Stock Code: 6674

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES

Consolidated Financial Statements

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

Address: 13F.-1, NO.1, Taiyuan 1st St., Zhubei City, Hsinchu County, Taiwan
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The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Compal Broadband Networks, Inc.:

Introduction

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

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Compal Broadband Networks, Inc. and its subsidiaries as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Keng-Chia, Huang and Yiu-Kwan, Au.

KPMG

Taipei, Taiwan (Republic of China)
May 8, 2025

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2025		December 31, 2024		March 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note (6)(a))	$ 527,759	36	520,103	34	462,970	30
1170	Accounts receivable, net (notes (6)(c) and (6)(q))	177,214	12	196,185	13	218,580	14
1200	Other receivables, net (notes (6)(d) and (7))	931	-	19,548	1	2,723	-
1310	Inventories (note (6)(e))	512,094	35	527,178	34	529,162	35
1410	Prepayments	61,430	4	65,282	4	44,875	3
1470	Other current assets	2,520	-	2,133	-	5,803	1
		1,281,948	87	1,330,429	86	1,264,113	83
	Non-current assets:						
1550	Investments accounted for using equity method (note (6)(f))	6,187	1	6,784	-	2,902	-
1600	Property, plant and equipment (note (6)(g))	120,679	8	124,520	8	149,174	10
1755	Right-of-use assets (note (6)(h))	18,234	1	39,915	3	51,325	3
1780	Intangible assets (note (6)(i))	1,625	-	1,972	-	605	-
1840	Deferred tax assets	38,144	3	38,144	3	56,996	4
1900	Other non-current assets (note (8))	2,591	-	4,341	-	4,201	-
		187,460	13	215,676	14	265,203	17
	Total assets	**$ 1,469,408**	**100**	**1,546,105**	**100**	**1,529,316**	**100**

