

**COMPAL BROADBAND NETWORKS, INC. AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2022 and 2021**

Address: 13F.-1, NO.1, Taiyuan 1st St., Zhubei City, Hsinchu County, Taiwan  
Telephone: (03)560-0066

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.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10~11
(6) Explanation of significant accounts	11~33
(7) Related-party transactions	33~35
(8) Pledged assets	35
(9) Significant Commitments and contingencies	35
(10) Losses due to major disasters	35
(11) Subsequent events	35
(12) Other	35~36
(13) Other disclosures	
(a) Information on significant transactions	36~37
(b) Information on investees	37
(c) Information on investment in mainland China	37
(d) Major shareholders	37
(14) Segment information	37~38



安侯建業聯合會計師事務所  
KPMG

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

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

## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Compal Broadband Networks, Inc. and its subsidiaries as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 2022 and 2021, 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 Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 generally accepted auditing standards 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 June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



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

KPMG

Taipei, Taiwan (Republic of China)

August 3, 2022

#### **Notes to Readers**

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

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)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months and six months ended June 30, 2022 and 2021**

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

	For the three months ended June 30				For the six months ended June 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (note(6)(r))</b>	\$ 674,468	100	733,785	100	1,424,738	100	1,491,071	100
5000	<b>Operating costs (notes(6)(e), (7) and (12))</b>	<u>570,961</u>	<u>85</u>	<u>596,830</u>	<u>81</u>	<u>1,189,537</u>	<u>83</u>	<u>1,236,117</u>	<u>83</u>
	<b>Gross profit from operations</b>	<u>103,507</u>	<u>15</u>	<u>136,955</u>	<u>19</u>	<u>235,201</u>	<u>17</u>	<u>254,954</u>	<u>17</u>
	<b>Operating expenses: (notes(6)(l), (6)(m), (6)(s), (7) and (12))</b>								
6100	Selling expenses	27,935	4	32,792	4	74,471	5	61,303	4
6200	Administrative expenses	26,389	4	27,398	4	53,590	4	52,810	4
6300	Research and development expenses	<u>61,409</u>	<u>9</u>	<u>51,095</u>	<u>7</u>	<u>124,738</u>	<u>9</u>	<u>96,654</u>	<u>6</u>
	<b>Total operating expenses</b>	<u>115,733</u>	<u>17</u>	<u>111,285</u>	<u>15</u>	<u>252,799</u>	<u>18</u>	<u>210,767</u>	<u>14</u>
	<b>Net operating income (loss)</b>	<u>(12,226)</u>	<u>(2)</u>	<u>25,670</u>	<u>4</u>	<u>(17,598)</u>	<u>(1)</u>	<u>44,187</u>	<u>3</u>
	<b>Non-operating income and expenses:</b>								
7010	Other income	1,013	-	383	-	2,601	-	810	-
7020	Other gains and losses (note(6)(t))	35	-	(4,921)	(1)	3,655	-	(28,813)	(2)
7100	Interest income	645	-	766	-	1,092	-	1,560	-
7510	Interest expense (note(6)(l))	(248)	-	(36)	-	(570)	-	(78)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note(6)(f))	<u>(681)</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>(1,231)</u>	<u>-</u>	<u>(13)</u>	<u>-</u>
		<u>764</u>	<u>-</u>	<u>(3,821)</u>	<u>(1)</u>	<u>5,547</u>	<u>-</u>	<u>(26,534)</u>	<u>(2)</u>
7900	<b>Profit (loss) from continuing operations before tax</b>	(11,462)	(2)	21,849	3	(12,051)	(1)	17,653	1
7950	<b>Less: Income tax (benefit) expenses (note(6)(n))</b>	<u>(2,156)</u>	<u>-</u>	<u>4,378</u>	<u>1</u>	<u>(4,076)</u>	<u>-</u>	<u>3,672</u>	<u>-</u>
	<b>Profit (loss)</b>	<u>(9,306)</u>	<u>(2)</u>	<u>17,471</u>	<u>2</u>	<u>(7,975)</u>	<u>(1)</u>	<u>13,981</u>	<u>1</u>
8300	<b>Other comprehensive income:</b>								
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	(217)	-	(84)	-	(46)	-	(640)	-
8399	Less: income tax related to items that will be reclassified to profit or loss	<u>(43)</u>	<u>-</u>	<u>(17)</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(128)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(174)</u>	<u>-</u>	<u>(67)</u>	<u>-</u>	<u>(37)</u>	<u>-</u>	<u>(512)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>(174)</u>	<u>-</u>	<u>(67)</u>	<u>-</u>	<u>(37)</u>	<u>-</u>	<u>(512)</u>	<u>-</u>
	<b>Total comprehensive income</b>	<u>\$ (9,480)</u>	<u>(2)</u>	<u>17,404</u>	<u>2</u>	<u>(8,012)</u>	<u>(1)</u>	<u>13,469</u>	<u>1</u>
	<b>Earnings per share(note(6)(q))</b>								
9750	Basic earnings per share	<u>\$ (0.14)</u>		<u>0.26</u>		<u>(0.12)</u>		<u>0.21</u>	
9850	Diluted earnings per share			<u>\$ 0.26</u>				<u>0.21</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the six months ended June 30, 2022 and 2021**

