Stock Code:3596

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

Address: 8F., No. 8, Sec. 2, Guangfu Rd., East Dist., Hsinchu City, Taiwan
Telephone: (03)572-7000

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Arcadyan Technology Corporation as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Arcadyan Technology Corporation and subsidiaries do not prepare a separate set of combined financial statements.

Company name: Arcadyan Technology Corporation
Chairman: Jui-Tsung Chen (Ray Chen)
Date: February 25, 2026

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Independent Auditors' Report

To the Board of Directors of Arcadyan Technology Corporation:

Opinion

We have audited the consolidated financial statements of Arcadyan Technology Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arcadyan Technology Corporation and its subsidiaries as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit matters to be communicated in our report.

1. Inventory valuation

   Please refer to Note (4)(h) for the accounting policy of inventory valuation, Note(5) for the estimation and assumption uncertainty of the valuation of inventory, Note(6)(g) for the explanation of significant accounts-Inventories to the consolidated financial statements.

Description of key audit matters:

Inventory is measured at the lower of cost and net realizable value. Given the rapid technological advancements in the networking industry, the accelerated pace of product upgrades, and intensified market competition, inventories are subject to significant risks of obsolescence and price declines. Therefore, the valuation of inventories represents a key audit matter in our audit of the consolidated financial statements.

How the matter was addressed in our audit:

The primary audit procedures performed in relation to the above key audit matter included assessing whether the inventory valuation policies of Arcadyan Technology Corporation and its subsidiaries were consistent with those of the prior period and in compliance with the applicable accounting principles; reviewing the inventory aging reports analyzing changes in inventory aging across periods; peforming audit verification on the classification of aging intervals and the judgment involved in identifying specific items. Furthermore, we recalculated the provision for inventory obsolescence and valuation losses in accordance with the Company's policies.

Other Matter

Arcadyan Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Arcadyan Technology Corporation and its subsidiaries's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Arcadyan Technology Corporation and its subsidiaries's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arcadyan Technology Corporation and its subsidiaries's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Arcadyan Technology Corporation and its subsidiaries's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Arcadyan Technology Corporation and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Arcadyan Technology Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2026

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed In thousand dollars of TWD)

		December 31, 2025		December 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 4,692,290	10	8,156,296	22
1110	Current financial assets at fair value through profit or loss (note (6)(b))	4,254	-	-	-
1136	Current financial assets at amortized cost (note (6)(e))	8,922,938	20	5,103,852	13
1139	Current financial assets for hedging (note (6)(d))	13,181	-	-	-
1170	Accounts receivable, net (notes (6)(f) and (6)(v))	8,167,942	18	5,245,130	13
1200	Other receivables (including related parties) (notes (6)(x) and (7))	702,109	2	1,666,047	4
1310	Inventories, net (note (6)(g))	14,519,040	32	11,137,856	28
1410	Prepayments	249,354	1	383,060	1
1470	Other current assets	81,547	-	86,712	-
		37,352,655	83	31,778,953	81
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(h))	183,497	1	200,175	1
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	38,614	-	37,965	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	10,609	-	19,437	-
1600	Property, plant and equipment (note (6)(j))	5,751,095	13	5,866,322	15
1755	Right-of-use assets (note (6)(k))	413,887	1	358,573	1
1780	Intangible assets	51,060	-	52,188	-
1840	Deferred tax assets (note (6)(s))	882,265	2	859,798	2
1900	Other non-current assets (note (8))	127,317	-	133,403	-
		7,458,344	17	7,527,861	19
	Total assets	$ 44,810,999	100	39,306,814	100

		December 31, 2025		December 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note (6)(l))	$ 184,700	-	1,181,255	3
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	15,395	-	-	-
2126	Current financial liabilities for hedging (note (6)(d))	2,870	-	-	-
2130	Current contract liabilities (note (6)(v))	3,175,069	7	2,069,927	5
2171	Accounts payable (including related parties) (note (7))	13,472,370	30	10,682,300	27
2200	Other payables (including related parties) (notes (6)(m) and (7))	7,532,486	17	6,539,146	17
2230	Current tax liabilities	943,853	2	718,060	2
2250	Current provisions (note (6)(q))	826,277	2	688,721	2
2280	Current lease liabilities (note (6)(p))	16,622	-	23,280	-
2300	Other current liabilities (note (6)(n))	1,340,597	3	1,284,628	3
		27,510,239	61	23,187,317	59
	Non-current liabilities:				
2570	Deferred tax liabilities (note (6)(s))	63,019	-	41	-
2580	Non-current lease liabilities (note (6)(p))	1,348	-	17,015	-
2640	Non-current net defined benefit liability (note (6)(r))	44,303	-	41,325	-
2670	Other non-current liabilities	158,927	1	34,440	-
		267,597	1	92,821	-
	Total liabilities	27,777,836	62	23,280,138	59
	Equity:				
	Equity attributable to owners of parent (note (6)(t)):				
3110	Ordinary shares	2,203,543	5	2,203,543	6
3200	Capital surplus	3,429,455	8	3,651,759	9
3300	Retained earnings	11,249,315	25	9,910,030	25
3410	Exchange differences on translation of foreign financial statements	93,033	-	199,700	1
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(38,891)	-	(30,063)	-
3450	Gains (losses) on hedging instruments	8,249	-	-	-
		16,944,704	38	15,934,969	41
3600	**Non-controlling interests**	88,459	-	91,707	-
	Total equity	17,033,163	38	16,026,676	41
	Total liabilities and equity	$ 44,810,999	100	39,306,814	100

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed In thousand dollars of TWD)

		2025		2024	
		Amount	%	Amount	%
4000	**Operating revenue (notes (6)(d) and (6)(v)):**	$ 52,975,952	100	48,967,458	100
5000	**Operating costs (notes (6)(g), (6)(j), (6)(k), (6)(r), (7) and (12))**	44,889,510	85	41,551,491	85
	Gross profit from operations	8,086,442	15	7,415,967	15
	Operating expenses (notes (6)(j), (6)(k), (6)(r), (6)(w), (7) and (12)):				
6100	Selling expenses	833,995	2	919,755	2
6200	Administrative expenses	739,491	1	716,794	1
6300	Research and development expenses	3,012,863	6	2,741,787	6
	Total operating expenses	4,586,349	9	4,378,336	9
	Net operating income	3,500,093	6	3,037,631	6
	Non-operating income and expenses:				
7100	Interest income	265,583	1	203,097	1
7020	Other gains or losses	2,859	-	107,565	-
7230	Foreign exchange gains or losses, net (note (6)(x))	(45,821)	-	48,655	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (6)(d))	(1,198)	-	(28,535)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note (6)(h))	(14,866)	-	(31,950)	-
7510	Interest expense (note (6)(p))	(31,448)	-	(59,063)	-
	Total non-operating income and expenses	175,109	1	239,769	1
	Income before tax	3,675,202	7	3,277,400	7
7950	Less: Income tax expenses (note (6)(s))	901,321	2	797,883	2
	Net income	2,773,881	5	2,479,517	5
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(r))	(6,865)	-	30,092	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	(8,828)	-	(16,005)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(s))	(1,373)	-	6,018	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	(14,320)	-	8,069	-
8360	**Components of other comprehensive income (loss) that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(106,854)	-	170,329	-
8368	Gains (losses) on hedging instrument (note (6)(d))	10,311	-	14,246	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss (note (6)(h))	138	-	-	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note (6)(s))	2,062	-	2,850	-
	Total components of other comprehensive income (loss) that may be reclassified to profit or loss	(98,467)	-	181,725	-
8300	**Other comprehensive income**	(112,787)	-	189,794	-
8500	**Total comprehensive income**	**$ 2,661,094**	**5**	**2,669,311**	**5**
	Net income, attributable to:				
8610	Owners of parent	$ 2,777,080	5	2,486,429	5
8620	Non-controlling interests	(3,199)	-	(6,912)	-
		$ 2,773,881	**5**	**2,479,517**	**5**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 2,664,342	5	2,675,447	5
8720	Non-controlling interests	(3,248)	-	(6,136)	-
		$ 2,661,094	**5**	**2,669,311**	**5**
	Earnings per share (note (6)(u))				
9750	Basic earnings per share (TWD)	**$ 12.60**		**11.28**	
9850	Diluted earnings per share (TWD)	**$ 12.43**		**11.14**	

See accompanying notes to consolidated financial statements.

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in thousand dollars of TWD)

	Equity attributable to owners of parent												
			Retained earnings				Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2024	$ 2,203,543	3,872,335	1,534,292	2,213	7,185,148	8,721,653	30,147	(14,058)	(11,396)	4,693	14,802,224	97,843	14,900,067
Net income for the year ended December 31, 2024	-	-	-	-	2,486,429	2,486,429	-	-	-	-	2,486,429	(6,912)	2,479,517
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	24,074	24,074	169,553	(16,005)	11,396	164,944	189,018	776	189,794
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	2,510,503	2,510,503	169,553	(16,005)	11,396	164,944	2,675,447	(6,136)	2,669,311
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	241,942	-	(241,942)	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(2,213)	2,213	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,322,126)	(1,322,126)	-	-	-	-	(1,322,126)	-	(1,322,126)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Changes in equity of subsidiaries and associates accounted for using equity method	-	(222)	-	-	-	-	-	-	-	-	(222)	-	(222)
Balance at December 31, 2024	2,203,543	3,651,759	1,776,234	-	8,133,796	9,910,030	199,700	(30,063)	-	169,637	15,934,969	91,707	16,026,676
Net income for the year ended December 31, 2025	-	-	-	-	2,777,080	2,777,080	-	-	-	-	2,777,080	(3,199)	2,773,881
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	(5,492)	(5,492)	(106,667)	(8,828)	8,249	(107,246)	(112,738)	(49)	(112,787)
Total comprehensive income for the year ended December 31, 2025	-	-	-	-	2,771,588	2,771,588	(106,667)	(8,828)	8,249	(107,246)	2,664,342	(3,248)	2,661,094
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	251,051	-	(251,051)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,432,303)	(1,432,303)	-	-	-	-	(1,432,303)	-	(1,432,303)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Changes in equity of subsidiaries and associates accounted for using equity method	-	(1,950)	-	-	-	-	-	-	-	-	(1,950)	-	(1,950)
Balance at December 31, 2025	**$ 2,203,543**	**3,429,455**	**2,027,285**	**-**	**9,222,030**	**11,249,315**	**93,033**	**(38,891)**	**8,249**	**62,391**	**16,944,704**	**88,459**	**17,033,163**

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

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in thousand dollars of TWD)

