

SERCOMM CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

PWCR25000485

To the Board of Directors and Shareholders of Sercomm Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Sercomm Corporation (the "Company") as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company only Financial Statements* section of our report. We are independent of the Company 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 for 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 parent company only financial statements for 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2025 are stated as follows:

Timing of revenue recognition from hub sales

Description

For the accounting policies of revenue recognition, please refer to Note 4(33); and for the details of revenue, please refer to Note 6(21).

The Company is mainly engaged in sales of global network communication software and equipment activities, and its sales types are mainly divided into shipped directly from factories and goods picked up from hubs. For pick-ups from hub, the Company recognises sales revenue when their customers pick up the goods (satisfies the performance obligation) from hubs. The Company recognises sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As the hubs are located around the world with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the hubs and quantities as reflected in the accounting records. As the transaction amounts from hubs prior to and after the balance sheet date are significant to the financial statements, we consider the timing of revenue recognition from hub sales as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed and tested the appropriateness of internal controls over hub sales revenue, including understanding and testing the statements between the Company and hub custodians periodically.
2. Obtained the stock details of each hub at the balance sheet date and agreed to respective supporting documents provided by hub custodians.
3. Confirmed inventory quantities held at hubs and agreed to accounting records to validate the revenue recognition in proper period.

Valuation of inventory

Description

For the accounting policies of inventory, please refer to Note 4(13); and for the accounting estimates of valuation of inventory and assumption uncertainty, please refer to Note 5. For details on loss on inventory valuation, please refer to Note 6(7). As of December 31, 2025, the cost of inventory and loss on inventory valuation are \$7,289,346 thousand and \$291,787 thousand, respectively.

Due to rapid technological innovations and intense competition in the telecom market, there is a higher risk of inventory losses due to market value decline or obsolescence. The Company recognises inventories at the lower of cost and net realisable value, and the net realisable value is estimated based on historical experience, such as inventories aged over a certain period of time or individually identified as obsolete.

Since the industry which the Company is engaged in rapidly changes, the estimate of net realizable value for obsolete inventory is subject to management's judgment, and the aforementioned matters also exist in the Company's subsidiaries (shown as investments accounted for using the equity method), we consider valuation of inventory as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of accounting policies and procedures in relation to inventory valuation, including the classification of aged, damaged and obsolete inventory.
2. Reviewed the Company's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
3. Validated the inventory classification and the amount of net realisable value, recalculated the loss of inventory and further evaluated the rationality.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 parent company only 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 parent company only 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 the Company'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 the Company'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 parent company only 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 the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities controlled by the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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.



Wen, Ya-Fang



Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2026

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SERCOMM CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,943,713	8	\$ 5,679,509	16
1110	Financial assets at fair value through profit or loss, current	6(2)	5,723	-	13,384	-
1139	Financial assets for hedging, current	6(4)	17,331	-	20,425	-
1170	Accounts receivable, net	6(5)	8,775,847	23	6,274,745	17
1180	Accounts receivable due from related parties, net	7	5,546,444	15	6,330,157	17
1200	Other receivables	6(6)	789,011	2	742,322	2
1210	Other receivables due from related parties	7	35,421	-	26,329	-
1220	Current income tax assets		183,417	-	28,738	-
130X	Inventories	6(7)	6,997,559	18	4,697,699	13
1410	Prepayments	7	339,833	1	349,000	1
1470	Other current assets		12,618	-	11,223	-
11XX	Current assets		25,646,917	67	24,173,531	66
Non-current assets						
1510	Financial assets at fair value through profit or loss, non-current	6(2)	-	-	-	-
1517	Financial assets at fair value through other comprehensive income, non-current	6(3)	325,069	1	294,453	1
1535	Financial assets at amortised cost, non-current	8 and 9	43,101	-	110,440	-
1550	Investments accounted for using equity method	6(8) and 7	8,139,752	21	7,434,144	20
1600	Property, plant and equipment	6(9)	2,749,188	7	2,815,196	8
1755	Right-of-use assets	6(10)	160,010	1	197,378	1
1780	Intangible assets	6(11)	281,759	1	288,464	1
1840	Deferred income tax assets	6(27)	525,183	1	674,446	2
1915	Prepayments for business facilities	6(29)	149,326	1	92,111	-
1920	Guarantee deposits paid	9	114,357	-	119,466	-
1960	Prepayments for investments		-	-	240,000	1
15XX	Non-current assets		12,487,745	33	12,266,098	34
1XXX	Current tax assets		\$ 38,134,662	100	\$ 36,439,629	100

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SERCOMM CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 1,411,678	4	\$ 1,016,211	3
2120	Financial liabilities at fair value through profit or loss, current	6(2)	24,013	-	39,583	-
2126	Financial liabilities for hedging, current	6(4)	18,486	-	-	-
2130	Contract liabilities, current	6(21)	779,317	2	752,213	2
2170	Accounts payable		5,325,100	14	3,911,472	11
2180	Accounts payable to related parties	7	5,666,893	15	3,656,226	10
2200	Other payables		2,537,847	7	2,960,157	8
2220	Other payables to related parties	7	1,445,211	4	973,760	3
2230	Current income tax liabilities		104,564	-	117,769	-
2250	Provisions for liabilities, current	6(16)	952,223	2	945,961	3
2280	Current lease liabilities		55,104	-	51,553	-
2320	Long-term liabilities, current portion	6(13)	-	-	1,400,000	4
2365	Current refund liabilities	6(21)	158,770	-	114,168	-
2399	Other current liabilities, others	9	361,721	1	921,366	2
21XX	Current liabilities		<u>18,840,927</u>	<u>49</u>	<u>16,860,439</u>	<u>46</u>
Non-current liabilities						
2500	Financial liabilities at fair value through profit or loss, non-current	6(2)	32,100	-	18,600	-
2530	Bonds payable	6(13)	2,848,419	8	2,798,505	8
2570	Deferred income tax liabilities	6(27)	268,141	1	249,750	1
2580	Non-current lease liabilities		107,423	-	143,851	-
2640	Net defined benefit liability, non-current	6(14)	12,693	-	22,092	-
2650	Credit balance of investments accounted for using equity method	6(8)	69,295	-	18,030	-
25XX	Non-current liabilities		<u>3,338,071</u>	<u>9</u>	<u>3,250,828</u>	<u>9</u>
2XXX	Liabilities		<u>22,178,998</u>	<u>58</u>	<u>20,111,267</u>	<u>55</u>
Equity						
	Share capital	6(17)				
3110	Common stock		3,043,426	8	3,000,496	8
	Capital surplus	6(18)				
3200	Capital surplus		6,572,515	17	6,354,493	17
	Retained earnings	6(19)				
3310	Legal reserve		2,042,692	5	1,814,255	5
3320	Special reserve		356,140	1	689,875	2
3350	Undistributed retained earnings		4,883,210	13	4,944,900	14
	Other equity interest	6(20)				
3400	Other equity interest		(520,509)	(1)	(356,140)	(1)
	Treasury stocks	6(17)				
3500	Treasury stocks		(421,810)	(1)	(119,517)	-
3XXX	Equity		<u>15,955,664</u>	<u>42</u>	<u>16,328,362</u>	<u>45</u>
	Significant contingent liabilities and unrecognised	9				
	Significant subsequent events	11				
3X2X	Total liabilities and equity		<u>\$ 38,134,662</u>	<u>100</u>	<u>\$ 36,439,629</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

SERCOMM CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2025		2024	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	\$ 50,674,039	100	\$ 52,499,922	100
5000	Operating costs	6(7) and 7	(44,842,686)	(88)	(44,677,639)	(85)
5900	Gross profit		5,831,353	12	7,822,283	15
5920	Realized profit from sales		2,216	-	2,131	-
5950	Gross profit		5,833,569	12	7,824,414	15
	Operating expenses	6(25)(26) and 7				
6100	Selling expenses		(1,992,290)	(4)	(2,242,979)	(4)
6200	Administrative expenses		(705,687)	(2)	(782,965)	(2)
6300	Research and development expenses		(2,132,050)	(4)	(1,833,336)	(3)
6450	Expected credit impairment gain	12(2)	11,844	-	8,358	-
6000	Total operating expenses		(4,818,183)	(10)	(4,850,922)	(9)
6900	Operating profit		1,015,386	2	2,973,492	6
	Non-operating income and expenses					
7100	Interest income		90,952	-	114,023	-
7010	Other income	6(22)	59,427	-	9,456	-
7020	Other gains and losses	6(23) and 7	(20,431)	-	55,697	-
7050	Finance costs	6(24) and 7	(240,228)	-	(277,573)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(8)				
			554,177	1	(98,919)	-
7000	Total non-operating income and expenses		443,897	1	(197,316)	(1)
7900	Profit before income tax		1,459,283	3	2,776,176	5
7950	Income tax expense	6(27)	(256,478)	(1)	(505,170)	(1)
8200	Profit for the year		\$ 1,202,805	2	\$ 2,271,006	4
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plans	6(14)	\$ 4,418	-	\$ 16,709	-
8317	(Losses) gains on hedging instrument that will not be reclassified to profit or loss	6(20)	(132,989)	-	52,904	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(20)	(2,777)	-	5,166	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)(27)	25,714	-	(13,924)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(105,634)	-	60,855	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6(20)	(144,328)	-	284,032	1
8368	(Losses) gains on hedging instrument	6(20)	(14,514)	-	29,445	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	2,903	-	(5,889)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(155,939)	-	307,588	1
8300	Other comprehensive (loss) income		(\$ 261,573)	-	\$ 368,443	1
8500	Total comprehensive income		\$ 941,232	2	\$ 2,639,449	5
	Earnings per share					
9750	Basic earnings per share	6(28)	\$ 4.04		\$ 7.74	
9850	Diluted earnings per share	6(28)	\$ 3.95		\$ 7.49	

The accompanying notes are an integral part of these parent company only financial statements.

SERCOMM CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Share capital			Retained earnings			Other equity interest						
									Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Other equity, others	Treasury stocks	Total equity	
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements						
Year 2024														
Balance at January 1, 2024		\$ 2,685,781	\$ 105,989	\$ 4,608,355	\$ 1,572,874	\$ 653,337	\$ 4,410,572	(\$ 629,468)	(\$ 32,210)	(\$ 28,201)	\$ -	(\$ 119,517)	\$ 13,227,512	
Profit for the year		-	-	-	-	-	2,271,006	-	-	-	-	-	2,271,006	
Other comprehensive income for the year	6(20)	-	-	-	-	-	13,367	284,032	5,166	65,878	-	-	368,443	
Total comprehensive income		-	-	-	-	-	2,284,373	284,032	5,166	65,878	-	-	2,639,449	
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	6(19)	-	-	-	241,381	-	(241,381)	-	-	-	-	-	-	
Special reserve appropriated		-	-	-	-	36,538	(36,538)	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(1,472,126)	-	-	-	-	(1,472,126)	-	
Compensation cost of employee stock options	6(15)	-	-	49,311	-	-	-	-	-	-	-	-	49,311	
Exercise of employee stock options	6(17)(18)	7,150	-	11,154	-	-	-	-	-	-	-	-	18,304	
Issuance of employee restricted stock	6(17)(18)	34,040	-	338,698	-	-	-	-	-	-	(168,498)	-	204,240	
Compensation cost of employee restricted stock	6(15)	-	-	-	-	-	-	-	-	-	168,498	-	168,498	
Removal of hedging reserve	6(4)	-	-	-	-	-	-	-	(25,407)	-	-	(25,407)	-	
Reclassification of ineffective hedging reserve	6(4)	-	-	-	-	-	-	-	-	4,070	-	-	4,070	
Conversion of convertible bonds		273,525	(105,989)	1,346,975	-	-	-	-	-	-	-	-	1,514,511	
Balance at December 31, 2024		\$ 3,000,496	\$ -	\$ 6,354,493	\$ 1,814,255	\$ 689,875	\$ 4,944,900	(\$ 345,436)	(\$ 27,044)	\$ 16,340	\$ -	(\$ 119,517)	\$ 16,328,362	
Year 2025														
Balance at January 1, 2025		\$ 3,000,496	\$ -	\$ 6,354,493	\$ 1,814,255	\$ 689,875	\$ 4,944,900	(\$ 345,436)	(\$ 27,044)	\$ 16,340	\$ -	(\$ 119,517)	\$ 16,328,362	
Profit for the year		-	-	-	-	-	1,202,805	-	-	-	-	-	1,202,805	
Other comprehensive income(loss) for the year	6(20)	-	-	-	-	-	3,534	(144,328)	(2,777)	(118,002)	-	-	(261,573)	
Total comprehensive income(loss)		-	-	-	-	-	1,206,339	(144,328)	(2,777)	(118,002)	-	-	941,232	
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	6(19)	-	-	-	228,437	-	(228,437)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	(333,735)	333,735	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(1,373,327)	-	-	-	-	(1,373,327)	-	
Compensation cost of employee stock options	6(15)	-	-	48,740	-	-	-	-	-	-	-	-	48,740	
Exercise of employee stock options	6(17)(18)	39,130	-	133,942	-	-	-	-	-	-	-	-	173,072	
Issuance of employee restricted stock	6(17)(18)	3,800	-	35,340	-	-	-	-	-	-	(8,740)	-	30,400	
Compensation cost of employee restricted stock	6(15)	-	-	-	-	-	-	-	-	-	8,740	-	8,740	
Acquisition of treasury stock	6(17)	-	-	-	-	-	-	-	-	-	-	(302,293)	(302,293)	
Removal of hedging reserve	6(4)	-	-	-	-	-	-	-	-	94,213	-	-	94,213	
Reclassification of ineffective hedging reserve	6(4)	-	-	-	-	-	-	-	-	6,525	-	-	6,525	
Balance at December 31, 2025		\$ 3,043,426	\$ -	\$ 6,572,515	\$ 2,042,692	\$ 356,140	\$ 4,883,210	(\$ 489,764)	(\$ 29,821)	(\$ 924)	\$ -	(\$ 421,810)	\$ 15,955,664	

The accompanying notes are an integral part of these parent company only financial statements.

