

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 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.

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安侯建業聯合會計師事務所  
KPMG

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

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web 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 September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 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)  
November 7, 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 as of September 30, 2022 and 2021**

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

**Consolidated Balance Sheets**

**September 30, 2022, December 31 and September 30, 2021**

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2022		December 31, 2021		September 30, 2021				September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (note(6)(a))	\$ 856,132	31	1,046,514	32	1,160,670	38	2130	Current contract liabilities (note(6)(q))	2,138	-	1,099	-	2,677	-
1110	Current financial assets at fair value through profit or loss (note(6)(b))	14,692	1	8,476	-	5,902	-	2170	Accounts payable	724,913	26	669,572	21	599,974	20
1170	Accounts receivable, net (notes(6)(c) and (6)(q))	650,306	23	895,538	28	880,412	29	2180	Accounts payable to related parties (note(7))	162,072	6	540,601	17	350,439	12
1200	Other receivables, net (notes(6)(d) and (7))	256,114	9	275,703	8	273,311	9	2200	Other payables (note(7))	87,623	3	133,784	4	192,503	6
1310	Inventories (note(6)(e))	619,461	22	612,848	19	351,802	11	2230	Current tax liabilities	-	-	3,524	-	3,002	-
1410	Prepayments	43,291	2	55,789	2	52,522	2	2250	Current provisions (note(6)(j))	138,747	5	179,577	6	184,240	6
1470	Other current assets	5,709	-	25,808	1	27,087	1	2280	Current lease liabilities (note(6)(k))	14,786	1	15,253	-	15,419	1
		<u>2,445,705</u>	<u>88</u>	<u>2,920,676</u>	<u>90</u>	<u>2,751,706</u>	<u>90</u>	2300	Other current liabilities	2,668	-	1,524	-	2,455	-
										<u>1,132,947</u>	<u>41</u>	<u>1,544,934</u>	<u>48</u>	<u>1,350,709</u>	<u>45</u>
Non-current assets:															
1550	Investments accounted for using equity method (note(6)(f))	7,942	-	9,706	-	10,011	-	2570	Deferred tax liabilities	3,416	-	1,695	-	-	-
1600	Property, plant and equipment (note(6)(g))	159,934	6	138,261	4	107,829	4	2580	Non-current lease liabilities (note(6)(k))	57,381	2	68,158	2	71,664	2
1755	Right-of-use assets (note(6)(h))	71,713	3	83,203	3	86,980	3			<u>60,797</u>	<u>2</u>	<u>69,853</u>	<u>2</u>	<u>71,664</u>	<u>2</u>
1780	Intangible assets (note(6)(i))	4,776	-	6,810	-	7,527	-		<b>Total liabilities</b>	<u>1,193,744</u>	<u>43</u>	<u>1,614,787</u>	<u>50</u>	<u>1,422,373</u>	<u>47</u>
1840	Deferred tax assets	77,518	3	76,656	3	75,162	3		<b>Equity (notes(6)(n) and (6)(o)):</b>						
1900	Other non-current assets (note(8))	4,201	-	4,192	-	4,192	-	3110	Ordinary share	683,808	25	684,704	21	669,704	22
		<u>326,084</u>	<u>12</u>	<u>318,828</u>	<u>10</u>	<u>291,701</u>	<u>10</u>	3200	Capital surplus	387,777	14	389,633	12	358,583	12
								3300	Retained earnings	531,473	19	596,583	18	593,405	19
								3410	Exchange differences on translation of foreign financial statements	(1,145)	-	(984)	-	(658)	-
								3491	Unearned employee benefit	(23,868)	(1)	(45,219)	(1)	-	-
									<b>Total equity</b>	<u>1,578,045</u>	<u>57</u>	<u>1,624,717</u>	<u>50</u>	<u>1,621,034</u>	<u>53</u>
<b>Total assets</b>		<u>\$ 2,771,789</u>	<u>100</u>	<u>3,239,504</u>	<u>100</u>	<u>3,043,407</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 2,771,789</u>	<u>100</u>	<u>3,239,504</u>	<u>100</u>	<u>3,043,407</u>	<u>100</u>

(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 nine months ended September 30, 2022 and 2021**