	2025	2024
Cash flows from operating activities:		
Income before tax	$ 3,675,202	3,277,400
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	719,753	768,229
Amortization expense	43,755	53,936
Reversal of expected credit impairment	(5,318)	(13,848)
Interest expense	31,448	59,063
Interest income	(265,583)	(203,097)
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	1,198	(300)
Share of loss of associates and joint ventures accounted for using equity method	14,866	31,950
Losses (gains) on disposal of property, plant, and equipment and intangible assets	3,992	(1,186)
Lease modification benefits	-	(18,261)
Others	22,229	4,119
Total adjustments to reconcile profit (loss)	566,340	680,605
Changes in operating assets and liabilities:		
Decrease in financial assets or liabilities at fair value through profit or loss	6,731	32,805
(Increase) decrease in accounts receivable	(2,922,461)	4,550,259
Decrease (increase) in other receivables (including related parties)	953,918	(655,425)
(Increase) decrease in inventories	(3,381,184)	1,239,371
Decrease (increase) in prepayments	133,706	(198,415)
Decrease in other current assets	2,658	40,995
Increase in current contract liabilities	1,105,142	1,718,698
Increase (decrease) in accounts payable (including related parties)	2,790,070	(1,632,603)
Increase in other payables (including related parties) and other current liabilities	1,198,950	803,028
Decrease in other operating liabilities	(3,887)	(2,234)
Total changes in operating assets and liabilities	(116,357)	5,896,479
Total adjustments	449,983	6,577,084
Cash inflow generated from operations	4,125,185	9,854,484
Interest received	280,570	190,527
Dividends received	-	10,447
Interest paid	(38,001)	(55,844)
Income taxes paid	(633,199)	(1,230,759)
Net cash flows from operating activities	3,734,555	8,768,855
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through profit or loss	2,563	-
Acquisition of financial assets at amortized cost	(19,050,059)	(5,103,852)
Proceeds from disposal of financial assets at amortized cost	15,230,973	-
Acquisition of property, plant and equipment	(716,399)	(992,864)
Proceeds from disposal of property, plant and equipment	9,694	11,193
Decrease (increase) in refundable deposits	55,665	(17,959)
Acquisition of intangible assets	(42,627)	(40,207)
Increase in other non-current assets	(72,090)	(7,229)
Net cash flows used in investing activities	(4,582,280)	(6,150,918)
Cash flows from financing activities:		
Decrease in short-term borrowings	(996,555)	(194,203)
Repayments of long-term borrowings	-	(483,767)
Repayments of principal of lease liabilities	(24,329)	(46,392)
Cash dividends paid	(1,652,651)	(1,542,480)
Other financing activities	639	(4,214)
Net cash flows used in financing activities	(2,672,896)	(2,271,056)
Effect of exchange rate changes on cash and cash equivalents	56,615	(47,556)
Net (decrease) increase in cash and cash equivalents	(3,464,006)	299,325
Cash and cash equivalents at beginning of period	8,156,296	7,856,971
Cash and cash equivalents at end of period	$ **4,692,290**	**8,156,296**

See accompanying notes to consolidated financial statements.

(1) Company history

Arcadyan Technology Corporation (the "Company") was incorporated in May 9, 2003. The registered address is 8F., No. 8, Sec. 2, Guangfu Road, East District, Hsinchu City.

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The Company is primarily engaged in the research, development, manufacture and sale of integrated access devices, wireless networking products, digital home multimedia appliances, mobile broadband products and wireless audio-visual products. Please refer to note (4)(c) for related information of the Group primary business activities.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 25, 2026.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS21 "Lack of Exchangeability"

(b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

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

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 starting from fiscal year 2028. Companies that need to adopt the new standard earlier may elect early adoption once IFRS 18 is endorsed by the FSC.

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

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

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

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized as follows. Except as otherwise indicated, the following accounting policies were applied consistently throughout the presented periods in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities issuers” (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to “IFRS Accounting Standards” endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts in the balance sheets, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets and liabilities at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Hedging financial instruments are measured at fair value;

4) The net defined benefit liabilities (assets) are measured at fair value of plan assets less the present value of the defined benefit obligation, and effect of the assets ceiling as explained in note (4)(r).

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Functional and presentation currencies

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. Total comprehensive income of subsidiaries are attributed to the owners of the parent and to the non-controlling interests respectively, even if this results in the non-controlling interests having a deficit balance.

Financial statements of subsidiaries have been adjusted properly to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Percentage of ownership		
Name of Investor	**Name of Subsidiary**	**Nature of operation**	**December 31, 2025**	**December 31, 2024**	**Description**
The Company	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Selling and technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Selling and technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment activities	100 %	100 %	
The Company and ZHI-BAO	Arcadyan do Brasil Ltda. ("Aracadyan Brasil")	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan India Private Limited ("Arcadyan India")	Selling of wireless networking products	100 %	100 %	

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Nature of operation	Percentage of ownership December 31, 2025	Percentage of ownership December 31, 2024	Description
The Company	ZHI-BAO Technology Inc. (“ZHI-BAO”)	Investment activities	100 %	100 %	
〃	Tatung Technology Inc. (“TTI”)	Research and development, and selling digital home appliance	61 %	61 %	
〃	Arcadyan Technology Limited (“Arcadyan UK”)	Selling and technical support of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Australia Pty Ltd (“Arcadyan AU”)	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan Technology Corporation (Russia), LLC (“Arcadyan RU”)	Selling of wireless networking products	100 %	100 %	
〃	Arcadyan Turkey Technology and Trade Joint Stock Company (“Arcadyan Turkey”)	Selling of wireless networking products	100 %	100 %	Note 1
〃	Arcadyan Technology Japan CO., Ltd (Arcadyan Japan)	Selling of wireless networking products	100 %	- %	Note 2
Arcadyan Holding	Sinoprime Global Inc. (“Sinoprime”)	Investment activities	100 %	100 %	
〃	Arcadyan Technology (Shanghai) Corp. (“SVA”)	Research and development, and selling of wireless networking products	100 %	100 %	
〃	Arch Holding (BVI) Corp. (“Arch Holding”)	Investment activities	100 %	100 %	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. (“CNC”)	Manufacturing of wireless networking products	100 %	100 %	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	Manufacturing of wireless networking products	100 %	100 %	
TTI	Quest International Group Co., Ltd. (“Quest”)	Investment activities	100 %	100 %	
Quest	Exquisite Electronic Co., Ltd. (“Exquisite”)	Investment activities	100 %	100 %	
TTI and Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. (“TCH”)	Manufacturing of digital home appliance	100 %	100 %	

Note 1: The subsidiary was incorporated on May 2, 2024.
Note 2: The subsidiary was incorporated on November 25, 2025.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into TWD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into TWD at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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

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

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

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

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability not measured at fair value through profit or loss is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, Financial assets are classified as the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) – debt investment, FVOCI – equity investment, or fair value through profit or loss (FVTPL).

When the Group changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

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

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the "Accounts receivables".

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

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date on which the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above such as financial assets held-for-trading and evaluate performance on a fair value basis are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, accounts receivable, other receivables, refundable deposits paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

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

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

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being more than 90 days past due;

·the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

·it is probable that the borrower will enter bankruptcy or other financial reorganization; or

·the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity transaction

An equity instrument refers to surplus equities of the assets after the deduction of all the debt for any contracts. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

The Group designates its hedging instruments, including derivatives, embedded derivatives, and nonderivative instruments for a hedge of a foreign currency risk, as a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risks of firm commitments are treated as fair value hedges.

At initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

1) Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income, and accumulated in ‘other equity interest－gains (losses) on hedging instruments’. The amount recognized is limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

(Continued)

When the hedged item is recognized in profit or loss, the amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the same periods and presented in the same line as the recognized hedged item. However, when the hedged forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement cost of the non-financial asset or non-financial liability. Furthermore, if the Group expects that all or a portion of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedging relationship no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, terminated or exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until the hedged future cash flows occur. When the future cash flows occur, the accumulated amount is accounted for as an adjustment to the carrying amount of the related non-financial asset and non-financial liability. For other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the standard cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity. However, if the actual operating capacity is not significantly different from the normal operating capacity, it will be apportioned according to the actual operating capacity, and the variable manufacturing overhead will be apportioned based on the actual operating capacity.

Inventories are measured for their net realizable value at the end of each reporting period. Management evaluates whether an allowance for inventory write-off is required based on factors such as the salability of inventories, expected demand, market price fluctuations, and inventory turnover conditions. If the carrying amount of inventories exceeds their net realizable value, an allowance for inventory obsolescence and write-off is recognized.

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

(i) Investment in associates

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

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

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes its share of those changes as capital surplus based on its ownership percentage when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not affect the Group's ownership percentage of the associate.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

(Continued)

Land is not depreciated.

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

1) Buildings: 50 years

2) Machinery and equipment: 3~10 years

3) Research and development equipment: 3~6 years

4) Mold equipment: 2~3 years

5) Other equipment: 1~10 years

The major components of building and equipment are factory buildings and fire protection facilities. Each component is depreciated separately based on its useful life.

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(k) Lease

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

(i) As a leasee

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

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

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

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

1) fixed payments, including in substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised or fines to be paid.

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

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether the Group will exercise an extension or termination option; or

5) there is any lease modifications.

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

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

The Group presents right-of-use assets and lease liabilities that do not meet the definition of investment property as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of factory facilities and vehicles and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

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

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Copyright: 10 years

2) Technology licensing fee: amortized over the contract period by using the straight-line method.

3) Computer software: 1~10 years

(Continued)

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) Impairment – non- financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or cash-generating unit (CGUs). Goodwill arising from a business combination is allocated to each CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The Group will adjust the carrying amount of an asset or CGU to recoverable amount if the carrying amount of an asset or CGU exceeds its recoverable amount, and recognize impairment loss. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount (net of depreciation or amortization) that would have been determined, had no impairment loss been recognized for the asset in prior years.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical experience of warranty expenses as percentage of sales.

(o) Revenue from contracts with customers

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

(Continued)

(i) Sale of goods

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

The Group assesses sales allowances based on historical experience, management's judgment, and other known causes. Such allowances are recognized as a deduction of operating revenue in the same period in which the related products are sold, and the Group expects that the aforementioned provisions will be realized in future sales periods. As of the reporting date, the amounts expected to be paid to customers due to discounts are recognized as refund liabilities. The average credit term for sales is consistent with industry practice; therefore, no financing component is included.

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

(ii) Rendering of services

Some of the Group's product manufacturing and sales contracts include pre-production activities such as research, development, design, and testing of the new products. The related service revenue is recognized during the financial reporting period in which the services are rendered and consideration is received.

(iii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

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

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) The initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

(i) the entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

1) levied by the same taxing authorities; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amount are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(r) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

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All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, on a transaction-by-transaction basis, the Group elects to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, or another measurement basis by the IFRSs endorsed by the FSC.

(s) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Group. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation which could be issued in the form of common stock not yet approved by the Board of Directors.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

(Continued)

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

Valuation of inventories

As inventories are measured at the lower of cost and net realizable value, the Group evaluates the amount of inventories that may have become obsolete, deteriorated, or lack of market value at the reporting date, and writes down the cost of such inventories to their net realizable value. The valuation of inventories is primarily based on estimated product demand for specific future periods; therefore, estimation differences may arise due to rapid changes in the industry. For further information regarding inventory valuation, please refer to Note 6(g).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	$ 5,121	4,603
Checking accounts and demand deposits	2,529,989	4,797,276
Time deposits with original maturities of less than three months	957,180	2,354,417
Repurchase agreements	1,200,000	1,000,000
Cash and cash equivalents presented in the consolidated statement of cash flows	**$ 4,692,290**	**8,156,296**

Please refer to note (6)(x) for the disclosure of 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

	December 31, 2025	December 31, 2024
Current financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	**$ 4,254**	**-**
Non-current financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets:		
Fund unlisted on domestic or foreign markets	**$ 38,614**	**37,965**
Financial liabilities held-for-trading :		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	**$ 15,395**	**-**

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The Group uses derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. As of December 31, 2024, there were no outstanding derivative instruments without the application of hedge accounting. As of December 31, 2025, the derivative instruments, without the application of hedge accounting, classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities were as follows:

	December 31, 2025		
	Contract amount (in thousands)	**Currency**	**Maturity date**
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 16,000	Sell EUR / USD	January 29, 2026~ April 14, 2026
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	EUR 7,000	Sell EUR / USD	January 14, 2026~ May 14, 2026
Foreign exchange forward	EUR 7,000	Sell EUR / TWD	January 29, 2026~ March 30, 2026
Foreign exchange forward	AUD 17,000	Sell AUD / USD	January 29, 2026~ April 14, 2026

Please refer to note (6)(x) for the exposure to credit risk of the financial instruments.