		March 31, 2025		December 31, 2024		March 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	$ 148	-	-	-	442	-
2130	Current contract liabilities (note (6)(q))	111,967	8	26,339	2	1,846	-
2170	Accounts payable	82,147	5	115,108	7	59,951	4
2180	Accounts payable to related parties (note (7))	108,310	7	223,168	15	95,987	7
2200	Other payables (note (7))	99,787	7	75,753	5	125,516	8
2250	Current provisions (note (6)(j))	82,636	6	84,086	5	80,669	5
2280	Current lease liabilities (note (6)(k))	7,290	-	13,928	1	14,410	1
2300	Other current liabilities	9,769	1	2,276	-	1,302	-
		502,054	34	540,658	35	380,123	25
	Non-Current liabilities:						
2570	Deferred tax liabilities	119	-	-	-	874	-
2580	Non-current lease liabilities (note (6)(k))	11,286	1	26,683	2	37,595	2
		11,405	1	26,683	2	38,469	2
	Total liabilities	513,459	35	567,341	37	418,592	27
	Equity (notes (6)(n) and (6)(o)):						
3110	Ordinary shares	673,357	46	673,357	43	676,381	44
3200	Capital surplus	366,459	25	366,459	24	372,404	25
3300	Retained earnings	(84,145)	(6)	(60,856)	(4)	64,240	4
3410	Exchange differences on translation of foreign financial statements	278	-	(196)	-	(113)	-
3491	Unearned employee benefit	-	-	-	-	(2,188)	-
	Total equity	955,949	65	978,764	63	1,110,724	73
	Total liabilities and equity	**$ 1,469,408**	**100**	**1,546,105**	**100**	**1,529,316**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	**Operating revenue (note (6)(q))**	$ 169,744	100	225,459	100
5000	**Operating costs (notes (6)(e), (7) and (12))**	109,605	65	183,012	81
	Gross profit from operations	60,139	35	42,447	19
	Operating expenses: (notes (6)(i), (6)(k), (6)(l), (7) and (12))				
6100	Selling expenses	22,310	13	21,273	9
6200	Administrative expenses	12,434	7	15,631	7
6300	Research and development expenses	52,051	31	51,841	23
6450	Expected credit reversal gain (notes (6)(c) and (6)(d))	(1,565)	(1)	(1,008)	-
	Total operating expenses	85,230	50	87,737	39
	Net operating loss	(25,091)	(15)	(45,290)	(20)
	Non-operating income and expenses:				
7010	Other income	446	-	1,169	-
7020	Other gains and losses (note (6)(s))	(250)	-	2,056	1
7100	Interest income	2,295	1	1,976	1
7510	Interest expense (note (6)(k))	(92)	-	(153)	-
7770	Share of loss of associates accounted for using equity method (note (6)(f))	(597)	-	(600)	-
		1,802	1	4,448	2
7900	**Loss from continuing operations before tax**	(23,289)	(14)	(40,842)	(18)
7950	Less: Income tax expense (note (6)(m))	-	-	-	-
	Net Loss	(23,289)	(14)	(40,842)	(18)
8300	**Other comprehensive income (loss):**				
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	593	1	107	-
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss (note (6)(m))	119	-	22	-
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	474	1	85	-
8300	**Other comprehensive income**	474	1	85	-
	Total comprehensive loss	$ (22,815)	(13)	(40,757)	(18)
	Loss per share (note (6)(p))				
9750	Basic loss per share	$	(0.35)		(0.61)
9850	Diluted loss per share	$	(0.35)		(0.61)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Accumulated losses	Total	Exchange differences on translation of foreign financial statements	Unearned employee benefit	Total	Total equity
Balance at January 1, 2024	$ 676,381	372,404	147,010	588	(42,516)	105,082	(198)	(3,010)	(3,208)	1,150,659
Loss for the three months ended March 31, 2024	-	-	-	-	(40,842)	(40,842)	-	-	-	(40,842)
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	85	-	85	85
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	(40,842)	(40,842)	85	-	85	(40,757)
Share-based payment transactions	-	-	-	-	-	-	-	822	822	822
Balance at March 31, 2024	**$ 676,381**	**372,404**	**147,010**	**588**	**(83,358)**	**64,240**	**(113)**	**(2,188)**	**(2,301)**	**1,110,724**
Balance at January 1,2025	$ 673,357	366,459	104,494	588	(165,938)	(60,856)	(196)	-	(196)	978,764
Loss for the three months ended March 31, 2025	-	-	-	-	(23,289)	(23,289)	-	-	-	(23,289)
Other comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	-	474	-	474	474
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	(23,289)	(23,289)	474	-	474	(22,815)
Balance at March 31, 2025	**$ 673,357**	**366,459**	**104,494**	**588**	**(189,227)**	**(84,145)**	**278**	**-**	**278**	**955,949**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2025	**2024**
Cash flows from (used in) operating activities:		
Loss before tax	$ (23,289)	(40,842)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation and amortization expense	14,569	15,558
Expected credit reversal gain	(1,565)	(1,008)
Interest expense	92	153
Interest income	(2,295)	(1,976)
Compensation cost of employee share-based payment	-	822
Share of loss of associates accounted for using equity method	597	600
Gain on lease modification	(362)	-
Total adjustments to reconcile loss	11,036	14,149
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	-	4,373
Decrease in accounts receivable	20,537	183,398
Decrease (increase) in other receivables	18,702	(237)
Decrease in inventories	15,084	83,140
Decrease in prepayments	3,852	3,493
Increase in other current assets	(200)	(134)
Increase in financial liabilities held for trading	148	442
Increase in contract liabilities	85,628	-
Decrease in accounts payable	(147,819)	(34,329)
Increase (decrease) in other payables	24,034	(61,430)
(Decrease) increase in provisions	(1,450)	71
Increase (decrease) in other current liabilities	7,493	(2,818)
Total changes in operating assets and liabilities	26,009	175,969
Total adjustments	37,045	190,118
Cash inflow generated from operations	13,756	149,276
Interest received	2,209	2,038
Interest paid	(92)	(153)
Income taxes paid	(187)	(188)
Net cash flows from operating activities	15,686	150,973
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(8,387)	(987)
Decrease in refundable deposits	1,750	28
Acquisition of intangible assets	(184)	(284)
Net cash flows used in investing activities	(6,821)	(1,243)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(1,802)	(3,807)
Net cash flows used in financing activities	(1,802)	(3,807)
Effect of exchange rate changes on cash and cash equivalents	593	107
Net increase in cash and cash equivalents	7,656	146,030
Cash and cash equivalents at beginning of period	520,103	316,940
Cash and cash equivalents at end of period	$ 527,759	462,970

See accompanying notes to consolidated financial statements.

(1) Company history

Compal Broadband Networks, Inc. (“the Company”) was established on August 19, 2009, and jointly invested by Compal Electronics, Inc. (Compal Electronics) and Zhi-Bao Technology Inc. (Zhi-Bao Technology) with the shareholding ratio was 52% and 48% respectively. The parent company of the Company is Compal Electronics. As of March 31, 2025 and 2024, Compal Electronics and its subsidiaries held 63% shares in the Company.

The address of the Company’s registered office is 13F.-1, No. 1, Taiyuan 1st St., Zhubei City, Hsinchu County. The Company and its subsidiaries (“the Group”) primarily engaged in the research, development, and sale of communication products such as smart gateways, digital set-top boxes, and wireless broadband routers.