SERCOMM CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,459,283	\$ 2,776,176
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(25)	420,908	372,023
Amortization expense	6(25)	127,778	151,907
Expected credit impairment gain	12(2)	(11,844)	(8,358)
Impairment loss on performance guarantee	6(23)	14,750	14,750
Gains arising from derecognition of liabilities	6(23)	(57,811)	-
Net loss on financial assets and liabilities at fair value through profit or loss	6(23)	73,135	163,425
Interest expense	6(24)	240,228	277,573
Interest income		(90,952)	(114,023)
Compensation cost of share-based payments	6(15)	57,480	217,809
Share of (profit) loss of associates accounted for using equity method	6(8)	(554,177)	(98,919)
Gain on disposal of property, plant and equipment	6(23)	(4,211)	(3,748)
Realized gain from inter-affiliate accounts		(2,216)	(2,131)
Loss on disposal of investments accounted for using equity method	6(23)	-	199
Losses arising from lease modifications	6(23)	-	192
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss, current		(67,544)	(100,786)
Accounts receivable		(2,489,258)	(2,088,615)
Accounts receivable due from related parties, net		783,713	(1,093,300)
Other receivables		(153,672)	(526,184)
Other receivables due from related parties		26,329	37,018
Inventories		(2,299,860)	(5,609,158)
Prepayments		9,167	92,418
Other current assets		(1,395)	129
Changes in operating liabilities			
Contract liabilities, current		27,104	28,452
Accounts payable		1,413,628	(2,560,889)
Accounts payable to related parties		2,010,667	(3,450,489)
Other payables		(385,024)	(589,619)
Other payables to related parties		471,451	(228,445)
Provisions for liabilities, current		6,262	295,849
Current refund liabilities		44,602	(255,493)
Other current liabilities		66,678	12,038
Net defined benefit liabilities, non-current		(4,981)	(4,650)
Cash inflow generated from operations		1,130,218	3,298,535
Interest received		162,514	103,926
Interest paid		(252,142)	(280,736)
Income tax paid		(253,276)	(1,046,725)
Net cash flows from operating activities		787,314	2,075,000

(Continued)

SERCOMM CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(29)	(\$ 270,898)	(\$ 411,381)
Proceeds from disposal of property, plant and equipment		18,519	9,951
Acquisition of intangible assets	6(29)	(198,138)	(69,135)
Acquisition of financial assets at fair value through profit or loss		(6,700,000)	(2,800,000)
Proceeds from disposal of financial assets at fair value through profit or loss		6,700,000	3,950,000
Acquisition of financial assets at fair value through other comprehensive income		(30,616)	-
Acquisition for investments accounted for using equity method	6(8) and 7	(245,054)	(501,140)
Proceeds from disposal of investments accounted for using equity method	7	-	1,173
Proceeds from capital reduction of investments accounted for using equity method	6(8) and 7	-	241,770
Increase in guarantee deposit paid		(9,641)	(22,313)
Decrease (increase) in financial assets at amortised cost		67,339	(1,286)
Return of investment prepayment		240,000	-
Net cash flows (used in) from investing activities		(428,489)	397,639
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term debts	6(30)	26,232,097	21,737,491
Payments of short-term debts	6(30)	(25,836,630)	(20,891,180)
Exercise of employee stock options	6(17)	173,072	18,304
Issuance of employee restricted stock	6(15)	30,400	204,240
Payments of principal portion of lease liabilities	6(30)	(49,427)	(46,614)
Acquisition of treasury stocks	6(17)	(302,293)	-
Repayments of bonds	6(30)	(1,400,000)	(2,300,000)
Cash dividends paid	6(19)	(1,373,327)	(1,472,126)
Increase in guarantee deposits received	6(30)	48,446	518,606
Decrease in guarantee deposits received	6(30)	(616,959)	(712,945)
Net cash flows used in financing activities		(3,094,621)	(2,944,224)
Net decrease in cash and cash equivalents		(2,735,796)	(471,585)
Cash and cash equivalents at beginning of year		5,679,509	6,151,094
Cash and cash equivalents at end of year		<u>\$ 2,943,713</u>	<u>\$ 5,679,509</u>

The accompanying notes are an integral part of these parent company only financial statements.

SERCOMM CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Sercomm Corporation (the “Company”) was incorporated on July 29, 1992. The Company is primarily engaged in research and development, manufacturing and sales of networking communication software and equipment.

The common stocks of the Company were traded on the Taipei Exchange since May 1999 and have been listed on the Taiwan Stock Exchange since December 2007.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 10, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025
Amendments to IAS 21, ‘Lack of exchangeability’	

The amendments define exchangeability and provide the related application guidance on how an entity determines the spot exchange rate at the measurement date when a currency lacks exchangeability. In addition, the amendments require entities to provide more useful information in their financial statements when a currency cannot be exchanged into another currency.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
A. Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	
The IASB issued the amendments to:	
(a) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, covering contractual terms that can change cash flows based on contingent events (for example, interest rates linked to ESG targets), non-recourse features and contractually-linked instruments.	
(b) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), including a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows that could result from those contractual terms and the gross carrying amount of financial assets and amortised cost of financial liabilities subject to these contractual terms.	
(c) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception relating to the derecognition of a financial liability (or part of a financial liability) settled through an electronic cash transfer system. Applying the exception, an entity is permitted to derecognise a financial liability at an earlier date if, and only if, the entity has initiated a payment instruction and specific conditions are met.	
The conditions for the exception are that the entity making the payment does not have:	
i. the practical ability to withdraw, stop or cancel the payment instruction;	
ii. the practical ability to access the cash used for settlement; and	
iii. significant settlement risk.	

- (d) Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

B. Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’

The amendments apply to contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (such as the weather). These amendments include:

- (a) Clarifying the application of the ‘own use’ requirements for contracts to buy or sell nature-dependent electricity:

When the contract requires an entity to buy and take delivery of electricity when it is generated, and the design and operation of the market in which the electricity is transacted under the contract require the entity to sell any amounts of unused electricity within a specified time, the entity shall consider reasonable and supportable information regarding its past, current and expected future electricity transactions within a reasonable amount of time not exceeding 12 months. An entity is considered a ‘net purchaser’ if it buys sufficient electricity to offset any sales of unused electricity in the same market in which the entity sold the electricity.

An entity applying these amendments to own use contracts referencing nature-dependent electricity shall disclose the following:

- i. Variability in the underlying amount of basic electricity and the risk that the entity would be required to buy electricity during a delivery interval in which it cannot use the electricity;
 - ii. Unrecognised contract commitments, including the expected future cash flows from buying electricity under these contracts; and
 - iii. The effects of the contracts on the entity’s financial performance for the reporting period.
- (b) Permitting hedge accounting if these contracts referencing nature-dependent electricity are used as hedging instruments:

An entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument. Additionally, if the cash flows of the contract referencing nature-dependent electricity designated as a hedging instrument in a cash flow hedge relationship are conditional on the occurrence of a forecast transaction, the forecast transaction is presumed to be highly probable.

For entities that designate contracts referencing nature-dependent electricity as hedging instruments, the terms and conditions of such hedging instruments shall be disclosed according to risk categories in compliance with IFRS 7.

C. IFRS 17, 'Insurance contracts'

IFRS 17 'Insurance contracts' replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The standard applies to insurance contracts (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall, at initial recognition, disaggregate a portfolio into three groups of contracts: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM') representing the unearned profit of the contract. An entity may apply a modified simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately. Entities are required to present separately insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

D. Amendments to IFRS 17, 'Insurance contracts'

The amendments to IFRS 17 include the deferral of effective date, expected recovery of insurance acquisition cash flows, contractual service margin attributable to investment services, reinsurance contracts held – recovery of losses and other amendments, and they are not intended to change the fundamental principles of the standard.

E. Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'

The amendment permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The overlay can be applied by entities that have already applied IFRS 9 or will apply it when they apply IFRS 17.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

A. Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The gain or loss resulting from a transaction that involves sales or contribution of assets between an investor and its associates or joint ventures is recognised either in full or partially depending on the nature of the assets sold or contributed:

- (a) If sales or contributions of assets constitute a 'business', the full gain or loss is recognised;
- (b) If sales or contributions of assets do not constitute a 'business', the partial gain or loss is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

B. IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

C. IFRS 19, 'Subsidiaries without public accountability: Disclosures'

The standard permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures.

D. Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'

The amendments require all amounts (including comparatives) to be translated from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy using the closing rate at the date of the most recent statement of financial position. The amendments also include an exception for entities with a functional and presentation currency that is the currency of a hyperinflationary economy to not re-translate comparatives of foreign operation(s) with the functional currency of a non-

hyperinflationary economy. The amendments also require additional disclosures including the applied translation method and summarised financial information about the foreign operation(s) to which the translation method is applied.

Except for IFRS 18, ‘Presentation and disclosure in financial statements’ to whose impact will be disclosed when the assessment is complete, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured by using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are

recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within “other gains and losses.”

B. Translation of foreign operations

The operating results and financial position of all the Company’s investees that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled in the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;

- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with maturity within 12 months).

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Company's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Leasing arrangements (lessor)-operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using the equity method / subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- E. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount

of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	31 ~ 57 years
Machinery and equipment	6 years
Research and development equipment	6 years
Office and other equipment	2 ~ 6 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. Lease payments are fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 15 years.

B. Patents

Patents are stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

C. Customer contracts and related customer relationships

Customer contracts and related customer relationships are stated at their fair values at the acquisition date and amortised using the straight-line method over its estimated economic service life of 5 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(22) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(23) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable’ and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total carrying amount of the abovementioned liability component and ‘capital surplus—share options’.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expired.

(25) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.
- C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(26) Hedge accounting

- A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Company’s risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Company designates the cash flow hedge as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

C. Cash flow hedges

- (a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):
 - i. the cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - ii. the cumulative change in fair value of the hedged item from inception of the hedge.
- (b) The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.
- (c) The amount that has been accumulated in the cash flow hedge reserve in accordance with item (a) is accounted for as follows:
 - i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
 - ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
 - iii. If that amount is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
- (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(27) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current

market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(28) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(29) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.
- B. Restricted stocks:
- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
 - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
 - (c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Company and the Company must refund their payments on the stocks, the Company recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – restricted stock.'

(30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(31) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(32) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(33) Revenue recognition

A. Revenue is recognised when control of the products has transferred, and 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.

The Company uses five steps to determine the revenue recognition:

Step 1: Identify the contract.

Step 2: Identify the obligation in contract.

Step 3: Determine transaction price.

Step 4: Distribute transaction price to each obligation in contract.

Step 5: Recognise revenue when those obligations are satisfied.

B. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected payable to customers in relation to sales made until the end of the reporting period.

C. The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to

the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. For the details of evaluation of inventories, please refer to Note 6.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 2,103	\$ 2,006
Checking accounts and demand deposits	1,541,610	877,503
Time deposits	1,400,000	4,800,000
	<u>\$ 2,943,713</u>	<u>\$ 5,679,509</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's restricted deposits that were pledged as collateral for performance guarantee had been reclassified to 'financial assets at amortised cost'. Refer to Note 8 for details.

C. The Company has no cash and cash equivalents pledged to others.

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

<u>Assets</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Forward foreign exchange contract	<u>\$ 5,723</u>	<u>\$ 13,384</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bonds	\$ 4,169	\$ 4,169
Valuation adjustment	(4,169)	(4,169)
	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial liabilities held for trading		
Forward foreign exchange contract	<u>\$ 24,013</u>	<u>\$ 39,583</u>
Non-current items:		
Embedded derivatives		
The embedded call options and put options in convertible bonds	<u>\$ 32,100</u>	<u>\$ 18,600</u>

- A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	Years ended December 31	
	2025	2024
Financial assets mandatory measured at fair value through profit or loss/ financial liabilities held for trading		
Embedded derivatives	(\$ 13,500)	\$ 2,433
Beneficiary certificate	7,466	13,111
Forward foreign exchange contract	(67,101)	(178,969)
	(\$ 73,135)	(\$ 163,425)

- B. The Company entered into forward foreign exchange contracts to sell and buy various currency to hedge exchange rate risk of export proceeds and interest rate risk. However, these forward foreign exchange contracts are not accounted for under hedge accounting. The summary of contracts not yet matured and entered into by the Company are as follows:

	December 31, 2025		
	Currency	Contract period	Contract amount
Forward foreign exchange contracts	Buy TWD/Sell JPY	2025/12~2026/01	JPY 2,200,000 thousand
Forward foreign exchange contracts	Buy USD/Sell INR	2025/12~2026/03	INR 1,817,643 thousand
Forward foreign exchange contracts	Buy TWD/Sell USD	2025/12~2026/03	USD 115,000 thousand
Forward foreign exchange contracts	Buy TWD/Sell EUR	2025/12~2026/01	EUR 16,400 thousand
	December 31, 2024		
	Currency	Contract period	Contract amount
Forward foreign exchange contracts	Buy TWD/Sell JPY	2024/12~2025/01	JPY 210,000 thousand
Forward foreign exchange contracts	Buy USD/Sell INR	2024/12~2025/02	INR 4,006,732 thousand
Forward foreign exchange contracts	Buy TWD/Sell USD	2024/12~2025/02	USD 140,000 thousand
Forward foreign exchange contracts	Buy TWD/Sell EUR	2024/12~2025/02	EUR 32,500 thousand

- C. The Company's financial assets at fair value through profit or loss were not pledged to others as collateral.
- D. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

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

	December 31, 2025	December 31, 2024
Non-current items:		
Designation of equity instruments		
Unlisted stocks	388,434	357,818
Valuation adjustment	(63,365)	(63,365)
	\$ 325,069	\$ 294,453

- A. The Company has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$325,069 and \$294,453 as at December 31, 2025 and 2024, respectively.

- B. The Company's investment in equity instruments measured as at fair value through other comprehensive income had no significant fluctuations on fair value for the years ended December 31, 2025 and 2024.
- C. The Company's financial assets at fair value through other comprehensive income were not pledged to others as collateral.
- D. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Hedging financial assets and liabilities

	December 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges:				
<u>Exchange rate risk</u>				
Forward foreign exchange contract	\$ 17,331	\$ 18,486	\$ 20,425	\$ -

- A. Hedge accounting is applied to remove the accounting inconsistency between the hedging instrument and the hedged item. As the Company's EUR, GBP, JPY and AUD denominated accounts receivable, and USD denominated accounts payable are exposed to the impact of variable exchange rate, the Company uses forward foreign exchange contract of exposed risk with 1:1 hedge ratio to control the exchange rate risk under their acceptable range based on the Company's risk management policies.

- B. Transaction information associated with the Company adopting hedge accounting is as follows:

December 31, 2025				
Hedged items	Derivative instruments designated as hedges	Fair value of instruments designated as hedges	Period of anticipated cash flow	Period of gain (loss) expected to be recognised in statements of comprehensive income
Forecast transaction	Forward foreign exchange contracts	(\$ 1,155)	2026/01~2026/09	2026/01~2026/09
December 31, 2024				
Hedged items	Derivative instruments designated as hedges	Fair value of instruments designated as hedges	Period of anticipated cash flow	Period of gain (loss) expected to be recognised in statements of comprehensive income
Forecast transaction	Forward foreign exchange contracts	\$ 20,425	2025/01~2025/12	2025/01~2025/12

C. Information of contracts not yet matured is as follows:

December 31, 2025				
	Currency	Contract period	Contract amount	
Forward foreign exchange contracts	Sell JPY / Buy USD	2025/04~2026/06	JPY	2,090,000 thousand
Forward foreign exchange contracts	Sell EUR / Buy USD	2025/04~2026/09	EUR	40,000 thousand
Forward foreign exchange contracts	Sell AUD / Buy USD	2025/04~2026/08	AUD	4,500 thousand
Forward foreign exchange contracts	Sell GBP / Buy USD	2025/11~2026/04	GBP	2,000 thousand
December 31, 2024				
	Currency	Contract period	Contract amount	
Forward foreign exchange contracts	Sell JPY / Buy USD	2024/09~2025/06	JPY	180,000 thousand
Forward foreign exchange contracts	Sell EUR / Buy USD	2023/05~2025/02	EUR	6,000 thousand
Forward foreign exchange contracts	Sell AUD / Buy USD	2024/10~2025/12	AUD	2,600 thousand

D. Cash flow hedge:

	2025	2024
<u>Other equity – cash flow hedge reserve</u>		
At January 1	\$ 16,340	(\$ 28,201)
Profit or loss on hedge effectiveness – amount recognised in other comprehensive income	(163,475)	75,283
Reclassified to profit or loss as the hedged item has affected profit or loss	45,473	(9,405)
Adjusted inventories as the hedged item has not been sold	94,213	(25,407)
Reclassified to profit or loss – forecast transaction is no longer expected to occur	6,525	4,070
At December 31	<u>(\$ 924)</u>	<u>\$ 16,340</u>

To hedge exposed exchange rate risk arising from forecast sales revenue and forecast purchase of inventory, the Company entered into a forward forecast sale agreement of EUR, GBP, JPY and AUD, and a forward forecast purchase agreement of USD, and the hedge ratio is 1:1. The effective portion with respect to the changes in the fair value of the hedging instruments is deferred to recognize in the cash flow hedge reserve, which is under other comprehensive income, and will be directly included in the sales revenue when the hedged items are subsequently recognized in accounts receivable; and will be directly included in the cost of inventory when the hedge items are subsequently recognized in inventory.