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

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

	December 31, 2025	December 31, 2024
Equity investments at fair value through other comprehensive income:		
Stocks unlisted on domestic markets	$ 10,609	19,437

(i) For the years ended December 31, 2025 and 2024, unrealized gains (losses) from the above-mentioned equity investments measured at fair value were $(8,828) and $(16,005), respectively, and were recognized under other comprehensive income.

(ii) There were no disposals of strategic investments and transfers of any cumulative gains or losses within equity relating to these investments for the years ended December 31, 2025 and 2024.

(iii) Please refer to note (6)(x) for the information of market risk.

(iv) The Group did not provide any aforementioned financial assets as collaterals.

(d) Financial assets and liabilities used for hedging

(i) Financial assets and liabilities used for hedging were as follows:

	December 31, 2025	December 31, 2024
Cash flow hedge:		
Financial assets used for hedging:		
Foreign exchange forward contracts	$ 13,181	-
Financial liabilities used for hedging:		
Foreign exchange forward contracts	$ 2,870	-

(ii) Cash flow hedge–foreign exchange risk

The strategy of the Group is to enter into foreign exchange forward contracts to hedge its foreign currency exposure risk in relation to the forecast sales.

As of December 31, 2024, the Group did not engage in derivative instruments for cash flow hedge. As of December 31, 2025, the information relating to the items designated as hedging instruments were as follows:

	December 31, 2025				
	Contract amount (in thousands)		Currency	Maturity date	Average strike price
Derivative financial assets used for hedging					
Forward contracts:					
Forward exchange forward	EUR	41,000	Sell EUR / USD	January 29, 2026~ December 30, 2026	1.1912
Forward exchange forward	AUD	9,000	Sell AUD / USD	January 29, 2026~ June 29, 2026	0.6710
Derivative financial liabilities used for hedging					
Forward contracts:					
Foreign exchange forward	AUD	12,000	Sell AUD / USD	January 29, 2026~ June 29, 2026	0.6607

(iii) Adjustments on reclassification from components of other comprehensive income

For the years ended December 31, 2025 and 2024, the details of adjustments on reclassification from components of other comprehensive income were as follows:

		2025	2024
Cash flow hedge:			
Gains (losses) in current period	$	(164,270)	30,315
Less: Gains (losses) of adjustments on reclassification from components of other comprehensive income which belongs to profit or loss		(174,581)	16,069
Net gains recognized in other comprehensive income	**$**	**10,311**	**14,246**

(iv) For the years ended December 31, 2025 and 2024, the ineffective portions of cash flow hedge recognized in profit or loss amounted to $(10,250) and $0, respectively, and were included in "Gains (losses) on financial assets (liabilities) at fair value through profit or loss".

(v) For the years ended December 31, 2025 and 2024, gains or losses from reclassification adjustments of other equity interest, deriving from the changes in fair value of hedge instruments, were recognized under operating revenues in the consolidated statements of comprehensive income.

(e) Financial assets at amortized cost

		December 31, 2025	December 31, 2024
Time deposits with original maturity of more than three months	**$**	**8,922,938**	**5,103,852**

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets at amortized cost.

As of December 31, 2025 and December 31, 2024, the ranges of interest rates for aforementioned financial assets were 0.67%~2.58% and 1.635%~1.80%, respectively.

As of December 31, 2025 and December 31, 2024, the Group did not provide any financial assets at amortized cost as collaterals.

(f) Accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable – measured at amortized cost	$ 8,199,094	4,550,545
Accounts receivable – fair value through other comprehensive income	-	726,088
	8,199,094	5,276,633
Less: allowance for uncollectible accounts	(31,152)	(31,503)
	$ 8,167,942	5,245,130

The Group has assessed a portion of its accounts receivable that were held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; therefore, such accounts receivable was measured at fair value through other comprehensive income.

The Group applies the simplified approach to estimate 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 that represent customers' ability to pay all amounts due under the contractual terms, as well as incorporated forward looking information, including historical credit losses experience and macroeconomic outlook. The expected credit losses of the Group as of December 31, 2025 and 2024 were as follows:

	December 31, 2025			
Credit rating	**Gross carrying amount**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit impaired**
Level A	$ 4,100,879	0%	-	No
Level B	3,355,662	0.1%	3,363	No
Level C	722,097	1%	7,333	No
Level D	-	5%	-	-
Level E	20,456	100%	20,456	Yes
Total	$ 8,199,094		31,152	

	December 31, 2024			
Credit rating	**Gross carrying amount**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit impaired**
Level A	$ 1,736,227	0%	-	No
Level B	2,780,528	0.1%	2,781	No
Level C	738,542	1%	7,386	No
Level D	-	5%	-	-
Level E	21,336	100%	21,336	Yes
Total	$ 5,276,633		31,503	

The aging analysis of accounts receivable were as follows:

	December 31, 2025	December 31, 2024
Not overdue	$ 7,556,778	4,955,143
Overdue 1~30 days	620,930	298,067
Overdue 31~60 days	116	15
Overdue 61~90 days	512	1,714
Overdue 91~180 days	302	358
Overdue over 181 days	20,456	21,336
	$ 8,199,094	**5,276,633**

The movement of allowance for uncollectible accounts receivable were as follows:

	2025	2024
Balance at beginning	$ 31,503	41,153
Impairment loss reversed	(351)	(9,650)
Balance at ending	**$ 31,152**	**31,503**

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

The Group entered into accounts receivable factoring agreements with banks. Based on the agreements, the Group is not responsible for guaranteeing the ability of the obligor of the accounts receivable to make payment at the time of debt transfer and debt fulfillment. Thus, this is deemed as a non-recourse accounts receivable factoring. After the transfer of the accounts receivable, the Group can request partial advances as stipulated in the agreements. Interest calculated at an agreed rate during the period from the date of transfer until the accounts receivable are collected is paid to the bank. The remaining amount for which no advance is received when the accounts receivable are paid by the customers.

As of December 31, 2025, the Group did not enter into any accounts receivable factoring agreement with banks. Moreover, no accounts receivable had been factored as of December 31, 2024.

(g) Inventories

(i) A summary of the Group’s inventories were as follows:

	December 31, 2025	December 31, 2024
Raw materials	$ 4,099,742	3,466,936
Work in progress and semi-finished goods	382,015	392,893
Finished goods	10,037,283	7,278,027
	$ 14,519,040	**11,137,856**

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(ii) The details of operating costs for the years ended December 31, 2025 and 2024 were as follows:

		2025	2024
Cost of sales and expenses	$	44,901,298	41,522,818
Reversal of inventory write-down		(69,040)	(17,667)
Loss on inventory scrap		57,252	46,340
	$	**44,889,510**	**41,551,491**

(iii) For the years ended December 31, 2025 and 2024, the net realizable value of inventories recovered due to the sale or disposal of obsolete or slow-moving inventories. Accordingly, the amount of inventory write-down and obsolescence losses was reversed.

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

(h) Investments accounted for using equity method

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

		December 31, 2025	December 31, 2024
Associates	$	183,497	200,175

(i) Aggregate financial information of the Group' s equity-accounted associates that are individually insignificant which included in the consolidated financial statements are summarized as follows:

		December 31, 2025	December 31, 2024
Aggregate carrying amount of the Group's associates that are individually insignificant	**$**	**183,497**	**200,175**

		2025	2024
Share of associates attributed to the Group were as follows:			
Net loss from continuing operations	$	(14,866)	(31,950)
Other comprehensive income		138	-
Total comprehensive loss	**$**	**(14,728)**	**(31,950)**

(ii) The effects of changes in the equity of the aforementioned associates on equity attributable to owners of parent were as follows:

		2025	2024
Capital surplus-changes in ownership interests in associates	**$**	**(1,950)**	**(222)**

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

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(i) Loss of control in subsidiaries

Tatung Technology of Japan Co., Ltd. (“TTJC”) completed its dissolution and liquidation process on November 27, 2024 and has no longer been included in consolidation since liquidation date.

The Group derecognized the assets, liabilities and the related equity components of TTJC, resulting in a loss on disposal of $988, which was recognized under Other gains or losses.

The carrying amount of assets and liabilities of TTJC on the date of disposal were as follows:

Other current assets	$	2,165
Other current liabilities		-
Carrying amount of net assets	**$**	**2,165**

(j) Property, plant and equipment

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

		Land	Buildings and construction	Machinery and equipment	Research and development equipment	Mold equipment	Leasehold improvement and other equipment	Construction in progress and prepayment for purchase of equipment	Total
Cost or deemed cost:									
Balance at January 1, 2025	$	878,978	3,220,556	3,157,158	842,636	203,334	506,872	526,929	9,336,463
Additions		-	15,829	302,442	87,733	17,906	23,777	264,954	712,641
Reclassifications		-	-	-	-	-	-	(1,780)	(1,780)
Disposals and derecognitions		-	-	(18,995)	(21,676)	(15,365)	(19,127)	-	(75,163)
Effect of movements in exchange rates		-	(98,595)	(95,151)	-	(346)	(8,334)	(88)	(202,514)
Balance at December 31, 2025	**$**	**878,978**	**3,137,790**	**3,345,454**	**908,693**	**205,529**	**503,188**	**790,015**	**9,769,647**
Balance at January 1, 2024	$	878,978	2,969,371	3,081,137	770,250	184,105	570,785	116,286	8,570,912
Additions		-	-	225,301	70,004	59,067	39,152	547,770	941,294
Reclassifications		-	108,253	1,662	25,513	-	-	(138,509)	(3,081)
Disposals and derecognitions		-	-	(263,654)	(23,139)	(40,328)	(111,691)	(1,334)	(440,146)
Effect of movements in exchange rates		-	142,932	112,712	8	490	8,626	2,716	267,484
Balance at December 31, 2024	**$**	**878,978**	**3,220,556**	**3,157,158**	**842,636**	**203,334**	**506,872**	**526,929**	**9,336,463**
Depreciation:									
Balance at January 1, 2025	$	-	364,142	2,115,398	545,711	102,108	342,782	-	3,470,141
Depreciation for the period		-	121,657	351,316	94,654	54,159	53,727	-	675,513
Disposals and derecognitions		-	-	(7,349)	(21,348)	(14,331)	(18,449)	-	(61,477)
Effect of movements in exchange rates		-	(7,569)	(54,175)	-	(290)	(3,591)	-	(65,625)
Balance at December 31, 2025	**$**	**-**	**478,230**	**2,405,190**	**619,017**	**141,646**	**374,469**	**-**	**4,018,552**
Balance at January 1, 2024	$	-	233,959	1,956,850	477,460	94,592	368,656	-	3,131,517
Depreciation for the period		-	122,524	367,498	90,317	47,488	80,687	-	708,514
Disposals and derecognitions		-	-	(260,172)	(22,074)	(40,328)	(107,565)	-	(430,139)
Effect of movements in exchange rates		-	7,659	51,222	8	356	1,004	-	60,249
Balance at December 31, 2024	**$**	**-**	**364,142**	**2,115,398**	**545,711**	**102,108**	**342,782**	**-**	**3,470,141**
Carrying amounts:									
Balance at December 31, 2025	**$**	**878,978**	**2,659,560**	**940,264**	**289,676**	**63,883**	**128,719**	**790,015**	**5,751,095**
Balance at January 1, 2024	**$**	**878,978**	**2,735,412**	**1,124,287**	**292,790**	**89,513**	**202,129**	**116,286**	**5,439,395**
Balance at December 31, 2024	**$**	**878,978**	**2,856,414**	**1,041,760**	**296,925**	**101,226**	**164,090**	**526,929**	**5,866,322**