The Company’s common shares have been publicly listed on the Taiwan Stock Exchange since November 28, 2018.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 8, 2025.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

● Amendments to IAS 21 “Lack of Exchangeability”

(b) The impact of IFRS issued by the FSC but not yet effective

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

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	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. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	The amendments set out: 1. IFRS 1 “First-time Adoption of International Financial Reporting Standards”: The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments. 2. IFRS 7 “Financial Instruments: Disclosures”: The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. 3. IFRS 9 “Financial Instruments”: ● Derecognition of a lease liability The IASB’s amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases. ● Transaction price The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.	January 1, 2026

(Continued)

Standards or Interpretations	Content of amendment	Effective date per IASB
	4. IFRS 10 “Consolidated Financial Statements”: The amendments clarify the determination of a ‘de facto agent’. 5. IAS 7 “Statement of Cash Flows”: The amendments address a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term ‘cost method’.	

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

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

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

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “ Interim Financial Reporting” which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC. Hereinafter referred to as the “IFRS Accounting Standards endorsed by FSC” for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**March 31, 2025**	**December 31, 2024**	**March 31, 2024**
The Company	Compal Broadband Networks Belgium BVBA (“CBNB”)	Import, export, technical support, and consulting services for broadband network products and related components	100%	100%	100%
〃	Compal Broadband Networks Netherlands B.V. (“CBNN”)	〃	100%	100%	100%

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2024.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no significant differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2024 consolidated financial statements. Please refer to Note (6) of the 2024 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	$ 321	320	545
Checking accounts and demand deposits	77,438	68,972	112,425
Time deposits	450,000	450,811	350,000
	$ 527,759	**520,103**	**462,970**

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	$ 148	-	129
Swap contracts	-	-	313
	$ 148	**-**	**442**

Please refer to note (6)(t) for the liquidity risk of the financial instruments of the Group.

The Group holds derivative financial instruments to hedge the certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	March 31, 2025		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial liabilities:			
Foreign exchange contracts:			
Foreign exchange sold	EUR 200	EUR to USD	May 6, 2025

	March 31, 2024		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial liabilities:			
Foreign exchange contracts:			
Foreign exchange sold	USD 737	USD to TWD	April 9, 2024~ April 30,2024
Swap contracts:			
Currency Swap	USD 600	USD to TWD	April 11, 2024

(c) Accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable	$ 177,691	222,414	244,410
Less: loss allowance	(477)	(26,229)	(25,830)
	$ 177,214	196,185	218,580

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

	March 31, 2025			
	Gross carrying amount	Weighted-average loss rate	Loss allowance	Credit impaired
Level B	$ 168,362	0.10%	168	No
Level C	3,950	1.00%	40	No
Level D	5,379	5.00%	269	Yes
	$ 177,691		477	

	December 31, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance	Credit impaired
Level B	$ 191,483	0.10%	193	No
Level C	4,378	1.67%	43	No
Level D	590	5.08%	30	No
Level E	25,963	100%	25,963	Yes
	$ 222,414		26,229	

	March 31, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance	Credit impaired
Level B	$ 115,975	0.10%	116	No
Level C	63,011	1.00%	630	No
Level E	65,424	38.34%	25,084	Yes
	$ 244,410		25,830	

The aging analysis of accounts receivable were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Overdue 1~30 days	$ 9,063	1,877	12,869
Overdue 31~60 days	302	2,236	8,667
Overdue 91~180 days	1,690	31,880	-
Overdue 181~270 days	25,667	3,854	1,188
Overdue 360 days	-	25,963	64,924
	$ 36,722	65,810	87,648

The movements of allowance for accounts receivable were as follows:

	For the three months ended March 31,	
	2025	2024
Balance at January 1	$ 26,229	26,841
Impairment loss reversed	(1,566)	(1,011)
Write-off of bad debt allowance	(24,186)	-
Balance at March 31	$ 477	25,830

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

(d) Other receivables

	March 31, 2025	December 31, 2024	March 31, 2024
Other receivables	$ 994	19,610	2,784
Less: loss allowance	(63)	(62)	(61)
	$ 931	19,548	2,723

The aging analysis of overdue other receivables were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Overdue 31~60 days	$ 4,460	21	-
Overdue 91~180 days	22	-	-
Overdue 181~270 days	-	696	-
	$ 4,482	**717**	**-**

The movements of allowance for other receivables were as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Balance at January 1	$ 62	58
Impairment loss recognized	1	3
Balance at March 31	**$ 63**	**61**

As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any aforementioned other receivables as collaterals.