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

	For the three months ended September 30				For the nine months ended September 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (note(6)(q))</b>	\$ 642,369	100	727,821	100	2,067,107	100	2,218,892	100
5000	<b>Operating costs (notes(6)(e), (7) and (12))</b>	<u>558,179</u>	<u>87</u>	<u>565,468</u>	<u>78</u>	<u>1,747,716</u>	<u>85</u>	<u>1,801,585</u>	<u>81</u>
	<b>Gross profit from operations</b>	<u>84,190</u>	<u>13</u>	<u>162,353</u>	<u>22</u>	<u>319,391</u>	<u>15</u>	<u>417,307</u>	<u>19</u>
	<b>Operating expenses: (notes(6)(k), (6)(l), (6)(r), (7) and (12))</b>								
6100	Selling expenses	17,166	3	51,383	7	91,637	4	112,686	5
6200	Administrative expenses	28,980	4	28,767	4	82,570	4	81,577	4
6300	Research and development expenses	<u>56,303</u>	<u>9</u>	<u>57,923</u>	<u>8</u>	<u>181,041</u>	<u>9</u>	<u>154,577</u>	<u>7</u>
	<b>Total operating expenses</b>	<u>102,449</u>	<u>16</u>	<u>138,073</u>	<u>19</u>	<u>355,248</u>	<u>17</u>	<u>348,840</u>	<u>16</u>
	<b>Net operating income (loss)</b>	<u>(18,259)</u>	<u>(3)</u>	<u>24,280</u>	<u>3</u>	<u>(35,857)</u>	<u>(2)</u>	<u>68,467</u>	<u>3</u>
	<b>Non-operating income and expenses:</b>								
7010	Other income	2,144	-	432	-	4,745	-	1,242	-
7020	Other gains and losses (note(6)(s))	26,514	4	(10,265)	(1)	30,169	2	(39,078)	(2)
7100	Interest income	4,098	1	612	-	5,190	-	2,172	-
7510	Interest expense (note(6)(k))	(231)	-	(100)	-	(801)	-	(178)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note(6)(f))	<u>(533)</u>	<u>-</u>	<u>24</u>	<u>-</u>	<u>(1,764)</u>	<u>-</u>	<u>11</u>	<u>-</u>
		<u>31,992</u>	<u>5</u>	<u>(9,297)</u>	<u>(1)</u>	<u>37,539</u>	<u>2</u>	<u>(35,831)</u>	<u>(2)</u>
7900	<b>Profit from continuing operations before tax</b>	13,733	2	14,983	2	1,682	-	32,636	1
7950	<b>Less: Income tax (benefit) expenses (note(6)(m))</b>	<u>2,449</u>	<u>-</u>	<u>(602)</u>	<u>-</u>	<u>(1,627)</u>	<u>-</u>	<u>3,070</u>	<u>-</u>
	<b>Profit</b>	<u>11,284</u>	<u>2</u>	<u>15,585</u>	<u>2</u>	<u>3,309</u>	<u>-</u>	<u>29,566</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	(155)	-	(295)	-	(201)	-	(935)	-
8399	Less: income tax related to items that will be reclassified to profit or loss	<u>(31)</u>	<u>-</u>	<u>(59)</u>	<u>-</u>	<u>(40)</u>	<u>-</u>	<u>(187)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss(note(6)(m))	<u>(124)</u>	<u>-</u>	<u>(236)</u>	<u>-</u>	<u>(161)</u>	<u>-</u>	<u>(748)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>(124)</u>	<u>-</u>	<u>(236)</u>	<u>-</u>	<u>(161)</u>	<u>-</u>	<u>(748)</u>	<u>-</u>
	<b>Total comprehensive income</b>	<u>\$ 11,160</u>	<u>2</u>	<u>15,349</u>	<u>2</u>	<u>3,148</u>	<u>-</u>	<u>28,818</u>	<u>1</u>
	<b>Earnings per share (note(6)(p))</b>								
9750	Basic earnings per share	<u>\$ 0.17</u>		<u>0.23</u>		<u>0.05</u>		<u>0.44</u>	
9850	Diluted earnings per share	<u>\$ 0.17</u>		<u>0.23</u>		<u>0.05</u>		<u>0.44</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 nine months ended September 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 nine months ended September 30, 2021	-	-	-	-	-	29,566	29,566	-	-	-	29,566
Other comprehensive loss for the nine months ended September 30, 2021	-	-	-	-	-	-	-	(748)	-	(748)	(748)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	29,566	29,566	(748)	-	(748)	28,818
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	4,672	-	(4,672)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	(309)	309	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(46,879)	(46,879)	-	-	-	(46,879)
Cash dividends from capital surplus	-	-	(20,091)	-	-	-	-	-	-	-	(20,091)
Exercise of employee share options	380	(350)	-	-	-	-	-	-	-	-	30
<b>Balance at September 30, 2021</b>	<b>\$ 669,704</b>	<b>-</b>	<b>358,583</b>	<b>143,735</b>	<b>-</b>	<b>449,670</b>	<b>593,405</b>	<b>(658)</b>	<b>-</b>	<b>(658)</b>	<b>1,621,034</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
Profit for the nine months ended September 30, 2022	-	-	-	-	-	3,309	3,309	-	-	-	3,309
Other comprehensive loss for the nine months ended September 30, 2022	-	-	-	-	-	-	-	(161)	-	(161)	(161)
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	3,309	3,309	(161)	-	(161)	3,148
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	(896)	-	(1,856)	-	-	-	-	-	21,351	21,351	18,599
<b>Balance at September 30, 2022</b>	<b>\$ 683,808</b>	<b>-</b>	<b>387,777</b>	<b>147,010</b>	<b>984</b>	<b>383,479</b>	<b>531,473</b>	<b>(1,145)</b>	<b>(23,868)</b>	<b>(25,013)</b>	<b>1,578,045</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the nine months ended September 30, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 1,682	32,636
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization expense	47,657	38,801
Expected credit loss	281	1,139
Interest expense	801	178
Interest income	(5,190)	(2,172)
Compensation cost of employee share-based payment	18,599	-
Share of profit (loss) of associates and joint ventures accounted for using equity method	1,764	(11)
Gain on disposal of property, plan and equipment	(13)	-
<b>Total adjustments to reconcile profit</b>	<u>63,899</u>	<u>37,935</u>
<b>Changes in operating assets and liabilities:</b>		
Change in financial assets mandatorily measured at fair value through profit or loss	(6,216)	(5,902)
Decrease (increase) in accounts receivable	244,586	(359,743)
Decrease (increase) in other receivables	20,655	(146,610)
Increase in inventories	(6,613)	(43,162)
Decrease in prepayments	12,498	3,244
(Increase) decrease in other current assets	(1,920)	1,252
Decrease in financial liabilities held for trading	-	(9,701)
Increase (decrease) in contract liabilities	1,039	(18,985)
(Decrease) increase in accounts payable	(323,188)	225,568
(Decrease) increase in other payable	(46,161)	15,776
Decrease in provisions	(40,830)	(16,610)
Increase (decrease) in other current liabilities	1,144	(1,744)
<b>Total changes in operating assets and liabilities</b>	<u>(145,006)</u>	<u>(356,617)</u>
<b>Total adjustments</b>	<u>(81,107)</u>	<u>(318,682)</u>
Cash outflow generated from operations	(79,425)	(286,046)
Interest received	4,489	2,307
Interest paid	(801)	(178)
Income taxes refund (paid)	21,021	(105)
<b>Net cash flows used in operating activities</b>	<u>(54,716)</u>	<u>(284,022)</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of investments accounted for using equity method	-	(10,000)
Acquisition of property, plant and equipment	(53,001)	(52,005)
Proceeds from disposal of property, plant and equipment	888	3
Increase in refundable deposits	(9)	(26)
Acquisition of intangible assets	(3,200)	(4,699)
<b>Net cash flows used in investing activities</b>	<u>(55,322)</u>	<u>(66,727)</u>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from short-term borrowings	299,792	-
Repayments of short-term borrowings	(299,792)	-
Payment of lease liabilities	(11,724)	(12,212)
Cash dividends paid	(68,419)	-
Exercise of employee share options	-	30
<b>Net cash flows used in financing activities</b>	<u>(80,143)</u>	<u>(12,182)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(201)</u>	<u>(935)</u>
<b>Net decrease in cash and cash equivalents</b>	(190,382)	(363,866)
<b>Cash and cash equivalents at beginning of period</b>	1,046,514	1,524,536
<b>Cash and cash equivalents at end of period</b>	<u>\$ 856,132</u>	<u>1,160,670</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**