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

(k) Right-of-use assets

The Group leases land, buildings and vehicles, recognizing as right-of-use assets. The cost and depreciation of the right-of-use assets of the Group for the years ended December 31, 2025 and 2024 were as follows:

	Land	Buildings and construction	Vehicles and other	Total
Cost:				
Balance at January 1, 2025	$ 351,967	66,553	11,816	430,336
Additions	-	111,898	707	112,605
Disposals and derecognitions	-	(18,686)	(7,832)	(26,518)
Effect of movements in exchange rates	(14,520)	(533)	-	(15,053)
Balance at December 31, 2025	**$ 337,447**	**159,232**	**4,691**	**501,370**
Balance at January 1, 2024	$ 330,242	358,769	21,987	710,998
Additions	-	16,616	3,984	20,600
Disposals and derecognitions	-	(311,246)	(14,121)	(325,367)
Effect of movements in exchange rates	21,725	2,414	(34)	24,105
Balance at December 31, 2024	**$ 351,967**	**66,553**	**11,816**	**430,336**
Depreciation:				
Balance at January 1, 2025	$ 37,320	25,700	8,743	71,763
Depreciation for the period	7,357	34,850	2,033	44,240
Disposals and derecognitions	-	(18,686)	(7,832)	(26,518)
Effect of movements in exchange rates	(1,494)	(508)	-	(2,002)
Balance at December 31, 2025	**$ 43,183**	**41,356**	**2,944**	**87,483**
Balance at January 1, 2024	$ 27,770	221,934	16,679	266,383
Depreciation for the period	7,577	46,774	5,364	59,715
Disposals and derecognitions	-	(243,204)	(13,267)	(256,471)
Effect of movements in exchange rates	1,973	196	(33)	2,136
Balance at December 31, 2024	**$ 37,320**	**25,700**	**8,743**	**71,763**
Carrying amount:				
Balance at December 31, 2025	**$ 294,264**	**117,876**	**1,747**	**413,887**
Balance at January 1, 2024	**$ 302,472**	**136,835**	**5,308**	**444,615**
Balance at December 31, 2024	**$ 314,647**	**40,853**	**3,073**	**358,573**

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(l) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2025	December 31, 2024
Unsecured bank borrowings	$ 184,700	1,181,255
Unused credit lines for short-term borrowings	$ 18,095,827	17,025,248
Range of interest rates	2.34%	3.58~4.70%

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

(m) Other payables (including related parties)

The details of other payables were as follows:

	December 31, 2025	December 31, 2024
Payable for salaries, bonuses and employee's compensation	$ 1,588,920	1,386,017
Payable for import and export expenses and freight charges	1,071,601	1,147,617
Payable for service fees	152,133	175,183
Others	4,719,832	3,830,329
Total	$ 7,532,486	6,539,146

(n) Other current liabilities

The details of other current liabilities were as follows:

	December 31, 2025	December 31, 2024
Temporary receipts–Non-Recurring Engineering revenue and collection on behalf of others	$ 1,168,299	921,152
Others	172,298	363,476
	$ 1,340,597	1,284,628

(o) Long-term borrowings (including current portion)

(i) As of December 31, 2025 and 2024, the Group had no outstanding long-term borrowings and no unused credit facilities.

(ii) For the year ended December 31, 2025, the Group did not incur or repay any long-term borrowings. For the year ended December 31, 2024, the Group had incurred and repaid long-term borrowings amounting to $0 and $483,767, respectively, with maturity dates from April to May 2024.

(iii) The Group did not provide any assets pledged as collaterals for the long-term borrowings.

(iv) For the information of the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(x).

(p) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	$ 16,622	23,280
Non-current	$ 1,348	17,015

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

The amounts recognized in profit or loss were as follows:

	2025	2024
Interest expense on lease liabilities	$ 865	2,763
Expenses relating to short-term leases or leases of low-value assets	$ 16,909	14,969

The amounts recognized in the consolidated statements of cash flows for the Group were as follows:

	2025	2024
Total cash outflow for leases	$ 42,103	64,124

(i) Land, buildings, offices and vehicles leases

The Group leases buildings, offices and vehicles with lease terms ranging from 1 to 5 years, and the right-of-use asset for land has a term of 45 years.

(ii) Other leases

The Group leases parts of offices and vehicles with lease terms of 1 year. The Group has elected not to recognize right-of-use assets and lease liabilities for these short-term leases or low-value asset leases.

(q) Provisions- current

	Warranties
Balance at January 1, 2025	$ 688,721
Provisions made during the period	267,121
Provisions used during the period	(129,565)
Balance at December 31, 2025	**$ 826,277**
Balance at January 1, 2024	$ 698,887
Provisions made during the period	199,461
Provisions used during the period	(209,627)
Balance at December 31, 2024	**$ 688,721**

Provisions for warranty are related to sales of products and are estimated based on historical experience of similar products or services and customer feedback.

(r) Employee benefits

(i) Defined benefit plans

Reconciliation of the present value of the defined benefit obligations and the fair value of plan assets for the Company were as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	$ 212,157	195,951
Fair value of plan assets	(167,854)	(154,626)
Net defined benefit liabilities	**$ 44,303**	**41,325**

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

1) Composition of plan assets

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

The Company’s Bank of Taiwan labor pension reserve account balance amounted to \$167,854 as of the reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations of the Company for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Defined benefit obligations at January 1	$ 195,951	214,688
Current service costs and interest	3,873	3,650
Remeasurement of net defined benefit liabilities	17,355	(17,770)
Benefit paid by the plan	(5,022)	(4,617)
Defined benefit obligations at December 31	**$ 212,157**	**195,951**

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

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Fair value of plan assets at January 1	$ 154,626	141,037
Contributions paid by the employer	3,804	3,839
Expected return on plan assets	2,790	2,045
Remeasurement of net defined benefit assets	10,490	12,322
Benefit paid by the plan	(3,856)	(4,617)
Fair value of plan assets at December 31	**$ 167,854**	**154,626**
Actual return on plan assets	**$ 13,280**	**14,367**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Company for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Current service costs	$ 295	440
Net interest on the net defined benefit liabilities	788	1,165
	$ 1,083	**1,605**
Operating costs	$ 121	179
Selling expenses	141	191
Administrative expenses	224	257
Research and development expenses	597	978
	$ 1,083	**1,605**

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5) Remeasurements of net defined benefit plans recognized in other comprehensive income

The Company's actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Cumulative amount at January 1	$ 23,253	53,345
Recognized for the period	6,865	(30,092)
Cumulative amount at December 31 (included in retained earnings)	$ 30,118	23,253

6) Actuarial assumptions

a) The following are the Company's principal actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

i) Actuarial valuation for present value of defined benefit obligations as of December 31, 2025 and 2024.

	December 31, 2025	December 31, 2024
Discount rate	1.750 %	2.000 %
Future salary increasing rate	3.000 %	2.500 %

ii) Actuarial valuation for defined benefit plans cost for the years ended December 31, 2025 and 2024:

	2025	2024
Discount rate	2.000 %	1.625 %
Future salary increasing rate	2.500 %	3.000 %

The company expects to make a contribution of $3,774 to the defined benefit plans within one year after the reporting date of 2025.

The weighted-average duration of the defined benefit obligation is 11.03 years.

7) Sensitivity analysis

If the main actuarial assumptions as of December 31, 2025 and 2024 had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligation	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2025		
Discount rate	(3,355)	3,464
Future salary increasing rate	3,330	(3,249)
December 31, 2024		
Discount rate	(3,359)	3,475
Future salary increasing rate	3,373	(3,286)

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

The method and assumptions used in the preparation of sensitivity analysis are consistent with prior period.

8) The payments of retirement benefits to the employees who met the requirements from the Bank of Taiwan labor pension reserve account made by the Company amounted to $3,856 and $4,617 for the years ended December 31, 2025 and 2024, respectively.

(ii) Defined contribution plans

The Company and all subsidiaries in domestic contribute 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to $59,604 and $55,552 for the years ended December 31, 2025 and 2024, respectively. Payment was contributed to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to $42,458 and $42,074 for the years ended December 31, 2025 and 2024, respectively.

(Continued)

(s) Income taxes

(i) Income tax expense

1) The amount of income tax expense (benefit) for the years ended December 31, 2025 and 2024 were as follows:

		2025	2024
Current tax expense			
Recognized during the period	$	723,258	741,824
Additional tax on undistributed earnings		41,358	42,878
Adjustment for prior periods		96,883	76,935
		861,499	861,637
Deferred income tax expense (benefit)			
Recognition and reversal of temporary differences		39,822	(63,754)
Current income tax expense	**$**	**901,321**	**797,883**

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

		2025	2024
Items that will not be reclassified to profit or loss:			
Gains (losses) on remeasurements of defined benefit plans	**$**	**(1,373)**	**6,018**
Items that may be reclassified subsequently to profit or loss:			
Gains on hedging instrument	**$**	**2,062**	**2,850**

3) Reconciliation of income tax expense (benefit) and income before tax for the years ended December 31, 2025 and 2024 were as follows:

		2025	2024
Income before tax	$	3,675,202	3,277,400
Income tax at the Company's domestic tax rate		809,183	758,287
Effect of different tax rates in foreign jurisdictions		(15,339)	(6,946)
Tax-exempt loss from investment		7,865	14,567
Changes in unrecognized temporary differences		(36,039)	(23,581)
Adjustment for prior periods		96,883	76,935
Additional tax on undistributed earnings		41,358	42,878
Tax credit of investment and others		(2,590)	(64,257)
	$	**901,321**	**797,883**

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities:

As of December 31, 2025 and 2024, since the Group was able to control the timing of the reversal of the temporary differences associated with investments in overseas subsidiaries, and the management considered it is probable that the temporary differences which are not expected to reverse in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

	December 31, 2025	December 31, 2024
The temporary differences associated with investments in subsidiaries	$ 1,253,086	1,015,296
Unrecognized deferred tax liabilities	$ 250,617	203,059

2) Unrecognized deferred tax assets:

Details of unrecognized deferred tax assets were as follows:

	December 31, 2025	December 31, 2024
Tax effect of deductible temporary differences	$ 515,595	500,558
Tax effect of loss carryforward	257,286	237,471
	$ 772,881	738,029

The Group assesses and considers that part of the income tax deductible items may be unrealized, therefore the Group do not recognize them as deferred tax assets. In addition, according to ROC Income Tax Act, the loss carry-forward can be deducted from the net profit of the current year within the period specified by the law, as approved by the ROC tax authorities. The items are not recognized as deferred income tax assets due to the fact that the Group may not have sufficient taxable income in the future for the usage of these temporary differences.

