt ratio	<u>66.8 %</u>	<u>65.5 %</u>

The Company could purchase its own shares in the public market in accordance with the corresponding rules and regulations. The timing of the purchases depends on market prices.

As of December 31, 2025, there were no changes in the Company's approach of capital management.

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2025 and 2024 were acquisition of right-of-use assets by leasing. Please refer to note (6)(j).

Reconciliation of liabilities arising from financial activities was as follows:

	<b>January 1, 2025</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>December 31, 2025</b>
Short-term borrowings	\$ 43,227,425	7,888,225	-	51,115,650
Long-term borrowings	23,325,000	(13,625,000)	-	9,700,000
Lease liabilities	1,033,774	(456,348)	125,400	702,826
Deposits received	999	(20)	-	979
Total liabilities from financing activities	<u>\$ 67,587,198</u>	<u>(6,193,143)</u>	<u>125,400</u>	<u>61,519,455</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	<u>January 1, 2024</u>	<u>Cash flow</u>	<u>Other non-cash changes</u>	<u>December 31, 2024</u>
Short-term borrowings	\$ 46,917,800	(3,690,375)	-	43,227,425
Long-term borrowings	23,267,300	57,700	-	23,325,000
Lease liabilities	1,041,366	(434,861)	427,269	1,033,774
Deposits received	999	-	-	999
Total liabilities from financing activities	<u>\$ 71,227,465</u>	<u>(4,067,536)</u>	<u>427,269</u>	<u>67,587,198</u>

**(7) Related-party transactions:**

(a) Name and relationship with related parties

The following are the Company's subsidiaries and related parties that had transactions with the Company during the periods covered in the parent-company-only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Panpal Technology Corp. ("Panpal")	The Company's subsidiary
Gempal Technology Corp. ("Gempal")	The Company's subsidiary
Hong Ji Capital Co., Ltd. ("Hong Ji")	The Company's subsidiary
Hong Jin Investment Co., Ltd. ("Hong Jin")	The Company's subsidiary
Arcadyan	The Company's subsidiary
Rayonnant Technology Co., Ltd. ("Rayonnant Technology")	The Company's subsidiary
HengHao Technology Co., Ltd. ("HengHao")	The Company's subsidiary
Ripal Optortronics Co., Ltd. ("Ripal")	The Company's subsidiary
Auscom Engineering Inc. ("Auscom")	The Company's subsidiary
Just International Ltd. ("Just")	The Company's subsidiary
Compal International Holding Co., Ltd. ("CIH")	The Company's subsidiary
Compal Electronics (Holding) Ltd. ("CEH")	The Company's subsidiary
Bizcom Electronics, Inc. ("Bizcom")	The Company's subsidiary
Flight Global Holding Inc. ("FGH")	The Company's subsidiary
High Shine Industrial Corp. ("HSI")	The Company's subsidiary
Compal Europe (Poland) Sp. z o.o. ("CEP")	The Company's subsidiary
Big Chance International Co., Ltd. ("BCI")	The Company's subsidiary
Compal Rayonnant Holdings Limited ("CRH")	The Company's subsidiary
Core Profit Holdings Limited ("CORE")	The Company's subsidiary
Compalead Electronics B.V. ("CPE")	The Company's subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Compalead Eletronica do Brasil Industria e Comercio Ltda. (“CEM”)	The Company’s subsidiary
Compal Tecnologia do Brasil Ltda. (“CTB”)	The Company’s subsidiary
Compal Display Holding (HK) Limited (“CDH (HK)”)	The Company’s subsidiary
Compal Electronics International Ltd. (“CII”)	The Company’s subsidiary
Compal International Ltd. (“CPI”)	The Company’s subsidiary
Compal Electronics (China) Co., Ltd. (“CPC”)	The Company’s subsidiary
Compal Optoelectronics (Kunshan) Co., Ltd. (“CPO”)	The Company’s subsidiary
Compal System Trading (Kunshan) Co., Ltd. (“CST”)	The Company’s subsidiary
Smart International Trading Ltd. (“Smart”)	The Company’s subsidiary
Mexcom Electronics, LLC (“MEL”)	The Company’s subsidiary
Mexcom Technologies, LLC (“MTL”)	The Company’s subsidiary
Compal Mexico Electromex S.A de C.V. (“CMX”)	The Company’s subsidiary
Compal Americas (US) Inc. (“CUS”)	The Company’s subsidiary
Compal Electronics N.A. Inc. (“CNA”)	The Company’s subsidiary
Compal International Holding (HK) Limited (“CIH (HK)”)	The Company’s subsidiary
Jenpal International Ltd. (“Jenpal”)	The Company’s subsidiary
Prospect Fortune Group Ltd. (“PFG”)	The Company’s subsidiary
Compal Electronics Technology (Kunshan) Co., Ltd. (“CET”)	The Company’s subsidiary
Compal Information (Kunshan) Co., Ltd. (“CIC”)	The Company’s subsidiary
Compal Information Technology (Kunshan) Co., Ltd. (“CIT”)	The Company’s subsidiary
Kunshan Botai Electronics Co., Ltd. (“BT”)	The Company’s subsidiary
Compal Digital Technology (Kunshan) Co., Ltd. (“CDT”)	The Company’s subsidiary
Compower Global Service Co., Ltd. (“CGS”)	The Company’s subsidiary
Compal Investment (Jiansu) Co., Ltd. (“CIJ”)	The Company’s subsidiary
Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	The Company’s subsidiary
Etrade Management Co., Ltd. (“Etrade”)	The Company’s subsidiary
Webtek Technology Co., Ltd. (“Webtek”)	The Company’s subsidiary
Forever Young Technology Inc. (“Forever”)	The Company’s subsidiary
Unicom Global, Inc. (“UCGI”)	The Company’s subsidiary
Palcom International Corporation (“Palcom”)	The Company’s subsidiary
Compal Communication (Nanjing) Co., Ltd. (“CCI Nanjing”)	The Company’s subsidiary
Compal Digital Communication (Nanjing) Co., Ltd. (“CDCN”)	The Company’s subsidiary
Compal Wireless Communication (Nanjing) Co., Ltd. (“CWCN”)	The Company’s subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Company</b>
Hanhelt Communication (Nanjing) Co., Ltd. (“Hanhelt”)	The Company’s subsidiary
Giant Rank Trading Ltd. (“GIA”)	The Company’s subsidiary
Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	The Company’s subsidiary
Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	The Company’s subsidiary
Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	The Company’s subsidiary
Arcadyan India Private Limited (“Arcadyan India”)	The Company’s subsidiary
Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	The Company’s subsidiary
Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	The Company’s subsidiary
Arcadyan Technology Limited (“Arcadyan UK”)	The Company’s subsidiary
Arcadyan Technology Australia Pty Ltd. (“Arcadyan AU”)	The Company’s subsidiary
Arcadyan Technology Corporation (Russia), LLC. (“Arcadyan RU”)	The Company’s subsidiary
Arcadyan Turkey Technology and Trade Joint Stock Company (“Arcadyan Turkey”)	The Company’s subsidiary
Arcadyan Technology Japan Co., Ltd. (“Arcadyan Japan”)	The Company’s subsidiary
Zhi-Bao Technology Inc. (“Zhi-Bao”)	The Company’s subsidiary
Tatung Technology Inc. (“TTI”)	The Company’s subsidiary
CBN	The Company’s subsidiary
Compal Broadband Networks Belgium BVBA (“CBNB”)	The Company’s subsidiary
Compal Broadband Networks Netherlands B.V. (“CBNN”)	The Company’s subsidiary
Sinoprime Global Inc. (“Sinoprime”)	The Company’s subsidiary
Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	The Company’s subsidiary
Arcadyan Technology (Shanghai) corp. (“SVA Arcadyan”)	The Company’s subsidiary
Arch Holding (BVI) Corp. (“Arch Holding”)	The Company’s subsidiary
Compal Networking (Kunshan) Co., Ltd. (“CNC”)	The Company’s subsidiary
Quest International Group Co., Ltd. (“Quest”)	The Company’s subsidiary
Exquisite Electronic Co., Ltd. (“Exquisite”)	The Company’s subsidiary
Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	The Company’s subsidiary
Tatung Technology of Japan Co., Ltd. (“TTJC”) (Note 1)	The Company’s subsidiary
Intelligent Universal Enterprise Ltd. (“IUE”)	The Company’s subsidiary
Goal Reach Enterprises Ltd. (“Goal”)	The Company’s subsidiary
Compal (Vietnam) Co., Ltd. (“CVC”)	The Company’s subsidiary
Compal Development&Management (Vietnam) Co., Ltd. (“CDM”)	The Company’s subsidiary
Allied Power Holding Corp. (“APH”)	The Company’s subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Primetek Enterprises Limited (“PEL”)	The Company’s subsidiary
Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	The Company’s subsidiary
Royonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	The Company’s subsidiary
HengHao Holdings A Co., Ltd. (“HHA”)	The Company’s subsidiary
HengHao Holdings B Co., Ltd. (“HHB”)	The Company’s subsidiary
HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	The Company’s subsidiary (Note 7)
LUCOM Display Technology (Kunshan) Limited (“Lucom”)	The Company’s subsidiary (Note 2)
HengHao Optoelectronics Technology (Zhejiang) Co., Ltd. (“HengHao Zhejiang”)	The Company’s subsidiary
Center Mind International Co., Ltd. (“CMI”)	The Company’s subsidiary
Prisco International Co., Ltd. (“PRI”)	The Company’s subsidiary
Compal Electronic (Sichuan) Co., Ltd. (“CIS”)	The Company’s subsidiary
Compal Electronic (Chongqing) Co., Ltd. (“CEQ”)	The Company’s subsidiary
Compal Electronic (Chengdu) Co., Ltd. (“CEC”)	The Company’s subsidiary
Compal Management (Chengdu) Co., Ltd. (“CMC”)	The Company’s subsidiary
Compal Smart Device (Chongqing) Co., Ltd. (“CSD”)	The Company’s subsidiary
FIPOLL Electronics (Chongqing) Co., Ltd. (“FIP”)	The Company’s subsidiary
JOINWIN Intelligent Technology (Suzhou) Co., Ltd. (“JIT”)	The Company’s subsidiary
Billion Sea Holdings Limited (“BSH”)	The Company’s subsidiary
Mithera Capital Io LP (“Mithera”)	The Company’s subsidiary
Compal USA (Indiana), Inc. (“CIN”)	The Company’s subsidiary
Compal Electronics (Vietnam) Co., Ltd. (“CEV”)	The Company’s subsidiary
Fortune Way Technology Corp. (“FWT”)	The Company’s subsidiary
General Life Biotechnology Co., Ltd. (“GLB”)	The Company’s subsidiary
PT GLB BIOTECHNOLOGY INDONESIA	The Company’s subsidiary
Mactech Co., Ltd. (“Mactech”)	The Company’s subsidiary
Compal Electronics India Private Limited (“CEIN”)	The Company’s subsidiary
Compal Smart Device India Private Limited (“CSIN”)	The Company’s subsidiary
Shennona Corporation (“Shennona”)	The Company’s subsidiary
Unicore BioMedical Co., Ltd. (“Unicore”)	The Company’s subsidiary
Hippo Screen	The Company’s subsidiary
Shennona Co., Ltd. (“Shennona TW”)	The Company’s subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Aco Healthcare	The Company's subsidiary
Starmems	The Company's subsidiary
Kinpo&Compal Group Assets Development Corporation (“Kinpo&Compal Assets Development”)	The Company's subsidiary
Compal Electronica da Amazonia Ltda. (“CEA”)	The Company's subsidiary (Note 6)
Compal Wise Electronic (Vietnam) Co., Ltd. (“CWV”)	The Company's subsidiary
Compal Poland Sp. z o.o. (“CPL”)	The Company's subsidiary
Fusionite Corporation (“Fusionite”)	The Company's subsidiary
Compal USA Holding, Inc. (“CUH”)	The Company's subsidiary
Compal USA Technology, Inc. (“CUT”)	The Company's subsidiary
Compal Ruifang Health Assets Development Corporation (“Compal Ruifang”)	The Company's subsidiary
Compal Healthcare & Technology Ltd. (“Compal Healthcare”)	The Company's subsidiary
Poindus Systems Corp, Ltd. (“Poindus Systems”)	The Company's subsidiary
Poindus Investment Co., Ltd. (“Poindus Investment”)	The Company's subsidiary
QiJie Electronics (ShenZhen) Co., Ltd. (“QiJie”)	The Company's subsidiary
Poindus Systems UK Limited (“Poindus UK”)	The Company's subsidiary
Adasys GmbH Elektronische Komponenten (“Adasys”)	The Company's subsidiary
Varlink Limited (“Varlink”)	The Company's subsidiary
Poindus Systems GmbH GroBhandel mit EDV. Oberursel (“Poindus GmbH”)	The Company's subsidiary (Note 3)
EPOS Distribution Limited (“EPOS”)	The Company's subsidiary
Compal Connector Manufacture Ltd. (“CCM”)	A joint venture company
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
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.	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
River Regeneration and Rejuvenation Biotechnology Co. Ltd. (“River Regeneration ”)	An associate
Hong Ya Technology Corporation (“Hong Ya Technology”)	An associate
Kinpo Group Management Service Company (“Kinpo Group Management”)	An associate