(e) Inventories

(i) The details of the Group’s inventories were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	$ 489,495	506,529	517,197
Work in progress and semi-finished goods	1,421	1,204	353
Merchandise	21,178	19,445	11,612
	$ 512,094	**527,178**	**529,162**

(ii) Inventory cost recognized as operating costs were as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Cost of sales and expenses	**$ 109,605**	**183,012**

(iii) As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any inventories as collaterals.

(f) Investments accounted for using equity method

(i) The Group's equity-accounted associates that are individually insignificant and the Group's share of the financial information are summarized as below:

	March 31, 2025	December 31, 2024	March 31, 2024
The carrying amount of individually insignificant associates equity	$ 6,187	6,784	2,902

	For the three months ended March 31,	
	2025	2024
Attributable to the Group:		
Net loss from continuing operations	$ (597)	(600)
Total comprehensive loss	$ (597)	(600)

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

(g) Property, plant and equipment

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

	Research equipment	Mold equipment	Machinery and equipment	Lease improvement and others	Total
Cost or deemed cost:					
Balance at January 1, 2025	$ 376,121	24,225	1,650	68,184	470,180
Additions	5,835	2,027	-	525	8,387
Balance at March 31, 2025	$ 381,956	26,252	1,650	68,709	478,567
Balance at January 1, 2024	$ 450,100	22,587	7,259	103,179	583,125
Additions	987	-	-	-	987
Balance at March 31, 2024	$ 451,087	22,587	7,259	103,179	584,112
Depreciation:					
Balance at January 1, 2025	$ 276,592	18,813	1,305	48,950	345,660
Depreciation	9,557	802	52	1,817	12,228
Balance at March 31, 2025	$ 286,149	19,615	1,357	50,767	357,888
Balance at January 1, 2024	$ 335,978	15,723	6,644	65,202	423,547
Depreciation	7,950	780	68	2,593	11,391
Balance at March 31, 2024	$ 343,928	16,503	6,712	67,795	434,938

		Research equipment	Mold equipment	Machinery and equipment	Lease improvement and others	Total
Carrying amounts:						
Balance at January 1, 2025	$	99,529	5,412	345	19,234	124,520
Balance at March 31, 2025	$	95,807	6,637	293	17,942	120,679
Balance at January 1, 2024	$	114,122	6,864	615	37,977	159,578
Balance at March 31, 2024	$	107,159	6,084	547	35,384	149,174

As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any property, plant and equipment as collaterals.

(h) Right-of-use assets

The Group leases buildings and vehicles. Information about leases for which the Group has as a lessee is presented as below:

		Buildings	Vehicles	Total
Cost:				
Balance at January 1, 2025	$	118,479	2,151	120,630
Disposals		(59,928)	-	(59,928)
Balance at March 31, 2025	$	58,551	2,151	60,702
Balance at January 1, March 31, 2024	$	119,916	6,457	126,373
Depreciation:				
Balance at January 1, 2025	$	80,177	538	80,715
Depreciation		1,676	134	1,810
Disposals		(40,057)	-	(40,057)
Balance at March 31, 2025	$	41,796	672	42,468
Balance at January 1, 2024	$	67,744	3,474	71,218
Depreciation		3,365	465	3,830
Balance at March 31, 2024	$	71,109	3,939	75,048
Carrying amount:				
Balance at January 1, 2025	$	38,302	1,613	39,915
Balance at March 31, 2025	$	16,755	1,479	18,234
Balance at January 1, 2024	$	52,172	2,983	55,155
Balance at March 31, 2024	$	48,807	2,518	51,325

(i) Intangible Assets

The cost and accumulated amortization of intangible assets of the Group for the three months ended March 31, 2025 and 2024 were as follows:

	Computer software
Cost:	
Balance at January 1, 2025	$ 3,164
Additions	184
Disposals	(662)
Balance at March 31, 2025	**$ 2,686**
Balance at January 1, 2024	$ 3,099
Additions	284
Disposals	(1,917)
Balance at March 31, 2024	**$ 1,466**
Accumulated amortization:	
Balance at January 1, 2025	$ 1,192
Amortization	531
Disposals	(662)
Balance at March 31, 2025	**$ 1,061**
Balance at January 1, 2024	$ 2,441
Amortization	337
Disposals	(1,917)
Balance at March 31, 2024	**$ 861**
Carrying amount:	
Balance at January 1, 2025	**$ 1,972**
Balance at March 31, 2025	**$ 1,625**
Balance at January 1, 2024	**$ 658**
Balance at March 31, 2024	**$ 605**

As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any intangible assets as collaterals.