As of December 31, 2025, the tax effects on loss carryforward that have not been recognized as deferred tax assets were as follows:

Year of loss	Expiry year	Deductible amount
2020 (examined)	2030	$ 67,320
2021 (filed)	2026	128,714
2021 (examined)	2031	47,904
2022 (filed)	2027	349,119
2022 (examined)	2032	98,885
2023 (filed)	2028	104,439
2023 (examined)	2033	38,295
2024 (filed)	2029	60,842
2024 (filed)	2034	166,982
2025 (estimated)	2030	50,520
		$ 1,113,020

(Continued)

3) Recognized deferred tax assets and liabilities

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

		Defined benefit plans	Exchange difference on translation of foreign financial statements	Loss on inventory valuation	Unrealized exchange losses	Unrealized gross profit from sales	Others	Total
Deferred tax assets:								
Balance at January 1, 2025	$	4,647	66,130	270,304	32,677	31,249	454,791	859,798
Recognized in profit or loss		-	-	(668)	(32,677)	(8,147)	62,012	20,520
Recognized in other comprehensive income		1,373	-	-	-	-	574	1,947
Balance at December 31, 2025	$	**6,020**	**66,130**	**269,636**	**-**	**23,102**	**517,377**	**882,265**
Balance at January 1, 2024	$	10,665	66,130	258,272	7,006	21,498	448,399	811,970
Recognized in profit or loss		-	-	12,032	25,671	9,751	9,242	56,696
Recognized in other comprehensive income		(6,018)	-	-	-	-	(2,850)	(8,868)
Balance at December 31, 2024	$	**4,647**	**66,130**	**270,304**	**32,677**	**31,249**	**454,791**	**859,798**

		Share of profit of associates and joint ventures accounted for using equity method	Unrealized exchange gains	Others	Total
Deferred tax liabilities:					
Balance at January 1, 2025	$	-	-	(41)	(41)
Recognized in profit or loss		(47,526)	(12,857)	41	(60,342)
Recognized in other comprehensive income		-	-	(2,636)	(2,636)
Balance at December 31, 2025	$	**(47,526)**	**(12,857)**	**(2,636)**	**(63,019)**
Balance at January 1, 2024	$	-	-	(7,099)	(7,099)
Recognized in profit or loss		-	-	7,058	7,058
Balance at December 31, 2024	$	**-**	**-**	**(41)**	**(41)**

(iii) Examination and approval

The ROC tax authorities have examined the income tax returns of the Company through 2022, ZHI-BAO and TTI through 2023. The relevant differences of examination have been reflected as income tax adjustments in the year of determination.

(Continued)

(iv) Global minimum top-up tax

Some of the Group's operating regions have enacted a new global minimum top-up tax law. The Group is closely monitoring the legislative progress for the introduction of the global minimum top-up tax in each of the regions in which the Group operates. As of December 31, 2025, the application of this new tax law was assessed to have no significant impact on the Group.

The Group recognizes supplemental tax as current income tax expense when incurred and applies a temporary mandatory relief for the deferred income tax accounting treatment arising from the supplement tax.

(t) Capital and other equities

(i) Ordinary shares

As of December 31, 2025 and 2024, the Company's authorized capital were both $3,000,000, of which 220,354 thousand shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

	December 31, 2025	December 31, 2024
Additional paid-in capital－premium	$ 3,420,556	3,640,910
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	3,698	3,698
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	4,840	6,790
Expired stock options	361	361
	$ 3,429,455	3,651,759

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus generated from premium on issuance of capital stock and earnings from donation may be used to increase the common stock or be distributed as cash dividends in proportion to the shareholders' original shareholdings. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus used for capital increase per annum shall not exceed 10% of the paid-in capital.

The Company’s Board of Directors meeting held on February 26, 2025 and February 22, 2024, approved to distribute the cash of $220,354 (TWD1 per share) from capital surplus. The related information can be accessed through the Market Observation Post System website.

The Company's Board of Directors meeting held on February 25, 2026, approved to distribute the cash dividends of $220,354 (TWD1 per share) from capital surplus. The related information can be accessed through the Market Observation Post System website after the meeting.

(iii) Retained earnings

According to the Company' s Articles of Incorporation, if the Company makes earnings in a fiscal year, after all taxes and dues have been paid and accumulated loss for previous years have been made up, shall set aside 10% of earnings as legal reserve (unless the amount of legal reserve reaches total paid-in capital), and set aside the special reserve in accordance with relevant laws and regulations. Depending on operation conditions, the board of directors shall retain an appropriate amount then propose an earnings distribution plan. According to the Company' s Articles of Incorporation, the Company authorizes the board of directors to distribute dividends, bonuses, capital surplus and legal reserve in whole or in part in the form of cash, after a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of total number of directors, and shall report such distribution plan in the general shareholders' meeting.

The Company adheres to a stable dividend policy, and dividends distribution should be determined after considering the business environment, operating performance, financial structure. If there is any year-end retained earnings to be distributed to shareholders, the dividends and bonuses shall not be lower than 30% of the net income and the cash dividends to shareholders shall not be lower than 10% of total dividends.

1) Legal reserve

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

2) Special reserve

During earnings distribution, the Company shall make a further appropriation of special reserve for the difference between the net debit balance of other shareholders' equity incurred in the current period and the existing balance of special reserve. Special reserve shall be appropriated from the sum of the current period's net income plus items other than the current period's net income that are included in the current year's unappropriated retained earnings, and the prior years' unappropriated retained earnings, for the aforementioned difference. For the cumulative net debit balance of other shareholders' equity pertaining to prior periods, special reserve shall be appropriated from the prior years' unappropriated retained earnings and shall not be available for distribution. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity may be made available for earnings distribution.

(iv) Earnings distributed

Earnings distribution for 2024 and 2023 were approved by the Board of Directors meeting held on February 26, 2025 and February 22, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

	2024		2023	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Cash dividends distributed to ordinary shareholders	$ 6.5	1,432,303	6.0	1,322,126

The earnings distribution for 2025 was approved by the Board of Directors meeting held on February 25, 2026 as follows:

	2025	
	Amount per share (TWD)	**Total amount**
Cash dividends distributed to ordinary shareholders from unappropriated earnings	$ 8.0	1,762,835

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

(u) Earnings per share

The basic earnings per share and diluted earnings per share of the Group are calculated as follows:

	2025	**2024**
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ 2,777,080	2,486,429
Weighted-average number of ordinary shares (in thousands)	220,354	220,354
Basic earnings per share (TWD)	$ 12.60	11.28
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ 2,777,080	2,486,429
Weighted-average number of ordinary shares (in thousands)	220,354	220,354
Effect of dilutive potential ordinary shares (in thousands):		
Effect of compensation to employees	3,043	2,748
Weighted-average number of ordinary shares (in thousands) (adjusted for the effects of dilutive potential ordinary shares)	223,397	223,102
Diluted earnings per share (TWD)	$ 12.43	11.14

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(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	2025	2024
Primary geographical markets:		
America	$ 25,308,077	21,067,020
Europe	17,750,011	13,154,912
Asia and others	9,917,864	14,745,526
	$ 52,975,952	**48,967,458**
Major products:		
Smart home solution	$ 19,745,402	22,498,625
Mobility solution	16,373,920	16,128,406
Broadband solution	15,240,975	8,918,901
Others	1,615,655	1,421,526
	$ 52,975,952	**48,967,458**

(ii) Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable	$ 8,199,094	5,276,633	9,826,892
Less: allowance for uncollectible accounts	(31,152)	(31,503)	(41,153)
Total	**$ 8,167,942**	**5,245,130**	**9,785,739**
Contract liabilities - current	**$ 3,175,069**	**2,069,927**	**351,229**

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

The 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.

The amounts of revenue recognized for the years ended December 31, 2025 and 2024 that were included in the balance of contract liabilities at the beginning of the periods were $1,993,176 and $222,498, respectively.

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(w) Compensation to employees and directors

On May 28, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if there is any profit before tax prior to deduction of the compensation of employees and directors in a fiscal year, it shall first be used to offset against any accumulated deficits. Thereafter, no more than 2% of the remaining net profit shall be allocated as directors' compensation and no less than 5% as employee compensation, including a minimum of 5% to those non-executive employees.

Prior to the amendment, the Articles of Incorporation stipulated that, if there is any profit before tax prior to deduction of the compensation of employees and directors in a fiscal year, it shall first be used to offset against any accumulated deficits. Thereafter, no more than 2% of the remaining net profit shall be allocated as directors' compensation and no less than 5% as employee compensation.

In the event that the Company has accumulated losses, the Company shall reserve an amount to offset its accumulated losses. Employees who are entitled to receive the above-mentioned employee compensation, in share or cash, may include the employees who serve in the subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2025 and 2024, the Company accrued employee compensation of $469,507 (including distribution to the non-executive employees) and $421,162, and directors' remuneration of $24,968 and $22,792, respectively. The estimated amounts mentioned above are based on the income before tax prior to deduction of the compensation to employees and directors of each respective ending period, multiplied by the percentages of compensation to employees and directors, which were approved by the management of the Company. The estimations were recorded under operating costs or operating expenses for 2025 and 2024. The differences between the actual amounts and the estimations recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors resolves to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is determined based on the closing price of the day before the Board of Directors' meeting.

There is no difference between the compensation of employees and directors resolved by the Board of Directors and the estimated amounts recognized in the consolidated financial statement for the years ended December 31, 2025 and 2024. The actual distribution of compensation of employees and directors was consistent with the estimated amounts and was paid in cash for the year ended December 31, 2024. Related information can be accessed through the Market Observation Post System website.

(x) Financial instruments

(i) Credit risk

1) Maximum exposure to credit risk

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

2) Concentration of credit risk

The Group's revenue is primarily concentrated among certain major customers, while its sales regions are widely spread. As accounts receivable at the end of the year were not significantly concentrated on any specific customers, therefore, there is no significant concentration of credit risk. To manage credit risk, the Group continually evaluates the financial condition, operating scale, and credit ratings of its customers, and adopts appropriate credit control measures based on customers' credit profiles.

3) Receivable and debt securities

For credit risk exposure of accounts receivable, please refer to note (6)(f).

Other financial assets at amortized cost include other receivables (including related parties), repurchase agreements and time deposits. These financial assets are considered to have low credit risk, and thus, the impairment provision during the period was measured at an amount equal to 12 months expected losses. Besides, due to the counterparties of the time deposits and repurchase agreements held by the Group are financial institutions with investment grade and above credit ratings, these time deposits and repurchase agreements are considered to have low credit risk.

The movements of allowance for the years ended December 31, 2025 and 2024 were as follows:

	Other receivables
Balance at January 1, 2025	$ 8,220
Impairment loss reversed	(4,967)
Balance at December 31, 2025	**$ 3,253**
Balance at January 1, 2024	$ 12,418
Impairment loss reversed	(4,198)
Balance at December 31, 2024	**$ 8,220**

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(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. Except for lease liabilities, the amounts exclude estimated interest payments.