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Genki Compal Long-Term Care Corporation Aggregate ("Genki Compal ")	An associate
Neo Medical USA, Inc.	An associate
AcBel Polytech Inc. and its subsidiaries ("AcBel")	Substantial related party (Note 4)
Cal-Comp Electronics (Thailand) Public Company Limited ("Cal-Comp")	Substantial related party (Note 5)
Kinpo Electronics, Inc. ("Kinpo")	Substantial related party (Note 5)

Note 1: Since the liquidation of TTJC was completed in November 2024, TTJC was no longer being the Company's subsidiary.

Note 2: Since the liquidation of Lucom was completed in May 2024, Lucom was no longer being the Company's subsidiary.

Note 3: Since the liquidation of Poindus GmbH was completed in September 2024, Poindus GmbH was no longer being the Company's subsidiary.

Note 4: 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 turned into the substantial related party of the Company since May 31, 2024.

Note 5: 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 turned into the substantial related parties of the Company since May 31, 2024.

Note 6: CEA was absorbed and merged by CEM since 2024.

Note 7: HengHao Kunshan was absorbed and merged with HengHao Zhejiang on November 30, 2024, with HengHao Zhejiang being the sole surviving company.

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 555,136	598,103
Post-employment benefits	<u>5,059</u>	<u>5,617</u>
	<u>\$ 560,195</u>	<u>603,720</u>

There are no termination benefits and other long-term benefits.

(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	<u>2025</u>	<u>2024</u>
Subsidiaries	\$ 7,398,237	5,645,194
Associates	168	168
Other related parties	<u>-</u>	<u>1,060</u>
	<u>\$ 7,398,405</u>	<u>5,646,422</u>

Sales prices for related parties were similar to those of the third-party customers. The collection period was 45~180 days for related parties.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(ii) Purchase of goods from related parties

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

	<u>2025</u>	<u>2024</u>
Subsidiaries	\$ 168,173,355	211,209,814
Associates	2,901	1,549
Other related parties	<u>45,124,291</u>	<u>43,494,658</u>
	<u>\$ 213,300,547</u>	<u>254,706,021</u>

Purchase prices and payment period from related parties were similar to those from third-party suppliers. The payment period was 60~120 days for related parties.

(iii) Product warranty service expenses

The product warranty service expenses paid to subsidiaries for the years ended December 31, 2025 and 2024, amounted to \$149,757 and \$217,364, respectively. As of December 31, 2025 and 2024, the unpaid warranty service expenses were record as other payables.

(iv) Technical service expense

The Company engaged its subsidiaries to research and develop of notebooks, and the related technical service expenses for the years ended December 31, 2025 and 2024, amounted to \$286,817 and \$248,543, respectively. As of December 31, 2025 and 2024, the unpaid technical service expenses were recorded as other payables.

(v) Receivables due from relate parties

The receivables arising from the transactions mentioned above, the sale of machinery and equipment to related parties, and the purchasing of equipment, mold and others on behalf of the related parties as of December 31, 2025 and 2024, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes and accounts receivable	Subsidiaries	\$ 28,877,675	9,310,540
Notes and accounts receivable	Other related parties	6,104,131	7,280,595
Other receivables	Subsidiaries	723,852	456,411
Other receivables	Associates	2,890	1,342
Other receivables	Other related parties	<u>52</u>	<u>52</u>
		<u>\$ 35,708,600</u>	<u>17,048,940</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(vi) Payables to related parties

The payables to related parties as of December 31, 2025 and 2024, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes and accounts payable	Subsidiaries - CIT	\$ 46,101,857	42,484,944
Notes and accounts payable	Subsidiaries - Others	40,340,626	36,938,871
Notes and accounts payable	Associates	696	678
Notes and accounts payable	Other related parties	7,759,095	8,916,441
Other payables	Subsidiaries	265,963	362,847
Other payables	Associates	-	1,112
Other payables	Other related parties	30,226	16,900
		<u>\$ 94,498,463</u>	<u>88,721,793</u>

(vii) Property transactions–Acquisitions of financial assets

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

<u>Relationship</u>	<u>Item</u>	<u>2025</u>			<u>2024</u>		
		<u>Number of shares</u>	<u>Object</u>	<u>Acquisition price</u>	<u>Number of shares</u>	<u>Object</u>	<u>Acquisition price</u>
Subsidiaries-Kinpo & Compal Assets Development	Investment accounted for using the equity method	280,000 thousand shares	The Company increased the capital of its subsidiaries-Kinpo&Compal Assets Development, by cash	2,800,000			
Subsidiaries-CUH	Investment accounted for using the equity method	75,000 thousand shares	The Company increased the capital of its subsidiaries-CUH, by cash	2,304,750 (USD75,000 thousand)			
Subsidiaries-CUS	Investment accounted for using the equity method	-	The Company increased the capital of its subsidiaries-CUS, by cash	890,880 (USD29,000 thousand)			
Subsidiaries- CPL	Investment accounted for using the equity method	1,595 thousand shares	The Company increased the capital of its subsidiaries-CPL, by cash	655,000 (USD20,000 thousand)	1,366 thousand shares	The Company increased the capital of its subsidiaries-CPL, by cash	563,000 (EUR16,000 thousand and PLN238 thousand)
Subsidiaries- CEP	Investment accounted for using the equity method				708 thousand shares	The Company increased the capital of its subsidiaries-CEP, by cash	295,397 (EUR8,300 thousand)
Subsidiaries- HengHao	Investment accounted for using the equity method				29,000 thousand shares	The Company increased the capital of its subsidiaries-HengHao, by cash	290,000

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

In 2025 and 2024, the Company increased the capitals of both of its subsidiaries and associates by cash, amounting to \$367,839 and \$201,585, respectively.

(viii) Property transactions—Disposal of property, plant and equipment

In 2024, the Company sold machinery and equipment to its subsidiary, CSIN. The disposal proceeds from this transaction were \$70,630, which have been fully received. The disposal gain amounted to \$63,579. As the inter-group transaction represents an unrealized disposal gain, it has been recorded as a reduction in investments accounted for using the equity method.

(ix) Loans to related parties

The interest rate of unsecured loans to subsidiaries was 2.36%~5.29%, and the Company had assessed that no bad debt expenses should be recognized. The interest income for the years ended December 31, 2025 and 2024, amounted to \$156,756 and \$186,223, respectively. As of December 31, 2025 and 2024, the loans due to related parties were recorded as other receivables.

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables	Subsidiaries - CEM	\$ -	1,803,175
Other receivables	Subsidiaries - CTB	-	1,311,400
Other receivables	Subsidiaries - CSIN	-	327,850
Other receivables	Subsidiaries - UCGI	-	230,000
		<u>\$ -</u>	<u>3,672,425</u>

(x) Guarantees

As of December 31, 2025 and 2024, the guarantees provided to subsidiaries were \$17,309,028 and \$17,492,383, respectively.

**(8) Pledged assets: None.**

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

- (a) With regard to the former employee of Inventec Corporation (“ Inventec” ) who joined the Company, Inventec filed a lawsuit against the Company, accusing the Company violated the Trade Secret Act and the Copyright Act, and seeking relevant damages compensation. The Taipei District Court rendered its first-instance judgment on this case on May 21, 2025, holding that the Company was held liable as an employer for its employee’ s professional conduct constituting an offense under the Copyright Act and was thus fined \$200. The Company was acquitted of all other criminal charges. With respect to the criminal incidental civil action filed by Inventec against the Company, the Court determined that the Company was not at fault (without culpa) and thus dismissed Inventec's claim for damages.

The Company deems that there are considerable doubts concerning the findings of fact and the application of law in the part of the judgment adverse to the Company. Consequently, the Company had filed an appeal within the statutory period, and so did the prosecutor. Inventec had also appealed the judgment. As this case remains pending before the appellate court for deliberation, the Company is presently unable to reasonably estimate the ultimate impact and financial consequences that may arise from this case.

- (b) The Company entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.

**(10) Losses due to major disasters: None**

**(11) Subsequent events:**

On February 26, 2026, the Company's Board of Directors had resolved to participate in the fundraising of AC Advanced Tech, L.P. with an amount up to USD 85,000 thousand. The Company will invest funds in installments based on the fundraising results.