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

	Ordinary share	Advance receipts for share capital	Capital surplus	Retained earnings			Total	Other equity		Total	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements	Unearned employee benefit		
<b>Balance at January 1, 2021</b>	\$ 669,324	350	378,674	139,063	309	471,346	610,718	90	-	90	1,659,156
Profit for the six months ended June 30, 2021	-	-	-	-	-	13,981	13,981	-	-	-	13,981
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	-	(512)	-	(512)	(512)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	13,981	13,981	(512)	-	(512)	13,469
Exercise of employee share options	380	(350)	-	-	-	-	-	-	-	-	30
<b>Balance at June 30, 2021</b>	<b>\$ 669,704</b>	<b>-</b>	<b>378,674</b>	<b>139,063</b>	<b>309</b>	<b>485,327</b>	<b>624,699</b>	<b>(422)</b>	<b>-</b>	<b>(422)</b>	<b>1,672,655</b>
<b>Balance at January 1, 2022</b>	\$ 684,704	-	389,633	143,735	-	452,848	596,583	(984)	(45,219)	(46,203)	1,624,717
Loss for the six months ended June 30, 2022	-	-	-	-	-	(7,975)	(7,975)	-	-	-	(7,975)
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	-	(37)	-	(37)	(37)
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	(7,975)	(7,975)	(37)	-	(37)	(8,012)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	3,275	-	(3,275)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	984	(984)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(68,419)	(68,419)	-	-	-	(68,419)
Share-based payment transactions	(655)	-	(1,355)	-	-	-	-	-	15,769	15,769	13,759
<b>Balance at June 30, 2022</b>	<b>\$ 684,049</b>	<b>-</b>	<b>388,278</b>	<b>147,010</b>	<b>984</b>	<b>372,195</b>	<b>520,189</b>	<b>(1,021)</b>	<b>(29,450)</b>	<b>(30,471)</b>	<b>1,562,045</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months and six months ended June 30, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
(Loss) profit before tax	\$ (12,051)	17,653
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization expense	31,618	25,988
Expected credit loss	791	852
Interest expense	570	78
Interest income	(1,092)	(1,560)
Compensation cost of employee share-based payment	13,759	-
Share of loss of associates and joint ventures accounted for using equity method	1,231	13
<b>Total adjustments to reconcile profit</b>	<b>46,877</b>	<b>25,371</b>
<b>Changes in operating assets and liabilities:</b>		
Change in financial assets mandatorily measured at fair value through profit or loss	(12,842)	(4,006)
Decrease (increase) in accounts receivable	58,876	(206,984)
Decrease (increase) in other receivables	203,314	(58,458)
Decrease in inventories	5,274	18,290
Decrease (increase) in prepayments	11,101	(9,381)
(Increase) decrease in other current assets	(190)	1,050
Decrease in financial liabilities held for trading	-	(9,701)
Decrease in contract liabilities	(255)	(10,674)
(Decrease) increase in accounts payable	(555,477)	108,322
Decrease in other payable	(42,737)	(15,726)
Decrease in provisions	(22,175)	(10,948)
Increase (decrease) in other current liabilities	649	(1,776)
<b>Total changes in operating assets and liabilities</b>	<b>(354,462)</b>	<b>(199,992)</b>
<b>Total adjustments</b>	<b>(307,585)</b>	<b>(174,621)</b>
Cash outflow generated from operations	(319,636)	(156,968)
Interest received	1,033	1,619
Interest paid	(544)	(78)
Income taxes refund (paid)	24,190	(87)
<b>Net cash flows used in operating activities</b>	<b>(294,957)</b>	<b>(155,514)</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	-	(10,000)
Acquisition of property, plant and equipment	(41,694)	(34,376)
Increase in refundable deposits	-	(27)
Acquisition of intangible assets	(1,382)	(2,363)
<b>Net cash flows used in investing activities</b>	<b>(43,076)</b>	<b>(46,766)</b>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from short-term borrowings	296,380	-
Repayments of short-term borrowings	(171,620)	-
Payment of lease liabilities	(7,804)	(8,200)
Cash dividends paid	(68,419)	-
Exercise of employee share options	-	30
<b>Net cash flows from (used in) financing activities</b>	<b>48,537</b>	<b>(8,170)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(46)</b>	<b>(640)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(289,542)</b>	<b>(211,090)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,046,514</b>	<b>1,524,536</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 756,972</b>	<b>1,313,446</b>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**June 30, 2022 and 2021**

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

**(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-PAL Technology Inc. (ZHI-PAL Technology) with the shareholding ratio was 52% and 48% respectively. The parent company of the Company is Compal Electronics. As of June 30, 2022 and 2021, Compal Electronics and its subsidiaries held 62% and 64% shares in the Company, respectively.

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, 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 August 3, 2022.

**(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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

- (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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. 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”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and the guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the 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 endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			June 30, 2022	December 31, 2021	June 30, 2021
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 best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the 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 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.

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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, 2021. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2021.

**(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 2021 consolidated financial statements. Please refer to Note (6) of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand	\$ 467	234	255
Checking accounts and demand deposits	439,505	710,280	767,716
Time deposits	<u>317,000</u>	<u>336,000</u>	<u>545,475</u>
	<u>\$ 756,972</u>	<u>1,046,514</u>	<u>1,313,446</u>

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

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current financial assets mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ 21,318	8,380	4,006
Foreign exchange swaps contracts	<u>-</u>	<u>96</u>	<u>-</u>
Total	<u>\$ 21,318</u>	<u>8,476</u>	<u>4,006</u>

Please refer to note (6)(u) for the credit risk of the financial instruments of the Group.