	Carrying amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
December 31, 2025					
Non-derivative financial liabilities					
Unsecured bank borrowings	$ 184,700	(184,700)	(184,700)	-	-
Accounts payable (including related parties)	13,472,370	(13,472,370)	(13,472,370)	-	-
Other payables (including related parties)	7,532,486	(7,532,486)	(7,532,486)	-	-
Lease liability－current and non-current	17,970	(18,266)	(16,879)	(1,387)	-
Deposits received	35,079	(35,079)	(1,374)	-	(33,705)
Derivative financial liabilities					
Other foreign exchange forward contracts:	15,395				
Outflow		(874,840)	(874,840)	-	-
Inflow		857,401	857,401	-	-
Foreign exchange forward contracts used for hedging:	2,870				
Outflow		(252,480)	(252,480)	-	-
Inflow		248,769	248,769	-	-
	$ 21,260,870	**(21,264,051)**	**(21,228,959)**	**(1,387)**	**(33,705)**
December 31, 2024					
Non-derivative financial liabilities					
Unsecured bank borrowings	$ 1,181,255	(1,181,255)	(1,181,255)	-	-
Accounts payable (including related parties)	10,682,300	(10,682,300)	(10,682,300)	-	-
Other payables	6,539,146	(6,539,146)	(6,539,146)	-	-
Lease liability－current and non-current	40,295	(41,392)	(24,149)	(16,605)	(638)
Deposits received	34,440	(34,440)	(1,374)	-	(33,066)
	$ 18,477,436	**(18,478,533)**	**(18,428,224)**	**(16,605)**	**(33,704)**

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

(Continued)

(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

	December 31, 2025			December 31, 2024		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 857,483	USD/TWD =31.375	26,903,529	711,696	USD/TWD =32.725	23,290,252
EUR	38,985	EUR/TWD =36.940	1,440,106	18,615	EUR/TWD =34.130	635,330
Financial liabilities						
Monetary items						
USD	1,026,023	USD/TWD =31.375	32,191,472	727,764	USD/TWD =32.725	23,816,077
EUR	6,378	EUR/TWD =36.940	235,603	11,194	EUR/TWD =34.130	382,051

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables (including related parties), short-term borrowings, accounts payable (including related parties), and other payables (including related parties) 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 as of December 31, 2025 and 2024, would have affected the net income before tax for the years ended December 31, 2025 and 2024 as follows. The analysis is performed on the same basis for both periods.

	December 31, 2025	**December 31, 2024**
USD (against the TWD)		
Strengthening 5%	$ (264,397)	(26,291)
Weakening 5%	264,397	26,291
EUR (against the TWD)		
Strengthening 5%	60,225	12,664
Weakening 5%	(60,225)	(12,664)

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2025 and 2024, the net foreign exchange (losses) gains (including realized and unrealized portions) amounted to $(45,821) and $48,655, respectively.

(iv) Interest rate analysis

The Group’s risk exposure to financial assets and liabilities for interest rate were as follows:

	Carrying amount	
	December 31, 2025	**December 31, 2024**
Fixed rate financial instrument:		
Financial assets	$ 11,080,118	8,458,269
Financial liabilities	(184,700)	(1,181,255)
	$ 10,895,418	**7,277,014**
Variable rate financial instrument:		
Financial assets	**$ 2,529,965**	**4,797,193**

The following sensitivity analysis is based on the risk exposure to interest rate for the 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 used for internal reporting to management internally is expressed as the interest rate increase or decrease by 0.25%, which also represents the assessment of the Group’s management for the reasonably possible range of interest rate changes.

If the interest rate had increased or decreased by 0.25% on the reporting date, assuming all other variables factors remaining constant, the net income before tax would have increased or decreased by $6,325 and $11,993 for the years ended December 31, 2025 and 2024, respectively, mainly due to the Group's bank deposits with variable interest rates.

(v) Fair value information

1) The categories and fair value of financial instruments

The Group's financial assets and liabilities at fair value through profit or loss, financial assets and liabilities used for hedging and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values of the Group’s financial assets and liabilities (including the information on fair value hierarchy, but excluding financial instruments not measured at fair value whose carrying amount reasonably approximates to the fair value, and lease liabilities, as the disclosure of fair value information is not required), were as follows:

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	December 31, 2025				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss－current and non-current					
Non-hedging derivative financial assets	$ 4,254	-	4,254	-	4,254
Non-derivative financial assets mandatorily measured at fair value through profit or loss	38,614	-	-	38,614	38,614
Subtotal	42,868				
Financial assets used for hedging	13,181	-	13,181	-	13,181
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	10,609	-	-	10,609	10,609
Financial assets measured at amortized cost					
Cash and cash equivalents	4,692,290	-	-	-	-
Time deposits with original maturity of more than three months	8,922,938	-	-	-	-
Accounts receivable, net	8,167,942	-	-	-	-
Other receivables (including related parties)	702,109	-	-	-	-
Refundable deposits	69,564	-	-	-	-
Subtotal	22,554,843				
Total	**$ 22,621,501**				
Financial liabilities at fair value through profit or loss					
Non-hedging derivative financial liabilities	$ 15,395	-	15,395	-	15,395
Financial liabilities for hedging	2,870	-	2,870	-	2,870
Financial liabilities measured at amortized cost					
Short-term borrowings	184,700	-	-	-	-
Accounts payable (including related parties)	13,472,370	-	-	-	-
Other payables (including related parties)	7,532,486	-	-	-	-
Lease liabilities–current and non-current	17,970	-	-	-	-
Deposits received	35,079	-	-	-	-
Subtotal	21,242,605				
Total	**$ 21,260,870**				

(Continued)

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	December 31, 2024				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss －current and non-current					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 37,965	-	-	37,965	37,965
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	19,437	-	-	19,437	19,437
Accounts receivable	726,088	-	726,088	-	726,088
Subtotal	745,525				
Financial assets measured at amortized cost					
Cash and cash equivalents	8,156,296	-	-	-	-
Time deposits with original maturity of more than three months	5,103,852	-	-	-	-
Accounts receivable, net	4,519,042	-	-	-	-
Other receivables	1,666,047	-	-	-	-
Refundable deposits	125,229	-	-	-	-
Subtotal	19,570,466				
Total	**$ 20,353,956**				
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 1,181,255	-	-	-	-
Accounts payable (including related parties)	10,682,300	-	-	-	-
Other payables	6,539,146	-	-	-	-
Lease liabilities–current and non-current	40,295	-	-	-	-
Deposits received	34,440	-	-	-	-
Total	**$ 18,477,436**				

2) Fair value valuation techniques for financial instruments not measured at fair value

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

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) Fair value valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in active markets.

Fair value measured using a valuation technique can be determined by reference to the fair value of similar financial instruments, the discounted cash flow method, or other valuation techniques, including models that incorporate observable market information available at the reporting date.

The Group holds the unquoted equity investments without an active market. The measurement of fair value of the equity instruments is based on the Guideline listed Company method, which mainly assumes the evaluation by the Price-to-Book ratio of comparable listed companies and by the discount for lack of marketability. The estimation has been adjusted for the effect of the discount due to the lack of marketability for the equity securities.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants, such as discount method or option pricing models. Fair value of foreign exchange forward contracts is usually determined by using the forward exchange rate.

4) Transfers between fair value hierarchy

There was no transfer between the level of fair value hierarchy for the years ended December 31, 2025 and 2024.

5) Reconciliation of Level 3 fair values

	Fair value through profit or loss	**Fair value through other comprehensive income**
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	**Equity instrument without an active market**
Balance at January 1, 2025	$ 37,965	19,437
Proceeds from capital reduction of investments	(2,563)	-
Total gains and losses recognized		
In profit or loss	3,212	-
In other comprehensive income	-	(8,828)
Balance at December 31, 2025	**$ 38,614**	**10,609**

(Continued)

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	Fair value through profit or loss	Fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Equity instrument without an active market
Balance at January 1, 2024	$ 48,112	35,442
Proceeds from capital reduction of investments	(10,447)	-
Total gains and losses recognized		
In profit or loss	300	-
In other comprehensive income	-	(16,005)
Balance at December 31, 2024	**$ 37,965**	**19,437**

For the years ended December 31, 2025 and 2024, total gains and losses mentioned above recognized in "Gains (losses) on financial assets (liabilities) at fair value through profit or loss" and "unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income" were as follows:

	2025	2024
Total gains and losses recognized:		
In profit or loss, and presented in "Gains (losses) on financial assets (liabilities) at fair value through profit or loss"	**3,212**	**300**
In other comprehensive income, and presented in "unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income"	**$ (8,828)**	**(16,005)**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair values include "financial assets measured at fair value through profit or loss – investments in private equity fund" and "financial assets measured at fair value through other comprehensive income – equity investments".

Most of the fair value measurements of the Group which are categorized as Level 3 have several significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent from each other, as a result, there is no correlation between them.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income–equity investments without an active market	Comparable market approach	· Price-to-Book ratio multiples (1.22~1.54 and 1.71~2.07 on December 31, 2025 and 2024, respectively)	· The higher the multiple is , the higher the fair value will be.
		· Lack-of-Marketability discount rate (All are 30% on December 31, 2025 and 2024)	· The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss–investments in private equity fund	Net asset value method	· Net asset value	· Inapplicable

7) Fair value measurements in Level 3 – Sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement on financial instruments is reasonable. However, the measurement results would be different if different valuation models or parameters are adopted. For financial instruments categorized as Level 3, if the valuation parameters changed, the impacts on other comprehensive income or loss are as follows:

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2025				
Financial assets at fair value through other comprehensive income	Price-to-Book ratio multiples	5%	$ 546	560
	Lack-of-Marketability discount rate	5%	$ 231	227
December 31, 2024				
Financial assets at fair value through other comprehensive income	Price-to-Book ratio multiples	5%	$ 1,001	1,000
	Lack-of-Marketability discount rate	5%	$ 425	425

(Continued)

The favorable and unfavorable changes represent the fluctuations fair value, which are calculated using valuation techniques based on various degrees of unobservable inputs. If the fair value of a financial instrument is affected by more than one input, the table above only reflects the impact of changes in a single input, and does not consider the correlation and variance between other inputs.

(vi) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards No. 32 Sections 42 endorsed by the FSC which requested for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

The Group did not have any aforementioned transactions as of December 31, 2025. The following tables present the aforesaid offsetting financial assets and financial liabilities as of December 31, 2024.

Unit: In thousand dollars of TWD and USD

December 31, 2024			
	Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement		
	Gross amounts of recognized financial assets/ liabilities (a)	**Gross amounts of financial assets/ liabilities offset in the balance sheet (b)**	**Net amount of financial assets/ liabilities presented in the balance sheet (c)=(a)-(b)**
Cash/short-term borrowings	**$ 401,961**	**401,961**	**-**
	(USD 12,283)	**(USD 12,283)**	

(y) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

This note presents information about the Group's exposure to each of the above risk, the Group's objectives, policies and process for measuring and managing risk. For detailed quantitative disclosures, please refer to the related notes through the consolidated financial statements.

(ii) Structure of risk management

The Group's risk management policies are established for identifying and analyzing the risk that the Group confronts, determining the appropriate risk limits and controls, and monitoring the compliance with the risk and risk limits. The Group reviews the risk management policies periodically to reflect the market condition and the changes of the Group's operation. The Group develops a disciplined and constructive environment and ensures that all employees understand their roles and obligations through training, management guidelines, and operating procedures.