**Notes to the Consolidated Financial Statements**

**September 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 September 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 November 7, 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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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		
			September 30, 2022	December 31, 2021	September 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.

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**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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand	\$ 283	234	236
Checking accounts and demand deposits	168,526	710,280	734,434
Time deposits	<u>687,323</u>	<u>336,000</u>	<u>426,000</u>
	<u>\$ 856,132</u>	<u>1,046,514</u>	<u>1,160,670</u>

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 assets and liabilities at fair value through profit or loss

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 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	\$ 14,692	8,380	5,902
Foreign exchange swaps contracts	<u>-</u>	<u>96</u>	<u>-</u>
Total	<u>\$ 14,692</u>	<u>8,476</u>	<u>5,902</u>

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

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**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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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>September 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 12,140	EUR to USD	October 6, 2022~ December 15, 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>September 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 9,100	EUR to USD	October 8, 2021~ December 9, 2021
Foreign exchange sold	EUR 1,500	EUR to TWD	January 5, 2022

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

## (c) Accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable	\$ 652,584	897,170	882,320
Less: loss allowance	<u>(2,278)</u>	<u>(1,632)</u>	<u>(1,908)</u>
	<u><b>\$ 650,306</b></u>	<u><b>895,538</b></u>	<u><b>880,412</b></u>