(j) Provisions

	Warranty Provisions
Balance at January 1, 2025	$ 84,086
Provisions made during the period	1,283
Provisions reversed during the period	(1,016)
Provisions used during the period	(1,717)
Balance at March 31, 2025	$ 82,636
Balance at January 1, 2024	$ 80,598
Provisions made during the period	2,312
Provisions reversed during the period	(1,229)
Provisions used during the period	(1,012)
Balance at March 31, 2024	$ 80,669

The Group's provision for the warranty was for products sold. Provision for warranty and the after-service cost was estimated based on the historical warranty information for customer services. The Group expected the aforementioned provisions would occur within a year after-sales.

(k) Lease liabilities

The details of lease liabilities were as follows:

	March 31, 2025	**December 31, 2024**	**March 31, 2024**
Current	$ 7,290	13,928	14,410
Non-current	$ 11,286	26,683	37,595

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2025	**2024**
Interest expense on lease liabilities	$ 92	153
Expenses relating to short-term leases	$ 7	46
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 18	26

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

	For the three months ended March 31	
	2025	**2024**
Total cash outflow for leases	$ 1,919	4,032

The Group leases buildings, parking spaces, and transportation equipment, which typically run for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group also leases other equipment and parking spaces with contract terms of 1 to 5 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(l) Employee benefits - Defined contribution plans

The pension expenses of the Group under the pension plan contributed to the Bureau of Labor Insurance for the three months ended March 31, 2025 and 2024 were as follows:

	For the three months ended March 31,	
	2025	**2024**
Selling expenses	$ 256	283
Administration expenses	230	283
Research and development expenses	706	1,187
	$ 1,192	1,753

(m) Income taxes

(i) Income tax expenses for the period are the best estimated by multiplying pre-tax income (loss) for the interim reporting period using the effective annual tax rate as forecasted by the management. The amount of income tax expenses were as follows:

	For the three months ended March 31,	
	2025	**2024**
Current tax expense	$ -	-

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

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Items that might be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	119	22

(iii) The R.O.C. tax authorities have examined the income tax returns of the Company through 2022.

(n) Capital and other equities

Except for the following disclosures, there was no significant change for capital and other equities for the periods from January 1 to March 31, 2025 and 2024. Please refer to note (6)(n) of the 2024 annual consolidated financial statements for other related information.

(i) Capital surplus

The balance of capital surplus were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Additional paid in capital premium	$ 318,043	318,043	318,043
Employee share options	48,101	48,101	48,101
Issuance of employee restricted shares	-	-	6,260
Changes in equity of associates accounted for using equity method	315	315	-
	$ 366,459	366,459	372,404

(ii) Retained earnings

According to the Company's Articles of Incorporation, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof until the accumulated balance of legal reserve equals the total issued capital and any special reserves pursuant to relevant laws and regulations. The remainder, plus the undistributed earnings of the previous years, are distributed or left undistributed for business purposes according to the resolution of the shareholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the annual stockholders' meeting. However, if earnings per share of the current year do not exceed a dollar, the earnings shall not be distributed.

The Company authorizes the Board of Directors with two-thirds or more of the directors present, and the consent of more than of the directors present at the meeting, to distribute all or part of the dividends and bonuses, capital surplus or legal reserve to shareholders in cash, and report such distribution to the stockholders' meeting.

The Company is in its growth phase. The Company's dividend policy prioritizes the operating environment, performance, and financial structure. The stock dividends shall be distributed at least 10% to the shareholders. However, the Board may adjust the proportion based on the current operating conditions and submitted to the shareholders' meeting for approval. The distribution ratio for cash dividends to shareholders should not be less than 10% of the total dividend distribution.

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. The amount to be reclassified to special reserve shall be a portion of current period earnings plus other line items in the retained earnings movements and undistributed prior period earnings. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

(iii) Earnings distributed (Accumulated deficit offset)

The Company suffered accumulated losses for the years ended 2024 and 2023. On March 11, 2025, and March 8, 2024, respectively, the Board of Directors resolved not to distribute dividends.

On June 24, 2024, the shareholders' meeting resolved to use legal reserve of $42,516 to offset the accumulated losses.

On March 11, 2025, the Board of Directors of the Company proposed to use special reserve of $588, legal reserve of $104,494, and capital surplus of $60,856 to offset losses. The aforementioned loss offsetting proposal is still subject to the resolution of the shareholders' meeting.

(o) Share based payment

There were no significant changes in share-based payment during the periods from January 1 to March 31, 2025 and 2024. For the related information, please refer to note (6)(o) of the 2024 annual consolidated financial statements for other related information.

(p) Loss per share

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

	For the three months ended March 31,	
	2025	**2024**
Basic loss per share		
Loss attributable to ordinary shareholders of the Company	$ (23,289)	(40,842)
Weighted-average number of outstanding ordinary shares (in thousands)	67,336	67,336
Basic loss per share (dollars)	$ (0.35)	(0.61)

(Continued)

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Diluted loss per share		
Weighted-average number of outstanding ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	67,336	67,336
Diluted loss per share (dollars)	$ (0.35)	(0.61)

For the three months ended March 31, 2025 and 2024, due to net losses after tax, all potential ordinary shares were anti-dilutive and thus excluded from the computation of diluted loss per share.