**(12) Other:**

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

By function	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,102,014	11,091,717	12,193,731	879,504	11,392,033	12,271,537
Labor and health insurance	82,064	728,652	810,716	77,370	740,042	817,412
Pension	27,214	423,943	451,157	26,936	429,867	456,803
Remuneration of directors	-	58,431	58,431	-	85,435	85,435
Others	126,500	525,386	651,886	134,151	528,419	662,570
Depreciation	167,260	617,143	784,403	144,335	645,287	789,622
Amortization	9,553	476,244	485,797	10,635	499,308	509,943

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

For the years ended December 31, 2025 and 2024, the information on the number of employees and employee benefit expense of the Company is as follows:

	<u>2025</u>	<u>2024</u>
Number of employees (Average salaries)	<u>7,943</u>	<u>8,470</u>
Number of directors (non-employees)	<u>12</u>	<u>12</u>
Average benefit expense of employees	<u>\$ 1,779</u>	<u>1,680</u>
Average salary expense of employees	<u>\$ 1,537</u>	<u>1,451</u>
Percentage of change in average salary expense of employees	<u>5.93 %</u>	<u>3.20 %</u>
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

Information about salary and compensation policies (including directors, managers and employees) of the Company is as follows:

Directors' compensation is allocated according to the terms of the Articles of the Incorporation, and no more than 2% of the Company's pre-tax profit in the fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to directors as compensation along with reasonable compensation based on other factors to be taken into consideration, such as the Company's operational performance and the individual directors' contribution to the Company's performance.

Compensation of the independent directors' of the Company is allocated according to the terms of the Articles of the Incorporation, as well as the involvement level in the corporate operation, contribution value, responsibility that is taken, risk that is borne by the independent directors and reference of competitors from the same industry. The compensation is proposed by the Remuneration Committee and resolved by the Board of Directors.

The Company's compensation policy for managers has been established based on various factors including the Company's wage policy, the average wage offered by peers for the same position, the duties and responsibilities for the position in question, and the manager's actual contribution to the Company's operational objectives.

The Company's procedure for determining remuneration takes into account the Company's overall operational performance as well as includes employees' personal performance and their contribution to the Company's performance in order to determine a reasonable compensation. Relevant salaries and compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company will frequently examine the latest developments in the global economy, international financial environment, and change of the industry condition in order to predict its operational development, profit status, operational risks and changes in pertinent regulations in the near future in order to review the compensation system, thereby reach a balance between the Company's sustainable operation and relevant risk control.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**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 Company for the year ended December 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 December 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

(b) Information on investees: Please refer to Table 6

(c) Information on investment in mainland China: Please refer to Table 7

**(14) Segment information:**

Please refer to the consolidated financial report of 2025.

**COMPAL ELECTRONICS, INC.**

**Statement of cash and cash equivalents**

**December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars;  
in thousands of Foreign Currency)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 1,118
Checking account and demand deposits	TWD	145,141
	Foreign currency (USD\$348,849 and others)	<u>10,986,807</u>
		<u>11,131,948</u>
Time deposits	Foreign currency (USD\$600,000, Maturity date: 2026.1.9~ 2026.1.16, Rate: 4.35%)	18,858,000
		<u>18,858,000</u>
Cash equivalents:		
Bonds purchased under resale agreements	TWD	30,000
	Foreign currency (USD\$54,000, Maturity date: 2026.1.5~2026.1.7, Rate: 4.00%~4.20%)	<u>1,697,220</u>
		<u>1,727,220</u>
<b>Total</b>		<b><u>\$ 31,718,286</u></b>

Note: The exchange rate is 31.43 New Taiwan dollars for 1 US Dollar.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of notes and accounts receivable**

**December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
D Company	Sales of non-related parties	\$ 103,054,804
E Company	"	18,657,245
A Company	"	8,313,892
Others (Note)	"	<u>27,166,186</u>
		157,192,127
Less: allowance for uncollectible accounts		<u>(3,748,854)</u>
Notes and accounts receivable, net		<u><u>\$ 153,443,273</u></u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**Statement of inventories**

<u>Item</u>	<u>Cost</u>	<u>Net Realizable Value</u>
Finished goods	\$ 7,797,645	8,045,647
Work in progress	1,635,091	1,635,091
Raw materials	<u>25,282,723</u>	<u>25,282,723</u>
Total	<u><u>\$ 34,715,459</u></u>	<u><u>34,963,461</u></u>

(Continued)

## COMPAL ELECTRONICS, INC.

## Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars; thousands of shares)

Investee Company	Beginning Balance		Increase (Note 1)		Decrease (Note 2)		Share of profit recognized	Ending Balance (including impairment loss)			Market Price / Net Value	
	Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Number of shares	Amount	Number of shares	Amount		Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Exchange differences on transaction of foreign financial statements		Ending Balance (including exchange differences on transaction of foreign statements)
Auscom	3,000	\$ 167,132	-	-	-	-	11,030	3,000	178,162	(5,289)	172,873	172,873
Panpal	500,000	5,806,959	-	66,966	-	41,420	478,618	500,000	6,311,123	(633,349)	5,677,774	6,031,788
Just	48,010	10,863,962	-	-	-	-	77,600	48,010	10,941,562	80,558	11,022,120	11,022,120
CIH	53,001	47,836,178	-	-	-	-	2,042,630	53,001	49,878,808	865,299	50,744,107	50,731,259
CEH	1	3,906,656	-	-	-	-	-	1	3,906,656	(202,622)	3,704,034	3,704,034
Gempal	90,000	2,076,859	-	49,249	-	158,442	164,115	90,000	2,131,781	(20,780)	2,111,001	2,319,553
Hong Ji	100,000	1,206,677	-	6,414	-	104,242	128,181	100,000	1,237,030	2,944	1,239,974	1,237,320
Hong Jin	29,500	394,036	-	172	-	47,993	58,117	29,500	404,332	1,253	405,585	405,585
Compal Ruifang	30,000	301,561	-	-	-	-	498	30,000	302,059	-	302,059	302,059
Compal Healthcare	4,000	27,343	-	-	-	-	12,136	4,000	39,479	-	39,479	39,479
Poindus Systems	11,768	362,394	-	705	-	26,125	31,794	11,768	368,768	1,833	370,601	370,601
Allied Circuit	10,158	408,447	797	153,412	-	41,628	74,094	10,955	594,325	(37)	594,288	1,840,393 (Note 4)
Bizcom	100	502,313	-	-	-	-	21,852	100	524,165	(4,768)	519,397	519,397
Lipo Holding Co., Ltd. ("LIPO")	98	117,172	-	25,626	-	-	(70,248)	98	72,550	(11,709)	60,841	60,841
Crownpo	3,739	(2,727)	2,525	25,251	-	2,516	(12,056)	6,264	7,952	(1,005)	6,947	6,947
Arcadyan	41,305	3,031,610	-	1,546	-	312,833	520,552	41,305	3,240,875	15,669	3,256,544	7,186,984 (Note 3)
FGH	89,755	4,312,780	-	709	-	-	(466,410)	89,755	3,847,079	(437,644)	3,409,435	3,409,435
HSI	42,700	868,170	-	-	-	-	405,786	42,700	1,273,956	(86,094)	1,187,862	1,020,627
Lead-Honor Optronics Co., Ltd. ("Lead-Honor")	2,772	(3)	-	-	-	-	-	2,772	(3)	3	-	-
CBN	29,060	399,756	-	-	-	-	(31,756)	29,060	368,000	222	368,222	600,093 (Note 3)
Kinpo Group Management	300	5,094	-	-	-	-	132	300	5,226	-	5,226	6,385
Rayonnant Technology	29,500	225,654	-	-	-	-	(71,246)	29,500	154,408	6,762	161,170	161,170
CRH	12,500	305,604	-	-	-	-	(84,718)	12,500	220,886	16,204	237,090	237,090
HengHao	29,015	(331,033)	-	-	-	-	(203,509)	29,015	(534,542)	(105,764)	(640,306)	(640,306)
Infinno Technology Corp. ("Infinno")	4,648	16,056	-	-	4,648	10,245	(5,811)	-	-	-	-	-
CEP	844	219,322	-	-	-	-	(38,452)	844	180,870	(14,949)	165,921	165,921
BCI	90,820	9,326,335	-	-	-	-	189,912	90,820	9,516,247	504,461	10,020,708	10,020,708
APE	31,253	1,292,468	-	2,162	-	28,041	(18,658)	31,253	1,247,931	61,920	1,309,851	1,309,851
CORE	147,000	8,246,419	-	121,397	-	-	125,279	147,000	8,493,095	429,176	8,922,271	8,922,271
Unicore	7,000	63,011	-	-	-	-	(1,914)	7,000	61,097	-	61,097	61,097
Ripal	6,000	106,650	-	-	-	-	(4,235)	6,000	102,415	-	102,415	102,415
CPE	6,427	948,834	-	-	-	-	31,510	6,427	980,344	8,111	988,455	988,455
Avalue	14,924	818,455	-	500	-	83,461	95,796	14,924	831,290	(1,087)	830,203	1,364,060 (Note 4)
Etrade	46,900	(450,700)	-	-	-	-	(72,634)	46,900	(523,334)	(100,248)	(623,582)	(623,582)
Webtek	100	567,479	-	-	-	-	(25,917)	100	541,562	(69,783)	471,779	471,779
Forever	50	1,590,924	-	-	-	-	11,942	50	1,602,866	(53,062)	1,549,804	1,549,804
UCGI	20,000	55,232	-	-	-	-	(16,728)	20,000	38,504	-	38,504	38,504
Palcom	10,000	106,926	-	-	-	-	2,346	10,000	109,272	-	109,272	109,272
Mactech	21,756	292,825	-	1,567	-	22,844	22,599	21,756	294,147	-	294,147	294,147
GLB	15,035	407,025	-	-	-	12,027	28,452	15,035	423,450	365	423,815	313,427
Shennona	-	5,989	-	-	-	-	(3,649)	-	2,340	1,219	3,559	3,559
CMX	-	91,496	-	-	-	-	(16,798)	-	74,698	(3,512)	71,186	71,186
Hippo Screen	9,550	26,464	-	-	-	-	(33,748)	9,550	(7,284)	-	(7,284)	(19,758)
Shennona TW	2,000	18,364	-	-	-	-	2,037	2,000	20,401	-	20,401	20,401
Aco Healthcare	330,276	27,733	331,855	99,556	-	20,420	(45,882)	662,131	60,987	-	60,987	33,174
ARCE	44,540	51,928	10,667	53,993	-	-	(33,281)	55,207	72,640	-	72,640	63,767
CPL	1,612	646,581	1,595	655,000	-	-	(55,110)	3,207	1,246,471	(32,840)	1,213,631	1,213,631
Starmems	6,465	26,905	-	-	-	-	(6,857)	6,465	20,048	-	20,048	20,048
Kinpo & Compal Assets Development	402,500	3,979,236	280,000	2,800,000	-	-	(6,774)	682,500	6,772,462	-	6,772,462	6,772,462
Genki Compal	-	21,915	-	-	-	-	-	-	21,915	-	21,915	21,915
River Regeneration	6,000	78,777	10,000	100,000	-	3,882	(23,351)	16,000	151,544	-	151,544	133,340
Precisely Printed Medical Co., Ltd.(Precisely Printed Medical)	-	-	1,000	10,000	-	-	(2,809)	1,000	7,191	-	7,191	7,191
Fusionite	-	-	1,000	10,000	-	-	(29)	1,000	9,971	-	9,971	9,971
CUS	-	-	-	890,880	-	-	(12,977)	-	877,903	19,418	897,321	897,321
CUH	-	-	75,000	2,304,750	-	-	(36,884)	75,000	2,267,866	52,218	2,320,084	2,320,084
Raypal	4,646	139,593	-	5,123	-	-	(12,299)	4,646	132,417	-	132,417	16,838
Subtotal		111,514,836		7,384,978		916,119	3,122,268		121,105,963	283,093	121,389,056	
Exchange differences on transaction of foreign financial statements		4,071,446		-		3,788,353	-		283,093	-	-	
Less: Treasury shares held by subsidiaries		(881,247)		-		-	-		(881,247)	-	(881,247)	
Unrealized profits or losses		(194,401)		37,790		21,155	-		(177,766)	-	(177,766)	
Subtotal		114,510,634		7,422,768		4,725,627	3,122,268		120,330,043		120,330,043	
Plus: Credit balance of investment in equity method		1,089,166		-		-	-		-		1,271,172	
Total		\$ 115,599,800									121,601,215	