The Audit Committee of the Group oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the appropriateness of the related risk management framework. The Group's internal auditors assist the Audit Committee by conducting regular and ad hoc reviews of risk management controls and procedures, and report the findings to the Audit Committee and the Board of Directors.

(iii) Credit risk

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

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is assessed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's assessment includes external ratings or financial statements provided by customers (internal ratings). Credit limits are established for each customer, and these limits are reviewed periodically. Customers who do not meet the standard credit rating of the Group may only conduct transactions by either advanced payments or by obtaining the approval by authorized supervisors.

The Group's customers are mainly from the networking communications industry. In order to mitigate the credit risk of accounts receivable, the Group constantly assesses the financial status of the customers, and requests the customers to provide guarantee or collateral if necessary. The Group regularly assesses the collectability of accounts receivable and recognizes the allowance for accounts receivable. The impairment losses are always within management's expectation.

The Group maintains the allowance for bad debt account to reflect the estimated losses for accounts receivables and other receivables. The allowance for bad debt account is based on extensive analysis for customers' creditworthiness and historical payment records.

2) Investments

The credit risk exposure for bank deposits and other financial instruments is measured and monitored by the Group’s finance department. Since the Group’s transaction counterparties and the contractually obligated counterparties are creditworthy banks, financial institutions and corporate organizations with good credit ratings and investment grade, there are no compliance issues, and therefore, no significant credit risk.

3) Guarantee

According to the Group's policy, financial guarantees may only be provided to the parties specified under the Endorsement and Guarantee Guidelines. As of December 31, 2025 and December 31, 2024, the Group has not extended any endorsement guarantees to non-consolidated subsidiaries.

(iv) Liquidity risk

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

The Group manages and maintains sufficient cash and cash equivalents so as to support its operations and mitigate the effects of fluctuations in cash flows. The Group’s management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Bank loans and borrowings constitute an important source of liquidity for the Group. As of December 31, 2025 and 2024, for the information of the unused credit lines of bank borrowings, please see notes (6)(l) and (6)(o).

(v) Market risk

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

In order to manage market risk, the Group enters into derivative instrument transactions, which may result in financial liabilities. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

1) Currency risk

The Group is exposed to foreign exchange risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group. The functional currency of the Group is primarily New Taiwan Dollars. These transactions are mainly denominated in USD and EUR.

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk. Most of these contracts have a maturity of less than one year from the reporting date. The forward elements of forward exchange contracts are excluded from designation as the hedging instrument and are separately accounted for as a cost of hedging, which is recognized in equity under "other equity interest – gains (losses) on hedging instruments". The Group's policy requires the critical terms of the forward exchange contracts to align with those of the hedged items.

The Group determines the existence of an economic relationship between the hedging instruments and hedged items based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by using the hypothetical derivative method.

In these hedge relationships, the main sources of hedge ineffectiveness are:

– the effect of the counterparty's and the Group's own credit risk on the fair value of forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

– changes in the timing of the cash flows for hedged transactions.

2) Interest rate risk

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

(z) Capital management

The Group manages the capital based on the current operating characteristics of the industry, future development and changes in external environment to ensure there is sufficient financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management determines the optimal capital structure by using the appropriate debt-to-equity ratio. To maintain a strong capital base, the Group aims to enhance the shareholder returns by optimizing the balance between debt and equity. The Group's debt-to-equity ratios at the end of the reporting date were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	$ 27,777,836	23,280,138
Total equity	17,033,163	16,026,676
Debt-to-equity ratio	163 %	145 %

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

(aa) Investing and financing activities not affecting cash flow

The Group's investing and financing activities which did not affect the cash flow for the years ended December 31, 2025 and 2024 were as follows:

(i) The acquisition of right-of-use assets by lease, please see note (6)(k).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes Other	December 31, 2025
Short-term borrowings	$ 1,181,255	(996,555)	-	184,700
Lease liabilities–current and non-current	40,295	(24,329)	2,004	17,970
Deposits received	34,440	639	-	35,079
Total liabilities from financing activities	$ 1,255,990	(1,020,245)	2,004	237,749

	January 1, 2024	Cash flows	Non-cash changes Other	December 31, 2024
Short-term borrowings	$ 1,375,458	(194,203)	-	1,181,255
Lease liabilities–current and non-current	149,775	(46,392)	(63,088)	40,295
Long-term borrowings (including current portion)	476,060	(483,767)	7,707	-
Deposits received	38,381	(4,214)	273	34,440
Total liabilities from financing activities	$ 2,039,674	(728,576)	(55,108)	1,255,990

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Compal Electronics, Inc. (CEI) is both the parent company and the ultimate controlling party of the Group, holding 33% of the Company's outstanding ordinary shares. CEI has compiled the consolidated financial statements available for public use.

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(b) Name and relationship with related parties

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

Name of related party	Relationship with the Group
Compal Electronics, Inc.	Parent company
Compal Electronics (Vietnam) Co., Ltd. ("CVC")	The ultimate parent company is the same
Kinpo Group Management Service Company	An associate of parent company
LIZ Electronics (Nantong) Co., Ltd.	〃
LIZ Electronics (Kunshan) Co., Ltd.	〃
AcBel Polytech Inc.	Substantial related party

(c) Significant related party transactions

(i) Purchases of goods from related parties

The amounts of significant purchases from related parties were as follows:

	2025	2024
Parent company	$ 3,486,719	62,627
Other related parties	784,455	1,034,045
	$ 4,271,174	**1,096,672**

The payment terms and prices of purchases from related parties were not significantly different from those offered by third-party vendors. The payment terms were net 60 to 120 days from the end of the month of delivery.

(ii) Other expenditures

The Group engaged related parties to provide technical support, professional services and other services, and the related expenses for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Parent company	$ 9,187	267
Other related parties	1,159	1,114
	$ 10,346	**1,381**

(iii) Payables to related parties

The payables to related parties arising from the transactions mentioned above were as follows:

Account	Related party categories	December 31, 2025	December 31, 2024
Accounts payable	Parent company	$ 1,313,153	37,350
Accounts payable	Other related parties	119,567	166,150
		$ 1,432,720	**203,500**

(iv) Other receivables from related parties

The other receivables arising from selling raw materials were as follows:

Account	Related party categories	December 31, 2025	December 31, 2024
Other receivables	Parent company	**$ 523,352**	**-**

The Group sold raw materials to its parent company for toll manufacturing purposes. The related revenues and costs, which were not recognized as sales of raw materials and purchases of semi-finished goods, have been eliminated in the consolidated financial statements.

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	2025	2024
Short-term employee benefits	$ 141,919	135,158
Post-employment benefits	1,159	1,150
	$ 143,078	**136,308**

(8) Pledged assets:

The carrying amount of the Group's pledged assets were as follows:

Assets	Purpose of Pledge	December 31, 2025	December 31, 2024
Time deposits (recorded as other non-current assets)	Performance Guarantees	**$ 16,359**	**16,139**

(9) Significant contingent liabilities and unrecognized commitments:

As of December 31, 2025 and 2024, the Group had entered into agreements for property and plant construction, with contracted but not yet due payments amounting to $353,140 and $751,984, respectively.

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(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

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

By function / By item	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	931,067	2,334,105	3,265,172	750,885	2,043,739	2,794,624
Labor and health insurance	84,971	159,986	244,957	63,629	145,865	209,494
Pension	14,791	88,354	103,145	20,726	78,505	99,231
Others	70,223	87,621	157,844	77,436	71,400	148,836
Depreciation	554,752	165,001	719,753	591,646	176,583	768,229
Amortization	400	43,355	43,755	827	53,109	53,936

(13) Other disclosure items:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2025:

(i) Loans to other parties:

Unit: In thousand dollars of TWD/USD

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Notes 2)	Note
													Item	Value			
0	The Company	Arcadyan do Brasil Ltda.	Other receivables	Yes	66,200 (USD2,000)	-	-	5.5%	2	-	Operating Turnover	-	-	-	3,388,940	6,777,881	The transactions had been eliminated in the consolidated financial statements.
0	〃	〃	〃	Yes	94,200 (USD3,000)	94,125 (USD3,000)	62,750 (USD2,000)	4.6%	2	-	Operating Turnover	-	-	-	3,388,940	6,777,881	〃
0	〃	Arcadyan Turkey Technology and Trade Joint Stock Company	〃	Yes	132,400 (USD4,000)	-	-	6%	2	-	Operating Turnover	-	-	-	3,388,940	6,777,881	〃
0	〃	Arcadyan Technology Limited	〃	Yes	157,000 (USD5,000)	156,875 (USD5,000)	-	4.8%	1	1,568,750 (USD50,000)	-	-	-	-	1,255,000	6,777,881	〃

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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Note 1: Number 1 represents the business relationship with the Company; number 2 represents the short-term financing facility, if necessary.
Note 2: According to the policy of the Company on Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of the Company. To borrowers having business relationship with the Company, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the latest fiscal year or the expected amount for the current year, and shall not exceed 20% of the net worth of the Company. Also, the amount shall be aggregated with the Company' s endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Company are permitted to borrow. The total amount of loans to the borrower shall not exceed 20% of the net worth of the Company, and it shall be aggregated with the Company's endorsements/guarantees for the borrower upon calculation. Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans of fund to the Company made by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares, shall not apply to the restriction in paragraph 1 and paragraph 3, but the aggregate total amount of loans to borrowing companies shall not exceed the net worth of the lending company.
Note 3: Except for the highest balance, all amounts have been translated into TWD using the exchange rate of USD@31.375 at the end of the reporting period.

(ii) Guarantees and endorsements for other parties:

Unit: In thousand dollars of TWD/USD

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Arcadyan Technology Australia Pty Ltd	2	2,259,293	248,250 (USD7,500)	235,313 (USD7,500)	-	-	1.39 %	6,777,881	Y	N	N

Note 1: The total amount of endorsements/ guarantees the Company or the Group is permitted to provide shall not exceed 40% of the Company' s net worth. The total amount of endorsements/ guarantees the Company or the Group is permitted to provide for a single company shall not exceed one-third (1/3) of the aforementioned amount of limitation.
Note 2: Relationships between endorsers/ guarantors and endorsees/ guarantees party are categorized into the following seven types:
1.Companies having business transactions with the Company.
2.Companies in which the Company directly or indirectly holds more than 50% of the voting shares.
3.Companies that directly or indirectly hold more than 50% of the voting shares of the Company.
4.Transactions between companies in which the Company directly or indirectly holds more than 90% of the voting shares.
5.Mutual guarantees between companies in the same industry of co-developers, as required by contractual obligations for construction projects.
6.Endorsements or guarantees provided by all shareholders in proportion to their shareholdings due to joint investment relationships.
7.Joint and several guarantees provided between companies in the same industry for performance obligations under pre-sale housing contracts in accordance with consumer protection laws.