(q) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Primary geographical markets:		
America	$ 99,118	41,427
Taiwan	27,991	54,532
Belgium	18,062	27,266
Germany	13,964	51,212
others	10,609	51,022
	$ 169,744	225,459
Major products:		
Communication network products	$ 114,283	180,021
Material sales revenue and others	55,461	45,438
	$ 169,744	225,459

(ii) Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable	$ 177,691	222,414	244,410
Less: loss allowance	(477)	(26,229)	(25,830)
	$ 177,214	196,185	218,580
Contract liabilities	$ 111,967	26,339	1,846

For the details on accounts receivable and loss allowance, please refer to note (6)(c).

The amount of revenue recognized for both the three months ended March 31, 2025 and 2024 that were included in the balance of contract liabilities at the beginning of the period was $0.

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

(r) Remuneration to employees and directors

Based on the Company's Articles of Incorporation, the Company shall distribute employees' remuneration at a rate of not less than 5% of the current year's profitability and directors' remuneration at a rate of not more than 2% of the current year's profitability, however, if the Company has accumulated losses, the Company shall make up for them. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees serve in the controlled and affiliated companies who meet certain specific requirements.

The Company did not estimate employee remuneration and directors' remuneration due to loss before income tax for the three months ended March 31, 2025 and 2024.

The Company did not disburse employee remuneration and directors' remuneration due to loss before income tax for the years ended December 31, 2024 and 2023.

(s) Other profits and losses

The other profits and losses of the Group for the three months and three months ended March 31, 2025 and 2024 were as follow:

	For the three months ended March 31,	
	2025	**2024**
Foreign currency exchange gains, net	$ 2,941	7,186
Losses on financial assets (liabilities) at fair value through profit or loss, net	(148)	(5,130)
Gain on lease modification	362	-
Others	(3,405)	-
	$ (250)	2,056

(t) Financial instruments

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

(i) Credit risk

1) Credit risk

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Sales to individual customers constituting over 10% of total revenue for the three months ended March 31, 2025 and 2024, amounted to $133,171 and $187,556, accounting for 78% and 83% of the operating revenue, respectively. The carrying amounts of the accounts receivable as of March 31, 2025 and 2024 amounted to $129,774 and $168,159, respectively. In order to reduce credit risk, the Group continuously assesses the financial status of the customers.

3) Accounts receivable credit risk

For credit risk exposure of accounts receivables, please refer to note (6)(c) and credit risk exposure of other receivables, please refer to note (6)(d).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
March 31, 2025					
Non derivative financial liabilities					
Accounts payable (including related parties)	$ 190,457	(190,457)	(190,457)	-	-
Other payables (including related parties)	99,787	(99,787)	(99,787)	-	-
Lease liabilities－current and non-current	18,576	(19,028)	(7,574)	(7,574)	(3,880)
Derivative financial liabilities					
Foreign exchange forward contracts:	148				
Outflow		(7,194)	(7,194)	-	-
Inflow		7,055	7,055	-	-
	$ 308,968	(309,411)	(297,957)	(7,574)	(3,880)
December 31, 2024					
Non derivative financial liabilities					
Accounts payable (including related parties)	$ 338,276	(338,276)	(338,276)	-	-
Other payables (including related parties)	75,753	(75,753)	(75,753)	-	-
Lease liabilities－current and non-current	40,611	(41,495)	(14,432)	(14,432)	(12,631)
	$ 454,640	(455,524)	(428,461)	(14,432)	(12,631)

	Carrying Amount	Contractual cash flows	Within a year	1 ~ 2 years	Over 2 years
March 31, 2024					
Non derivative financial liabilities					
Accounts payable (including related parties)	$ 155,938	(155,938)	(155,938)	-	-
Other payables (including related parties)	125,516	(125,516)	(125,516)	-	-
Lease liabilities－current and non-current	52,005	(53,087)	(14,918)	(14,577)	(23,592)
Derivative financial liabilities					
Foreign exchange forward contracts:	129				
Outflow		(23,596)	(23,596)	-	-
Inflow		23,533	23,533	-	-
Swap contracts:	313				
Outflow		(19,200)	(19,200)	-	-
Inflow		19,174	19,174	-	-
	$ 333,901	(334,630)	(296,461)	(14,577)	(23,592)

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to financial assets and liabilities for foreign currency risk were as follows:

Unit: thousands of foreign currency

	March 31, 2025			December 31, 2024			March 31, 2024		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	$ 4,104	USD/TWD =33.205	136,273	11,306	USD/TWD =32.785	370,667	5,625	USD/TWD =32	180,000
EUR	1,262	EUR/TWD =35.97	45,394	1,309	EUR/TWD =34.14	44,689	2,410	EUR/TWD =34.46	83,049
Financial liabilities									
Monetary items									
USD	9,347	USD/TWD =33.205	310,367	10,438	USD/TWD =32.785	342,210	1,692	USD/TWD =32	54,144

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable (including related parties), other payables and lease liabilities that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on March 31, 2025 and 2024 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods:

		March 31, 2025	March 31, 2024
USD (against the TWD)			
Strengthening 5%	$	(8,705)	6,293
Weakening 5%		8,705	(6,293)
EUR (against the TWD)			
Strengthening 5%		2,270	4,152
Weakening 5%		(2,270)	(4,152)

3) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2025 and 2024, the foreign exchange gain (including realized and unrealized portions) amounted to $2,941 and $7,186, respectively.

(iv) Interest rate analysis

The Group's risk exposure to financial assets and liabilities for interest rate has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate for 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 whole 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 management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, assuming all other variables remaining constant, the net loss before tax would have decreased or increased by $48 and $70 for the three months ended March 31, 2025 and 2024 respectively, which would be mainly resulted from the bank deposits with variable interest rates.

(v) Fair value

1) The kinds of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows. However, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required.

	March 31, 2025				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 527,759	-	-	-	-
Accounts receivable, net	177,214	-	-	-	-
Other receivables, net	931	-	-	-	-
Other non-current asset (refundable deposits)	2,091	-	-	-	-
Other non-current asset (Pledged certificate of deposits)	500	-	-	-	-
Total	$ 708,495				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 148	-	148	-	148
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	190,457	-	-	-	-
Other payables (including related parties)	99,787	-	-	-	-
Lease liabilities–current and non-current	18,576	-	-	-	-
Subtotal	308,820	-	-	-	-
Total	$ 308,968				

	December 31, 2024				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 520,103	-	-	-	-
Accounts receivable, net	196,185	-	-	-	-
Other receivables, net	19,548	-	-	-	-
Other non-current asset (refundable deposits)	3,841	-	-	-	-
Other non-current asset (Pledged certificate of deposits)	500	-	-	-	-
Total	$ 740,177				
Financial liabilities at amortized cost					
Accounts payable (including related parties)	$ 338,276	-	-	-	-
Other payables (including related parties)	75,753	-	-	-	-
Lease liabilities–current and non-current	40,611	-	-	-	-
Total	$ 454,640				

	March 31, 2024				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 462,970	-	-	-	-
Accounts receivable, net	218,580	-	-	-	-
Other receivables, net	2,723	-	-	-	-
Other non-current asset (refundable deposits)	3,701				
Other non-current asset (Pledged certificate of deposits)	500	-	-	-	-
Total	**$ 688,474**				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 442	-	442	-	44237
Financial liabilities at amortized cost					
Accounts payable (including related parties)	155,938	-	-	-	-
Other payables (including related parties)	125,516	-	-	-	-
Lease liabilities–current and non-current	52,005	-	-	-	-
Subtotal	333,459				
Total	**$ 333,901**				

2) Valuation techniques for financial instruments not measured at fair value

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

a) Financial liabilities measured at amortized cost

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

3) Valuation technique for financial instruments measured at fair value

a) Derivative financial instruments

Measurement of 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 contracts is usually determined by using the forward currency rate.

4) There were no transfers from one level to another for the three months ended March 31, 2025 and 2024.

(u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note (6)(u) of the consolidated financial statements for the year ended December 31, 2024.

(v) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. Also, management believes that there were no significant changes in the Group's capital management quantified information as disclosed for the year ended December 31, 2024. Please refer to Note (6)(v) of the consolidated financial statements for the year ended December 31, 2024 for further details.

(w) Investing and financing activities not affecting cash flow

The Group's investing and financing activities which did not affect the cash flow for the three months ended March 31, 2025 and 2024 were as the acquisition of right of use assets by lease, please see notes (6)(h).