Note 1 : Increase in current period included purchasing long-term investments, adjusting by using equity method of capital surplus, unrealized gains from financial assets measured at fair value through other comprehensive income, realized gain on disposal of fixed assets, and subsidiaries received cash dividends from the parent company.

Note 2 : Decrease in current period included disposal of long-term investments, cash dividends distributed from long-term investments for using the equity method, adjustment by equity method of capital surplus and retained earnings, unrealized gain on disposal of fixed assets, remeasurement of defined benefit plans, and unrealized loss from financial assets measured at fair value through other comprehensive income.

Note 3 : The unit price is calculated by the closing price of the Taiwan Stock Exchange as of December 31, 2025.

Note 4 : The unit price is calculated by the closing price of Taipei Exchange as of December 31, 2025.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of financial assets measured at fair value through other  
comprehensive income - non-current**

**For the year ended December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Investee Company</b>	<b>Beginning Balance</b>		<b>Increase (Note 1)</b>		<b>Decrease (Note 2)</b>		<b>Ending Balance</b>		<b>Collaterals or Pledged Assets</b>
	<b>Number of Shares</b>	<b>Amount</b>	<b>Number of Shares</b>	<b>Amount</b>	<b>Number of Shares</b>	<b>Amount</b>	<b>Number of Shares</b>	<b>Amount</b>	
Kinpo	124,044	\$ 3,262,351	-	-	-	483,771	124,044	2,778,580	None
Cal-Comp	1,554,139	15,137,319	-	-	-	8,097,067	1,554,139	7,040,252	None
Taiwan Mobile	3,197	362,893	-	-	-	15,987	3,197	346,906	None
Others	-	<u>1,160,431</u>	-	<u>119,967</u>	-	<u>467,286</u>	-	<u>813,112</u>	None
<b>Total</b>		<b><u>\$ 19,922,994</u></b>		<b><u>119,967</u></b>		<b><u>9,064,111</u></b>		<b><u>10,978,850</u></b>	

Note 1: Increase included purchasing financial assets at fair value through other comprehensive income and unrealized gains on financial instruments at fair value.

Note 2: Decrease included disposal of financial assets at fair value through other comprehensive income, adjustment of the unrealized loss of financial assets according to fair value and deferred tax for unrealized gains.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of property, plant and equipment**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to Note (6)(i).

**Statement of short-term borrowings**  
**December 31, 2025**

<u>Creditor</u>	<u>Description</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Loan Commitments</u>	<u>Collaterals or Pledged Assets</u>	<u>Ending balance</u>
The Hongkong and Shanghai Banking Corporation Limited	Credit Loans	2025.12~2026.03	Note	\$ 5,500,250	None	5,500,250
HSBC Bank (Taiwan) Limited	"	2025.12~2026.03	"	1,885,800	None	1,885,800
Citibank, N.A.	"	2025.12~2026.03	"	2,514,400	None	2,357,200
Cathay United Bank	"	2025.12~2026.03	"	5,657,400	None	5,657,400
Taiwan Cooperative Bank	"	2025.12~2026.01	"	6,700,000	None	3,100,000
E.SUN Commercial Bank	"	2025.12~2026.03	"	4,000,000	None	3,143,000
Shanghai Commercial and Savings Bank	"	2025.12~2026.01	"	2,671,550	None	2,514,400
United Overseas Bank	"	2025.12~2026.01	"	6,286,000	None	2,200,100
Land Bank of Taiwan	"	2025.12~2026.03	"	5,000,000	None	3,300,000
Citibank, N.A.	"	2025.12~2026.03	"	6,757,450	None	5,343,100
Bank of China	"	2025.12~2026.01	"	6,914,600	None	3,214,400
Taipei Fubon Commercial Bank	"	2025.12~2026.01	"	4,243,050	None	3,000,000
The Bank of East Asia Limited.	"	2025.12~2026.03	"	7,857,500	None	1,400,000
China Construction Bank	"	2025.12~2026.02	"	6,286,000	None	4,500,000
The Export-Import Bank of China	"	2025.12~2026.01	"	1,000,000	None	1,000,000
Bank of Communications Co., Ltd.	"	2025.12~2026.01	"	<u>6,286,000</u>	None	<u>3,000,000</u>
				<b><u>\$ 79,560,000</u></b>		<b><u>51,115,650</u></b>

Note: The range of interest rates of aforementioned loans were 1.72%~4.19%.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of notes and accounts payable**  
**December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Suppliers</u>	<u>Amount</u>
E Company	\$ 31,624,629
J Company	8,495,060
A Company	4,350,752
Others (Note)	<u>37,968,462</u>
Total	<u>\$ 82,438,903</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of long-term borrowings**

**December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Creditor</u>	<u>Loan Commitments</u>	<u>Amount</u>		<u>Contract Period</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Collaterals or Pledged Assets</u>
		<u>Loan within 1 year</u>	<u>Loan more than 1 year</u>				
Yuan Ta Commercial Bank	\$ 3,500,000	1,500,000	-	2025.11~2026.03	Note	1,500,000	None
Bank of Taiwan	5,000,000	-	3,500,000	2025.12~2028.12	"	3,500,000	None
Shanghai Commercial and Savings Bank	2,300,000	-	2,300,000	2023.06~2027.06	"	2,300,000	None
CTBC Bank Co., Ltd.	2,000,000	900,000	-	2023.11~2026.11	"	900,000	None
Chang Hwa Bank	<u>3,000,000</u>	<u>1,500,000</u>	<u>-</u>	2022.05~2026.05	"	<u>1,500,000</u>	None
	<b><u>\$ 15,800,000</u></b>	<b><u>3,900,000</u></b>	<b><u>5,800,000</u></b>			<b><u>9,700,000</u></b>	

Note: The range of interest rates of aforementioned loans were 1.75%~2.22%.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of lease liabilities**

**December 31, 2025**

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>
Buildings	For office and factory space	1~10 years	1.60%	\$ 693,083
Vehicles	For operating activities	3~5 years	1.60%	<u>9,743</u>
				702,826
Less : Current portion				<u>(351,666)</u>
Lease liabilities–Non- Current				<u><u>\$ 351,160</u></u>

**Statement of other payables**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Payroll payables and year-end bonuses payable	Payroll for December 2025, estimated year-end bonuses for 2025, and employees and directors' compensations	\$ 4,909,073
Technical service fee payables		1,156,916
Others (Note)		<u>6,063,529</u>
Total		<u><u>\$ 12,129,518</u></u>

Note: The amount of each item in others does not exceed 5% of the account balance.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of operating revenue**  
**For the year ended December 31, 2025**

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Sales revenue:		
5C electronic products	Note	\$ 682,527,342
Others		714,972
Less: Sales return		(559,196)
Sales allowance		<u>(740,990)</u>
Net sales		681,942,128
Other operating revenue:		
Service and processing revenue		<u>1,116,179</u>
Net sales revenue		<u><b>\$ 683,058,307</b></u>

Note: Due to multi-categories, it's hard to be classified in categories.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of operating costs**  
**For the year ended December 31, 2025**  
**(Expressed in thousands of New Taiwan Dollars)**

Item	Amount
Raw materials	
Raw materials, beginning of the year	\$ 32,022,953
Add: Purchases	438,774,685
Less: Raw materials, end of the year	(27,186,346)
Transferred to operating expense	(78,687)
Cost of material sold	(1,256,548)
Scraps	<u>(513,316)</u>
Raw materials used	441,762,741
Direct labor	566,947
Manufacturing expenses	<u>1,697,398</u>
Total Manufacturing costs	444,027,086
Add: Work-in-process, beginning of the year	1,450,246
Less: Work-in-process, end of the year	(1,636,300)
Scraps	(4,720)
Others	<u>(2,116)</u>
Cost of finished goods	443,834,196
Add: Finished goods, beginning of the year	5,934,504
Purchases	211,998,845
Others	1,965,280
Less: Finished goods, end of the year	(7,798,541)
Scraps	(90,282)
Transferred to operating expense (entertainment expense, sample expense, and others)	<u>(367,403)</u>
Costs of sales of finished goods and processing costs	655,476,599
Maintenance costs	1,117,036
Cost of material sold	1,256,548
Allowance for obsolescence loss and inventory valuation	298,358
Scrap loss of inventory	<u>608,318</u>
Cost of sales	<u><u>\$ 658,756,859</u></u>