E. Information relating to fair value risk of hedging financial assets and liabilities is provided in Note 12(3).

(5) Accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 8,796,717	\$ 6,307,459
Less: Allowance for loss	(20,870)	(32,714)
	<u>\$ 8,775,847</u>	<u>\$ 6,274,745</u>

- A. As of December 31, 2025, the Company's guarantee deposit received were held as collateral for accounts receivable amounting to \$48,446, which was shown in 'Other current liabilities, others.'
- B. The Company grants credit term to customers from 20 days to 210 days after the delivery date. Ageing analysis is conducted on the basis of the number of days overdue. Please refer to Note 12 for disclosures of credit risk and information on movement of impairment and analysis of accounts receivable.
- C. As of December 31, 2025 and 2024, the balances of receivables were all from contracts with customers. And as of January 1, 2024 the total balance of receivables from contracts with customers amounted to \$8,690,527 and loss allowance amounted to \$41,072.
- D. As of December 31, 2025 and 2024, without taking into account any other credit enhancements and credit insurance, the maximum hedge to credit risk in respect of the amount that best represents the Company's accounts receivable were \$8,775,847 and \$6,274,745, respectively.

(6) Transfer of financial assets

- A. The Company entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Company prepared an offering document of purchase. The offering document states that the factoring is without the right of recourse, and the Company is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Company does not have any continuing involvement in the transferred accounts receivable, thus, the Company met the condition of financial asset derecognition. The derecognised accounts receivable are summarised as follows:

December 31, 2025						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate range of amount advanced
Taipei Fubon Commercial Bank	\$ 484,530 (USD 15,412,000)	\$ 484,530	USD 75,000,000	\$ - (USD 0)	\$ 484,530	4.43% ~4.48%
DBS Bank (Taiwan) Ltd.	-	-	USD 75,338,000	-	-	-
	<u>\$ 484,530</u>	<u>\$ 484,530</u>		<u>\$ -</u>	<u>\$ 484,530</u>	
December 31, 2024						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate range of amount advanced
Taipei Fubon Commercial Bank	\$ 536,264 (USD 16,359,000)	\$ 536,264	USD 75,000,000	\$ 417,527 (USD 12,736,000)	\$ 118,737	5.13%
DBS Bank (Taiwan) Ltd.	529,916 (USD 16,165,000)	529,916	USD 73,313,000	- (USD 0)	529,916	-
	<u>\$ 1,066,180</u>	<u>\$ 1,066,180</u>		<u>\$ 417,527</u>	<u>\$ 648,653</u>	

- B. As of December 31, 2025 and 2024, the amount that arose from factoring of accounts receivable but not yet received from banks in advance amounted to \$484,530 and \$648,653, respectively, which were reclassified as other receivables.
- C. Information of the pledged assets due to above factoring agreements are provided in Note 9.

(7) Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Raw materials	\$ 927,667	\$ 872,503
Work in progress	507,211	243,227
Finished goods	5,380,746	3,491,016
Inventory in transit	181,935	90,953
	<u>\$ 6,997,559</u>	<u>\$ 4,697,699</u>

The cost of inventories recognised as expense for the year:

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 44,907,286	\$ 44,312,955
(Gain on reversal of) Loss on decline in market value (	64,600)	364,684
	<u>\$ 44,842,686</u>	<u>\$ 44,677,639</u>

In 2025, the Company recognized a reversal of impairment losses due to certain inventory being scrapped or sold at a net realizable value lower than cost.

(8) Investments accounted for using the equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries:		
Sercomm Trading Co., Ltd.	\$ 5,644,536	\$ 5,196,272
Sercomm Philippines Inc.	1,458,987	1,375,106
Scnet (India) Private Limited	269,487	369,151
Sctek Manufacturing, S.A.DE C.V	206,001	42,594
Sercomm Japan Corp.	151,734	111,009
Sercomm Technology Inc.	122,893	93,880
MosoLabs Inc.	56,213	54,563
Sercomm France SARL	55,428	44,938
Sercomm USA Inc.	46,964	44,141
Sercomm Deutschland GmbH	45,344	12,770
Sercomm Investment Corp.	42,077	44,099
Sercomm Turkey Kablosuz İletişim Sanayi ve Ticaret Anonim Şirketi	24,945	-
Sercomm International Inc.	7,767	-
Sercomm Britain Limited	7,376	6,401
Sereomm Russia Limited Liability Company	(12,250)	(7,221)
Sernet Technology Mexico	(15,787)	(10,809)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries:		
Servercom (India) Private Limited	(<u>41,258</u>)	<u>39,220</u>
	8,070,457	7,416,114
Add : Reclassified from credit balance of investment accounted for using the equity method	<u>69,295</u>	<u>18,030</u>
	<u>\$ 8,139,752</u>	<u>\$ 7,434,144</u>

- A. Information about subsidiaries of the Company is provided in Note 4(3) in the 2025 consolidated financial statements.
- B. In order to expand the overseas market and fulfil subsidiaries' working capital, the Company's Board of Directors resolved to establish Sercomm Turkey Kablosuz İletişim Sanayi ve Ticaret Anonim Şirketi and Sercomm International Inc. in 2025, and inject capital of \$29,114 and \$6,305, respectively. Additionally, the Company increased capital in Sctek Manufacturing, S.A.DE C.V. and MosoLabs Inc. amounting to \$164,653 and \$44,982 in 2025, respectively.
- C. In order to expand the overseas market and manage capital of overseas subsidiaries, the Company's Board of Directors resolved to establish Scnet (India) Private Limited and Sctek Manufacturing, S.A.DE C.V in 2024, and inject capital of \$420,949 and \$48,863, respectively. Additionally, the Company increased capital in MosoLabs Inc. amounting to \$31,328, and decreased capital in Sercomm Trading Co. Ltd. amounting to \$241,770 in 2024.
- D. The aforementioned investments accounted for using the equity method were measured based on the associate's financial statements which were audited by independent auditors. The Company recognised investment profit of \$554,177 and (\$98,919) for the investments accounted for using equity method for the years ended December 31, 2025 and 2024, respectively.
- E. Details of the impact when the Company's subsidiaries substantively enacted to implement the Pillar Two model rules are provided in Note 6(27) of the 2025 consolidated financial statements.

(9) Property, plant and equipment

2025						
	Land	Buildings and structures	Machinery and equipment	Research and development equipment	Office and other equipment	Total
January 1						
Cost	\$ 1,273,063	\$ 913,351	\$ 625,321	\$ 849,444	\$ 1,517,757	\$ 5,178,936
Accumulated depreciation	-	(253,888)	(471,737)	(616,693)	(1,021,422)	(2,363,740)
	<u>\$ 1,273,063</u>	<u>\$ 659,463</u>	<u>\$ 153,584</u>	<u>\$ 232,751</u>	<u>\$ 496,335</u>	<u>\$ 2,815,196</u>
At January 1	\$ 1,273,063	\$ 659,463	\$ 153,584	\$ 232,751	\$ 496,335	\$ 2,815,196
Additions	-	-	63,486	85,443	137,791	286,720
Reclassifications	-	-	6,023	7,255	15,292	28,570
Disposals	-	-	(2,761)	(200)	(11,347)	(14,308)
Depreciation charge	-	(19,535)	(56,986)	(81,186)	(209,283)	(366,990)
At December 31	<u>\$ 1,273,063</u>	<u>\$ 639,928</u>	<u>\$ 163,346</u>	<u>\$ 244,063</u>	<u>\$ 428,788</u>	<u>\$ 2,749,188</u>
December 31						
Cost	\$ 1,273,063	\$ 913,351	\$ 681,140	\$ 910,394	\$ 1,632,201	\$ 5,410,149
Accumulated depreciation	-	(273,423)	(517,794)	(666,331)	(1,203,413)	(2,660,961)
	<u>\$ 1,273,063</u>	<u>\$ 639,928</u>	<u>\$ 163,346</u>	<u>\$ 244,063</u>	<u>\$ 428,788</u>	<u>\$ 2,749,188</u>
2024						
	Land	Buildings and structures	Machinery and equipment	Research and development equipment	Office and other equipment	Total
January 1						
Cost	\$ 1,273,063	\$ 913,351	\$ 601,220	\$ 754,407	\$ 1,314,738	\$ 4,856,779
Accumulated depreciation	-	(234,353)	(423,227)	(545,530)	(864,345)	(2,067,455)
	<u>\$ 1,273,063</u>	<u>\$ 678,998</u>	<u>\$ 177,993</u>	<u>\$ 208,877</u>	<u>\$ 450,393</u>	<u>\$ 2,789,324</u>
At January 1	\$ 1,273,063	\$ 678,998	\$ 177,993	\$ 208,877	\$ 450,393	\$ 2,789,324
Additions	-	-	23,855	102,211	188,411	314,477
Reclassifications	-	-	11,778	(758)	31,409	42,429
Disposals	-	-	(2,923)	(1,021)	(2,259)	(6,203)
Depreciation charge	-	(19,535)	(57,119)	(76,558)	(171,619)	(324,831)
At December 31	<u>\$ 1,273,063</u>	<u>\$ 659,463</u>	<u>\$ 153,584</u>	<u>\$ 232,751</u>	<u>\$ 496,335</u>	<u>\$ 2,815,196</u>
December 31						
Cost	\$ 1,273,063	\$ 913,351	\$ 625,321	\$ 849,444	\$ 1,517,757	\$ 5,178,936
Accumulated depreciation	-	(253,888)	(471,737)	(616,693)	(1,021,422)	(2,363,740)
	<u>\$ 1,273,063</u>	<u>\$ 659,463</u>	<u>\$ 153,584</u>	<u>\$ 232,751</u>	<u>\$ 496,335</u>	<u>\$ 2,815,196</u>

The Company did not have the property, plant and equipment that were pledged to others as collaterals.

(10) Leasing arrangements - lessee

- A. The Company leases various assets including land, buildings and transportation equipment. Lease agreements are typically made for periods of 2 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any restriction to the Company, but leased assets may not be used as collateral for borrowing.
- B. Short-term leases with a lease term of no more than 12 months include certain dormitories, business vehicles and premises.

C. The movements of right-of-use assets of the Company are as follows:

	2025			
	Land	Buildings	Transportation equipment	Total
At January 1	\$ 781	\$ 196,168	\$ 429	\$ 197,378
Additions	-	13,015	1,104	14,119
Lease modifications	-	2,431	-	2,431
Depreciation charge	(781)	(52,678)	(459)	(53,918)
At December 31	<u>\$ -</u>	<u>\$ 158,936</u>	<u>\$ 1,074</u>	<u>\$ 160,010</u>

	2024			
	Land	Buildings	Transportation equipment	Total
At January 1	\$ 3,901	\$ 167,643	\$ 797	\$ 172,341
Additions	-	69,820	-	69,820
Lease modifications	(1,463)	3,872	-	2,409
Depreciation charge	(1,657)	(45,167)	(368)	(47,192)
At December 31	<u>\$ 781</u>	<u>\$ 196,168</u>	<u>\$ 429</u>	<u>\$ 197,378</u>

D. The information on income and expense accounts relating to lease agreements is as follows:

	Years ended December 31	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,147	\$ 3,308
Expense on short-term lease contracts	4,448	4,976
Expense on leases of low-value assets	548	936
Losses arising from lease modifications	-	192

E. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases amounted to \$57,570 and \$55,834, respectively.

(11) Intangible assets

	Computer software	Patents	Customer contracts and the related relationships	Total
January 1, 2025				
Cost	\$ 1,174,079	\$ 30,098	\$ -	\$ 1,204,177
Accumulated amortisation	(891,734)	(23,979)	-	(915,713)
	<u>\$ 282,345</u>	<u>\$ 6,119</u>	<u>\$ -</u>	<u>\$ 288,464</u>
At January 1, 2025	\$ 282,345	\$ 6,119	\$ -	\$ 288,464
Additions—acquired separately	25,826	2,204	93,043	121,073
Amortisation charge	(124,893)	(2,885)	-	(127,778)
At December 31, 2025	<u>\$ 183,278</u>	<u>\$ 5,438</u>	<u>\$ 93,043</u>	<u>\$ 281,759</u>
December 31, 2025				
Cost	\$ 1,186,429	\$ 32,302	\$ 93,043	\$ 1,311,774
Accumulated amortisation	(1,003,151)	(26,864)	-	(1,030,015)
	<u>\$ 183,278</u>	<u>\$ 5,438</u>	<u>\$ 93,043</u>	<u>\$ 281,759</u>

To expand the Company's business and obtain supplier qualification from telecommunications operators, the Company purchased outstanding sales orders from the prior supplier. Therefore, the Company paid US\$4,200 thousand in accordance with the agreement in 2025. The agreement further stipulates that US\$1,500 thousand is refundable if the cumulative gross profit of designated products fails to meet the agreed conditions. Conversely, if the Company becomes a supplier of non-designated products, an additional payment of US\$500 thousand shall be made.