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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:

<b>June 30, 2022</b>			
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Foreign exchange contracts:</b>			
Foreign exchange sold	EUR 12,000	EUR to USD	July 11, 2022~ September 26, 2022
<b>December 31, 2021</b>			
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Foreign exchange contracts:</b>			
Foreign exchange sold	EUR 16,000	EUR to USD	January 10, 2022~ May 9, 2022
Foreign exchange sold	EUR 1,500	EUR to TWD	January 5, 2022
<b>Swap contracts:</b>			
Foreign exchange swaps	USD 1,000	USD to TWD	March 1, 2022
<b>June 30, 2021</b>			
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Foreign exchange contracts:</b>			
Foreign exchange sold	EUR 4,000	EUR to USD	July 9, 2021~ July 23, 2021
Foreign exchange sold	EUR 1,000	EUR to TWD	August 5, 2021

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (c) Accounts receivable

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Accounts receivable	\$ 838,294	897,170	729,561
Less: loss allowance	<u>(2,918)</u>	<u>(1,632)</u>	<u>(2,017)</u>
	<b><u>\$ 835,376</u></b>	<b><u>895,538</u></b>	<b><u>727,544</u></b>

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:

<b>June 30, 2022</b>				
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>	<b>Credit impaired</b>
Level A	\$ 3,689	0.00%	-	No
Level B	\$ 604,457	0.10%	609	No
Level C	<u>230,148</u>	1.00%	<u>2,309</u>	No
	<b><u>\$ 838,294</u></b>		<b><u>2,918</u></b>	
<b>December 31, 2021</b>				
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>	<b>Credit impaired</b>
Level B	\$ 815,467	0.10%	815	No
Level C	<u>81,703</u>	1.00%	<u>817</u>	No
	<b><u>\$ 897,170</u></b>		<b><u>1,632</u></b>	
<b>June 30, 2021</b>				
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>	<b>Credit impaired</b>
Level B	\$ 586,597	0.10%	587	No
Level C	<u>142,964</u>	1.00%	<u>1,430</u>	No
	<b><u>\$ 729,561</u></b>		<b><u>2,017</u></b>	

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The aging analysis of accounts receivable were as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Overdue 1~30 days	\$ 86,398	154,667	107,834
Overdue 31~60 days	-	131,535	45,614
Overdue 61~90 days	10,674	22,252	-
Overdue 91~180 days	9,860	19,162	-
	<u><u>\$ 106,932</u></u>	<u><u>327,616</u></u>	<u><u>153,448</u></u>

The movements of allowance for accounts receivable were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 1,632	1,269
Impairment loss recognized	1,286	748
Balance at June 30	<u><u>\$ 2,918</u></u>	<u><u>2,017</u></u>

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any aforementioned accounts receivable as collaterals.

(d) Other receivables

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Other receivables	\$ 73,347	276,602	186,010
Less: loss allowance	(404)	(899)	(379)
	<u><u>\$ 72,943</u></u>	<u><u>275,703</u></u>	<u><u>185,631</u></u>

The aging analysis of overdue other receivables were as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Overdue 1~30 days	\$ 9,087	15,543	28,831
Overdue 31~60 days	2,675	-	-
	<u><u>\$ 11,762</u></u>	<u><u>15,543</u></u>	<u><u>28,831</u></u>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The movements of allowance for other receivables were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 899	275
Impairment loss (reversed) recognized	(495)	104
Balance at June 30	<u>\$ 404</u>	<u>379</u>

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any aforementioned other receivables as collaterals.

(e) Inventories

(i) A details of the Group's inventories were as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Raw materials	\$ 552,945	489,899	260,166
Semi-finished goods	5,144	2,523	2,051
Merchandise	49,485	120,426	28,133
	<u>\$ 607,574</u>	<u>612,848</u>	<u>290,350</u>

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Cost of sales and expenses	\$ 570,961	598,609	1,193,653	1,239,705
Reversal for inventory valuation and obsolescence loss	-	(1,779)	(4,116)	(3,588)
	<u>\$ 570,961</u>	<u>596,830</u>	<u>1,189,537</u>	<u>1,236,117</u>

For the six months ended June 30, 2022 and 2021, the Group reversed write-down inventories and obsolescence losses from inventory destocking.

(iii) As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any inventories as collaterals.

(Continued)



**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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:

	<u>June 30,</u> <u>2022</u>	<u>December</u> <u>31, 2021</u>	<u>June 30,</u> <u>2021</u>
The carrying amount of individually insignificant associates equity	\$ <u>8,475</u>	<u>9,706</u>	<u>9,987</u>

The Group's share of the net loss of associates was as follows:

	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net loss from continuing operations	\$ <u>(681)</u>	<u>(13)</u>	<u>(1,231)</u>	<u>(13)</u>
Total comprehensive income	\$ <u>(681)</u>	<u>(13)</u>	<u>(1,231)</u>	<u>(13)</u>

- (ii) As of June 30, 2022, December 31 and June 30, 2021, 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 six months ended June 30, 2022 and 2021 were as follows:

	<u>Research and development equipment</u>	<u>Mold equipment</u>	<u>Machinery and equipment</u>	<u>Leasehold improvement and other equipment</u>	<u>Construction in progress and prepayment for purchase of equipment</u>	<u>Total</u>
<b>Cost or deemed cost:</b>						
Balance at January 1, 2022	\$ 372,091	13,152	6,318	85,726	5,121	482,408
Additions	33,577	2,425	224	4,917	551	41,694
Disposals	(2,398)	-	-	-	-	(2,398)
Reclassifications	<u>1,102</u>	<u>-</u>	<u>-</u>	<u>4,570</u>	<u>(5,672)</u>	<u>-</u>
Balance at June 30, 2022	<u>\$ 404,372</u>	<u>15,577</u>	<u>6,542</u>	<u>95,213</u>	<u>-</u>	<u>521,704</u>
Balance at January 1, 2021	\$ 300,292	13,152	6,425	72,845	-	392,714
Additions	29,692	-	-	947	3,737	34,376
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>(27)</u>
Balance at June 30, 2021	<u>\$ 329,984</u>	<u>13,152</u>	<u>6,425</u>	<u>73,765</u>	<u>3,737</u>	<u>427,063</u>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Research and development equipment</u>	<u>Mold equipment</u>	<u>Machinery and equipment</u>	<u>Leasehold improvement and other equipment</u>	<u>Construction in progress and prepayment for purchase of equipment</u>	<u>Total</u>
Depreciation:						
Balance at January 1, 2022	\$ 274,735	12,845	6,201	50,366	-	344,147
Depreciation	16,226	111	57	3,770	-	20,164
Disposals	<u>(2,398)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,398)</u>
Balance at June 30, 2022	<u>\$ 288,563</u>	<u>12,956</u>	<u>6,258</u>	<u>54,136</u>	<u>-</u>	<u>361,913</u>
Balance at January 1, 2021	\$ 251,745	12,625	6,244	45,846	-	316,460
Depreciation	10,447	111	32	2,591	-	13,181
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>(27)</u>
Balance at June 30, 2021	<u>\$ 262,192</u>	<u>12,736</u>	<u>6,276</u>	<u>48,410</u>	<u>-</u>	<u>329,614</u>
Carrying amounts:						
Balance at January 1, 2022	<u>\$ 97,356</u>	<u>307</u>	<u>117</u>	<u>35,360</u>	<u>5,121</u>	<u>138,261</u>
Balance at June 30, 2022	<u>\$ 115,809</u>	<u>2,621</u>	<u>284</u>	<u>41,077</u>	<u>-</u>	<u>159,791</u>
Balance at January 1, 2021	<u>\$ 48,547</u>	<u>527</u>	<u>181</u>	<u>26,999</u>	<u>-</u>	<u>76,254</u>
Balance at June 30, 2021	<u>\$ 67,792</u>	<u>416</u>	<u>149</u>	<u>25,355</u>	<u>3,737</u>	<u>97,449</u>

As of June 30, 2022, December 31 and June 30, 2021, 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 been a lessee is presented as below:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 120,203	7,039	127,242
Additions	<u>300</u>	<u>-</u>	<u>300</u>
Balance at June 30, 2022	<u>\$ 120,503</u>	<u>7,039</u>	<u>127,542</u>
Balance at January 1, 2021	\$ 41,252	6,183	47,435
Additions	304	2,963	3,267
Disposals	<u>(286)</u>	<u>(2,352)</u>	<u>(2,638)</u>
Balance at June 30, 2021	<u>\$ 41,270</u>	<u>6,794</u>	<u>48,064</u>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Depreciation:			
Balance at January 1, 2022	\$ 41,229	2,810	44,039
Depreciation	<u>6,863</u>	<u>1,117</u>	<u>7,980</u>
Balance at June 30, 2022	<u>\$ 48,092</u>	<u>3,927</u>	<u>52,019</u>
Balance at January 1, 2021	\$ 27,668	3,967	31,635
Depreciation	6,954	1,175	8,129
Disposals	<u>(286)</u>	<u>(2,352)</u>	<u>(2,638)</u>
Balance at June 30, 2021	<u>\$ 34,336</u>	<u>2,790</u>	<u>37,126</u>
Carrying amount:			
Balance at January 1, 2022	<u>\$ 78,974</u>	<u>4,229</u>	<u>83,203</u>
Balance at June 30, 2022	<u>\$ 72,411</u>	<u>3,112</u>	<u>75,523</u>
Balance at January 1, 2021	<u>\$ 13,584</u>	<u>2,216</u>	<u>15,800</u>
Balance at June 30, 2021	<u>\$ 6,934</u>	<u>4,004</u>	<u>10,938</u>

(i) Intangible Assets

The cost and accumulated amortization of intangible assets of the Group for the six months ended June 30, 2022 and 2021 were as follows:

	<u>Computer software</u>
Cost:	
Balance at January 1, 2022	\$ 16,683
Additions	1,382
Disposals	<u>(4,019)</u>
Balance at June 30, 2022	<u>\$ 14,046</u>
Balance at January 1, 2021	\$ 40,892
Additions	2,363
Disposals	<u>(27,621)</u>
Balance at June 30, 2021	<u>\$ 15,634</u>
Accumulated amortization:	
Balance at January 1, 2022	\$ 9,873
Amortization	3,474
Disposals	<u>(4,019)</u>
Balance at June 30, 2022	<u>\$ 9,328</u>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Computer software</b>
Balance at January 1, 2021	\$ 31,838
Amortization	4,678
Disposals	<u>(27,621)</u>
Balance at June 30, 2021	<b><u>\$ 8,895</u></b>
Carrying amount:	
Balance at January 1, 2022	<b><u>\$ 6,810</u></b>
Balance at June 30, 2022	<b><u>\$ 4,718</u></b>
Balance at January 1, 2021	<b><u>\$ 9,054</u></b>
Balance at June 30, 2021	<b><u>\$ 6,739</u></b>

For the three months and six months ended June 30, 2022 and 2021, the amortization of intangible assets are included in the statement of comprehensive income as operating expenses amounted to \$1,699 thousand, \$2,021 thousand, \$3,474 thousand and \$4,678 thousand, respectively.

