

Transformation Newsletter

2026 Vol. 2

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COMPAL
NEXT

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CTO Message



CTO
Ivon Chiou

CTO
Douglass Chen

Dear Team,

Looking back on the past 18 months, we have shared a journey that has been both challenging and deeply rewarding. We delivered a meaningful contribution despite ongoing external challenges. This achievement reflects the collective effort of all employees—**each of us is a "Transformation shareholder."** Beyond financial progress, we have strengthened our foundation through investments in digital capabilities and a renewed focus on people and culture. Key business turnarounds further demonstrate our ability to execute and regain growth momentum.

Looking ahead, we are **entering the next phase of transformation—"Reflect, Refocus, Reignite"**—with a shift from stabilization to a more offensive growth strategy. As the industry moves toward an AI-native future, we are accelerating our transition into an AI-centric company, with AI servers as a core growth engine, while expanding into adjacent opportunities such as CDU, storage, power, and networking. At the same time, we are building diversified growth pillars in 5G UE/IoT, automotive ITS, and edge AI, while exploring emerging areas including robotics, quantum, med tech, and defense.

While challenges remain, we are confident that disciplined execution and strategic focus will position us for sustainable growth, with the ambition to scale new businesses into meaningful contributors to both revenue and profitability in the years ahead.

This journey is more meaningful because of you. We invite you to share your thoughts and ideas about NEXT by emailing us at: NEXT_TO@compal.com

01

Compal News Updates



- ⚡ **Compal Hosts “The Engine of Intelligence” Press Event Showcasing Cross Industry Product Innovations** CEO highlighted how Compal’s infrastructure, connectivity, and intelligent systems are enabling scalable, real-world AI deployment across industries. ([Website](#))
- ⚡ **Compal and Datasection Advance AI Infrastructure for the Production Era** As AI scales into production, demand for AI factories and infrastructure is accelerating, and Compal is enabling next-gen AI deployment with advanced platforms. ([Website](#))
- ⚡ **Compal and GMI Cloud Announce Collaboration on AI Infrastructure Development** Compal collaborates with GMI Cloud to advance the deployment of next-gen AI infrastructure optimized for large-scale inference and emerging agentic AI workloads. ([Website](#))
- ⚡ **Verda and Compal Announce Partnership to Accelerate AI Infrastructure Development and Expansion** Compal and Verda have partnered, with Compal supplying next-gen GPU servers to accelerate AI infrastructure expansion across Europe and APAC. ([Website](#))
- ⚡ **Compal AI Team Wins Silver Award at the 2026 MoEA Best AI Awards** Compal won a Silver Award for its “AI Agent for PC Test Automation” project in a competition showcasing leading innovations in agentic AI and edge intelligence. ([Website](#))

02

NEXT SteerCo Highlights



The May 28 NEXT SteerCo meeting, themed “Reflect, Refocus, Recommit,” highlighted the company’s performance, transformation progress, and strategic priorities ahead. Here are the key takeaways:

1. Business Performance & Delivery

2025 was a challenging year, with revenue declining due to global uncertainties, yet the company delivered an increase in operating profit %. The imperative for 2026 is to repeat this OP margin protection against new net headwinds. The delivery pipelines show solid momentum:



- L3 + pipeline reached 101% of target
- L4 + implementation hit 190% of target
- L5 controllable dashboard reached 108%

2. Evolving Ways of Working via Performance Foundations

The company is institutionalizing Performance Foundations (PF) to sustain improvements and stay competitive. Wave 1 progressed well across 10 PFs in manufacturing, R&D, procurement, and supply chain. Wave 2 will drive more cross-functional transformation.



Example: Quotation/Costing Excellence (RFQ) aims to replace fragmented, manual Excel-based costing with a unified digital platform to improve transparency, streamline approvals, and detect risks early.

3. Transitioning to Agentic AI

The company is shifting from Generative AI to Agentic AI, enabling systems that can plan, act, and make decisions autonomously. Agentic AI is being deployed for personal tasks, incremental workflow automation, and structural redesigns of complex end-to-end (E2E) processes.



Example: DQA Test Agent automates complex performance testing. The AI agent reduced manual testing time by 93%, delivering cost savings of over NTD 1 million per year.

4. HR Transformation & Performance Culture

The new CHRO outlined an HR model that shifts from local execution support to strategic business enablement. To drive a culture of performance and accountability, a rigorous 2026 scorecard cascade will be implemented from VPs to Directors.

03

NEXT Recognition — 6 nominations of celebration theme



MaxL Lin,
MFG A31-VN



Daniel Lee,
MGF A32-VN



Yu Huang,
MGF A31-KSP3



KSP2 Team,
MFG A32-KSP2



**Celebration Theme-
Corporate Software R&D
Division & DQA**



**Celebration Theme- Innovation
Research Institute
PolyMedX-Compal x TMU**





Creating Moments Together – Our COMPUTEX Journey!

COMPUTEX is always one of the most exciting moments of the year for Compal—a time not only to showcase our innovations, but to share our story with the world.

This year, through our booth and a series of films, we brought to life the future of technology—from AI infrastructure and robotics to connectivity and intelligent mobility. Behind it all are the passion and dedication of thousands of colleagues who make innovation happen every day.

Whether you were on the front line or supporting behind the scenes, **you are an essential part of this journey.** Thank you for making this COMPUTEX journey so memorable and meaningful. Take a moment to relive the highlights and let's carry this momentum forward as we continue to create experiences that inspire the world!



 **Watch now:**
[**COMPUTEX 2026 Highlight**](#)

--The greatest risk is taking no risk at all.--



When you are truly faced with a new and unfamiliar task, what is usually your first thought?

- A. "This is not my expertise. I may not do it well."
- B. "I'll see how others do it before deciding."
- C. "I can break it into smaller steps and try."
- D. "I'll create a first version and improve it with feedback."

If you chose A or B, you may be more accustomed to assessing risks and confirming information before taking action. This shows that you value quality and want to do things well. The next time you face an unfamiliar task, try asking yourself: "What is the smallest first step I can take?"

If you chose C or D, you are already demonstrating a growth mindset. You are willing to break challenges into smaller parts, take action first, and continue improving through feedback. This is an important spirit of risk-taking: being willing to take a controlled step forward amid uncertainty.

True risk-taking is not about taking reckless action without preparation. It is about being willing to assess risks, take action, and learn from the outcome when facing the unknown and new challenges.

Three Key Actions:

- 1. Break it down first:** Divide an unfamiliar task into smaller, more manageable actions.
- 2. Try on a small scale:** Create a first version or run a small trial to make the risks observable and adjustable.
- 3. Improve through feedback:** When the result does not meet expectations, identify what can be optimized next time.

To support everyone in strengthening risk-taking execution, we have curated a set of learning resources you can explore at your own pace:



Online Courses (TW/CN only)— Compal e-Learning

- **Better Decision-Making (1):**
Problem Clarification × Option Evaluation × Risk Management.
- **Better Decision-Making (2):**
Delegation × Meeting Decisions × Leadership Decisions.
- **Growth Mindset (3):**
Leadership Resilience × Reflection.



Featured Article— US Business News

Elon Musk: Embracing Uncertainty and High-Stakes Innovation.

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