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:

<u>September 30, 2022</u>				
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance</u>	<u>Credit impaired</u>
Level A	\$ 3,960	0.00%	-	No
Level B	467,576	0.10%	468	No
Level C	<u>181,048</u>	1.00%	<u>1,810</u>	No
	<u><b>\$ 652,584</b></u>		<u><b>2,278</b></u>	
<u>December 31, 2021</u>				
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance</u>	<u>Credit impaired</u>
Level B	\$ 815,467	0.10%	815	No
Level C	<u>81,703</u>	1.00%	<u>817</u>	No
	<u><b>\$ 897,170</b></u>		<u><b>1,632</b></u>	
<u>September 30, 2021</u>				
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance</u>	<u>Credit impaired</u>
Level B	\$ 768,270	0.10%	768	No
Level C	<u>114,050</u>	1.00%	<u>1,140</u>	No
	<u><b>\$ 882,320</b></u>		<u><b>1,908</b></u>	

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

The aging analysis of accounts receivable were as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Overdue 1~30 days	\$ 100,596	154,667	134,456
Overdue 31~60 days	63,957	131,535	98,992
Overdue 61~90 days	136	22,252	6,239
Overdue 91~180 days	<u>9,724</u>	<u>19,162</u>	<u>26,471</u>
	<b><u>\$ 174,413</u></b>	<b><u>327,616</u></b>	<b><u>266,158</u></b>

The movements of allowance for accounts receivable were as follows:

	<b>For the nine months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 1,632	1,269
Impairment loss recognized	<u>646</u>	<u>639</u>
Balance at September 30	<b><u>\$ 2,278</u></b>	<b><u>1,908</u></b>

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

(d) Other receivables

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Other receivables	\$ 256,648	276,602	274,086
Less: loss allowance	<u>(534)</u>	<u>(899)</u>	<u>(775)</u>
	<b><u>\$ 256,114</u></b>	<b><u>275,703</u></b>	<b><u>273,311</u></b>

The aging analysis of overdue other receivables were as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Overdue 1~30 days	\$ 52,613	15,543	1,585
Overdue 31~60 days	203	-	2,011
Overdue 61~90 days	<u>80</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 52,896</u></b>	<b><u>15,543</u></b>	<b><u>3,596</u></b>

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**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 nine months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 899	275
Impairment loss (reversed) recognized	(365)	500
Balance at September 30	<u>\$ 534</u>	<u>775</u>

As of September 30, 2022, December 31 and September 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>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Raw materials	\$ 584,813	489,899	336,502
Semi-finished goods	6,267	2,523	1,395
Merchandise	28,381	120,426	13,905
	<u>\$ 619,461</u>	<u>612,848</u>	<u>351,802</u>

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

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Cost of sales and expenses	\$ 552,945	569,413	1,746,598	1,809,118
Recognized (reversal) for inventory valuation and obsolescence loss	5,234	(3,945)	1,118	(7,533)
	<u>\$ 558,179</u>	<u>565,468</u>	<u>1,747,716</u>	<u>1,801,585</u>

For the three months and nine months ended September 30, 2021, the Group reversed write-down inventories and obsolescence losses from inventory destocking.

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

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**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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
The carrying amount of individually insignificant associates equity	\$ <u>7,942</u>	<u>9,706</u>	<u>10,011</u>

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net gain (loss) from continuing operations	\$ <u>(533)</u>	<u>24</u>	<u>(1,764)</u>	<u>11</u>
Total comprehensive income	\$ <u>(533)</u>	<u>24</u>	<u>(1,764)</u>	<u>11</u>

- (ii) As of September 30, 2022, December 31 and September 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 nine months ended September 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	44,742	2,425	224	5,059	551	53,001
Disposals	(2,398)	-	-	(1,140)	-	(3,538)
Reclassifications	<u>1,102</u>	<u>-</u>	<u>-</u>	<u>4,570</u>	<u>(5,672)</u>	<u>-</u>
Balance at September 30, 2022	\$ <u>415,537</u>	<u>15,577</u>	<u>6,542</u>	<u>94,215</u>	<u>-</u>	<u>531,871</u>
Balance at January 1, 2021	\$ 300,292	13,152	6,425	72,845	-	392,714
Additions	39,159	-	-	1,128	11,718	52,005
Disposals	-	-	-	(379)	-	(379)
Reclassifications	<u>115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115)</u>	<u>-</u>
Balance at September 30, 2021	\$ <u>339,566</u>	<u>13,152</u>	<u>6,425</u>	<u>73,594</u>	<u>11,603</u>	<u>444,340</u>