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of operating expenses**

**For the year ended December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Payroll expenses	\$ 380,434	1,872,390	8,838,893
Export expenses	203,165	-	-
Research expenses	-	-	1,849,037
Shipping expenses	1,120,974	141	1,471
Sample expenses	451,715	649	24,159
Others (Note)	<u>332,165</u>	<u>1,270,311</u>	<u>2,863,922</u>
Total	<u>\$ 2,488,453</u>	<u>3,143,491</u>	<u>13,577,482</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 1 Loans to other parties:  
(December 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	-	-	2.38%	Short-term financing	-	Operating demand	-	-	-	26,361,578	52,723,156	(Note 1)
0	The Company	HengHao	Other receivables	Y	200,000	-	-	2.38%	Short-term financing	-	Operating demand	-	-	-	26,361,578	52,723,156	(Note 1)
0	The Company	CEM	Other receivables	Y	3,652,550	-	-	4.68%-4.99%	Short-term financing	-	Operating demand	-	-	-	26,361,578	52,723,156	(Note 1)
0	The Company	CTB	Other receivables	Y	2,656,400	-	-	4.68%-4.99%	Short-term financing	-	Operating demand	-	-	-	26,361,578	52,723,156	(Note 1)
0	The Company	CEP	Other receivables	Y	166,025	-	-	4.68%	Short-term financing	-	Operating demand	-	-	-	26,361,578	52,723,156	(Note 1)
0	The Company	CSIN	Other receivables	Y	332,050	-	-	4.68%	Short-term financing	-	Operating demand	-	-	-	26,361,578	52,723,156	(Note 1)
1	CPC	CIC	Other receivables	Y	678,250	449,600	269,760	1.30%-2.10%	Short-term financing	-	Operating demand	-	-	-	2,773,124	2,773,124	(Note 2)
1	CPC	CCI Nanjing	Other receivables	Y	1,188,980	1,146,480	1,101,520	1.30%	Short-term financing	-	Operating demand	-	-	-	2,773,124	2,773,124	(Note 2)
2	CIT	HengHao Kunshan	Other receivables	Y	1,992,300	942,900	942,900	4.68%-5.42%	Short-term financing	-	Operating demand	-	-	-	31,745,134	31,745,134	(Note 3)
2	CIT	CEM	Other receivables	Y	332,050	314,000	314,000	4.68%	Short-term financing	-	Operating demand	-	-	-	31,745,134	31,745,134	(Note 3)
3	CPO	CIT	Other receivables	Y	1,360,350	674,400	674,400	1.30%-2.10%	Short-term financing	-	Operating demand	-	-	-	3,424,096	3,424,096	(Note 4)
3	CPO	CEM	Other receivables	Y	996,150	942,900	942,900	4.68%	Short-term financing	-	Operating demand	-	-	-	3,424,096	3,424,096	(Note 4)
3	CPO	CCI Nanjing	Other receivables	Y	823,140	809,280	809,280	1.30%	Short-term financing	-	Operating demand	-	-	-	3,424,096	3,424,096	(Note 4)
4	CET	BT	Other receivables	Y	503,030	269,760	112,400	1.60%-2.20%	Short-term financing	-	Operating demand	-	-	-	5,082,344	5,082,344	(Note 5)
5	Panpal	CEM	Other receivables	Y	1,728,650	1,728,650	1,728,650	4.68%	Short-term financing	-	Operating demand	-	-	-	2,412,715	2,412,715	(Note 6)
5	Panpal	HengHao	Other receivables	Y	600,000	300,000	300,000	2.38%	Short-term financing	-	Operating demand	-	-	-	2,412,715	2,412,715	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	1,826,275	1,728,650	1,728,650	4.68%	Short-term financing	-	Operating demand	-	-	-	12,072,844	12,072,844	(Note 7)
6	CIC	CTB	Other receivables	Y	332,050	314,300	314,300	4.68%	Short-term financing	-	Operating demand	-	-	-	12,072,844	12,072,844	(Note 7)
7	BSH	CIN	Other receivables	Y	464,870	440,020	440,020	4.68%	Short-term financing	-	Operating demand	-	-	-	8,922,271	8,922,271	(Note 8)
7	BSH	CTB	Other receivables	Y	1,257,200	1,257,200	1,257,200	4.68%	Short-term financing	-	Operating demand	-	-	-	8,922,271	8,922,271	(Note 8)
8	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	10,000	5,000	5,000	2.38%	Short-term financing	-	Operating demand	-	-	-	11,507	927,821	(Note 9)
8	Gempal	CEP	Other receivables	Y	232,435	-	-	4.99%	Short-term financing	-	Operating demand	-	-	-	927,821	927,821	(Note 9)
8	Gempal	Hippo Screen	Other receivables	Y	70,000	35,000	35,000	2.38%	Short-term financing	-	Operating demand	-	-	-	927,821	927,821	(Note 9)
9	Hong Ji	Aco Healthcare	Other receivables	Y	100,000	100,000	49,000	2.38%	Short-term financing	-	Operating demand	-	-	-	495,990	495,990	(Note 10)
9	Hong Ji	Ripal	Other receivables	Y	30,000	30,000	10,000	2.38%	Short-term financing	-	Operating demand	-	-	-	495,990	495,990	(Note 10)
10	CEQ	CIT	Other receivables	Y	449,600	449,600	449,600	1.30%	Short-term financing	-	Operating demand	-	-	-	3,784,427	3,784,427	(Note 11)
11	Arcadyan	Arcadyan Turkey	Other receivables	Y	132,400	-	-	6.00%	Short-term financing	-	Operating demand	-	-	-	3,388,940	6,777,881	(Note 12)
11	Arcadyan	Arcadyan UK	Other receivables	Y	157,000	156,875	-	4.80%	Transaction for business between two parties	1,568,750	-	-	-	-	1,255,000	6,777,881	(Note 12)
11	Arcadyan	Arcadyan Brasil	Other receivables	Y	160,400	94,125	62,750	4.60%-5.50%	Short-term financing	-	Operating demand	-	-	-	3,388,940	6,777,881	(Note 12)
12	Poindus Systems	Adasys	Other receivables	Y	23,199	-	-	3.72%	Transaction for business between two parties	110,062	-	-	-	-	77,740	221,671	(Note 13)
12	Poindus Systems	Adasys	Other receivables	Y	24,024	23,985	23,985	2.87%	Short-term financing	-	Expand business	-	-	-	110,835	221,671	(Note 13)
12	Poindus Systems	Poindus UK	Other receivables	Y	26,774	11,429	11,429	4.95%	Transaction for business between two parties	-	-	-	-	-	52,719	221,671	(Note 13)
12	Poindus Systems	Varlink	Other receivables	Y	64,725	21,165	21,165	4.95%-5.43%	Short-term financing	-	Expand business	-	-	-	110,835	221,671	(Note 13)
12	Poindus Systems	Varlink	Long-term receivables	Y	21,165	21,165	21,165	4.95%	Transaction for business between two parties	105,407	-	-	-	-	119,039	221,671	(Note 13)

(Continued)

## Notes to Parent-Company-Only 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 Pampal's endorsements/guarantees for calculation. In addition, Pampal's subsidiaries in which it directly or indirectly holds more than 50% of the voting shares, or the ultimate parent company of Pampal, or its subsidiaries in which it directly or indirectly holds more than 50% of the voting shares, the total amount of loans is not limited by the aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Pampal, 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, Gempal's subsidiaries in which it directly or indirectly holds more than 50% of the voting shares, or the ultimate parent company of Gempal, or its subsidiaries in which it directly or indirectly holds more than 50% of the voting shares, the total amount of loans is not limited by 80% of the aforesaid restriction, 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, Hong Ji's subsidiaries in which it directly or indirectly holds more than 50% of the voting shares, or the ultimate parent company of Hong Ji, or its subsidiaries in which it directly or indirectly holds more than 50% of the voting shares, the total amount of loans is not limited by 80% of the 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 CEQ's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CEQ. When a short-term financing facility with CEQ 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 CEQ'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 CEQ, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 12 : According to Arcadyan's Procedures for Lending Funds to Other parties, the amount of loans to others shall not exceed 40% of the net worth of the Arcadyan. To borrowers having business relationship with the Arcadyan, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the latest fiscal year or the expected amount for the current year, which shall not exceed 20% of the net worth of the Arcadyan. Also, the amount shall be combined with the Arcadyan's endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Arcadyan are allowed to borrow. The total amount of loans to the borrower shall not exceed 20% of the net worth of the Arcadyan, and it shall be combined with the Arcadyan's endorsements/guarantees for the borrower upon calculation. Inter-company loans of funds between overseas companies in which the Arcadyan holds, directly or indirectly, 100% of the voting shares, or to loans of fund to the Arcadyan by any overseas company in which the Arcadyan holds, directly or indirectly, 100% of the voting shares, shall not apply to the restriction in paragraph 1 and paragraph 3, but the aggregate total amount of loans to borrowing companies shall not exceed the net worth of the lending company.
- Note 13 : According to Poindus Systems's 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 (where the transaction amount refers to the higher of sales or purchases between the two parties) 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, inter-company loans of funds between overseas companies in which Poindus System directly or indirectly holds 100% of the voting shares, or loans of funds to Poindus System by such overseas companies, shall not be subject to the aforementioned short-term financing restrictions. However, the amount of each individual loan shall not exceed the net worth of the overseas subsidiary providing the funds.
- Note 14 : The transactions had been eliminated in the consolidated financial statements.

Notes to Parent-Company-Only Financial Statements

Table 2 Guarantees and endorsements for other parties:  
(December 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)	32,951,972	210,463	77,947	42,431	-	0.06%	65,903,945	Y	-	-
0	The Company	CTB	(Note 4)	32,951,972	1,250,592	832,581	375,589	-	0.63%	65,903,945	Y	-	-
0	The Company	Compal Ruifang	(Note 3)	32,951,972	998,500	998,500	2,070	-	0.76%	65,903,945	Y	-	-
0	The Company	CPL	(Note 3)	32,951,972	145,600	-	-	-	- %	65,903,945	Y	-	-
0	The Company	Kinpo & Compal Group Assets Development Corporation	(Note 3)	32,951,972	15,400,000	15,400,000	4,004,962	-	11.68%	65,903,945	Y	-	-
1	Arcadyan	Arcadyan AU	(Note 4)	2,259,293	248,250	235,313	-	-	1.39%	6,777,881	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 Parent-Company-Only Financial Statements

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

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance			The highest holding in the period		Note	
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	Shares/Units (thousands)		Holding percentage (%)
The Company	Taiwan Mobile	-	Financial assets at fair value through other comprehensive income-non-current	3,197	346,906	-	346,906	3,197	-	
	Kinpo	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	124,044	2,778,580	8%	2,778,580	124,044	8%	
	Cal-Comp	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	1,554,139	7,040,252	15%	7,040,252	1,554,139	15%	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		1,407,863		1,407,863			
	Total				<u>11,573,601</u>					
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	962,102	1%	962,102	31,648	1%	
	Kinpo	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	69,370	1,553,880	5%	1,553,880	69,370	5%	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	1,188,000	5%	1,188,000	54,000	5%	
	AcBel	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	11,332	479,339	1%	479,339	11,332	1%	
	Others		Financial assets at fair value through other comprehensive income-non-current		257,238		257,238			
	Total				<u>4,440,559</u>					
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	558,428	-	558,428	18,369	-	
	Others		Financial assets at fair value through other comprehensive income-non-current		43,221		43,221			
	Total				<u>601,649</u>					
Arcadyan	Others		Financial assets at fair value through profit or loss and other comprehensive income		<u>49,223</u>		49,223			
Mactech	Others		Financial assets at fair value through other comprehensive income-non-current		<u>15,900</u>		15,900			
Mithera	Others		Financial assets at fair value through other comprehensive income-non-current		<u>141,434</u>		141,434			
BT	Others		Financial assets at fair value through other comprehensive income-non-current		<u>4,495</u>		4,495			
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non-current	-	<u>931,629</u>	-	931,629	-	-	
BSH	ABG Capital PartnersV, LP (ABG)	-	Financial assets at fair value through profit or loss-non-current	-	619,646	-	619,646	-	-	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		227,885		227,885			
	Total				<u>847,531</u>					