	Computer software	Patents	Development expenditure	Total
January 1, 2024				
Cost	\$ 1,102,839	\$ 29,258	\$ 320,102	\$ 1,452,199
Accumulated amortisation	(743,262)	(20,544)	(320,102)	(1,083,908)
	<u>\$ 359,577</u>	<u>\$ 8,714</u>	<u>\$ -</u>	<u>\$ 368,291</u>
At January 1, 2024	\$ 359,577	\$ 8,714	\$ -	\$ 368,291
Additions—acquired separately	71,240	840	-	72,080
Amortisation charge	(148,472)	(3,435)	-	(151,907)
At December 31, 2024	<u>\$ 282,345</u>	<u>\$ 6,119</u>	<u>\$ -</u>	<u>\$ 288,464</u>
December 31, 2024				
Cost	\$ 1,174,079	\$ 30,098	\$ -	\$ 1,204,177
Accumulated amortisation	(891,734)	(23,979)	-	(915,713)
	<u>\$ 282,345</u>	<u>\$ 6,119</u>	<u>\$ -</u>	<u>\$ 288,464</u>

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31	
	2025	2024
Operating costs	\$ 105	\$ 302
Operating expenses	127,673	151,605
	<u>\$ 127,778</u>	<u>\$ 151,907</u>

B. The Company has no intangible assets pledged to others as collateral.

(12) Short-term borrowings

Type of borrowings	December 31, 2025	December 31, 2024
Bank borrowings		
Unsecured borrowings	\$ 1,411,678	\$ 1,016,211
Interest rate range	0.9%~4.35%	4.98%~5.10%

(13) Bonds payable

	December 31, 2025	December 31, 2024
Bonds payable	\$ -	\$ 1,400,000
Unsecured convertible bonds payable	3,000,000	3,000,000
Less: Discount on bonds payable	(151,581)	(201,495)
Less: Current portion corporate bonds due within one year	-	(1,400,000)
	<u>\$ 2,848,419</u>	<u>\$ 2,798,505</u>

A. The Company issued the first domestic unsecured corporate bonds in 2020 amounting to \$1,400,000 based on the face value at an annual rate of 1%, as approved by the regulatory authority. Those bonds mature in 5 years from the issue date, and the periods are from July 17, 2020 to July 17, 2025. The bonds is listed on the Taipei Exchange and will be redeemed in cash at face value at the maturity date.

B. The issuance of the seventh domestic unsecured convertible bonds by the Company, as approved by the regulatory authority:

- (a) The bonds amounting to \$3,000,000 based on the face value at an annual rate of 0%. The bonds mature in 5 years from the issue date, and the period is from December 6, 2023 to December 6, 2028. The bond is listed on the Taipei Exchange and will be redeemed in cash at face value at the maturity date.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and the conversion price at issuance was NT\$145 (in dollars). The aforementioned conversion price had been reset as NT\$134.6 (in dollars) according to the terms starting from April 4, 2025 (the effective date of price resetting).
- (d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value in cash upon three years.
- (e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: the closing price of the Company common shares

is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

- (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued or re-sold and all rights and obligations attached to the bonds are also extinguished.
- (g) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$322,500 were separated from the liability component and were recognised in 'capital surplus-share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial liabilities at fair value through profit or loss' in net amount of \$21,300 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. Convertible bonds were recorded at the fair value when issuing, and the discount amount of the bonds was \$253,800. The effective interest rate of the bonds payable after such separation was 1.77 %.

(14) Pensions

A. Defined benefit plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) Amounts recognised in balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligation	\$ 116,710	\$ 132,066
Fair value of plan assets	(104,017)	(109,974)
Net defined benefit liabilities	<u>\$ 12,693</u>	<u>\$ 22,092</u>

(c) Change of net defined obligation is as follows:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit obligation
<u>Year 2025</u>			
January 1, 2025	\$ 132,066	(\$ 109,974)	\$ 22,092
Current service cost	704	-	704
Interest expense (income)	2,113	(1,759)	354
	<u>134,883</u>	<u>(111,733)</u>	<u>23,150</u>
Remeasurements:			
Change in financial assumptions	1,900	-	1,900
Experience adjustments	1,569	(7,887)	(6,318)
	<u>3,469</u>	<u>(7,887)</u>	<u>(4,418)</u>
Pension fund contribution	-	(6,039)	(6,039)
Paid pension	(21,642)	<u>21,642</u>	-
December 31, 2025	<u>\$ 116,710</u>	<u>(\$ 104,017)</u>	<u>\$ 12,693</u>
	Defined benefit obligation	Fair value of plan assets	Net defined benefit obligation
<u>Year 2024</u>			
January 1, 2024	\$ 146,226	(\$ 102,774)	\$ 43,452
Current service cost	801	-	801
Interest expense (income)	1,755	(1,233)	522
	<u>148,782</u>	<u>(104,007)</u>	<u>44,775</u>
Remeasurements:			
Experience adjustments	(7,779)	(8,930)	(16,709)
Pension fund contribution	-	(5,974)	(5,974)
Paid pension	(8,937)	<u>8,937</u>	-
December 31, 2024	<u>\$ 132,066</u>	<u>(\$ 109,974)</u>	<u>\$ 22,092</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no

right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The assumptions of pensions are as follows:

	Years ended December 31	
	2025	2024
Discount rate	1.30%	1.60%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

The effect to defined benefit obligation since changing of main actuarial assumptions is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2025</u>				
Effect on present value of defined benefit obligation	(\$ 1,588)	\$ 1,636	\$ 1,360	(\$ 1,327)
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 1,755)	\$ 1,805	\$ 1,493	(\$ 1,461)

The sensitivity analysis is based on other assumptions that are unchanged to analyse the effect of one assumption that changed. In practice, more than one assumption may change all at once. The method used to calculate the net pension liabilities in the balance sheet and sensitivity analysis is the same. The method used in the preparation of sensitivity analysis in the current period is the as same as in the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ended December 31, 2026 amounting to \$6,483.

(g) As of December 31, 2025, the weighted average duration of the pension plan is 6 years. The analysis of timing of the future pension payment was as follows:

Not later than 1 year	\$ 30,520
1 to 2 years	14,365
2 to 5 years	26,214
More than 5 years	54,700
	<u>\$ 125,799</u>

B. Defined contribution plans

(a) The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the

Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024 were \$73,270 and \$71,755, respectively.

(15) Share-based payment

- A. Certain employees of the Company are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.
- B. The arrangements of share-based payment for the years ended December 31, 2025 and 2024 are as follows:

Type of arrangement	Grant date	Grant quantity (in thousand)	Contract period	Vesting condition
Employee option plan	2020.08.20	12,000	10 years	(Note 1)
Employee option plan	2023.05.03	3,000	10 years	(Note 2)
Employee option plan	2024.06.12	3,000	10 years	(Note 2)
The vesting conditions of restricted stocks to employees	2024.06.12	3,404	N/A	(Note 3)
Employee option plan	2025.07.31	3,000	6 years	(Note 2)
The vesting conditions of restricted stocks to employees	2025.08.11	380	N/A	(Note 3)

Note 1: The Company issues new shares when employees exercise options. The vesting period of option and exercisable ratio are as follows:

Vesting period of option	Accumulated ratio of exercisable stock option
After 2 years	50%
After 3 years	75%
After 4 years	100%

Note 2: The Company issues new shares when employees exercise options. The vesting period of option and exercisable ratio are as follows:

Vesting period of option	Accumulated ratio of exercisable stock option
After 2 years	100%

Note 3: The vesting conditions of restricted stocks to employees are the conditions for the service period and performance achievements.

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

C. Details of the share-based payment arrangements in 2020 are as follows:

	2025		2024	
	No. of options (in thousand)	Weighted- average exercise price (in dollars)	No. of options (in thousand)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	2,449	\$ 25.6	3,164	\$ 26.6
Options exercised	(2,449)	24.7	(715)	25.6
Options outstanding at December 31	-	-	2,449	25.6
Options exercisable at December 31	-	-	2,449	-

As at December 31, 2024, the range of exercise prices of stock options outstanding was NT\$25.6 (in dollars); the remaining contractual period was 5.6 years.

D. Details of the share-based payment arrangements in 2023 are as follows:

	2025		2024	
	2025 (in thousand)	Weighted- average exercise price (in dollars)	No. of options (in thousand)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	3,000	\$ 79.8	3,000	\$ 82.9
Options exercised	(1,464)	76.9	-	-
Options outstanding at December 31	1,536	76.9	3,000	79.8
Options exercisable at December 31	1,536	-	-	-

As at December 31, 2025 and 2024, the exercise prices of stock options outstanding was NT\$76.9 (in dollars) and NT\$79.8 (in dollars); the remaining contractual period was 7.3 years and 8.3 years, respectively.

E. Details of the share-based payment arrangements in 2024 are as follows:

	2025		2024	
	No. of options (in thousand)	Weighted- average exercise price (in dollars)	No. of options (in thousand)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	3,000	\$ 109.5	-	\$ -
Options granted	-	-	3,000	109.5
Options outstanding at December 31	3,000	105.5	3,000	109.5
Options exercisable at December 31	-	-	-	-

As at December 31, 2025 and 2024, the exercise prices of stock options outstanding was NT\$105.5 (in dollars) and NT\$109.5 (in dollars); the remaining contractual period was 8.5 years and 9.5 years.

F. Details of the share-based payment arrangements in 2025 are as follows:

	2025	
	No. of options (in thousand)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	3,000	100.5
Options outstanding at December 31	3,000	100.5
Options exercisable at December 31	-	-

As at December 31, 2025, the exercise prices of stock options outstanding was NT\$100.5 (in dollars); the remaining contractual period was 5.6 years.

G. The weighted-average stock price of stock options at exercise dates in 2025 and 2024 was NT\$101 (in dollars) and NT\$110.5 (in dollars), respectively.

H. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars) (Note 1)	Expected price Volatility (Note 2)	Expected option life (Note 3)	Expected dividends	Risk-free interest rate	Fair value per share (in dollars)
Employee stock options	2020.08.20							
-After 2 years		\$ 74.7	\$ 30.0	27.61%	6.0 years	3.88%	0.33%	\$ 31.90
-After 3 years		74.7	30.0	27.84%	7.0 years	3.88%	0.35%	30.54
-After 4 years		74.7	30.0	27.50%	8.0 years	3.88%	0.36%	29.14
Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars) (Note 1)	Expected price Volatility (Note 2)	Expected option life (Note 3)	Expected dividends	Risk-free interest rate	Fair value per share (in dollars)
Employee stock options	2023.05.03							
-After 2 years		\$ 82.9	\$ 82.9	29.71%	6.0 years	4.53%	1.12%	\$ 13.55
Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars) (Note 1)	Expected price Volatility (Note 2)	Expected option life (Note 3)	Expected dividends	Risk-free interest rate	Fair value per share (in dollars)
Employee stock options	2024.06.12							
-After 2 years		\$ 109.5	\$ 109.5	31.68%	5.0 years	4.81%	1.47%	\$ 18.86
Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars) (Note 1)	Expected price Volatility (Note 2)	Expected option life (Note 3)	Expected dividends	Risk-free interest rate	Fair value per share (in dollars)
Employee stock options	2025.07.31							
-After 2 years		\$ 100.5	\$ 100.5	36.83%	4.0 years	3.74%	1.31%	\$ 21.92
Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price Volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per share (in dollars)
The vesting conditions of restricted stocks to employees	2024.06.12	\$ 109.5	\$ 60.0	-	NA	-	-	\$ 49.50
The vesting conditions of restricted stocks to employees	2025.08.11	103.0	\$ 80.0	-	NA	-	-	23.00

Note 1: The exercise prices have been adjusted to reflect the change of outstanding shares (e.g., issuance of new shares for cash to increase capital, cash dividends, an appropriation of

earnings, issuance of new shares in connection with merger or acquiring shares of other companies.) in accordance with the employee stock option plan.

Note 2: Expected price volatility is based on the recent historical average volatility of the stock prices coincident with expected life of each tranche of the stock options. The source is from the Taiwan Stock Exchange.

Note 3: The expected life of the share options is based on historical date and current expectations.

I. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31	
	2025	2024
Compensation cost of employees stock options	\$ 48,740	\$ 49,311
Compensation costs of restricted stocks	8,740	168,498
	<u>\$ 57,480</u>	<u>\$ 217,809</u>

(16) Provisions for liabilities - current

	Warranty	Royalty	Total
At January 1, 2025	\$ 468,362	\$ 477,599	\$ 945,961
Additional provisions	303,806	-	303,806
Utilisation/reversal during the year	(297,544)	-	(297,544)
At December 31, 2025	<u>\$ 474,624</u>	<u>\$ 477,599</u>	<u>\$ 952,223</u>
	Warranty	Royalty	Total
At January 1, 2024	\$ 319,871	\$ 330,241	\$ 650,112
Additional provisions	313,522	160,993	474,515
Utilisation/reversal during the year	(165,031)	(13,635)	(178,666)
At December 31, 2024	<u>\$ 468,362</u>	<u>\$ 477,599</u>	<u>\$ 945,961</u>

A. Warranty

A provision for repairs and maintenance obligation is recognised for expected warranty claims on products sold, based on historical claims of warranty and management's judgement for future probable product repairs or replacement in next 12 months.

B. Royalty

The Company estimates the possible royalty expenses based on the industry characteristics, other known events and management's judgement and recognises such expenses within 'cost of goods sold' when related product is sold. Any changes in industry circumstances might affect materially the provision for royalty.

(17) Share capital

A. The Company's authorized capital was both \$5,000,000 as at December 31, 2025 and 2024, consisting of 500,000 thousand shares (including 36,800 thousand shares reserved for employee stock options). Paid-in capital were \$3,043,426 and \$3,000,496, respectively, with par value of NT\$10 (in dollars). All proceeds from shares issued have been collected.

The number of common shares at the beginning and the end of the year is reconciled as below:

	<u>2025 (in thousand)</u>	<u>2024 (in thousand)</u>
At January 1	298,549	267,078
Exercise of employee stock options	3,913	715
Restricted stock awards	380	3,404
Conversion of convertible bonds	-	27,352
Purchase of treasury shares	(3,123)	-
At December 31	<u>299,719</u>	<u>298,549</u>

B. In response to the future operational needs, on May 29, 2025, the Company's shareholders resolved the ordinary shares raised through the private offering of either common stock or domestic/foreign convertible corporate bonds. Private offering of common stock shall not exceed 27,000 thousand shares (inclusive). Considering that the aforementioned private placement of securities has not been implemented and is approaching its one-year expiration, the Board of Directors resolved on March 10, 2026, to discontinue the private placement.

C. Treasury stocks

(a) Reasons for the share repurchase and the number of the Company's treasury stocks are as follows:

		<u>December 31, 2025</u>	
<u>Name of company holding the shares</u>	<u>Reason for repurchase</u>	<u>Number of shares (in thousand)</u>	<u>Carrying amount</u>
The Company	To be transferred to employees	4,623	\$ 421,810
		<u>December 31, 2024</u>	
<u>Name of company holding the shares</u>	<u>Reason for repurchase</u>	<u>Number of shares (in thousand)</u>	<u>Carrying amount</u>
The Company	To be transferred to employees	1,500	\$ 119,517

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares repurchased as treasury stocks should not exceed 10% of the number of the Company's issued and outstanding shares and the amount of shares repurchased should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should not be pledged as collateral nor is entitled to shareholders' rights before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be transferred to the employees within five years from the repurchase date and shares not transferred within the five-year period are to be retired.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of ordinary shares and donations can be used to offset accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that

the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to offset accumulated deficit unless the legal reserve is insufficient.