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any intangible assets as collaterals.

(j) Short term borrowings

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Unsecured bank loans	<b><u>\$ 124,760</u></b>	<u>-</u>	<u>-</u>
Unused credit line for short term borrowings	<b><u>\$ 805,620</u></b>	<b><u>902,520</u></b>	<b><u>905,530</u></b>
Range of interest rates	<b><u>0.15%~0.27%</u></b>	<u>-</u>	<u>-</u>

For the information of the Group's interest risk, foreign currency risk and liquidity risk, please see note (6)(u).

(k) Provisions

	<b>Warranty Provisions</b>
Balance at January 1, 2022	\$ 179,577
Provisions made during the period	9,539
Provisions reversed during the period	(2,705)
Provisions used during the period	<u>(29,009)</u>
Balance at June 30, 2022	<b><u>\$ 157,402</u></b>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Warranty Provisions</b>
Balance at January 1, 2021	\$ 200,850
Provisions made during the period	8,766
Provisions reversed during the period	(2,024)
Provisions used during the period	<u>(17,690)</u>
Balance at June 30, 2021	<u><u>\$ 189,902</u></u>

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 Company expected the aforementioned provisions would occur within a year after-sales.

(l) Lease liabilities

The details of lease liabilities were as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Current	<u>\$ 15,019</u>	<u>15,253</u>	<u>5,974</u>
Non-current	<u>\$ 60,888</u>	<u>68,158</u>	<u>5,060</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest expense on lease liabilities	<u>\$ 212</u>	<u>36</u>	<u>433</u>	<u>78</u>
Expenses relating to short-term leases	<u>\$ 85</u>	<u>101</u>	<u>172</u>	<u>186</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 20</u>	<u>17</u>	<u>45</u>	<u>34</u>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<u>\$ 8,454</u>	<u>8,498</u>

The Group leases buildings, parking spaces, and transportation equipment, which typically run for 1 to 6 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.

(m) 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 and six months ended June 30, 2022 and 2021 were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Selling expenses	\$ 253	211	552	405
Administration expenses	479	582	948	1,109
Research and development expenses	1,372	1,280	2,786	2,492
	<u>\$ 2,104</u>	<u>2,073</u>	<u>4,286</u>	<u>4,006</u>

(n) 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 (benefit) were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current tax (benefit) expense	\$ <u>(2,156)</u>	<u>4,378</u>	<u>(4,076)</u>	<u>3,672</u>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Items that might be reclassified subsequently to profit or loss:				
Foreign currency translation differences of foreign operations	\$ <u>(43)</u>	<u>(17)</u>	<u>(9)</u>	<u>(128)</u>

- (iii) The R.O.C. tax authorities have examined the income tax returns of the Company through 2019.

- (o) 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 June 30, 2022 and 2021. Please refer to note (6)(n) of the 2021 annual consolidated financial statements for other related information.

- (i) Ordinary shares

Reconciliation of shares outstanding for the six months ended June 30, 2022 and 2021 were as follow:

	<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	68,470	66,967
Exercise of employee share options	-	3
Cancellation of employee restricted shares	(65)	-
Balance at June 30	<b>68,405</b>	<b>66,970</b>

The Company applied for the employee share option certificates for the six months ended June 30, 2021, amounting to \$30 thousand. As of December 31, 2021, the employee share options were completed, and its accumulated subscribed share capital amounted to \$26,722 thousand.

The Company issued new restricted employee stocks amounting to \$15,000 thousand for 2021. For the six months ended June 30, 2022, the share capital of \$655 thousand was canceled, which reduced the capital reserve of \$1,355 thousand because some employees who received restricted stock options did not meet the vesting conditions. The registration had been completed.

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Capital surplus

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Additional paid in capital premium	\$ 310,482	310,482	330,573
Employee share options	48,101	48,101	48,101
Issuance of employee restricted shares	<u>29,695</u>	<u>31,050</u>	<u>-</u>
	<b><u>\$ 388,278</u></b>	<b><u>389,633</u></b>	<b><u>378,674</u></b>

The Company's general meeting of the shareholders held on August 30, 2021, approved to distribute the cash dividend of \$ 20,091 thousand (\$0.3 per share) through capital surplus.

(iii) 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 half 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.

(iv) Earnings distributed

The amount of cash dividends of appropriations of earnings for 2021 had been approved in the board meeting held on March 9, 2022. The appropriations of earnings for 2020 had been approved in the shareholders' meeting on August 30, 2021. These earnings were appropriated as follows:

(Continued)



**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>2021</u>		<u>2020</u>	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Cash dividends distributed to ordinary shareholders	\$ 1.0	<u>68,419</u>	0.7	<u>46,879</u>

(p) Share based payment

There were no significant changes in share-based payment during the periods from January 1 to June 30, 2022 and 2021. For the related information, please refer to note (6)(o) of the 2021 annual consolidated financial statements for other related information.