(Continued)

Notes to Parent-Company-Only 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 year ended December 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	Arcadyan and its subsidiaries	The Company's subsidiaries	Sale	(1,712,838)	(0.2)%	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.	1,313,153	0.7%	
	CEM	Subsidiaries wholly owned by the Company	Sale	(5,528,898)	(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.	2,785,239	1.5%	
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	66,959,025	9.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(62,928,992)	(35.6)%	
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	7,408,525	1.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(4,485,848)	(2.5)%	
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	79,745,487	11.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(8,105,355)	(4.6)%	
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	13,986,305	1.9%	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.	(7,467,774)	(4.2)%	
	Kinpo	Substantial related party	Purchase	45,082,809	6.2%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(7,746,675)	(4.4)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(7,408,525)	(85.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	4,485,848	93.6%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(169,570)	(1.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	19,433	0.2%	
	CEM	With the same ultimate parent company	Sale	(164,747)	(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.	55,097	0.5%	
	CTB	With the same ultimate parent company	Sale	(517,086)	(3.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	166,153	1.5%	
	UCGI	With the same ultimate parent company	Sale	(892,900)	(6.1)%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	286,158	2.6%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	232,294	3.7%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(482)	- %	
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(66,959,025)	(75.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	62,928,992	93.0%	
	CEM	With the same ultimate parent company	Sale	(244,525)	(0.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	32,407	- %	
	CTB	With the same ultimate parent company	Sale	(294,347)	(0.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	143,075	0.1%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(3,344,077)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	7,716,716	4.7%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,950,050	0.7%	Net 60 days from the delivery	Similar to non-related parties	Adjustments will be made based on demand for funding.	(83,402)	(0.1)%	

(Continued)

Notes to Parent-Company-Only 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 year ended December 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)	
CIH and its subsidiaries	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Purchase	217,446	0.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(26,335)	- %	
	CPM	An associate	Purchase	680,776	0.2%	120 days	Similar to non-related parties	There is no significant difference.	(95,633)	(0.1)%	
	Changbao	An associate	Purchase	160,416	0.1%	120 days	Similar to non-related parties	There is no significant difference.	(43,637)	- %	
	Acbel and its subsidiaries	Substantial related party	Purchase	404,932	0.1%	120 days	Similar to non-related parties	There is no significant difference.	(151,503)	(0.1)%	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(13,986,305)	(95.5)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding.	7,467,774	88.0%	
	Just and its subsidiaries	With the same ultimate parent company	Sale	(232,294)	(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.	482	- %	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(382,039)	(1.7)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	1,599,734	9.4%	
	CEM	With the same ultimate parent company	Sale	(241,607)	(1.1)%	120 days	According to markup pricing	There is no significant difference.	53,519	0.3%	
CEM	CTB	With the same ultimate parent company	Sale	(1,984,477)	(18.8)%	45 days	Similar to non-related parties	There is no significant difference.	678,516	20.8%	
	Compal Electronic, Inc.	Parent company	Purchase	5,528,898	67.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(2,785,239)	(82.6)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	244,525	2.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(32,407)	(0.5)%	
	JUST and its subsidiaries	With the same ultimate parent company	Purchase	164,747	2.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(55,097)	(1.6)%	
CTB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	241,607	2.9%	120 days	According to markup pricing	There is no significant difference.	(53,519)	(2.9)%	
	CEM	With the same ultimate parent company	Purchase	1,984,477	39.9%	120 days	According to markup pricing	There is no significant difference.	(678,516)	(27.4)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	294,347	5.9%	120 days	Similar to non-related parties	There is no significant difference.	(143,075)	(5.8)%	
	JUST and its subsidiaries	With the same ultimate parent company	Purchase	517,086	10.3%	120 days	Similar to non-related parties	There is no significant difference.	(166,153)	(6.7)%	
UCGI	Avalue	An associate	Sale	(421,183)	(32.2)%	75 days	Similar to non-related parties	There is no significant difference.	74,714	29.0%	
	Poindus Systems	With the same ultimate parent company	Sale	(234,424)	(17.9)%	120 days	Similar to non-related parties	There is no significant difference.	102,331	39.8%	
	Just and its subsidiaries	With the same ultimate parent company	Purchase	892,900	84.3%	60 days	Similar to non-related parties	There is no significant difference.	(286,158)	(94.4)%	
Poindus Systems	UCGI	With the same ultimate parent company	Purchase	234,424	19.2%	120 days	Similar to non-related parties	There is no significant difference.	(102,331)	(46.2)%	
Rayonnant Technology and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(217,446)	(59.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	26,335	66.2%	
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(79,745,487)	(97.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	8,105,355	99.5%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(1,950,050)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	83,402	0.2%	

(Continued)

Notes to Parent-Company-Only 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 year ended December 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)	
HSI and its subsidiaries	Arcadyan and its subsidiaries	With the same ultimate parent company	Sale	(755,253)	(0.8)%	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.	103,683	0.3%	
	Just and its subsidiaries	With the same ultimate parent company	Purchase	169,570	0.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(19,433)	- %	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	3,344,077	4.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(7,716,716)	(12.3)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	382,039	0.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(1,599,734)	(2.6)%	
HengHao	Avalue	An associate	Sale	(174,856)	(2.4)%	Net 30 days from the end of the month	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	46,880	2.9%	
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	Sale	(21,026,271)	(43.6)%	Net 120 days from delivery	-	-	16	- %	
	Arcadyan AU	Arcadyan's subsidiary	Sale	(1,473,556)	(3.1)%	Net 60 days from the end of the month of delivery	-	-	113,766	1.8%	
	Arcadyan Germany	Arcadyan's subsidiary	Sale	(1,190,967)	(2.5)%	Net 150 days from delivery	-	-	301,219	4.9%	
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	11,624,966	14.6%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(1,681,975)	(15.2)%	(Note 1)
	Compal Electronic, Inc.	Parent company	Purchase	144,304	(0.2)%	Net 60 days from the end of the month of delivery	-	-	(38,922)	(0.4)%	
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(11,624,966)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	1,681,975	100.0%	
	Compal Electronic, Inc.	Parent company	Purchase	1,568,534	3.7%	Net 60 days from the end of the month of delivery	-	-	(1,274,231)	(4.7)%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	755,253	1.8%	Net 60 days from the end of the month of delivery	-	-	(103,683)	(0.4)%	
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	21,026,271	100.0%	Net 120 days from delivery	-	-	(16)	(100.0)%	
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	1,473,556	100.0%	Net 60 days from the end of the month of delivery	-	-	(113,766)	(25.1)%	
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	1,190,967	100.0%	Net 150 days from delivery	-	-	(301,219)	(100.0)%	

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

Notes to Parent-Company-Only Financial Statements

Table 5 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:  
(December 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	Arcadyan and its subsidiaries	The Company's subsidiary	1,313,153	2.54	-	-	14,646 (Note 1)	-
The Company	CBN	The Company's subsidiary	135,512	0.25	-	-	46,519 (Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	3,292,995 (Note 3)	(Note 3)	-	-	- (Note 1)	-
The Company	HSI and its subsidiaries	The Company's subsidiary	2,565,553 (Note 3)	(Note 3)	-	-	2,565,553 (Note 1)	-
The Company	CEM	The Company's subsidiary	2,785,239	2.04	-	-	- (Note 1)	-
The Company	Cal-Comp	Substantial related party	6,104,131 (Note 3)	(Note 3)	-	-	3,487,096 (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	4,485,848	2.32	-	-	- (Note 1)	-
Just and its subsidiaries	CTB	With the same ultimate parent company	166,153	6.22	-	-	80,583 (Note 1)	-
Just and its subsidiaries	UCGI	With the same ultimate parent company	286,158	4.01	-	-	- (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	62,928,992	1.09	-	-	60,973,567 (Note 1)	-
CIH and its subsidiaries	CTB	With the same ultimate parent company	143,075	5.63	-	-	66,766 (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	7,716,716	0.50	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	7,467,774	1.75	-	-	7,467,774 (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,599,734	0.27	-	-	- (Note 1)	-
BCI and its subsidiaries	CTB	With the same ultimate parent company	392,788	0.00	-	-	- (Note 1)	-
CEM	CTB	With the same ultimate parent company	678,516	2.77	-	-	413,467 (Note 1)	-
UCGI	Poindus Systems	With the same ultimate parent company	102,331	4.58	-	-	- (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	8,105,355	11.31	-	-	5,766,934 (Note 1)	-
HSI and its subsidiaries	Arcadyan and its subsidiaries	With the same ultimate parent company	103,683	5.83	-	-	- (Note 1)	-
Arcadyan	Compal Electronic, Inc.	Parent company	523,352 (Note 4)	(Note 4)	-	-	523,352 (Note 2)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	113,766	5.73	-	-	113,766 (Note 2)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	301,219	4.89	-	-	153,274 (Note 2)	-
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	1,681,975 (Note 5)	(Note 5)	-	-	1,384,832 (Note 2)	-

Note 1: Balance as of February 13, 2026.

Note 2: Balance as of February 11, 2026.

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

Note 4: Other receivables due to sale of raw material.