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**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	23,986	469	91	5,907	-	30,453
Disposals	<u>(2,398)</u>	<u>-</u>	<u>-</u>	<u>(265)</u>	<u>-</u>	<u>(2,663)</u>
Balance at September 30, 2022	<u>\$ 296,323</u>	<u>13,314</u>	<u>6,292</u>	<u>56,008</u>	<u>-</u>	<u>371,937</u>
Balance at January 1, 2021	\$ 251,745	12,625	6,244	45,846	-	316,460
Depreciation	16,437	166	48	3,776	-	20,427
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(376)</u>	<u>-</u>	<u>(376)</u>
Balance at September 30, 2021	<u>\$ 268,182</u>	<u>12,791</u>	<u>6,292</u>	<u>49,246</u>	<u>-</u>	<u>336,511</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 September 30, 2022	<u>\$ 119,214</u>	<u>2,263</u>	<u>250</u>	<u>38,207</u>	<u>-</u>	<u>159,934</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 September 30, 2021	<u>\$ 71,384</u>	<u>361</u>	<u>133</u>	<u>24,348</u>	<u>11,603</u>	<u>107,829</u>

As of September 30, 2022, December 31 and September 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	480	-	480
Disposals	<u>(304)</u>	<u>-</u>	<u>(304)</u>
Balance at September 30, 2022	<u>\$ 120,379</u>	<u>7,039</u>	<u>127,418</u>
Balance at January 1, 2021	\$ 41,252	6,183	47,435
Additions	79,023	4,305	83,328
Disposals	<u>(286)</u>	<u>(3,450)</u>	<u>(3,736)</u>
Balance at September 30, 2021	<u>\$ 119,989</u>	<u>7,038</u>	<u>127,027</u>

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**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	10,294	1,676	11,970
Disposals	<u>(304)</u>	<u>-</u>	<u>(304)</u>
Balance at September 30, 2022	<u>\$ 51,219</u>	<u>4,486</u>	<u>55,705</u>
Balance at January 1, 2021	\$ 27,668	3,967	31,635
Depreciation	10,414	1,734	12,148
Disposals	<u>(286)</u>	<u>(3,450)</u>	<u>(3,736)</u>
Balance at September 30, 2021	<u>\$ 37,796</u>	<u>2,251</u>	<u>40,047</u>
Carrying amount:			
Balance at January 1, 2022	<u>\$ 78,974</u>	<u>4,229</u>	<u>83,203</u>
Balance at September 30, 2022	<u>\$ 69,160</u>	<u>2,553</u>	<u>71,713</u>
Balance at January 1, 2021	<u>\$ 13,584</u>	<u>2,216</u>	<u>15,800</u>
Balance at September 30, 2021	<u>\$ 82,193</u>	<u>4,787</u>	<u>86,980</u>

(i) Intangible Assets

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

	<u>Computer software</u>
Cost:	
Balance at January 1, 2022	\$ 16,683
Additions	3,200
Disposals	<u>(4,476)</u>
Balance at September 30, 2022	<u>\$ 15,407</u>
Balance at January 1, 2021	\$ 40,892
Additions	4,699
Disposals	<u>(29,407)</u>
Balance at September 30, 2021	<u>\$ 16,184</u>
Accumulated amortization:	
Balance at January 1, 2022	\$ 9,873
Amortization	5,234
Disposals	<u>(4,476)</u>
Balance at September 30, 2022	<u>\$ 10,631</u>

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**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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	<u><b>Computer software</b></u>
Balance at January 1, 2021	\$ 31,838
Amortization	6,226
Disposals	<u>(29,407)</u>
Balance at September 30, 2021	<u><b>\$ 8,657</b></u>
Carrying amount:	
Balance at January 1, 2022	<u><b>\$ 6,810</b></u>
Balance at September 30, 2022	<u><b>\$ 4,776</b></u>
Balance at January 1, 2021	<u><b>\$ 9,054</b></u>
Balance at September 30, 2021	<u><b>\$ 7,527</b></u>

For the three months and nine months ended September 30, 2022 and 2021, the amortization of intangible assets are included in the statement of comprehensive income as operating expenses amounted to \$1,760, \$1,548, \$5,234 and \$6,226 , respectively.

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

(j) Provisions

	<u><b>Warranty Provisions</b></u>
Balance at January 1, 2022	\$ 179,577
Provisions made during the period	12,895
Provisions reversed during the period	(4,636)
Provisions used during the period	<u>(49,089)</u>
Balance at September 30, 2022	<u><b>\$ 138,747</b></u>

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**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	15,000
Provisions reversed during the period	(3,078)
Provisions used during the period	<u>(28,532)</u>
Balance at September 30, 2021	<b><u>\$ 184,240</u></b>

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.