(q) Earnings per share

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

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Basic earnings per share</b>				
(Loss) Profit attributable to ordinary shareholders of the Company	\$ <u>(9,306)</u>	<u>17,471</u>	<u>(7,975)</u>	<u>13,981</u>
Weighted average number of outstanding ordinary shares (in thousands)	<u>66,970</u>	<u>66,970</u>	<u>66,970</u>	<u>66,970</u>
Basic earnings per share (dollars)	\$ <u>(0.14)</u>	<u>0.26</u>	<u>(0.12)</u>	<u>0.21</u>
<b>Diluted earnings per share</b>				
(Loss) profit attributable to ordinary shareholders of the Company	\$ <u>(9,306)</u>	<u>17,471</u>	<u>(7,975)</u>	<u>13,981</u>
Weighted average number of outstanding ordinary shares (Basic) (in thousands)		66,970		66,970
Effect of dilutive potential ordinary shares (in thousands):				
Effect of remuneration to employees		71		137
Employee stock options		-		1
Weighted average number of ordinary shares (diluted) (in thousands)		<u>67,041</u>		<u>67,108</u>
Diluted earnings per share (dollars)	\$ <u>0.26</u>			<u>0.21</u>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The employee restricted shares and employee's remuneration issued by the Company have no dilutive effect. Therefore, the employee restricted shares and employee's remuneration do not include in the calculation of diluted earnings per share for the three months and six months ended of June 30, 2022.

(r) Revenue from contracts with customers

(i) Details of revenue

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Primary geographical markets:				
Europe	\$ 384,698	490,046	823,944	885,092
America	200,762	187,694	429,312	518,578
Asia and others	89,008	56,045	171,482	87,401
	<b>\$ 674,468</b>	<b>733,785</b>	<b>1,424,738</b>	<b>1,491,071</b>
Major products:				
Communication network products	\$ 642,841	709,707	1,375,386	1,434,289
Material sales revenue and others	31,627	24,078	49,352	56,782
	<b>\$ 674,468</b>	<b>733,785</b>	<b>1,424,738</b>	<b>1,491,071</b>

(ii) Contract balances

	<b>June 30,</b>	<b>December</b>	<b>June 30,</b>
	<b>2022</b>	<b>31, 2021</b>	<b>2021</b>
Accounts receivable	\$ 838,294	897,170	729,561
Less: loss allowance	(2,918)	(1,632)	(2,017)
	<b>\$ 835,376</b>	<b>895,538</b>	<b>727,544</b>
Contract liabilities	<b>\$ 844</b>	<b>1,099</b>	<b>10,988</b>

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

The amount of revenue recognized for the three months and six months ended June 30, 2022 and 2021 that were included in the contract liability balance or increased by the beginning of the period were \$0 thousand, \$0 thousand, \$258 thousand and \$15,505 thousand, respectively.

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.

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) 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 six months ended June 30, 2022.

The employee remuneration amounted to \$1,983 thousand for the three months and six months ended June 30, 2021. The remuneration of directors amounted to \$198 thousand for the three months and six months ended June 30, 2021. The estimated amounts mentioned above are based on the net profit before tax prior to deduction of the remuneration to employees and directors of each respective ending period, multiplied by the percentage of remuneration to employees and directors which is proposed by the Board of Directors as a basis of estimation. The estimations were recorded under operating expenses for each period. If the Board of Directors approve to distribute employee remuneration in the form of stock, the number of the shares of the employee remuneration is determined based on the closing price of the day before the Board of Directors meeting, and the related information can be accessed through the Market Observation Post System website.

There is no differences between the amounts estimated and approved by the Board of Directors and those recognized in the financial statements for the years ended December 31, 2021 and 2020, and the related information can be accessed through the Market Observation Post System website.

(t) Other profits and losses

The other profits and losses of the Group for the three months and six months ended June 30, 2022 and 2021 were as follow:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Foreign currency exchange losses, net	\$ (36,191)	(8,554)	(43,039)	(41,253)
Gains on financial assets at fair value through profit or loss, net	36,226	3,633	46,694	12,440
	<u>\$ 35</u>	<u>(4,921)</u>	<u>3,655</u>	<u>(28,813)</u>

(u) 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 2021 annual consolidated financial statements for related information.