(iii) Significant securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter party	Nature of relationship	Transaction details: Purchases/ (Sales)	Transaction details: Amount	Transaction details: Percentage of total Purchases/ (Sales)	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Accounts receivable (payable): Ending balance	Accounts receivable (payable): Percentage of total Accounts Receivable (Payable)	Note
The Company	Arcadyan USA	Subsidiary	(Sales)	(21,026,271)	(44)%	Net 120 days from delivery	-	-	16	- %	Note 2
〃	Arcadyan AU	〃	(Sales)	(1,473,556)	(3)%	Net 60 days from the end of the month of delivery	-	-	113,766	2 %	Note 2
〃	Arcadyan Germany	〃	(Sales)	(1,190,967)	(2)%	Net 150 days from delivery	-	-	301,219	5 %	Note 2
〃	Arcadyan Vietnam	〃	Purchases	11,624,966	(15)%	Net 180 days from the end of the month of delivery	According to cost plus pricing	-	(1,681,975)	- %	Notes 1, 2
〃	CEI	Parent company of the Company	Purchases	144,304	- %	Net 60 days from the end of the month of delivery	-	-	(38,922)	- %	-

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Name of company	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Accounts receivable (payable)		Note
			Purchases/ (Sales)	Amount	Percentage of total Purchases/ (Sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total Accounts Receivable (Payable)	
Arcadyan Vietnam	The Company	Parent company	(Sales)	(11,624,966)	(100)%	Net 180 days from the end of the month of delivery	According to cost plus pricing	-	1,681,975	- %	Notes 1, 2
〃	CEI	Parent company of the Company	Purchases	3,342,415	8 %	Net 60 days from the end of the month of delivery	-	-	(1,274,231)	(5)%	-
〃	CVC	The ultimate parent company is the same	Purchases	755,253	2 %	Net 60 days from the end of the month of delivery	-	-	(103,683)	- %	-
Arcadyan USA	The Company	Parent company	Purchases	21,026,271	100 %	Net 120 days from delivery	-	-	(16)	(100)%	Note 2
Arcadyan AU	The Company	Parent company	Purchases	1,473,556	100 %	Net 60 days from the end of the month of delivery	-	-	(113,766)	(100)%	Note 2
Arcadyan Germany	The Company	Parent company	Purchases	1,190,967	100 %	Net 150 days from delivery	-	-	(301,219)	(100)%	Note 2

Note 1: The ending balances were derived from the net transactions on processing and sales of raw materials.
Note 2: The transactions had been eliminated in the consolidated financial statements.

(v) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 4)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Arcadyan Germany	Subsidiary	301,219	5.21	-		153,274	-	Note 5
〃	Arcadyan AU	〃	113,766	15.29	-		113,766	-	Note 5
〃	CEI	Parent company of the Company	523,352 (Note 1)	(Note 1)	-		523,352	-	-
CNC	The Company	Parent company	222,548 (Note 2)	(Note 2)	-		-	-	Note 5
Arcadyan Vietnam	The Company	〃	1,681,975 (Note 3)	(Note 3)	-		1,384,832	-	Note 5

Note 1: Represents other receivables arising from sale of raw materials.
Note 2: Represents other receivables arising from supply chain support fees.
Note 3: Represents other receivables arising from contract processing services.
Note 4: Information as of February 11, 2026.
Note 5: The transactions had been eliminated in the consolidated financial statements.

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(vi) Business relationships between the parent company and subsidiaries and significant intercompany transactions:

Unit: In thousands dollars of TWD

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions: Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Arcadyan Germany	1	Operating revenues	1,190,967	There is no significant difference of price with non-related customers. The credit period is net 150 days from delivery.	2.25 %
〃	〃	〃	1	Accounts receivable	301,219	〃	0.67 %
〃	〃	Arcadyan USA	1	Operating revenues	21,026,271	There is no significant difference of price with non-related customers. The credit period is net 120 days from delivery.	39.69 %
〃	〃	〃	1	Contract liabilities	1,181,565	〃	2.64 %
〃	〃	Arcadyan AU	1	Operating revenues	1,473,556	There is no significant difference of price with non-related customers. The credit period is net 60 days from the end of the month of delivery.	2.78 %
〃	〃	〃	1	Accounts receivable	113,766	〃	0.25 %
1	Arcadyan Vietnam	The Company	2	Processing revenue	11,624,966	The price is based on the cost-plus markup. The credit period is net 180 days from the end of the month of delivery and may adjust depending on funding needs.	21.94 %
〃	〃	〃	2	Accounts receivable	1,681,975	〃	3.75 %
2	CNC	The Company	2	Service revenue	138,404	The price is based on the cost-plus markup. The credit period is net 120 days from delivery and may adjust depending on funding needs.	0.31 %
〃	〃	〃	2	Other receivables	222,548	〃	0.50 %

Note 1: The numbers filled in as follows:
1.0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:
1 represents transactions between the parent company to its subsidiaries.
2 represents transactions between the subsidiaries to the parent company.

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(b) Information on investees:

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

Unit: In thousand dollars of TWD and USD and thousand shares

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Ending Balance as of December 31, 2025			The highest holdings in the period		Net Income (Losses) of the Investee	Share of Income (losses) of the Investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value	Shares	Percentage of Ownership			
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	1,375,362	1,701,027	37,780	100%	2,344,456	47,780	100 %	296,600	296,600	Notes 2, 4, 7
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	192,365	1	100 %	43,679	43,679	Notes 2, 4
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	122,296	0.5	100 %	10,410	10,410	〃
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	33,152	20	100 %	(2,299)	(2,299)	〃
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(56,081)	968	100 %	503	503	〃
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	291,839	34,980	100 %	(19,445)	(19,445)	〃
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	138,612	25,028	61 %	(8,212)	(5,013)	〃
The Company	Arcadyan UK	United kingdom	Selling and technical support of wireless networking products	1,988	1,988	50	100%	7,257	50	100 %	741	741	〃
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	118,207	50	100 %	29,777	29,777	〃
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	375	-	100 %	(652)	(652)	〃
The Company and ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	48,197	48,197	13,673	19.90%	183,497	13,673	19.90 %	(65,217)	(14,866)	Note 3
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	76,952	76,952	19,800	100%	38,573	19,800	100 %	90,338	90,338	Notes 2, 4
The Company	Arcadyan Turkey	Turkey	Selling of wireless networking products	61,268	61,268	6,200	100%	53,070	6,200	100 %	6,323	6,323	〃
The Company	Arcadyan Japan	Japan	Selling of wireless networking products	2,008	-	1	100%	2,012	1	100 %	(1)	(1)	Notes 2, 4, 5
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	911,444 (USD29,050)	911,444 (USD29,050)	29,050	100%	2,295,991 (USD73,179)	29,050	100 %	387,256 (USD12,420)	387,256 (USD12,420)	Notes 2, 4
〃	Arch Holding	British Virgin Islands	Investment activities	31,720 (USD1,011)	345,470 (USD11,011)	1	100%	163,872 (USD5,223)	35	100 %	(145,517) (USD(4,667))	(99,870) (USD(3.203))	Notes 2, 4, 6
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	909,875 (USD29,000)	909,875 (USD29,000)	-	100%	2,291,254 (USD73,028)	-	100 %	387,256 (USD12,420)	387,256 (USD12,420)	Notes 2, 4
TTI	Quest	Samoa	Investment activities	37,650 (USD1,200)	37,650 (USD1,200)	1,200	100%	8,153	1,200	100 %	(873)	(873)	〃
Quest	Exquisite	Samoa	Investment activities	36,709 (USD1,170)	36,709 (USD1,170)	1,170	100%	7,279 (USD232)	1,170	100 %	(873) (USD(28))	(873) (USD(28))	〃

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of USD@31.180 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of USD@31.375 based on the reporting date.

Note 2: The Group has owner control.

Note 3: The Group has significant influence.

Note 4: The transactions had been eliminated in the consolidated financial statements.

Note 5: The subsidiary was incorporated on November 25, 2025.

Note 6: On July 28, 2025, the Company's subsidiary, Arch Holding, completed a capital reduction and returned capital in the amount of USD 10,000 thousand to Arcadyan Holding.

Note 7: On December 30, 2025, the Company's subsidiary, Arcadyan Holding, completed a capital reduction and returned capital in the amount of USD 10,000 thousand to the Company.

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(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: In thousand dollars of TWD and USD

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Highest balance during the year		Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow				Shares	Percentage of ownership (%)				
SVA	Research and development, and sale of wireless networking products	254,138 (USD8,100)	Note 1	(Note 4) 421,053 (USD13,420)	-	-	421,053 (USD13,420)	6,298 (USD202)	100%	-	100%	6,298 (USD202)	56,506 (USD1,801)	-	Note 3
CNC	Manufacturing of wireless networking products	76,869 (USD2,450)	Notes 1, 6	(Note 5) 345,470 (USD11,011)	-	(313,750) (USD10,000)	31,720 (USD1,011)	(146,702) (USD(4,705))	100%	-	100%	(146,702) (USD(4,705))	315,978 (USD10,071)	-	〃
TCH	Manufacturing of digital home appliance products	379,794 (USD12,105)	Notes 1, 7 and 8	36,081 (USD1,150)	-	-	36,081 (USD1,150)	(2,681) (USD(86))	100%	-	100%	(2,681) (USD(86))	20,362 (USD649)	-	〃

Note 1: Investment in Mainland China through companies registered in a third region.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rate of USD@31.180 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of USD@31.375 based on the reporting date.
Note 3: The amounts are based on financial statements that have been audited by parent company's independent auditors.
Note 4: The Company paid US$18,420 thousands and acquired 100% shares of SVA from Accton Asia through Arcadyan Holding in 2010.
Note 5: The Company paid US$8,561 thousands and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.
Note 6: The Company's subsidiary, CNC, conducted a capital reduction and returned share capital in the amount of USD10,000 thousands.
Note 7: The Company's subsidiary, TTI, obtained control over TCH for USD1,150 thousands on February 28, 2013 (base date of stock transferring).
Note 8: The Company's subsidiary, TTI, increased the capital of TCH by converting its accounts receivable amounting to USD8,755 thousands on August 16, 2023.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
488,854 (USD15,581)	763,542 (USD24,336)	10,166,822

Note : The amounts in TWD were translated at the exchange rate of USD@31.375 at the reporting date.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China for the year ended December 31, 2025, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships between the parent company and subsidiaries and significant intercompany transactions".

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(14) Segment information:

The Group operates a single operating segment - the networking product segment, which is primarily engaged in the research, development, manufacture and sale of wireless LAN products, integrated digital home and mobile multimedia products, wireless audio-visual products, and digital set-top box products. The operating segment information of the Group is consistent with the information in the consolidated financial statements. For the segment profit or loss, please refer to the consolidated statement of comprehensive income; and please see the consolidated balance sheets for the segment assets.

(a) Geographic information

Stated below are the geographic information on the Group' s operating revenues presented by location of customers and non-current assets presented by location of the assets.

(i) Revenue from external customers: Please refer to note (6)(v).

(ii) Non-current assets:

Country	2025	2024
Vietnam	$ 3,116,259	3,281,167
Taiwan	2,826,635	2,656,826
Others	330,901	347,264
	$ 6,273,795	**6,285,257**

Non-current assets include plant, property, and equipment, intangible assets, right-of-use assets and other non-current assets, excluding deferred tax assets and financial assets.

(b) Major customers information

The amounts of operating revenue to individual customers representing greater than 10% of the revenue were as follows:

	2025	2024
L Customer	$ 7,036,887	2,704,234
B Customer	6,938,924	5,832,391
A Customer	924,563	7,740,050
	$ 14,900,374	**16,276,675**