(k) Lease liabilities

The details of lease liabilities were as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Current	<u>\$ 14,786</u>	<u>15,253</u>	<u>15,419</u>
Non-current	<u>\$ 57,381</u>	<u>68,158</u>	<u>71,664</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest expense on lease liabilities	<u>\$ 201</u>	<u>100</u>	<u>634</u>	<u>178</u>
Expenses relating to short-term leases	<u>\$ 91</u>	<u>94</u>	<u>263</u>	<u>280</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 30</u>	<u>20</u>	<u>75</u>	<u>54</u>

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**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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The amounts recognized in the statement of cash flows by the Group were as follows:

	<b>For the nine months ended</b>	
	<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<u>\$ 12,696</u>	<u>12,724</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.

(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 and nine months ended September 30, 2022 and 2021 were as follows:

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Selling expenses	\$ 261	248	813	653
Administration expenses	508	467	1,456	1,576
Research and development expenses	1,405	1,331	4,191	3,823
	<u>\$ 2,174</u>	<u>2,046</u>	<u>6,460</u>	<u>6,052</u>

(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 (benefit) were as follows:

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current tax (benefit) expense	\$ <u>2,449</u>	<u>(602)</u>	<u>(1,627)</u>	<u>3,070</u>

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**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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- (ii) The amounts of income tax expenses (benefit) recognized in other comprehensive income were as follows:

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>		<b>September 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>(31)</u>	<u>(59)</u>	<u>(40)</u>	<u>(187)</u>

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

- (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 September 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 nine months ended September 30, 2022 and 2021 were as follow:

	<b>For the nine months ended</b>	
	<b>September 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	(89)	-
Balance at September 30	<b>68,381</b>	<b>66,970</b>

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

The Company issued new restricted employee stocks amounting to \$15,000 for 2021. For the nine months ended September 30, 2022, the share capital of \$896 was canceled, which reduced the capital reserve of \$1,856 because some employees who received restricted stock options did not meet the vesting conditions. The registration had been completed.

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**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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(ii) Capital surplus

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Additional paid in capital premium	\$ 310,482	310,482	310,482
Employee share options	48,101	48,101	48,101
Issuance of employee restricted shares	29,194	31,050	-
	<u>\$ 387,777</u>	<u>389,633</u>	<u>358,583</u>

The Company's general meeting of the shareholders held on August 30, 2021, approved to distribute the cash dividend of \$ 20,091 (\$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:

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	<b>2021</b>		<b>2020</b>	
	<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>

## (o) Share based payment

There were no significant changes in share-based payment during the periods from January 1 to September 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.

## (p) Earnings per share

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Basic earnings per share</b>				
Profit attributable to ordinary shareholders of the Company	\$ <u>11,284</u>	<u>15,585</u>	<u>3,309</u>	<u>29,566</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>0.17</u>	<u>0.23</u>	<u>0.05</u>	<u>0.44</u>
<b>Diluted earnings per share</b>				
Profit attributable to ordinary shareholders of the Company	\$ <u>11,284</u>	<u>15,585</u>	<u>3,309</u>	<u>29,566</u>
Weighted average number of outstanding ordinary shares (Basic) (in thousands)	66,970	66,970	66,970	66,970
Effect of dilutive potential ordinary shares (in thousands):				
Effect of remuneration to employees	7	133	43	177
Employee restricted shares	<u>610</u>	<u>-</u>	<u>687</u>	<u>-</u>
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>67,587</u>	<u>67,103</u>	<u>67,700</u>	<u>67,147</u>
Diluted earnings per share (dollars)	\$ <u>0.17</u>	<u>0.23</u>	<u>0.05</u>	<u>0.44</u>

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## (q) Revenue from contracts with customers

## (i) Details of revenue

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Primary geographical markets:				
Europe	\$ 194,379	556,372	1,018,323	1,441,464
America	332,412	103,901	761,724	622,479
Asia and others	<u>115,578</u>	<u>67,548</u>	<u>287,060</u>	<u>154,949</u>
	<b><u>\$ 642,369</u></b>	<b><u>727,821</u></b>	<b><u>2,067,107</u></b>	<b><u>2,218,892</u></b>
Major products:				
Communication network products	\$ 595,667	695,118	1,971,053	2,129,407
Material sales revenue and others	<u>46,702</u>	<u>32,703</u>	<u>96,054</u>	<u>89,485</u>
	<b><u>\$ 642,369</u></b>	<b><u>727,821</u></b>	<b><u>2,067,107</u></b>	<b><u>2,218,892</u></b>

## (ii) Contract balances

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Accounts receivable	\$ 652,584	897,170	882,320
Less: loss allowance	<u>(2,278)</u>	<u>(1,632)</u>	<u>(1,908)</u>
	<b><u>\$ 650,306</u></b>	<b><u>895,538</u></b>	<b><u>880,412</u></b>
Contract liabilities	<b><u>\$ 2,138</u></b>	<b><u>1,099</u></b>	<b><u>2,677</u></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 nine months ended September 30, 2022 and 2021 that were included in the balance of contract liabilities at the beginning of the period were \$0, \$5,602, \$258 and \$21,107, 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.