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Credit risk

1) Credit risk exposure

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 and six months ended June 30, 2022 and 2021, amounted to \$506,812 thousand, \$505,882 thousand, \$1,096,521 thousand and \$1,108,903 thousand, respectively. The carrying amounts of the accounts receivable as of June 30, 2022 and 2021 amounted to \$678,707 thousand and \$506,213 thousand, 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.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>June 30, 2022</b>					
Non derivative financial liabilities					
Short term borrowings	\$ 124,760	(124,824)	(124,824)	-	-
Accounts payable (including related parties)	654,696	(654,696)	(654,696)	-	-
Other payables	91,073	(91,073)	(91,073)	-	-
Lease liabilities — current and non-current	<u>75,907</u>	<u>(78,100)</u>	<u>(15,761)</u>	<u>(15,074)</u>	<u>(47,265)</u>
	<u>\$ 946,436</u>	<u>(948,693)</u>	<u>(886,354)</u>	<u>(15,074)</u>	<u>(47,265)</u>
<b>December 31, 2021</b>					
Non derivative financial liabilities					
Accounts payable (including related parties)	\$ 1,210,173	(1,210,173)	(1,210,173)	-	-
Other payables	133,784	(133,784)	(133,784)	-	-
Lease liabilities — current and non-current	<u>83,411</u>	<u>(86,035)</u>	<u>(16,076)</u>	<u>(15,241)</u>	<u>(54,718)</u>
	<u>\$ 1,427,368</u>	<u>(1,429,992)</u>	<u>(1,360,033)</u>	<u>(15,241)</u>	<u>(54,718)</u>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>June 30, 2021</b>					
Non derivative financial liabilities					
Accounts payable (including related parties)	\$ 833,167	(833,167)	(833,167)	-	-
Other payables	94,031	(94,031)	(94,031)	-	-
Lease liabilities – current and non-current	<u>11,034</u>	<u>(11,211)</u>	<u>(6,049)</u>	<u>(1,871)</u>	<u>(3,291)</u>
	<u>\$ 938,232</u>	<u>(938,409)</u>	<u>(933,247)</u>	<u>(1,871)</u>	<u>(3,291)</u>

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

(iii) Market 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

	<u>June 30, 2022</u>			<u>December 31, 2021</u>			<u>June 30, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD	\$ 12,500	USD/TWD =29.67	370,875	25,935	USD/TWD =27.68	717,881	33,444	USD/TWD =27.895	932,920
EUR	25,501	EUR/TWD =31.19	795,376	30,954	EUR/TWD =31.32	969,479	21,318	EUR/TWD =33.23	708,397
Financial liabilities									
Monetary items									
USD	22,629	USD/TWD =29.67	671,402	44,243	USD/TWD =27.68	1,224,646	30,362	USD/TWD =27.895	846,948
EUR	4,314	EUR/TWD =31.19	134,554	179	EUR/TWD =31.32	5,606	150	EUR/TWD =33.23	4,985

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, short-term borrowings, 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 June 30, 2022 and 2021 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods:

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
USD (against the TWD)		
Strengthening 5%	\$ (15,026)	4,299
Weakening 5%	15,026	(4,299)
EUR (against the TWD)		
Strengthening 5%	33,040	35,171
Weakening 5%	(33,040)	(35,171)

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 and six months ended June 30, 2022 and 2021, the foreign exchange loss (including realized and unrealized portions) amounted to \$36,191 thousand, \$8,554 thousand, \$43,039 thousand and \$41,253 thousand, 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 increased or decreased by \$383 thousand for the six months ended June 30, 2022, and the net profit before tax would have increased or decreased by \$950 thousand for the six months ended June 30, 2021, which would be mainly resulted from the bank borrowings and 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.

(Continued)



**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2021</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial liabilities at amortized cost</b>					
Accounts payable (including related parties)	\$ 1,210,173	-	-	-	-
Other payables	133,784	-	-	-	-
Lease liabilities—current and non-current	<u>83,411</u>	-	-	-	-
Total	<b><u>\$ 1,427,368</u></b>				
<b>June 30, 2021</b>					
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	\$ <u>4,006</u>	-	4,006	-	4,006
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	1,313,446	-	-	-	-
Accounts receivable, net	727,544	-	-	-	-
Other receivables, net	185,631	-	-	-	-
Other non-current asset (refundable deposits)	3,693	-	-	-	-
Other non-current asset (Pledged certificate of deposits)	<u>500</u>	-	-	-	-
Subtotal	<u>2,230,814</u>				
Total	<b><u>\$ 2,234,820</u></b>				
<b>Financial liabilities at amortized cost</b>					
Accounts payable (including related parties)	\$ 833,167	-	-	-	-
Other payables	94,031	-	-	-	-
Lease liabilities—current and non-current	<u>11,034</u>	-	-	-	-
Total	<b><u>\$ 938,232</u></b>				

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:

(Continued)



**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- a) Financial assets and 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 six months ended June 30, 2022 and 2021.

- (v) 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, 2021.

- (w) 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, 2021. 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, 2021. Please refer to Note (6)(v) of the consolidated financial statements for the year ended December 31, 2021 for further details.

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

The Group's investing and financing activities which did not affect the cash flow for the six months ended June 30, 2022 and 2021 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:

	<b>January 1, 2022</b>	<b>Cash flows</b>	<b><u>Non-cash changes</u> Acquisition</b>	<b>June 30, 2022</b>
Short-term borrowings	\$ -	124,760	-	124,760
Lease liabilities	83,411	(7,804)	300	75,907
Total liabilities from financing activities	<u>\$ 83,411</u>	<u>116,956</u>	<u>300</u>	<u>200,667</u>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>January 1, 2022</b>	<b>Cash flows</b>	<b>Non-cash changes Acquisition</b>	<b>June 30, 2021</b>
Lease liabilities	<u>\$ 15,967</u>	<u>(8,200)</u>	<u>3,267</u>	<u>11,034</u>

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

Compal Electronics is the parent company of the consolidated entity but also the ultimate controlling party of the Group. Compal Electronics 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.

<b>Name of related party</b>	<b>Relationship with the Group</b>
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 chairman of parent company is the same as that of the entity.
LIZ Electronics (Nantong) Co., Ltd. (“LIZ Nantong”)	An associate of parent company.
Starmems Semiconductor Corp. (“Starmems”)	An associate

(c) Significant transactions with related parties

(i) Purchases and processing fee

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Parent Company- Compal Electronics	\$ 116,664	164,306	291,361	314,816
Other related parties	544	-	765	896
	<u>\$ 117,208</u>	<u>164,306</u>	<u>292,126</u>	<u>315,712</u>

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

The Group sold raw materials to its related parties for processing purposes. The related sales income and costs have been eliminated in the financial statements and are not treated as sales of raw materials and incoming finished goods.