Note 5: Accounts receivables due to deriving on processing.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 6 The information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China):  
(December 31, 2025)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holding in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Kinpo & Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	6,825,000	4,025,000	682,500	70%	6,772,462	682,500	70%	(9,674)	(6,774)	
	Bizcom	Milpitas, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	519,397	100	100%	20,140	21,852	
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	11,022,120	48,010	100%	77,600	77,600	
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	50,744,107	53,001	100%	2,042,630	2,042,630	
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	5,117,962 (Note 1)	500,000	100%	513,555	478,618	
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,789,566 (Note 1)	90,000	100%	188,524	164,115	
	Kinpo Group Management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,226	300	38%	353	132	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	102,415	6,000	100%	(3,449)	(4,235)	
	Unicore	Taipei City	Management & Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	7,000	100%	61,097	7,000	100%	(1,914)	(1,914)	
	Lead-Honor	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	2,772	42%	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,704,034	1	100%	-	-	
	Shennona TW	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%	20,401	2,000	100%	2,688	2,037	
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	475,087	395,388	10,955	20%	594,288	10,955	20%	373,463	74,094	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	353,046	11,768	56%	370,601	11,768	56%	58,757	31,794	
	Aco Healthcare	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	258,639	159,083	662,131	83%	60,987	662,131	83%	(58,153)	(45,882)	
	Lipo	Cayman Islands	Investment	489,450	489,450	98	49%	60,841	98	49%	(143,325)	(70,248)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	988,455	6,427	100%	31,510	31,510	
	Starmems	Hsinchu County	R&D of MEMS technology of manufacturing process of semiconductor and manufacturing of electronic components	64,650	64,650	6,465	38%	20,048	6,465	38%	(18,031)	(6,857)	
	Crownpo	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	174,797	149,547	6,264	36%	6,947	6,264	36%	(34,166)	(12,056)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,239,974	100,000	100%	128,152	128,181	
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	405,585	29,500	100%	58,114	58,117	
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	294,147	21,756	53%	44,238	22,599	
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	172,873	3,000	100%	6,975	11,030	
	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%	3,256,544	41,305	19%	2,777,080	520,552	
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	3,409,435	89,755	100%	(466,410)	(466,410)	
	Shennona	Delaware, USA	Medical care IOT business	48,210	48,210	-	100%	3,559	-	100%	-	(3,649)	
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	1,187,862	42,700	54%	757,346	405,786	
	CEP	Poland	Maintenance and warranty services of notebook PCs	385,553	385,553	844	100%	165,921	844	100%	(34,799)	(38,452)	
	CPL	Poland	Maintenance and warranty services of notebook PCs	1,307,669	652,669	3,207	100%	1,213,631	3,214	100%	(52,055)	(55,110)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	209,076	4,646	30%	132,417	4,646	30%	(42,735)	(12,299)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	211,493	158,160	55,207	20%	72,640	55,207	20%	(163,317)	(33,281)	
	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%	(7,284)	9,550	96%	(35,338)	(33,748)	
	Infinno	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	-	127,026	-	-	-	4,648	28%	(33,146)	(5,811)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	6,019,757	6,019,757	29,015	100%	(640,306)	29,015	100%	(237,613)	(203,509)	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 6 The information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China):  
(December 31, 2025)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holding in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	10,020,708	90,820	100%	189,912	189,912	
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	368,222	29,060	43%	(65,217)	(31,756)	
	Rayonnant Technology	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	161,170	29,500	100%	(71,246)	(71,246)	
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	237,090	12,500	100%	(84,718)	(84,718)	
	Acendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,309,851	31,253	35%	(65,105)	(18,658)	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(623,582)	46,900	65%	(102,890)	(72,634)	
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	471,779	100	100%	(25,917)	(25,917)	
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,549,804	50	100%	11,942	11,942	
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	689,997	20,000	100%	38,504	20,000	100%	(16,663)	(16,728)	
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	109,272	10,000	100%	2,346	2,346	
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	830,203	14,924	21%	469,520	95,796	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	8,922,271	147,000	100%	125,279	125,279	
	Compal Raifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	300,000	300,000	30,000	100%	302,059	30,000	100%	437	498	
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	247,560	15,035	50%	423,815	15,035	50%	49,769	28,452	
	Compal Healthcare	Taipei City	Information software services, data processing services, and electronic information supply services	20,000	20,000	4,000	100%	39,479	4,000	100%	9,145	12,136	
	River Regeneration	Taipei City	Regeneration and rejuvenation of stem cell	200,020	100,020	16,000	42%	151,544	16,000	42%	(70,604)	(23,351)	
	Genki Compal Long-Term Care Corporation Aggregate	New Taipei City	Residential elderly care services	21,915	21,915	-	49%	21,915	-	49%	-	-	
	CMX	Mexico	Production of automotive electronic products	77,997	77,997	-	100%	71,186	-	100%	(16,815)	(16,798)	
	Precisely Printed Medical Ltd.	Kaohsiung City	Biotechnology services, research & development services	10,000	-	1,000	30%	7,191	1,000	30%	(5,131)	(2,809)	
	Fusionite	Taipei City	R&D, manufacturing and sales of servers products	10,000	-	1,000	100%	9,971	1,000	100%	(29)	(29)	
	CUS	U.S.A	Manufacturing and sales of servers, notebook PCs, and automotive electronic products	890,880	-	-	79%	897,321	-	79%	(35,546)	(12,977)	
	CUH	U.S.A	Investment	2,304,750	-	75,000	100%	2,320,084	75,000	100%	(36,884)	(36,884)	
								<u>120,507,809</u>				<u>3,122,268</u>	
CUH	CUT	U.S.A	R&D, manufacturing and sales of servers products	2,304,750	-	75,000	100%	2,320,084	75,000	100%	(36,884)	Investment gain (losses) recognized by CUH	
Aco Healthcare	Neo Medical USA, Inc.	U.S.A	Manufacturing and sales of medical equipment	30,016	-	1,765	26%	30,016	1,765	26%	-	Investment gain (losses) recognized by Aco Healthcare	
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%	690,645	8,192	4%	2,777,080	Investment gain (losses) recognized by Panpal	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	171,229	148,263	3,157	6%	171,249	3,157	6%	373,463	Investment gain (losses) recognized by Panpal	
	PT GLB Biotechnology Indonesia	Indonesia	Manufacturing and wholesale of medical equipment	894	894	-	1%	678	-	1%	(13,167)	Investment gain (losses) recognized by Panpal	
	Others							(1,651,453)					
Gempal	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%	807,295	9,279	4%	2,777,080	Investment gain (losses) recognized by Gempal	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	78,908	53,645	3,472	6%	188,374	3,472	6%	373,463	Investment gain (losses) recognized by Gempal	
	Others							115,000					
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	306,655	306,655	9,279	4%	807,295	9,279	4%	2,777,080	Investment gain (losses) recognized by Hong Ji	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	17,066	10,389	918	2%	44,914	918	2%	373,463	Investment gain (losses) recognized by Hong Ji	
Hong Jin	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%	386,004	4,609	2%	2,777,080	Investment gain (losses) recognized by Hong Jin	
Just	CDH (HK)	Hong Kong	Investment	1,958,010	1,958,010	62,298	100%	8,252,802	62,298	100%	33,302	Investment gain (losses) recognized by Just	
	CII	British Virgin Islands	Investment	400,575	400,575	12,745	100%	362,602	12,745	100%	(59,775)	Investment gain (losses) recognized by Just	
	CPI	British Virgin Islands	Investment	15,715	15,715	500	100%	15,394	500	100%	(19)	Investment gain (losses) recognized by Just	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 6 The information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China):  
(December 31, 2025)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holding in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
CII	Smart	British Virgin Islands	Investment	31	31	1	100%	380	1	100%	(3)	Investment gain (losses) recognized by CII	
	MEL	U.S.A	Investment	258,795	258,795	-	100%	219,572	-	100%	2,806	Investment gain (losses) recognized by CII	
	MTL	U.S.A	Investment	31	31	-	100%	32	-	100%	-	Investment gain (losses) recognized by CII	
	CNA	U.S.A	Sales of automotive electronic products	78,575	78,575	2,500	100%	45,702	2,500	100%	(39,847)	Investment gain (losses) recognized by CII	
	CUS	U.S.A	Manufacturing and sales of servers, notebook PCs, and automotive electronic products	235,725	235,725	2,500	21%	94,038	2,500	100%	(22,569)	Investment gain (losses) recognized by CII	
CIH	CIH (HK)	Hong Kong	Investment	2,351,043	2,351,043	74,803	100%	49,713,046	74,803	100%	1,967,787	Investment gain (losses) recognized by CIH	
	Jenpal	British Virgin Islands	Investment	231,011	231,011	7,350	100%	132,819	7,350	100%	5,761	Investment gain (losses) recognized by CIH	
	PGF	British Virgin Islands	Investment	31	31	1	100%	255,059	1	100%	77,023	Investment gain (losses) recognized by CIH	
	FWT	British Virgin Islands	Investment	468,307	468,307	14,900	100%	468,306	14,900	100%	-	Investment gain (losses) recognized by CIH	
HSI	CCM	British Virgin Islands	Investment	160,293	160,293	5,100	51%	5,387	5,100	51%	55	Investment gain (losses) recognized by CIH	
	IUE	British Virgin Islands	Investment	2,105,810	2,105,810	67,000	100%	2,482,792	67,000	100%	759,890	Investment gain (losses) recognized by HSI	
IUE	Goal	British Virgin Islands	Investment	399,161	399,161	12,700	100%	332,986	12,700	100%	(2,544)	Investment gain (losses) recognized by HSI	
	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	2,105,810	2,105,810	67,000	100%	2,482,792	67,000	100%	759,890	Investment gain (losses) recognized by IUE	
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	399,161	399,161	12,700	100%	290,650	12,700	100%	(2,544)	Investment gain (losses) recognized by Goal	
BCI	CMI	British Virgin Islands	Investment	2,540,173	2,540,173	80,820	100%	6,236,280	80,820	100%	86,297	Investment gain (losses) recognized by BCI	
	PRI	British Virgin Islands	Investment	314,300	314,300	10,000	100%	3,784,428	10,000	100%	103,615	Investment gain (losses) recognized by BCI	
CORE	BSH	British Virgin Islands	Investment	4,620,210	4,620,210	147,000	100%	8,922,271	147,000	100%	125,279	Investment gain (losses) recognized by CORE	
BSH	Mithera	Cayman Islands	Investment	158,722	158,722	-	99%	133,470	-	99%	(6,564)	Investment gain (losses) recognized by BSH	
	CIN	U.S.A	Manufacturing	569,826	255,526	1	100%	310,221	1	100%	(251,469)	Investment gain (losses) recognized by BSH	
	HSI	British Virgin Islands	Investment	1,162,910	1,162,910	37,000	46%	1,653,099	37,000	46%	757,346	Investment gain (losses) recognized by BSH	
	HHB	British Virgin Islands	Investment	188,580	188,580	9,000	16%	212,957	9,000	16%	(152,695)	Investment gain (losses) recognized by BSH	
Forever	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	1,885,800	1,885,800	-	100%	1,965,278	-	100%	4,057	Investment gain (losses) recognized by BSH	
	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	100%	-	Investment gain (losses) recognized by Forever	
Arcadyan	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	62,860	62,860	-	100%	45,663	-	100%	32	Investment gain (losses) recognized by Forever	
	Etrade	British Virgin Islands	Investment	785,750	785,750	25,000	35%	(332,751)	25,000	35%	(102,890)	Investment gain (losses) recognized by Webtek	
	Arcadyan Holding	British Virgin Islands	Investment	1,375,362	1,701,027	37,780	100%	2,344,456	47,780	100%	296,600	Investment gain (losses) recognized by Arcadyan	
	Arcadyan USA	U.S.A	Technology support and sales of wireless network products	23,055	23,055	1	100%	192,365	1	100%	43,679	Investment gain (losses) recognized by Arcadyan	
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	122,296	0.5	100%	10,410	Investment gain (losses) recognized by Arcadyan	
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	33,152	20	100%	(2,299)	Investment gain (losses) recognized by Arcadyan	
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	291,839	34,980	100%	(19,445)	Investment gain (losses) recognized by Arcadyan	
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	138,612	25,028	61%	(8,212)	Investment gain (losses) recognized by Arcadyan	
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	7,257	50	100%	741	Investment gain (losses) recognized by Arcadyan	
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	118,207	50	100%	29,777	Investment gain (losses) recognized by Arcadyan	
Arcadyan Turkey	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	375	-	100%	(652)	Investment gain (losses) recognized by Arcadyan	
	Arcadyan Turkey	Turkey	Sales of wireless network products	61,268	61,268	6,200	100%	53,070	6,200	100%	6,323	Investment gain (losses) recognized by Arcadyan	
	Arcadyan Japan	Japan	Sales of wireless network products	2,008	-	-	100%	2,012	1	100%	(1)	Investment gain (losses) recognized by Arcadyan	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 6 The information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China):  
(December 31, 2025)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holding in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(56,081)	968	100%	503	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	
	Arcadyan India	India	Sales of wireless network products	76,952	76,952	19,800	100%	38,573	19,800	100%	90,338	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	
	CBN	Hsinchu County	Sales of communication and electronic components	48,197	48,197	13,673	20%	183,497	13,673	20%	(65,217)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	911,444	911,444	29,050	100%	2,295,991	29,050	100%	387,256	Investment gain (losses) recognized by Arcadyan Holding	
	Arch Holding	British Virgin Islands	Investment	31,720	345,470	1	100%	163,872	35	100%	(145,517)	Investment gain (losses) recognized by Arcadyan Holding	
TTI	Quest	Samoa	Investment	37,650	37,650	1,200	100%	8,153	1,200	100%	(873)	Investment gain (losses) recognized by TTI	
Quest	Exquisite	Samoa	Investment	36,709	36,709	1,170	100%	7,279	1,170	100%	(873)	Investment gain (losses) recognized by Quest	
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	909,875	909,875	-	100%	2,291,254	-	100%	387,256	Investment gain (losses) recognized by Sinoprime	
Rayonnant Technology	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	154,393	8,651	41%	(62,157)	Investment gain (losses) recognized by Rayonnant Technology	
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	1,820	21%	-	Investment gain (losses) recognized by Rayonnant Technology	
CRH	APH	British Virgin Islands	Investment	392,875	392,875	12,500	59%	237,090	12,500	59%	(62,157)	Investment gain (losses) recognized by CRH	
APH	PEL	British Virgin Islands	Investment	99,036	99,036	3,151	100%	49,947	3,151	100%	1,517	Investment gain (losses) recognized by APH	
	Rayonnant (HK)	Hong Kong	Investment	565,740	565,740	18,000	100%	336,721	18,000	100%	(144,863)	Investment gain (losses) recognized by APH	
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(1,633,720)	46,882	100%	(130,423)	Investment gain (losses) recognized by HHT	
HHA	HHB	British Virgin Islands	Investment	1,473,502	1,473,502	55,302	84%	(1,423,055)	55,302	84%	(152,695)	Investment gain (losses) recognized by HHA	
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%	4,995	20	100%	(364)	Investment gain (losses) recognized by CBN	
	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%	6,556	20	100%	(187)	Investment gain (losses) recognized by CBN	
	Starmems	Taiwan	R&D of MEMS microphone related products	16,300	16,300	1,630	10%	5,055	1,630	10%	(18,031)	Investment gain (losses) recognized by CBN	
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,821,015	2,821,015	95,862	37%	3,480,223	95,862	37%	(1,291,582)	Investment gain (losses) recognized by FGH	
GLB	PT GLB Biotechnology Indonesia	Indonesia	Manufacturing and wholesale of medical equipment	83,340	83,340	42	99%	65,562	42	99%	(13,167)	Investment gain (losses) recognized by GLB	
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	15%	-	2,160	15%	(13,356)	Investment gain (losses) recognized by Mactech	
Poindus Systems	Poindus Investment	Taipei City	Investment holding	4,100	4,100	(Note 2)	100%	352	(Note 2)	100%	(63)	Investment gain (losses) recognized by Poindus Systems	
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(10,479)	300	100%	(734)	Investment gain (losses) recognized by Poindus Systems	
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	5,506	0.002	100%	(618)	Investment gain (losses) recognized by Poindus Systems	
	Varlink	UK	Sales of PCs and peripherals	61,590	61,590	140	100%	48,262	140	100%	6,676	Investment gain (losses) recognized by Poindus Systems	
Varlink	EPOS	UK	Sales of PCs and peripherals	-	-	0.001	100%	-	0.001	100%	-	Investment gain (losses) recognized by Varlink	