2025								
	Additional paid-in capital in excess of par, ordinary share	Conversion premium of convertible corporate bonds	Treasury Stock transactions	Employee stock options	Employee restricted stocks	Expired stock options	Convertible bond options	Total
At January 1	\$ 1,682,685	\$ 4,131,830	\$ 41,511	\$ 150,033	\$ -	\$ 25,934	\$ 322,500	\$ 6,354,493
Compensation cost of employee stock options	-	-	-	48,740	-	-	-	48,740
Employee stock options exercised	254,609	-	-	(120,667)	-	-	-	133,942
Compensation cost of employee restricted stock	-	-	-	-	8,740	-	-	8,740
Issuance of employee restricted stock	-	-	-	-	26,600	-	-	26,600
Employee restricted stocks vested	35,340	-	-	-	(35,340)	-	-	-
At December 31	<u>\$ 1,972,634</u>	<u>\$ 4,131,830</u>	<u>\$ 41,511</u>	<u>\$ 78,106</u>	<u>\$ -</u>	<u>\$ 25,934</u>	<u>\$ 322,500</u>	<u>\$ 6,572,515</u>

2024								
	Additional paid-in capital in excess of par, ordinary share	Conversion premium of convertible corporate bonds	Treasury Stock transactions	Employee stock options	Employee restricted stocks	Expired stock options	Convertible bond options	Total
At January 1	\$ 1,303,396	\$ 2,673,761	\$ 41,511	\$ 130,159	\$ -	\$ 25,934	\$ 433,594	\$ 4,608,355
Compensation cost of employee stock options	-	-	-	49,311	-	-	-	49,311
Employee stock options exercised	40,591	-	-	(29,437)	-	-	-	11,154
Compensation cost of employee restricted stock	-	-	-	-	168,498	-	-	168,498
Issuance of employee restricted stock	-	-	-	-	170,200	-	-	170,200
Employee restricted stocks vested	338,698	-	-	-	(338,698)	-	-	-
Conversion of convertible corporate bonds	-	1,458,069	-	-	-	-	(111,094)	1,346,975
At December 31	<u>\$ 1,682,685</u>	<u>\$ 4,131,830</u>	<u>\$ 41,511</u>	<u>\$ 150,033</u>	<u>\$ -</u>	<u>\$ 25,934</u>	<u>\$ 322,500</u>	<u>\$ 6,354,493</u>

(19) Retained earnings

- A. Under the Company's Articles of Incorporation adopted by the shareholders during their meeting, the current year's earnings, if any, shall first be used to pay all taxes and offset accumulated deficit and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of paid-in capital. After the provision or reversal of special reserve, the appropriation of the remaining earnings along with the unappropriated earnings of prior years and current adjustment on unappropriated earnings as distributable retained earnings. The distribution of all or part of dividends and bonuses shall be made by issuing new shares, which shall be approved by the shareholders. Distribution of earnings by way of cash dividends should

be approved by Board of Directors and reported to shareholders in its meeting.

- B. The policy for dividend distribution should consider level of current year earnings and stabilised dividend ratio to support the Company's steady growth, and should reflect factors such as current and future investment environment, fund requirements, domestic and international competition and capital expenditure budgets, as well as the benefit of stockholders, dividend equilibrium, and long-term financial planning etc. It may be paid in cash or in the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.
- C. Except for offsetting accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- (c) As of January 1, 2018, the amount of special reserve set aside for the first-time adoption of IFRSs amounted to \$131,678. Furthermore, the Company did not reverse special reserve to retained earnings during the years ended December 31, 2025 and 2024 as a result of the use, disposal or reclassification of related assets. As of December 31, 2025 and 2024, the amount of special reserve set aside for the first-time adoption of IFRSs all amounted to \$131,678.
- E. (a) The appropriations of earnings of 2024 and 2023 resolved by shareholders on May 29, 2025 and May 31, 2024, respectively, are as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 228,437		\$ 241,381	
(Reversal) appropriation of special reserve	(333,735)		36,538	
Cash dividends	1,373,327	\$ 4.60	1,472,126	\$ 5.00

- (b) Details of 2025 earnings appropriation proposed by the Board of Directors on March 10, 2026 are as follows:

	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve appropriated	\$ 120,634	
Special reserve appropriated	164,369	
Cash dividends	749,299	\$ 2.50

Information about the appropriation of retained earnings of the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(20) Other equity items

	<u>2025</u>				
	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets at fair value through other comprehensive income	Cash flow hedge reserve	Unearned compensation cost	Total
At January 1	(\$ 345,436)	(\$ 27,044)	\$ 16,340	\$ -	(\$ 356,140)
Currency translation differences:					
-Company	(144,328)	-	-	-	(144,328)
Revaluation – gross					
-Subsidiary	-	(2,777)	-	-	(2,777)
Gains (losses) on hedging instruments:					
-Gains (losses) on fair value	-	-	(204,344)	-	(204,344)
-Tax on fair value gains (losses)	-	-	40,869	-	40,869
-Transfers to sales of goods	-	-	56,841	-	56,841
-Tax on transfers to sales of goods	-	-	(11,368)	-	(11,368)
-Transfers to inventories	-	-	117,766	-	117,766
-Tax on transfers to inventories	-	-	(23,553)	-	(23,553)
-Ineffective hedging transfer to profit or loss	-	-	8,156	-	8,156
-Tax on ineffective hedging transfer to profit or loss	-	-	(1,631)	-	(1,631)
Compensation costs of restricted stocks	-	-	-	8,740	8,740
Issuance of employee restricted stock	-	-	-	(8,740)	(8,740)
At December 31	<u>(\$ 489,764)</u>	<u>(\$ 29,821)</u>	<u>(\$ 924)</u>	<u>\$ -</u>	<u>(\$ 520,509)</u>

2024

	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets at fair value through other comprehensive income	Cash flow hedge reserve	Unearned compensation cost	Total
At January 1	(\$ 629,468)	(\$ 32,210)	(\$ 28,201)	\$ -	(\$ 689,879)
Currency translation differences:					
-Company	284,032	-	-	-	284,032
Revaluation – gross					
-Subsidiary	-	5,166	-	-	5,166
Gains (losses) on hedging instruments:					
-Gains (losses) on fair value	-	-	94,105	-	94,105
-Tax on fair value gains (losses)	-	-	(18,822)	-	(18,822)
-Transfers to sales of goods	-	-	(11,756)	-	(11,756)
-Tax on transfers to sales of goods	-	-	2,351	-	2,351
-Transfers to inventories	-	-	(31,761)	-	(31,761)
-Tax on transfers to inventories	-	-	6,354	-	6,354
-Ineffective hedging transfer to profit or loss	-	-	5,088	-	5,088
-Tax on ineffective hedging transfer to profit or loss	-	-	(1,018)	-	(1,018)
Compensation costs of restricted stocks	-	-	-	168,498	168,498
Issuance of employee restricted stock	-	-	-	(168,498)	(168,498)
At December 31	(\$ 345,436)	(\$ 27,044)	\$ 16,340	\$ -	(\$ 356,140)

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

Sales revenue is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company derives revenue from the transfer of goods at a point in time in the following major product lines:

Revenue type	Years ended December 31	
	2025	2024
Fixed mobile convergence products (BB CPE)	\$ 27,045,033	\$ 29,669,310
Enterprise (ENT)	9,985,890	9,037,104
IoT Solutions (Infra. & IoT)	10,355,390	6,149,823
Others	3,287,726	7,643,685
	<u>\$ 50,674,039</u>	<u>\$ 52,499,922</u>

B. Contract liabilities

Contract liabilities recognised by the Company as a result of revenue from contracts with customers are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Sales contract	\$ 779,317	\$ 752,213	\$ 723,761

Revenue recognised that was included in the contract liability balance at the beginning of the year are as follows:

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Sales contract	\$ 282,571	\$ 647,864

C. Refund liabilities

Sales revenue is recognised based on contract price net of sales discounts and allowances. The merchandise is often sold with sales discounts and allowances based on aggregate sales over a 12-month period. Historical experience is used to estimate and provide for the sales discounts and allowances, using the most possible amount, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The payment terms for sales are normally 20 to 210 days after delivery. The time between the transfer of promised goods or services to the client and collection of payment does not exceed one year. Therefore, the Company does not adjust the transaction price to reflect the time value of money.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Refund liabilities	\$ 158,770	\$ 114,168

(22) Other income

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Gains arising from derecognition of liabilities	\$ 57,811	\$ -
Rental income	379	1,247
Others	1,237	8,209
	<u>\$ 59,427</u>	<u>\$ 9,456</u>

(23) Other gains and losses

	Years ended December 31	
	2025	2024
Net losses on financial assets or liabilities at fair value through profit or loss	(\$ 73,135)	(\$ 163,425)
Net currency exchange gains	63,243	230,515
Impairment loss on performance guarantee	(14,750)	(14,750)
Gains on disposals of property, plant and equipment	4,211	3,748
Loss on disposal of investments accounted for using equity method	-	(199)
Losses arising from lease modifications	-	(192)
	<u>(\$ 20,431)</u>	<u>\$ 55,697</u>

To stabilise the long-term supply of raw materials, the Group and a supplier agreed to annual purchase amounts in the contract period. Since the annual purchase amounts in 2025 and 2024 is not as expected based on the assessment, the performance guarantee amounting to \$14,750 cannot be recovered.

Details of the related purchase commitments are provided in Note 9 B.

(24) Finance costs

	Years ended December 31	
	2025	2024
Interest expense		
-Bank borrowing	\$ 138,063	\$ 144,416
-Bonds payable	57,304	78,882
-Loans from related parties	41,714	50,967
-Lease contracts	3,147	3,308
	<u>\$ 240,228</u>	<u>\$ 277,573</u>

(25) Additional information of expenses by nature

	Years ended December 31	
	2025	2024
Employee benefit expense	\$ 2,310,877	\$ 2,586,914
Depreciation charges on property, plant and equipment	366,990	324,831
Amortisation charges on intangible assets	127,778	151,907
Depreciation charges on right-of-use assets	53,918	47,192
	<u>\$ 2,859,563</u>	<u>\$ 3,110,844</u>

(26) Employee benefit expense

	Years ended December 31	
	2025	2024
Wages and salaries	\$ 1,859,186	\$ 1,990,997
Labor and health insurance fees	159,226	151,633
Pension costs	74,328	73,078
Compensation cost of share-based payments	57,480	217,809
Directors' remuneration	29,796	46,910
Other personnel expenses	130,861	106,487
	<u>\$ 2,310,877</u>	<u>\$ 2,586,914</u>

A. According to the Articles of Incorporation, 12%-18% of profit of the current year is distributable as employees' compensation, of which the amount of employees' compensation includes rank-and-file employees' compensation distributed at a ratio between 1% and 3% and no higher than 2.5% of profit of the current year is distributable as remuneration to directors. Qualification requirements of employees include the employees of subsidiaries or controlled entities of the Company meeting certain specific requirements. If the Company has an accumulated deficit, earnings should be reserved to offset deficit first. Independent directors do not participate in the abovementioned distribution of directors' remuneration.

B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$280,500 and \$509,800, respectively; directors' remuneration was accrued at \$17,500 and \$35,200, respectively. The aforementioned amounts were recognised in wages and salaries.

For the year ended December 31, 2025, the employees' compensation and directors' remuneration were estimated and accrued based on 15.96% and 1.00% of distributable profit of current year.

The 2024 employees' compensation and directors' remuneration as resolved by the Board of Directors amounted to \$509,800 and \$35,200, respectively. Also, there was no difference between such amounts and those shown in the 2024 financial statements. The employees' compensation will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 83,065	\$ 408,462
Tax on undistributed earnings	37,788	18,045
Prior year income tax over estimation	(35,462)	(14,979)
Total current tax	85,391	411,528
Deferred tax:		
Origination and reversal of temporary differences	171,087	93,642
Income tax expense	<u>\$ 256,478</u>	<u>\$ 505,170</u>

(b) Income tax charge (credit) relating to components of other comprehensive income is as follows:

	Years ended December 31	
	2025	2024
Profit or loss of hedging instruments in cash flow hedge	(\$ 4,317)	\$ 11,135
Remeasurement of defined benefit obligations	884	3,342
	<u>(\$ 3,433)</u>	<u>\$ 14,477</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 291,857	\$ 555,235
Expenses disallowed by tax regulation	14,089	9,732
Prior year income tax over estimation	(35,462)	(14,979)
Effect from investment tax credits	(51,794)	(82,228)
Change in assessment of realisation of deferred tax assets	-	19,365
Surtax on unappropriated retained earnings	37,788	18,045
Income tax expense	<u>\$ 256,478</u>	<u>\$ 505,170</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2025				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Unrealised bonus and other expenses	\$ 338,135	(\$ 114,788)	\$ -	\$ 223,347
Provisions for liabilities	189,192	1,253	-	190,445
Unrealised inventory loss	99,332	(40,974)	-	58,358
Refund liabilities	22,833	8,920	-	31,753
Unrealised loss on financial assets at fair value	17,912	(1,583)	-	16,329
Net defined benefit liabilities	4,419	(996)	(884)	2,539
Unrealised profit from sales to subsidiaries	2,623	(443)	-	2,180
Unrealised loss on hedging instruments	-	-	232	232
Subtotal	<u>674,446</u>	<u>(148,611)</u>	<u>(652)</u>	<u>525,183</u>
Deferred tax liabilities:				
Income from investment accounted for using equity method	(\$ 220,708)	(\$ 20,957)	\$ -	(\$ 241,665)
Unrealised foreign exchange gain	(24,957)	(1,519)	-	(26,476)
Unrealised gain on hedging instruments	(4,085)	-	4,085	-
Subtotal	<u>(249,750)</u>	<u>(22,476)</u>	<u>4,085</u>	<u>(268,141)</u>
Total	<u>\$ 424,696</u>	<u>(\$ 171,087)</u>	<u>\$ 3,433</u>	<u>\$ 257,042</u>
2024				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Unrealised bonus and other expenses	\$ 419,646	(\$ 81,511)	\$ -	\$ 338,135
Provisions for liabilities	130,025	59,167	-	189,192
Refund liabilities	73,932	(51,099)	-	22,833
Unrealised inventory loss	47,727	51,605	-	99,332
Unrealised foreign exchange loss	20,260	(20,260)	-	-
Unrealised loss on financial assets at fair value	19,889	(1,977)	-	17,912
Unrealised interest from convertible bonds	12,983	(12,983)	-	-
Net defined benefit liabilities	8,691	(930)	(3,342)	4,419
Unrealised foreign exchange loss	-	-	-	-
Unrealised loss on hedging instruments	7,050	-	(7,050)	-
Unrealised profit from sales to subsidiaries	3,049	(426)	-	2,623
Subtotal	<u>743,252</u>	<u>(58,414)</u>	<u>(10,392)</u>	<u>674,446</u>
Deferred tax liabilities:				
Income from investment accounted for using equity method	(\$ 202,910)	(\$ 17,798)	\$ -	(\$ 220,708)
Unrealised gain on financial assets at fair value	(7,527)	7,527	-	-
Unrealised gain on hedging instruments	-	-	(4,085)	(4,085)
Unrealised foreign exchange gain	-	(24,957)	-	(24,957)
Subtotal	<u>(210,437)</u>	<u>(35,228)</u>	<u>(4,085)</u>	<u>(249,750)</u>
Total	<u>\$ 532,815</u>	<u>(\$ 93,642)</u>	<u>(\$ 14,477)</u>	<u>\$ 424,696</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2025	December 31, 2024
Deductible temporary differences	<u>\$ 104,068</u>	<u>\$ 75,213</u>

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2025 and 2024, the amounts of temporary difference unrecognised as deferred tax liabilities were \$937,359 and \$813,552, respectively.

F. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(28) Earnings per share

Year ended December 31, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to owners of the parent	\$ 1,202,805	297,635	\$ <u>4.04</u>
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employees compensation	-	4,113	
Employee stock options	-	2,094	
Treasury stocks	-	517	
Employee restricted stocks	-	<u>1</u>	
Profit attributable to owners of the parent plus dilutive effect of potential ordinary shares	<u>\$ 1,202,805</u>	<u>304,360</u>	<u>\$ 3.95</u>
Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to owners of the parent	\$ 2,271,006	293,519	\$ <u>7.74</u>
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employees compensation	-	4,853	
Employee stock options	-	3,302	
Treasury stocks	-	530	
Employee restricted stocks	-	851	
Convertible bonds	-	<u>76</u>	
Profit attributable to owners of the parent plus dilutive effect of potential ordinary shares	<u>\$ 2,271,006</u>	<u>303,131</u>	<u>\$ 7.49</u>

A. The employee stock options issued by the Company in 2025 and 2024 have an anti-dilution effect, so they are not listed on diluted earnings per share for the year ended December 31, 2025.

- B. The employee stock options issued in 2024 has an anti-dilution effect, so they are not listed on diluted earnings per share for the year ended December 31, 2024.
- C. The convertible bonds issued by the Company in 2023 have an anti-dilution effect, so they are not listed on diluted earnings per share from the year ended December 31, 2025 and 2024.
- D. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorised for issuance.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31	
	2025	2024
Purchase of property, plant and equipment	\$ 315,290	\$ 356,906
Add: Ending balance of advance payment	32,427	51,535
Less: Opening balance of advance payment	(51,535)	(43,100)
Add: Opening balance of payable for equipment or other payable	30,088	76,128
Less: Ending balance of payable for equipment or other payable	(55,372)	(30,088)
Cash paid during the year	<u>\$ 270,898</u>	<u>\$ 411,381</u>
Purchase of intangible assets	\$ 121,073	\$ 72,080
Add: Ending balance of advance payment	116,899	40,576
Less: Opening balance of advance payment	(40,576)	(44,475)
Add: Opening balance of payable for equipment or other payable	1,518	2,472
Less: Ending balance of payable for equipment or other payable	(776)	(1,518)
Cash paid during the year	<u>\$ 198,138</u>	<u>\$ 69,135</u>

B. Investing activities with no cash flow effects (Year ended December 31, 2025: None)

	Year ended December 31, 2024
Acquisition of financial assets at fair value through other comprehensive income	\$ 294,453
Less: Accounts receivable	(294,453)
	<u>\$ -</u>

(30) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposits received (Note2)	Lease liabilities	Bonds payable	Liabilities from financing activities-gross
At January 1, 2025	\$ 1,016,211	\$ 803,984	\$ 195,404	\$ 4,198,505	\$ 6,214,104
Changes in cash flow from financing activities	395,467	(568,513)	(49,427)	(1,400,000)	(1,622,473)
Interest paid (Note 1)	-	-	(3,147)	-	(3,147)
Changes in other non-cash items	-	-	19,697	49,914	69,611
At December 31, 2025	<u>\$ 1,411,678</u>	<u>\$ 235,471</u>	<u>\$ 162,527</u>	<u>\$ 2,848,419</u>	<u>\$ 4,658,095</u>
	Short-term borrowings	Guarantee deposits received (Note2)	Lease liabilities	Bonds payable	Liabilities from financing activities-gross
At January 1, 2024	\$ 169,900	\$ 998,323	\$ 169,597	\$ 7,969,790	\$ 9,307,610
Changes in cash flow from financing activities	846,311	(194,339)	(46,614)	(2,300,000)	(1,694,642)
Interest paid (Note 1)	-	-	(3,308)	-	(3,308)
Changes in other non-cash items	-	-	75,729	(1,471,285)	(1,395,556)
At December 31, 2024	<u>\$ 1,016,211</u>	<u>\$ 803,984</u>	<u>\$ 195,404</u>	<u>\$ 4,198,505</u>	<u>\$ 6,214,104</u>

Note 1: Shown in ‘Cash flows from operating activities’.

Note 2: Including guarantee deposits received with maturity within one year, and shown in ‘Other current liabilities, others’.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Sercomm Trading Co. Ltd.	The Company’s subsidiary
Sercomm USA Inc.	The Company’s subsidiary
Sercomm France SARL	The Company’s subsidiary
Sercomm Deutschland GmbH	The Company’s subsidiary
Sercomm Russia Limited Liability Company	The Company’s subsidiary
Sercomm Investment Corp.	The Company’s subsidiary
Sercomm Japan Corp.	The Company’s subsidiary
Sercomm Technology Inc.	The Company’s subsidiary
Sernet Technology Mexico	The Company’s subsidiary
Sctek Manufacturing, S.A.DE C.V.	The Company’s subsidiary
Sercomm Philippines Inc.	The Company’s subsidiary
Scnet (India) Private Limited	The Company’s subsidiary
Sercomm Britain Limited	The Company’s subsidiary
MosoLabs Inc.	The Company’s subsidiary
Servercom (India) Private Limited	The Company’s subsidiary
Sercomm urkey Kablosuz İletişim Sanayi ve Ticaret Anonim Şirketi	The Company’s subsidiary

Names of related parties	Relationship with the Company
Sercomm International Inc.	The Company's subsidiary
Sercomm Italia SRL	The Company's second-tier subsidiary
Sercomm Solutions Inc.	The Company's second-tier subsidiary
DWNet Technology (Suzhou) Co., Ltd.	The Company's second-tier subsidiary
Sernet (Suzhou) Technologies Corporation	The Company's second-tier subsidiary
Zealous Investments Ltd.	The Company's second-tier subsidiary

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31	
	2025	2024
Servercom (India) Private Limited	\$ 1,156,586	\$ 5,882,368
Subsidiaries	3,043,029	2,188,569
	<u>\$ 4,199,615</u>	<u>\$ 8,070,937</u>

(a) The sales price to the related parties was determined through mutual agreement based on the market conditions. The collection period for related parties was month-end 180~270 days. For third parties, the terms for domestic sales was month-end 20~75 days, and for overseas sales was net 20~210 days, FOB shipping point.

(b) The Company sold materials and semi-finished products to subsidiaries for production, and then bought back finished products and sold it to customers in years 2025 and 2024. As for the above transactions, the Company has written off the sales revenue and operating costs of relevant raw materials. Therefore, the amount of finished products and operating costs are not included in the purchase and sale of the Company.

B. Receivables from related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable:		
Sercomm Philippines Inc.	\$ 3,340,578	\$ 702,661
Servercom (India) Private Limited	917,685	4,568,146
Subsidiaries	<u>1,288,181</u>	<u>1,059,350</u>
	<u>\$ 5,546,444</u>	<u>\$ 6,330,157</u>
Other receivables:		
Subsidiaries	<u>\$ 35,421</u>	<u>\$ 26,329</u>

(a) The ageing analysis of accounts receivable from subsidiaries that were based on the number of days overdue as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Without past due	\$ 5,390,159	\$ 4,864,809
Up to 1-90 days	2,771	1,465,348
Up to 91-180 days	51,823	-
Up to 181-270 days	52,466	-
Up to 270 days	49,225	-
	<u>\$ 5,546,444</u>	<u>\$ 6,330,157</u>

(b) The aforementioned other receivables were the purchases or payments made by the Company on behalf of subsidiaries for operational needs, and were not past due.

C. Purchases of goods

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Sercomm Philippines Inc.	\$ 20,774,651	\$ 15,823,984
Sernet (Suzhou) Technologies Corporation	10,208,700	11,543,754
Subsidiaries	125,508	18,833
	<u>\$ 31,108,859</u>	<u>\$ 27,386,571</u>

(a) The purchase price to the related parties was determined through mutual agreement based on the market conditions. The payment period for related parties was month-end 60 days. For third parties, the terms for domestic procurement was month-end 60~120 days, and for overseas procurement was month-end 30~210 days.

(b) The transaction amounts as of 2025 and 2024 listed above have deducted the recalculated amounts. Please refer to Note 7(2)A.

D. Prepayments

To expand global business, the Company made advance payments to subsidiaries and recognised them as sales service expenses or other expenses.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries	\$ 22,505	\$ 21,539

E. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable:		
Sercomm Philippines Inc.	\$ 3,796,743	\$ 2,123,487
Sernet (Suzhou) Technologies Corporation	1,864,342	1,530,375
Subsidiaries	5,808	2,364
	<u>\$ 5,666,893</u>	<u>\$ 3,656,226</u>
Other payables:		
Subsidiaries	\$ 627,823	\$ 121,454

F. Miscellaneous income (Year ended December 31, 2025:None)

	Year ended December 31, 2024
Sercomm Philippines Inc.	\$ 4,846
Servercom (India) Private Limited	1,016
Subsidiaries	3
	<u>\$ 5,865</u>

Service income was the purchase of materials made by the Company on behalf of subsidiaries and purchase of other miscellaneous for operational needs.

G. Operating expenses

	Years ended December 31	
	2025	2024
Selling expenses-sales service:		
Sercomm Technology Inc.	\$ 704,741	\$ 526,699
Sercomm USA Inc.	120,608	153,862
Subsidiaries	<u>173,605</u>	<u>187,777</u>
	998,954	868,338
Research and development expenses- research service:		
Subsidiaries	<u>402,797</u>	<u>-</u>
	<u>\$ 1,401,751</u>	<u>\$ 868,338</u>

H. Loans to /from related parties

Due to the capital management, the Company's Board of Directors during their meeting in March 2023 resolved to borrow USD 34,000 thousand from the related party for 5 years. As of December 31, 2025 and 2024, the Company had settled USD 8,000 thousands and USD 8,000 thousands, respectively. The repayment of the loan is subject to the financial position and carry interest at 5% per annum.

(a) Loans from related parties

i. Ending balance

	December 31, 2025	December 31, 2024
Zealous Investments Ltd.	<u>\$ 817,388</u>	<u>\$ 852,306</u>

ii. Interest expense

	Years ended December 31	
	2025	2024
Zealous Investments Ltd.	<u>\$ 41,714</u>	<u>\$ 50,967</u>

As of December 31, 2025 and 2024, the unpaid interest payable was \$41,714 and \$50,967, respectively.

(b) Information on the loans to subsidiaries and provision of endorsements and guarantees to subsidiaries are provided in Note 13.

I. Property transactions:

(a) Disposal of property, plant and equipment:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Sercomm Philippines Inc. Sernet (Suzhou) Technologies Corporation	\$ 11,674	\$ 3,159	\$ 3,657	\$ 197
Servercom (India) Private Limited	47	29	-	-
	-	-	2,530	(139)
	<u>\$ 11,721</u>	<u>\$ 3,188</u>	<u>\$ 6,187</u>	<u>\$ 58</u>

The transaction price between the Company and the related parties was determined through mutual agreement. The collection period was month-end 180 days.

(b) Acquisition of financial assets:

			Year ended December 31, 2025	
	Accounts	No. of shares (in thousands)	Objects	Consideration
Secnet Technology Mexico	Investments accounted for using equity method	100,000	shares	\$ 164,653
MosoLabs Inc.	Investments accounted for using equity method	1,500	shares	44,982
Sercomm Turkey Kablosuz iletisim Sanayi ve Ticaret Anonim Sirketi	Investments accounted for using equity method	38,000	shares	29,114
Subsidiaries	Investments accounted for using equity method	2	shares	6,305
Total				<u>\$ 245,054</u>

			Year ended December 31, 2024	
	Accounts	No. of shares (in thousands)	Objects	Consideration
Scnet (India) Private Limited	Investments accounted for using equity method	2,200	shares	\$ 420,949
Secnet Technology Mexico	Investments accounted for using equity method	2,900	shares	48,863
Subsidiaries	Investments accounted for using equity method	100	shares	31,328
Total				<u>\$ 501,140</u>

(c) Disposal of financial assets: (Year ended December 31, 2025: None)

			Year ended December 31, 2024		
	Accounts	No. of shares (in thousands)	Objects	Proceeds	Gain/(loss)
Sercomm Trading Co. Ltd.	Investments accounted for using equity method	750	shares	\$ 241,770	\$ -
Sercomm Brazil Ltda	Investments accounted for using equity method	500	shares	1,173	199
				<u>\$ 242,943</u>	<u>\$ 199</u>

(3) Key management compensation

	Years ended December 31	
	2025	2024
Short-term employee benefits	\$ 95,456	\$ 185,655
Post- employment benefits	1,280	1,519
Share-based payment	17,244	65,343
	<u>\$ 113,980</u>	<u>\$ 252,517</u>

8. PLEDGED ASSETS

The Company's assets pledged at carrying amount are as follows:

Pledged asset	December 31, 2025	December 31, 2024	Purpose
Financial assets measured at amortised cost	<u>\$ 43,101</u>	<u>\$ 36,509</u>	Custom duty guarantee and performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

A. The Company has entered into an agreement with an overseas customer. The agreement provided that the overseas customer was required to pay a fee toward specified items prescribed in the agreement and the Company shall be liable for any third party infringement claims. The amount received has been deposited in a trust fund set up by the Company. The Company recognised the trust fund as non-current financial assets at amortised cost and other current liabilities. However, considering that the term of patents for the aforementioned specified items had been expired and there were no sales of the aforementioned items in recent years, the Company terminated the trust arrangement and derecognized the related trust assets in the second quarter of 2025 and recognised a gain on the derecognition of liabilities.

	December 31, 2025	December 31, 2024
Non-current financial assets at amortised cost	\$ -	\$ 73,931
Other current liabilities	-	57,811

As of December 31, 2024, the accumulated interest of the trust fund assets was recognised as 'non-current financial assets at amortised cost' in the amount of \$16,120.

- B. To stabilise the supply of raw materials, the Company and a supplier signed a long-term supply contract whereby the Company shall pay performance guarantee. If the Company achieves the agreed purchase amount every year, the guarantee can be recovered proportionally. As of December 31, 2025, the guarantee was shown as guarantee deposits paid of \$83,265 (USD 2,649 thousand).
- C. As of December 31, 2025, the amount of contracted but not yet paid commitments for the purchase of equipment and computer software was \$25,125.
- D. The amounts of performance letters of guarantee issued by banks for shipment guarantee are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
USD (in thousands)	\$ 464	\$ 560
CAD (in thousands)	220	-

E. The amounts of promissory notes issued by banks for factoring accounts receivable and bank borrowing are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
NTD (in thousands)	\$ 3,250,000	\$ 3,720,000
USD (in thousands)	372,013	362,013

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For the appropriations of earnings of 2025 resolved by the Board of Directors, please refer to Note 6(19) for details.