## (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

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**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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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 employee remuneration amounted to \$168, \$1,684, \$168 and \$3,667 for the three months and nine months ended September 30, 2022 and 2021, respectively. The remuneration of directors amounted to \$17, \$169, \$17 and \$367 for the three months and nine months ended September 30, 2022 and 2021, respectively. 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.

(s) Other profits and losses

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

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Foreign currency exchange losses, net	\$ (6,578)	(17,577)	(49,617)	(58,830)
Gains on financial assets at fair value through profit or loss, net	33,079	7,312	79,773	19,752
Gain on disposal of property, plant and equipment	13	-	13	-
	<b>\$ 26,514</b>	<b>(10,265)</b>	<b>30,169</b>	<b>(39,078)</b>

(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 2021 annual consolidated financial statements for related information.

(i) Credit risk

1) Credit risk exposure

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

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**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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2) Concentration of credit risk

Sales to individual customers constituting over 10% of total revenue for the three months and nine months ended September 30, 2022 and 2021, amounted to \$419,298, \$425,996, \$1,515,819 and \$1,534,899, respectively. The carrying amounts of the accounts receivable as of June 30, 2022 and 2021 amounted to \$443,753 and \$584,036, 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>September 30, 2022</b>					
Non derivative financial liabilities					
Accounts payable (including related parties)	\$ 886,985	(886,985)	(886,985)	-	-
Other payables	87,623	(87,623)	(87,623)	-	-
Lease liabilities – current and non-current	<u>72,167</u>	<u>(74,165)</u>	<u>(15,490)</u>	<u>(14,859)</u>	<u>(43,816)</u>
	<u>\$ 1,046,775</u>	<u>(1,048,773)</u>	<u>(990,098)</u>	<u>(14,859)</u>	<u>(43,816)</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>

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	<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>September 30, 2021</b>					
Non derivative financial liabilities					
Accounts payable (including related parties)	\$ 950,413	(950,413)	(950,413)	-	-
Other payables	192,503	(192,503)	(192,503)	-	-
Lease liabilities – current and non-current	<u>87,083</u>	<u>(89,932)</u>	<u>(16,281)</u>	<u>(15,273)</u>	<u>(58,378)</u>
	<u>\$ 1,229,999</u>	<u>(1,232,848)</u>	<u>(1,159,197)</u>	<u>(15,273)</u>	<u>(58,378)</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>September 30, 2022</u>			<u>December 31, 2021</u>			<u>September 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	\$ 40,104	USD/TWD =31.85	1,277,312	25,935	USD/TWD =27.68	717,881	30,265	USD/TWD =27.795	841,216
EUR	13,532	EUR/TWD =30.76	416,244	30,954	EUR/TWD =31.32	969,479	26,011	EUR/TWD =32.43	843,537
Financial liabilities									
Monetary items									
USD	28,454	USD/TWD =31.85	906,260	44,243	USD/TWD =27.68	1,224,646	34,818	USD/TWD =27.795	967,766

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 September 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:

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	<u>September 30, 2022</u>	<u>September 30, 2021</u>
USD (against the TWD)		
Strengthening 5%	\$ 18,553	(6,328)
Weakening 5%	(18,553)	6,328
EUR (against the TWD)		
Strengthening 5%	20,812	42,177
Weakening 5%	(20,812)	(42,177)

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 nine months ended September 30, 2022 and 2021, the foreign exchange loss (including realized and unrealized portions) amounted to \$6,578, \$17,577, \$49,617 and \$58,830, 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, resulting from the bank deposits with variable interest rates, had increased or decreased by 0.25%, assuming all other variables remain constant, the net income before tax would have increased or decreased by \$300 and \$1,363 for the nine months ended September 30, 2022 and 2021, respectively.

(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.

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	December 31, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<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	<u><b>\$ 1,427,368</b></u>				
	September 30, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	\$ <u>5,902</u>	-	5,902	-	5,902
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	1,160,670	-	-	-	-
Accounts receivable, net	880,412	-	-	-	-
Other receivables, net	273,311	-	-	-	-
Other non-current asset (refundable deposits)	3,692	-	-	-	-
Other non-current asset (Pledged certificate of deposits)	<u>500</u>	-	-	-	-
Subtotal	<u>2,318,585</u>				
Total	<u><b>\$ 2,324,487</b></u>				
<b>Financial liabilities at amortized cost</b>					
Accounts payable (including related parties)	\$ 950,413	-	-	-	-
Other payables	192,503	-	-	-	-
Lease liabilities—current and non-current	<u>87,083</u>	-	-	-	-
Total	<u><b>\$ 1,229,999</b></u>				

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:

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**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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- 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 nine months ended September 30, 2022 and 2021.