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2025	**Cash flows**	**Acquisition**	**Disposal**	**March 31, 2025**
Lease liabilities	$ 40,611	(1,802)	-	(20,233)	18,576

			Non-cash changes		
	January 1, 2024	**Cash flows**	**Acquisition**	**Disposal**	**March 31, 2024**
Lease liabilities	$ 55,812	(3,807)	-	-	52,005

(7) Related-party transactions

(a) Parent company and ultimate controlling party

Compal Electronics, Inc. (“Compal Electronics”) is the parent company of the consolidated entity but also the ultimate controlling party of the Group. Compal Electronics, Inc. has issued the consolidated financial statements available for public use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Compal Electronics, Inc. (“Compal Electronics”)	Parent company
Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	The subsidiary of parent company
Compal (Vietnam) Co., Ltd. (“CVC”)	The subsidiary of parent company
Kinpo Group Management Service Company (“Kinpo”)	The associate of parent company
Starmems Semiconductor Corp. (“Starmems”)	An associate

(c) Significant transactions with related parties

(i) Purchases and processing fee

	For the three months ended March 31,	
	2025	2024
Parent Company- Compal Electronics	$ 7,983	44,184

The terms and pricing of purchase transactions with related parties, with payment terms ranging from 90~120 days, were not significantly different from those offered by other vendors.

The Group sold raw materials to its related parties for processing purposes, wherein the related sales income and costs have been eliminated in the financial statements and were not treated as sales of raw materials and purchases of finished goods. For the raw materials sold and processed, the uncollected amounts are recorded under other receivables, whereas for the raw materials that have not been processed, the collected amounts are recorded under other payables.

(ii) Other expenditures

Parent company and other related parties provided software updated services (the provisions were eliminated in the financial statements), professional services and other expenditures for the Group, and the related expenses were as follows:

	For the three months ended March 31,	
	2025	**2024**
Parent Company- Compal Electronics	$ 349	5,804
Other related parties	25	25
	$ 374	5,829

(iii) Rental income

The Company leases office space and machinery equipment to the associates. Rental agreements are signed based on prevailing rental rates in neighboring areas and rental is collected on a monthly basis. For the three months ended March 31, 2025 and 2024, the rent revenue amounted to $390 and $656, respectively.

(iv) Receivables from related parties

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

Account	**Related party categories**	**March 31, 2025**	**December 31, 2024**	**March 31, 2024**
Other receivables	Other related parties-CVC	$ -	18,705	-
	Associate	266	266	-
		$ 266	18,971	-

(v) Payables to related parties

The payables arising from the transactions mentioned above and payment on behalf of the group were as follows:

Account	**Related party categories**	**March 31, 2025**	**December 31, 2024**	**March 31, 2024**
Accounts payable	Parent Company-Compal Electronics	$ 108,310	223,168	95,987
Other payables	Other related parties-CDE	33,421	33,421	34,024
Other payables	Other related parties-CVC	33,992	-	41,879
Other payables	Other related parties	26	26	26
		$ 175,749	256,615	171,916

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2025	2024
Short-term employee benefits	$ 5,458	9,615
Post-employment benefits	216	241
Share-based payments	-	432
	$ 5,674	10,288

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

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Assets	Subject	March 31, 2025	December 31, 2024	March 31, 2024
Other non-current assets-restricted asset-time deposit	Guarantee payment for import VAT	$ 500	500	500

(9) Significant commitments and contingencies:

As of March 31, 2025, the Group has signed technical service agreements with outstanding payments amounting to USD 3,750 (approximately NTD 124,519).

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

(a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function / By item	For the three months ended March 31					
	2025			2024		
	Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits						
Salary	-	33,664	33,664	-	40,909	40,909
Labor and health insurance	-	2,475	2,475	-	3,668	3,668
Pension	-	1,192	1,192	-	1,753	1,753
Others	-	782	782	-	1,236	1,236
Depreciation	1,156	12,882	14,038	1,270	13,951	15,221
Amortization	-	531	531	-	337	337

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of March 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(v) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(vi) Business relationships and significant intercompany transactions: None

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2025 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2025			Net income (losses) of investee	Investment Income (losses)	Note
				March 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	CBNB	Belgium	Import, export, technical support, and consulting services for broadband network products and related components	6,842	6,842	20	100%	5,156	(86)	(86)	Notes 1、2
The Company	CBNN	Netherlands	〃	7,016	7,016	20	100%	6,488	(93)	(93)	Notes 1、2
The Company	Starmems	Taiwan	Research and development of micro-electro-mechanical system (MEMS) microphone technology products	16,300	16,300	1,630	9.59%	6,187	(6,221)	(597)	The company of investments accounted for using equity method

Note 1: Except for the current period profit or loss of the investee, which was translated into NTD using the average exchange rate (EUR@34.22), all other items were translated using the closing exchange rate as of the reporting date (EUR@35.97).

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

(c) Information on investment in mainland China: None

(14) Segment information:

The Group has one reportable segment, mainly engaged in researching, developing, and selling communications products such as intelligent gateways, digital set-top boxes, and wireless broadband share devices. Please refer to the balance sheet and the statement of comprehensive income for details of departmental profit and loss, departmental assets, and departmental liability in line with the financial statements.