12. OTHERS

(1) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 5,723</u>	<u>\$ 13,384</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 325,069</u>	<u>\$ 294,453</u>
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 2,943,713	\$ 5,679,509
Financial assets measured at amortised cost	43,101	110,440
Accounts receivable, net (including related parties)	14,322,291	12,604,902

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables (including related parties)	824,432	768,651
Guarantee deposits paid	114,357	119,466
	<u>\$ 18,247,894</u>	<u>\$ 19,282,968</u>
Financial assets for hedging	<u>\$ 17,331</u>	<u>\$ 20,425</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 24,013	\$ 39,583
Embedded derivatives	32,100	18,600
	<u>\$ 56,113</u>	<u>\$ 58,183</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,411,678	\$ 1,016,211
Accounts payable (including related parties)	10,991,993	7,567,698
Other payables (including related parties)	3,983,058	3,933,917
Bonds payable (including current portion)	2,848,419	4,198,505
Guarantee deposits received (including current portion)	235,471	803,984
	<u>\$ 19,470,619</u>	<u>\$ 17,520,315</u>
Lease liability (including current portion)	<u>\$ 162,527</u>	<u>\$ 195,404</u>
Financial liabilities for hedging	<u>\$ 18,486</u>	<u>\$ -</u>

B. Financial risk management policies

- (a) The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.
- (b) The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.
- (c) To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2) and (4).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and EUR. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.
- iii. The Company's risk management policy is to hedge anticipated cash flows from sales in EUR, GBP, JPY and AUD, and purchase in USD.
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2025		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 431,207	31.44	\$ 13,557,148
EUR:NTD	37,518	36.90	1,384,414
JPY:NTD	2,598,189	0.20	519,638
<u>Non-monetary items</u>			
USD:NTD	\$ 10,339	31.44	\$ 325,069
<u>Investments accounted for using the equity method</u>			
USD:NTD	\$ 186,971	31.44	\$ 5,878,373
PHP:NTD	2,752,806	0.53	1,458,987
INR:NTD	769,963	0.35	269,487
MXN:NTD	117,715	1.75	206,001
JPY:NTD	758,670	0.20	151,734
EUR:NTD	2,731	36.90	100,772
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 378,268	31.44	\$ 11,892,746
EUR:NTD	22,352	36.90	824,789

December 31, 2024			
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 368,667	32.78	\$ 12,084,904
EUR:NTD	30,656	34.13	1,046,289
JPY:NTD	227,436	0.21	47,762
<u>Non-monetary items</u>			
USD:NTD	\$ 7,322	32.78	\$ 240,000
<u>Investments accounted for using the equity method</u>			
USD:NTD	\$ 164,395	32.78	\$ 5,388,856
PHP:NTD	2,412,467	0.57	1,375,106
INR:NTD	1,408,176	0.29	408,371
JPY:NTD	528,614	0.21	111,009
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 238,005	32.78	\$ 7,801,804

- v. The total exchange gains, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024 amounted to \$63,243 and \$230,515, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2025			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 135,571	\$ -
EUR:NTD	1%	13,844	-
JPY:NTD	1%	5,196	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 118,927	\$ -
EUR:NTD	1%	8,248	-

Year ended December 31, 2024			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 120,849	\$ -
EUR:NTD	1%	10,463	-
JPY:NTD	1%	478	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 78,018	\$ -

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.
- ii. The Company's investments in equity and debt securities comprise shares issued by the domestic and foreign companies. The prices of equity and debt securities would change due to the change of the future value of investee companies. If the prices of these equity and debt securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$0, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other comprehensive income would have increased/decreased by \$2,601 and \$2,356, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. As of December 31, 2025 and 2024, the Company's borrowings was variable and fixed interest rates, respectively.
- ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

- iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant as of December 31, 2025, profit after tax for the year ended December 31, 2025 would have increased/decreased by \$736. Changes in interest expense mainly results from floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss and financial assets at amortised cost.
- ii. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain customers' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.
- iii. Credit risk from balances with banks and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions with high credit rating.
- iv. The Company assesses whether there is any evidence that the credit risk of financial instruments has been significantly increased after initial recognition based on the historical experience. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 270 days.
- v. The following indicators are used to determine whether the credit impairment of financial assets has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) Default.
- vi. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the simplified approach using provision matrix or loss rate methodology to estimate expected credit loss.
- vii. The Company used the forecast ability of Taiwan Institute of Economic Research report to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2025 and 2024, the provision matrix are as follows:

December 31, 2025	Without past due	Up to 1-90 days	Up to 91 to 180 days	Up to 181 to 270 days	Over 271 days	Total
<u>Group 1</u>						
Expected loss rate	0.46%	5.49%	-	19.25%	100%	
Total book value	\$ 7,221,134	\$ 104,062	\$ -	\$ 483	\$ -	\$ 7,325,679
Loss allowance	\$ 33,416	\$ 5,711	\$ -	\$ 93	\$ -	\$ 39,220
<u>Group 2</u>						
Expected loss rate	0.63%	4.85%	-	-	100%	
Total book value	\$ 1,344,449	\$ 126,589	\$ -	\$ -	\$ -	\$ 1,471,038
Loss allowance	\$ 8,421	\$ 6,137	\$ -	\$ -	\$ -	\$ 14,558
Total book value in total	\$ 8,565,583	\$ 230,651	\$ -	\$ 483	\$ -	\$ 8,796,717
Loss allowance in total	\$ 41,837	\$ 11,848	\$ -	\$ 93	\$ -	\$ 53,778
December 31, 2024	Without past due	Up to 1-90 days	Up to 91 to 180 days	Up to 181 to 270 days	Over 271 days	Total
<u>Group 1</u>						
Expected loss rate	0.91%	12.39%	36.56%	-	100%	
Total book value	\$ 5,986,755	\$ 111,279	\$ 5,807	\$ -	\$ -	\$ 6,103,841
Loss allowance	\$ 54,736	\$ 13,786	\$ 2,123	\$ -	\$ -	\$ 70,645
<u>Group 2</u>						
Expected loss rate	0.87%	5.16%	-	-	100%	
Total book value	\$ 189,691	\$ 13,927	\$ -	\$ -	\$ -	\$ 203,618
Loss allowance	\$ 1,646	\$ 719	\$ -	\$ -	\$ -	\$ 2,365
Total book value in total	\$ 6,176,446	\$ 125,206	\$ 5,807	\$ -	\$ -	\$ 6,307,459
Loss allowance in total	\$ 56,382	\$ 14,505	\$ 2,123	\$ -	\$ -	\$ 73,010

Note: Customer types that are classified based on the Company's credit risk management policy are as follows:

Group 1: The credit risk of customers has been insured by professional insurance companies.

Group 2: The credit risk of customers has not been insured by professional insurance companies.

Considering that the accounts receivable are insured, the Company did not recognise the impairment loss amounting to \$32,908 and \$40,296 as of December 31, 2025 and 2024, respectively.

viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2025	2024
At January 1	\$ 32,714	\$ 41,072
Reversal of impairment loss	(11,844)	(8,358)
At December 31	\$ 20,870	\$ 32,714

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants

(where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

- ii. The Company invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate:		
Expiring within one year	\$ 9,916,384	\$ 10,415,134

- iv. The Company's non-derivative financial liabilities were analysed based on the remaining period at the balance sheet date to the contractual maturity date, derivative financial liabilities were analysed based on the fair value on balance sheet date.

Except that the contractual undiscounted cash flows of accounts payable (including related parties), other payables (including related parties) and forward foreign exchange contracts are approximately equal to its book value and mature within one year, the contractual undiscounted cash flows of remaining financial liabilities are disclosed in the following table:

		Between	Between	
	<u>Within 1 year</u>	<u>1 and 2 years</u>	<u>2 and 5 years</u>	<u>Over 5 years</u>
December 31, 2025				
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 1,423,403	\$ -	\$ -	\$ -
Lease liabilities	57,433	57,438	52,019	-
Bonds payable	-	-	3,000,000	-
December 31, 2024				
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 1,026,693	\$ -	\$ -	\$ -
Lease liabilities	54,591	51,885	89,889	6,124
Bonds payable	1,407,518	-	3,000,000	-

The Company did not expect the occurrence timing of cash flow of expiry date analysis would be significantly earlier, or the actual amount would significantly differ.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in certain derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in convertible corporate bonds and equity investment without active market are included in Level 3.

B. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, accounts receivable, other receivables, other current assets, financial assets measured at amortised cost, short-term borrowings, short-term notes and bills payable, accounts payable, other payables and other current liabilities and long-term borrowings are approximate to their fair values.

December 31, 2025				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 2,848,419	\$ -	\$ 2,846,100	\$ -
December 31, 2024				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 4,198,505	\$ -	\$ 4,175,000	\$ -

(b) Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date

C. Financial instruments and non-financial instruments measured at fair value

(a) The related information of the assets and liabilities classified into the three levels is as follows:

As at December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 5,723	\$ -	\$ 5,723
Financial assets for hedging				
Forward foreign exchange contracts	-	17,331	-	17,331
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	325,069	325,069
	\$ -	\$ 23,054	\$ 325,069	\$ 348,123

	Level 1	Level 2	Level 3	Total
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 13,384	\$ -	\$ 13,384
Financial liabilities for hedging				
Forward foreign exchange contracts	-	20,425	-	20,425
Embedded Derivatives				
The embedded call options and put options in convertible bonds	-	-	294,453	294,453
	<u>\$ -</u>	<u>\$ 33,809</u>	<u>\$ 294,453</u>	<u>\$ 328,262</u>

As at December 31, 2024

	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 13,384	\$ -	\$ 13,384
Financial assets for hedging				
Forward foreign exchange contracts	-	20,425	-	20,425
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	294,453	294,453
	<u>\$ -</u>	<u>\$ 33,809</u>	<u>\$ 294,453</u>	<u>\$ 328,262</u>

	Level 1	Level 2	Level 3	Total
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 39,583	\$ -	\$ 39,583
Embedded Derivatives				
The embedded call options and put options in convertible bonds	-	18,600	-	18,600
	<u>\$ -</u>	<u>\$ 58,183</u>	<u>\$ -</u>	<u>\$ 58,183</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund	Government bonds	Corporate bonds	Convertible (exchangeable) bond
Market quoted price	Closing price	Closing price	Net asset value	Transaction price	Weighted average quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.
- v. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
- vi. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vii. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of level 3 for the year ended December 31, 2025 and 2024:

	2025	2024
At January 1	\$ 294,453	\$ -
Acquired in the period	30,616	294,453
At December 31	<u>\$ 325,069</u>	<u>\$ 294,453</u>

F. The finance department of the Company performs the valuation of financial instruments classified as Level 3. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31,2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair
Non-derivative equity instrument:					
Unlisted stocks	\$ 325,069	Most recent transaction prices in non- active market	Not applicable	-	Not applicable
	Fair value at December 31,2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair
Non-derivative equity instrument:					
Unlisted stocks	\$ 294,453	Most recent transaction prices in non- active market	Not applicable	-	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

F. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 1, 2, 4, 5, and 6.

14. SEGMENT INFORMATION

Not applicable.

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Sercomm Corporation
Loans to others
Year ended December 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025	Balance at December 31, 2025	Actual amount drawn down	Interest rate(%)	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short- term financing	Allowance for bad debt	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	DWNet Technology (Suzhou) Co., Ltd.	Sernet (Suzhou) Technologies Corporation	Other receivables- related party	Y	\$ 274,380	\$ -	\$ -	3.10	(2)	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 380,688	\$ 761,377	Note 2(3)
2	Zealous Investments Ltd.	The Company	Other receivables- related party	Y	1,161,370	1,100,330	817,388	5.00	(2)	-	Additional operating capital	-	None	-	2,609,687	5,219,374	Note 2(3)
3	Sercomm Philippines Inc.	Refinement Property Holding Inc.	Other receivables- related party	Y	251,504	251,504	251,504	5.00	(2)	-	Additional operating capital	-	None	-	323,152	646,306	Note 3(2)

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1)The Company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: The aggregate amount of loans to others shall not exceed 40% of the Company's net assets based on the latest audited or reviewed financial statements.

The loan limit for each entity depending on the purpose of the loan is as follows:

- (1) Nature of loans is related to business transactions: The amount shall not exceed the higher of the sales or purchases amount to/ from the borrower for the year as of the time of the lending event or for the most recent year.
- (2) As short-term financing: The amount shall not exceed 20% of the Company's net assets based on the latest audited or reviewed financial statements.
- (3) Financing between the Company's 100% directly- or indirectly- held overseas investee is not limited to 40% of the Company's net assets based on the latest audited or reviewed financial statements.

However, total loans shall not exceed 100% net assets. Loans to a signal party shall not exceed 50% net assets.

Note 3: The aggregate amount of loans from subsidiaries to others shall not exceed 40% of stockholders' equity as stated in the subsidiary's or the Company's most recent audited or reviewed financial statements, whichever is lower.

The loan limit for each entity depending on the purpose of the loan is as follows:

- (1) Nature of loans is related to business transactions: The amount shall not exceed the higher of the sales or purchases amount to/ from the trading partner for the year as of the time of the lending event or for the most recent year.
- (2) As short-term financing: The amount shall not exceed 20% of the subsidiary or the Company's net assets based on the latest audited or reviewed financial statements.
- (3) Financing between the group's investee which is 100% directly- or indirectly- held by the parent company is not limited to the ratio as stated in the preceding paragraph.

However, total loans shall not exceed 100% net assets as stated in the parent company's most recent audited or reviewed financial statement. Loans to individual investee shall not exceed 50% net assets.

Note 4: (1)Nature of loans is related to business transactions : The trading amounts refer to the business transaction amounts within the recent year between the lender company and the lendee entity.

- (2)Short-term financing

Sercomm Corporation
Provision of endorsements and guarantees to others
Year ended December 31, 2025

Table 2

ressed in thousands of NTD
cept as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	The Company	DWNet Technology (Suzhou) Co., Ltd.	(2)	\$ 7,977,832	\$ 829,550	\$ 785,950	\$ 73,154	\$ -	4.93	\$ 15,955,664	Y	N	Y	
0	"	Sernet (Suzhou) Technologies Corporation	(2)	7,977,832	995,460	943,140	-	-	5.91	15,955,664	Y	N	Y	
0	"	Sercomm Philippines Inc.	(2)	3,988,916	331,820	314,380	-	-	1.97	7,977,832	Y	N	N	
0	"	Sctek Manufacturing S.A. DE C.V.	(2)	7,977,832	6,636	6,288	-	-	0.04	15,955,664	Y	N	N	
0	"	Servercom (India) Private Limited	(2)	7,977,832	1,659,100	1,571,900	734,160	-	9.85	15,955,664	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (a) The Company is '0'.
- (b) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (a) Having business relationship.
- (b) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (c) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (d) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (e) Mutual guarantee of the trade as required by the construction contract.
- (f) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (g) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: The Company's 'Procedures for Provision of Endorsements and Guarantees' are as follows:

- (1) Limit on total endorsements is 50% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on endorsements to a single party is 25%.
- (2) The restriction stated in (1) shall not apply to provision of endorsements and guarantees between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.
However the endorsement / guarantee amount should not exceed 100% net assets. Endorsements / guarantees provided to individual investees should not exceed 50% net assets.
- (3) The amounts permitted to make in endorsements/guarantees to single subsidiary shall not exceed 50% of the Company's stockholders' equity as stated in its latest financial statements;
the total amount shall not exceed 100% of stockholders' equity as stated in its latest financial statements.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Sercomm Corporation
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2025				
				Number of shares	Book value	Ownership (%)	Fair value	Note
	Unlisted preference share							
The Company	UBICQUIA INC.	None	Financial assets at fair value through other comprehensive income - non-current	18,175	\$ 294,453	1.56%	\$ 294,453	
"	MORE, INC.	None	"	419,017	30,616	2.20%	30,616	
	Unlisted stocks							
Sercomm Investment Corp.	Cerpass Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	627,004	27,109	3.69%	27,109	

Note: Only disclose transactions with amount of \$5,000 or more.