- (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, 2021.

- (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, 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.

- (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 nine months ended September 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>September 30, 2022</b>
Lease liabilities	<u>\$ 83,411</u>	<u>(11,724)</u>	<u>480</u>	<u>72,167</u>

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	<b>January 1, 2021</b>	<b>Cash flows</b>	<b>Non-cash changes Acquisition</b>	<b>September 30, 2021</b>
Lease liabilities	<u>\$ 15,967</u>	<u>(12,212)</u>	<u>83,328</u>	<u>87,083</u>

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

Compal Electronics, Inc.(CEI) 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.

<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 September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Parent Company- Compal Electronics	\$ 85,897	183,130	377,258	497,946
Other related parties	<u>602</u>	<u>-</u>	<u>1,367</u>	<u>896</u>
	<u>\$ 86,499</u>	<u>183,130</u>	<u>378,625</u>	<u>498,842</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.

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(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 nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Parent Company- Compal Electronics	\$ -	218	445	2,223
Associate- Starmems	-	2,840	-	2,840
Other related parties	<u>35</u>	<u>37</u>	<u>105</u>	<u>112</u>
	<b><u>\$ 35</u></b>	<b><u>3,095</u></b>	<b><u>550</u></b>	<b><u>5,175</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>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Other receivables	Other related parties-CDE	\$ 13,693	182,739	191,269
	Other related parties-CVC	187,367	57	-
	Associate	<u>472</u>	<u>51</u>	<u>476</u>
		<b><u>\$ 201,532</u></b>	<b><u>182,847</u></b>	<b><u>191,745</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>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Accounts payable	Parent Company-Compal Electronics	\$ 160,845	540,542	350,439
Accounts payable	Other related parties	1,227	59	-
Other payables	Other related parties	37	35	39
Other payables	Associate	<u>-</u>	<u>-</u>	<u>889</u>
		<b><u>\$ 162,109</u></b>	<b><u>540,636</u></b>	<b><u>351,367</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 September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$ 7,493	7,551	20,081	20,258
Post-employment benefits	191	173	539	517
Share-based payments	2,557	-	9,117	-
	<u>\$ 10,241</u>	<u>7,724</u>	<u>29,737</u>	<u>20,775</u>

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	September 30, 2022	December 31, 2021	September 30, 2021
Other non-current assets- restricted asset-time deposit	Guarantee payment for import VAT	\$ 500	500	500

**(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 September 30					
		2022			2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		-	56,765	56,765	-	56,439	56,439
Labor and health insurance		-	4,010	4,010	-	4,069	4,069
Pension		-	2,174	2,174	-	2,046	2,046
Others		-	1,776	1,776	-	1,753	1,753
Depreciation		671	13,608	14,279	682	10,583	11,265
Amortization		-	1,760	1,760	-	1,548	1,548

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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By item	By function	For the nine months ended September 30					
		2022			2021		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits		-	169,149	169,149	-	156,867	156,867
Salary		-	12,627	12,627	-	12,010	12,010
Labor and health insurance		-	6,460	6,460	-	6,052	6,052
Pension		-	5,413	5,413	-	5,168	5,168
Others		2,012	40,411	42,423	2,045	30,530	32,575
Depreciation		-	5,234	5,234	-	6,226	6,226
Amortization							

(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 nine months ended September 30, 2022:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of September 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)	
The Company	Compal Electronics	Parent company	Purchases	377,258	22 %	Net 90 days from delivery	-	No Significant difference	Accounts payable (160,845)	(18)%	

(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:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	CVC	Subsidiary of Compal Electronics	187,367 (Note 2)	-	12,742	Strengthen collections	-	-

Note 1: Balance as of November 4, 2022.

Note 2: The ending balance was other receivables derived from processing raw materials.

- (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 nine months ended September 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 September 30, 2022			Net income (losses) of investee	Investment Income (losses)	Note
				September 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 %	5,140	(175)	(175)	Note 1 - 2
The Company	CBNN	Netherlands	"	7,016	7,016	20	100.00 %	5,802	(113)	(113)	"
The Company	Starmems	Taiwan	Research and development of micro-electro-mechanical system (MEMS) microphone technology products	10,000	10,000	1,000	10.00 %	7,942	(17,637)	(1,764)	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@30.76 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

(Continued)

**COMPAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES**  
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(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Compal Electronics, Inc.		29,060,176	42.49 %
Topower Co., LTD.		13,139,637	19.21 %
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.

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.