The sale of raw materials is recognized under other receivables.

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other expenditures

Parent company and other related parties provided professional services for the Group, and the related expenses were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Parent Company- Compal Electronics	\$ 263	625	445	2,005
Other related parties	35	37	70	75
	<b><u>\$ 298</u></b>	<b><u>662</u></b>	<b><u>515</u></b>	<b><u>2,080</u></b>

(iii) Receivables from related parties

The receivables arising from the transactions mentioned above and advance payment for related parties were as follows:

<b>Account</b>	<b>Related party categories</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Other receivables	Other related parties-CDE	\$ 24,858	182,739	134,177
	Other related parties	6,513	57	-
	Associate	4	51	-
		<b><u>\$ 31,375</u></b>	<b><u>182,847</u></b>	<b><u>134,177</u></b>

(iv) Payables to related parties

The payables arising from the transactions mentioned above and related parties advance payment for group were as follows:

<b>Account</b>	<b>Related party categories</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Accounts payable	Parent Company-Compal Electronics	\$ 269,995	540,542	306,590
Accounts payable	Other related parties	716	59	258
Other payables	Other related parties	37	35	39
		<b><u>\$ 270,748</u></b>	<b><u>540,636</u></b>	<b><u>306,887</u></b>

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$ 6,453	6,134	12,588	12,707
Post-employment benefits	174	173	348	344
Share-based payments	2,859	-	6,560	-
	<u>\$ 9,486</u>	<u>6,307</u>	<u>19,496</u>	<u>13,051</u>

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

**(8) Pledged assets:**

The carrying amount of pledged assets were as follows:

Assets	Subject	June 30, 2022	December 31, 2021	June 30, 2021
Other non-current assets- restricted asset-time deposit	Guarantee payment for import VAT	\$ <u>500</u>	<u>500</u>	<u>500</u>

**(9) Significant Commitments and contingencies: None**

**(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 item	By function	For the three months ended June 30					
		2022			2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		-	54,647	54,647	-	53,942	53,942
Labor and health insurance		-	4,109	4,109	-	3,769	3,769
Pension		-	2,104	2,104	-	2,073	2,073
Others		-	1,766	1,766	-	1,784	1,784
Depreciation		670	14,109	14,779	682	10,229	10,911
Amortization		-	1,699	1,699	-	2,021	2,021

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

By item	By function	For the six months ended June 30					
		2022			2021		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits							
Salary		-	112,384	112,384	-	100,428	100,428
Labor and health insurance		-	8,617	8,617	-	7,941	7,941
Pension		-	4,286	4,286	-	4,006	4,006
Others		-	3,637	3,637	-	3,415	3,415
Depreciation		1,341	26,803	28,144	1,363	19,947	21,310
Amortization		-	3,474	3,474	-	4,678	4,678

(b) Seasonality of operations

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

**(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 six months ended June 30, 2022:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of June 30, 2022 (excluding investment in subsidiaries, associates and joint ventures): None
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related 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)	
TheCompany	Compal Electronics	Parent company	Purchases	291,361	26 %	Net 90 days from delivery	-	No Significant difference	Accounts payable (269,995)	(41)%	

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(ix) Trading in derivative instruments: Please refer to notes (6)(b)

(x) Business relationships and significant intercompany transactions: None

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2022 (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 June 30, 2022			Net income (losses) of investee	Investment Income (losses)	Note
				June 30, 2022	December 31, 2021	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	100.00 %	5,274	(114)	(114)	Note 1 - 2
The Company	CBNN	Netherlands	"	7,016	7,016	20	100.00 %	5,888	(110)	(110)	"
The Company	Starmems	Taiwan	Research and development of micro-electro-mechanical system (MEMS) microphone technology products	10,000	10,000	1,000	10.00 %	8,475	(12,311)	(1,231)	The company of investments accounted for using equity method

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of EUR@31.19 based on the yearend exchange rate.

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

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Compal Electronics Inc.		29,060,176	42.48 %
Topower Co., LTD.		13,139,637	19.20 %
Cdib Capital Growth Partners L.P.		4,119,000	6.02 %
Realsun Investment Co., Ltd		3,575,000	5.22 %
Realking Investments Limited		3,575,000	5.22 %

Note: (1) The table shows principal shareholders information, including shareholders holding more than 5% of the Group's delivered uncertificated/scriptless shares (including treasury shares), with ordinary shares and preference shares combined at the last operating date of each quarter. As a result of different basis of calculation, there may be inconsistency between share capital reported in the financial statements and the actual awarded number of uncertificated/scriptless shares.

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Note: (2) The above information, in the case of a shareholder's delivery of shares to a trust, is disclosed by the individual sub-account of the principal who opened the trust in favor of the trustee. As to the declaration of the shareholders' shareholding of an insider in excess of 10% by virtue of the Securities Trading Act, the shareholding of the shareholders includes the addition of the shares of the shareholders in trust and the application of the right of decision in respect of the trust property, and so on. For information on the declaration of the rights of the insider, please refer to the Public Information Observatory.

**(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.