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: A limited company, therefore no number of shares.

Notes to Parent-Company-Only Financial Statements

Table 7 Information on investment in Mainland China:

(December 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 December 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	1,162,910	(Note 1)	1,162,910	-	-	1,162,910	129,508	100%	129,508	2,898,350	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	628,600	(Note 2)	628,600	-	-	628,600	162,151	100%	162,151	338,114	-
CET	Manufacturing of notebook PCs	377,160	(Note 2)	377,160	-	-	377,160	(99,209)	100%	(99,209)	5,090,652	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	269,728	(Note 2)	(Note 3)	-	-	-	153,680	100%	154,137	730,822	-
FIP	Manufacturing of auto parts and accessories	404,591	(Note 2)	(Note 3)	-	-	-	(14,564)	60%	(8,739)	385,232	-
JIT	AI application software development	44,955	(Note 2)	(Note 3)	-	-	-	(451)	100%	(451)	43,554	-
BT	Manufacturing of notebook PCs	31,430	(Note 2)	31,430	-	-	-	6,511	100%	6,511	(113,040)	-
CGS	Maintenance and warranty service of notebook PCs	8,991	(Note 2)	(Note 3)	-	-	-	(1,829)	100%	(1,829)	(21,285)	-
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	1,005,760	(Note 1)	418,962	-	-	418,962	(94,102)	43%	(40,633)	18,795	-
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	1,980,165	(Note 1&3)	46,202	-	-	46,202	(387,130)	44%	(171,576)	317,569	-
CIC	Manufacturing of notebook PCs	377,160	(Note 2)	377,160	-	-	377,160	416,390	100%	416,390	12,072,844	-
CPO	Manufacturing and sales of LCD TVs	380,303	(Note 1)	380,303	-	-	380,303	51,677	100%	51,677	3,424,081	-
CIT	Manufacturing of notebook PCs	754,320	(Note 2)	754,320	-	-	754,320	1,533,811	100%	1,533,811	31,745,135	-
CST	International trade and distribution of computers and electronic components	44,002	(Note 2)	44,002	-	-	44,002	3,624	100%	3,624	47,958	-
CIJ	Investment and consulting services	490,308	(Note 2)	490,308	-	-	490,308	(212,808)	100%	(212,808)	2,373,627	-
CDE	Manufacturing and sales of LCD TVs	471,450	(Note 2)	(Note 3)	-	-	-	(213,805)	100%	(213,805)	2,337,222	-
CIS	Outward investment and consulting services	2,540,173	(Note 1)	2,540,173	-	-	2,540,173	86,297	100%	86,297	6,236,280	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,514,400	(Note 2)	(Note 3)	-	-	-	85,644	100%	85,644	6,202,690	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	25,144	(Note 2)	(Note 3)	-	-	-	616	100%	616	27,054	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	314,300	(Note 1)	314,300	-	-	314,300	103,615	100%	103,615	3,784,428	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	13,200,600	(Note 2)	2,596,967	-	-	2,596,967	(599,381)	37%	(219,493)	5,035,470	-

Notes to Parent-Company-Only Financial Statements

Table 7 Information on investment in Mainland China:

(December 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 December 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	1,885,800	(Note 2)	360,062	-	-	360,062	(107,796)	37%	(39,475)	511,135	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	565,740	(Note 2)	392,875	-	-	392,875	(144,859)	100%	(131,619)	337,339	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	848,610	(Note 1)	691,460	-	-	691,460	41,485	100%	41,485	(1,351,584)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	182,294	(Note 1)	182,294	-	-	182,294	(717)	100%	(717)	69,680	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,540,070	(Note 1)	597,170	-	-	597,170	(147,195)	100%	(147,195)	286,202	-
Hanhelt	R&D and manufacturing of electronic communication equipment	62,860	(Note 1)	62,860	-	-	62,860	(62)	100%	(62)	2,483	-
<b>Arcadyan</b>												
SVA Arcadyan	R&D and sales of wireless network products	254,138	(Note 1)	421,053	-	-	421,053	6,298	100%	6,298	56,506	-
CNC	Manufacturing and wireless network products	76,869	(Note 1)	345,470	-	(313,750)	31,720	(146,702)	100%	(146,702)	315,978	-
THAC	Manufacturing of household electronics products	379,794	(Note 1 & 9&10)	36,081	-	-	36,081	(2,681)	100%	(2,681)	20,362	-
<b>HengHao</b>												
HengHao Zhejiang	Production of touch panels and related components	1,540,070	(Note 2)	(Note 13)	-	-	-	(155,555)	100%	(155,555)	(1,588,441)	-
<b>Poindus Systems</b>												
Qijie	Sales of PCs and peripherals	31,430	(Note 1)	31,430	-	-	31,430	(1,604)	100%	(1,604)	7,210	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of December 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	17,051,938 (US\$542,537) (Note 5)	24,836,269 (US\$790,209)	(Note 6)
Arcadyan	488,854 (US\$15,581)	763,542 (US\$24,336)	10,166,822
HengHao	1,473,187 (US\$46,872)	1,473,187 (US\$46,872)	(Note 12)
Poindus Systems	31,430 (US\$1,000)	31,430 (US\$1,000)	357,116

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. ("CIJ"), 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 audited by the CPAs.

Note 5 : Including the investment amount of sold or dissolved companies, including Beijing Compower Xuntong Electronic Technology Co., Ltd., VAP Optoelectronics (Nanjing) Corp., Flextronics Technology (Shanghai) Ltd., Lucom, LCFC (HeFei) Electronics Technology Co., Ltd. and the increased investment amount form 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 Aceton 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 December 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 year ended December 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".