Sercomm Corporation
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2025

Table 4 Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note)			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)(%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)(%)	
The Company	Sercomm France SARL	Subsidiary	Sales	(\$ 104,181)	-	180	Note 2	Note 2	\$ -	-	
"	Servercom (India) Private Limited	Subsidiary	Sales	(1,156,586)	(2)	270	Note 2	Note 2	917,685	6	
"	Sercomm Japan Corp.	Subsidiary	Sales	(2,724,105)	(5)	180	Note 2	Note 2	1,032,009	7	
"	Sercomm Solutions Inc.	Second-tier subsidiary	Sales	(152,502)	-	180	Note 2	Note 2	152,944	1	
"	Sernet (Suzhou) Technologies Corporation	Subsidiary	Sales	(247,864)	-	180	Note 2	Note 2	61	-	
"	Sernet (Suzhou) Technologies Corporation	Subsidiary	Purchases	10,456,564	21	60	Note 1	Note 1	(1,864,342)	(17)	
"	Sercomm Philippines Inc.	Subsidiary	Sales	(5,690,298)	(11)	180	Note 2	Note 2	3,340,578	23	
"	Sercomm Philippines Inc.	Subsidiary	Purchases	26,464,949	53	60	Note 1	Note 1	(3,796,743)	(35)	
"	Sctek Manufacturing, S.A. DE C.V.	Subsidiary	Purchases	117,777	-	60	Note 1	Note 1	-	-	
Sernet (Suzhou) Technologies Corporation	DWNNet Technology (Suzhou) Co., Ltd.	Affiliate	Sales	(123,950)	(1)	180	Note 3	Note 3	17,984	-	
"	Sercomm Philippines Inc.	Affiliate	Sales	(2,877,180)	(21)	180	Note 3	Note 3	2,382,311	51	
"	Sercomm Philippines Inc.	Affiliate	Purchases	299,799	3	180	Note 3	Note 3	(121,057)	(2)	

			Transaction				Differences in transaction terms compared to third party transactions (Note)			Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)(%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)(%)	Footnote
Servercom (India) Private Limited	Sernet (India) Private Limited	Affiliate	Purchases	\$ 341,089	12	180	Note 3	Note 3	(\$ 176,581)	(14)	

Note 1: The purchase price to the above related parties was determined through mutual agreement based on the market conditions. The payment period for related parties was month-end 60 days, while the terms for domestic third party purchase was net 60-120 days. The payment period for overseas purchase was net 30-210 days.

Note 2: The sales price to the above related parties was determined through mutual agreement based on the market conditions. The collection period for related parties was month-end 180-270 days, while the terms for domestic third party sales was net 20-75 days. The collection period for overseas sales was net 20-210 days.

Note 3: The transaction price to the inter-subsidiary transactions was determined through mutual agreement based on the market conditions. The collection period and payment period for related parties were month-end 180 days, while the terms for domestic third party transaction was net 20-120 days. The collection period and payment period for overseas transaction were net 20-210 days.

Sercomm Corporation
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2025

Table 5 Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2025	Turnover rate(%)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note)	Allowance for loss
					Amount	Action taken		
The Company	Servercom (India) Private Limited	Subsidiary	\$ 917,685	-	\$ 60,350	Sebsequent collection	\$ 61,977	\$ -
"	Sercomm Japan Corp.	Subsidiary	1,032,009	-	-	-	353,138	-
"	Sercomm Philippines Inc.	Subsidiary	3,340,578	-	-	-	764,113	-
"	Sercomm Solutions Inc.	Subsidiary	152,944	-	-	-	-	-
Sernet (Suzhou) Technologies Corporation	The Company	Ultimate parent company	1,864,342	-	-	-	186,442	-
"	Sercomm Philippines Inc.	Affiliate	2,382,311	-	-	-	730,902	-
Sercomm Philippines Inc.	The Company	Ultimate parent company	3,796,743	-	-	-	3,796,743	-
"	Sernet (Suzhou) Technologies Corporation	Affiliate	121,057	-	-	-	-	-
Scnet (India) Private Limited	Servercom (India) Private Limited	Affiliate	176,581	-	-	-	-	-

Note: Information was collected as of February 26, 2026.

Sercomm Corporation
Significant inter-company transactions during the reporting periods
Year ended December 31, 2025

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (%)(Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Sercomm France SARL	1	Commissions expense	\$ 51,735	-	-
0	"	"	1	Sales revenue	104,181	Note 4	-
0	"	Servercom (India) Private Limited	1	Accounts receivable	917,685	-	2
0	"	"	1	Sales revenue	1,156,585	Note 4	2
0	"	Scnet (India) Private Limited	1	Accounts receivable	93,184	-	-
0	"	Sercomm Japan Corp.	1	Accounts receivable	1,032,009	-	2
0	"	"	1	Sales revenue	2,724,105	Note 4	5
0	"	Sercomm USA Inc.	1	Commissions expense	120,608	-	-
0	"	Sercomm Technology Inc.	1	Other accrued expense	102,371	-	-
0	"	"	1	Commissions expense	704,741	-	1
0	"	Sernet (Suzhou) Technologies Corporation	1	Accounts payable	1,864,342	-	4
0	"	"	1	Sales revenue	247,864	Note 4	-
0	"	"	1	Purchase	10,456,564	-	19
0	"	"	1	Service expense	377,267	-	-
0	"	"	1	Other payables	377,267	-	-
0	"	Sercomm Philippines Inc.	1	Accounts receivable	3,340,578	-	7
0	"	"	1	Accounts payable	3,796,743	-	8
0	"	"	1	Sales revenue	5,690,298	Note 4	11
0	"	"	1	Purchase	26,464,949	-	49
0	"	Sctek Manufacturing, S.A. DE C.V.	1	Purchase	117,777	-	-
0	"	Zealous Investments Ltd.	1	Other payables	859,102	-	2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (%) (Note 3)
0	The Company	Sercomm Solutions Inc.	1	Accounts receivable	\$ 152,944	-	-
0	"	"	1	Sales revenue	152,502	Note 4	-
1	Sernet (Suzhou) Technologies Corporation	DWNet Technology (Suzhou) Co., Ltd.	3	Processing fees revenue	119,294	Note 4	-
1	"	Sercomm Philippines Inc.	3	Accounts receivable	2,382,311	-	5
1	"	"	3	Accounts payable	121,057	-	-
1	"	"	3	Sales revenue	2,877,180	Note 4	5
1	"	"	3	Purchase	299,799	-	-
2	Sercomm Philippines Inc.	Refinement Property Holding Inc.	3	Other receivables	249,772	-	-
2	"	Sctek Manufacturing, S.A. DE C.V.	3	Sales revenue	80,004	Note 4	-
3	Servercom (India) Private Limited	Scnet (India) Private Limited	3	Accounts payable	176,581	-	-
3	"	"	3	Purchase	341,089	-	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following Six categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount during the year to consolidated total operating revenues for income statement accounts.

Note 4: The sales price to the above related parties was determined through mutual agreement based on the market conditions. The collection period for third party was month-end 60-270 days, while the terms for domestic sales was net 20-75 days. The collection period for overseas sales was net 20-210 days.

Note 5: Only disclose transactions with amount of \$50,000 or more.

Sercomm Corporation
Information on investees (excluding investees in Mainland China)
Year ended December 31, 2025

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held and book value as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares (in thousand shares)	Ownership (%)	Book value			
The Company	Sercomm USA Inc.	USA	Local market consultation and customer support services of network communication products	\$ 20,739	\$ 20,739	650	100	\$ 46,964	\$ 4,571	\$ 4,571	Subsidiary
"	Sercomm Trading Co. Ltd.	Samoa	Overseas indirect investment	315,016	315,016	9,300	100	5,644,536	373,624	480,190	Subsidiary
"	Sercomm Investment Corp.	Taiwan	General investment	28,000	28,000	2,800	100	42,077	755	755	Subsidiary
"	Sercomm Japan Corp.	Japan	Sales of communication products and quotation, tender, general import and export business related the products	157,721	157,721	10	100	151,734	47,345	47,345	Subsidiary
"	Sercomm France SARL	France	Local market consultation and customer support services of network communication products	4,004	4,004	1	100	55,428	6,538	6,538	Subsidiary
"	Sercomm Deutschland GmbH	Germany	Local market consultation and customer support services of network communication products	19,412	19,412	-	100	45,344	30,121	30,121	Subsidiary
"	Sercomm Russia Limited Liability Company	Russia	Sales of network communication products and provision of quotation, tender, general import and export business to the related the products	28,042	28,042	28,948	100	(12,250)	(2,127)	(2,127)	Subsidiary
"	Sercomm Technology Inc.	USA	Local market consultation and customer support services of network communication products	153,880	153,880	5,000	100	122,893	32,428	32,428	Subsidiary
"	Sercomm Britain Limited	UK	Local market consultation and customer support services of network communication products	13,535	13,535	350	100	7,376	776	776	Subsidiary
"	Sernet Technology Mexico S. de R.L. de C.V.,	Mexico	Local market consultation and customer support services of network communication products	507	507	400	100	(15,787)	(3,527)	(3,527)	Subsidiary
"	Servercom (India) Private Limited	India	Manufacturing and sales of communication products, operating system (OS) and related software	15,000	15,000	35,000	100	(41,258)	(79,736)	(79,736)	Subsidiary
"	Sercomm Philippines Inc.	Philippines	Manufacturing and sales of communication products, operating system (OS) and related software	1,094,819	1,094,819	1,940,000	97	1,458,987	143,943	167,380	Subsidiary
"	Refinement Property Holding Inc.	Philippines	Real estate for rent	-	240,000	-	-	-	-	-	Second-tier subsidiary (Note 1)
"	Mosolabs Inc.	USA	Retail business services of network communication products	153,728	108,746	5,000	100	56,213	(44,360)	44,360	Subsidiary
"	Sercomm Turkey Kablosuz İletişim Sanayi ve Ticaret Anonim Şirketi	Turkey	Local market consultation and customer support services of network communication products	29,114	-	38,000	100	24,945	(3,112)	3,112	Subsidiary

Sercomm Corporation
Information on investees (excluding investees in Mainland China)
Year ended December 31, 2025

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held and book value as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares (in thousand shares)	Ownership (%)	Book value			
The Company	Senet (India) Private Limited	India	Manufacturing of communication products, operating system (OS) and related software	\$ 420,949	\$ 420,949	2,200	100	\$ 269,487	(\$ 69,896)	(\$ 69,896)	Subsidiary
"	Seteck Manufacturing,S.A. DE C.V	Mexico	Manufacturing of communication products, operating system (OS) and related software	213,516	48,863	129,000	100	206,001	(14,629)	(14,629)	Subsidiary
"	Presciense Limited	UK	Design, R&D and application of smarthome platform technology	-	-	3	25	-	-	-	Associate
"	Sercomm International Inc.	USA	Overseas investment	6,305	-	2	100	7,767	1,460	1,460	Subsidiary
Sercomm Trading Co. Ltd.	Zealous Investments Ltd.	Samoa	Overseas investment	218,578	218,578	5,956	100	5,219,374	333,303	-	Second-tier subsidiary
"	Smart Trade Inc.	Samoa	Overseas investment	96,439	96,439	3,500	100	764,241	44,639	-	Second-tier subsidiary
Sercomm France SARL	Sercomm Italia SRL.	Italy	Local market consultation and customer support services of network communication products	388	388	10	100	11,472	1,302	-	Second-tier subsidiary
Zealous Investments Ltd.	Sercomm Philippines Inc.	Philippines	Manufacturing and sales of communication products, operating system (OS) and related software	35,266	35,266	60,000	3	156,777	143,943	-	Second-tier subsidiary
"	Refinement Property Holding Inc.	Philippines	Lease of real estate	119	119	200	40	(8,146)	(6,302)	-	Second-tier subsidiary
Sercomm Deutschland GmbH	MECSware GmbH	Germany	Sale of IT products	-	30,144	-	-	-	-	-	Associate
Sercomm International Inc.	Sercomm Solutions Inc.	USA	Local market consultation and customer support services of network communication products	3,153	-	100	100	4,636	1,472	-	Second-tier subsidiary

Note 1:Following the Group's operating strategies, the Company invested in preferred stocks of Refinement Property Holding Inc. in the third quarter of 2022.

However, due to the restriction of local regulations, foreign capital is not allowed to exceed a substantial holding ratio of 40%, which led to a violation of the restriction relating to the co-ownership proportion of land ownership by non-Philippine coporate shareholders.

The consolidated subsidiary, Refinement Property Holding Inc., had returned the investment amount in October 2025.

Sercomm Corporation
Information on investments in Mainland China
Year ended December 31, 2025

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount remitted from Taiwan to Mainland China as of January 1, 2025	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025		Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Sernet (Suzhou) Technologies Corporation	Research and development (R&D) and manufacturing of communication products	\$ 933, 252	(2)	\$ 912,698	\$ -	\$ -	\$ 912,698	\$ 329,838	100	\$ 329,838	\$ 4,157,904	\$ -	Notes 3
DWNet Technology (Suzhou) Co., Ltd.	Manufacturing and sales of communication products, operating system (OS) and	481, 829	(2)	481,829	-	-	481,829	47,286	100	47,286	761,377	-	Notes 4
Nanjing Femtel Communications Co., Ltd.	Research and development (R&D) and sales of network communication products and related software	12, 538	(2)	-	-	-	-	614	100	614	10,018	-	Notes 3

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) was recognised based on the financial statement audited by the parent company's independent auditors.

Note 3: The Company established Sercomm Trading Co. Ltd. in a third region. The Company reinvested in Zealous Investments Ltd. through Sercomm Trading Co. Ltd. and then invested in Mainland China.

Note 4: The Company established Sercomm Trading Co. Ltd. in a third region. The Company reinvested Smart Trade Inc. through Sercomm Trading Co. Ltd. and then invested in Mainland China

Note 5: The Company's investment in Mainland China is not subject to an upper limit as it is deemed corporate operations headquarters as it complied with the Examination Standards of Investments and Technical Cooperation in the Mainland China area published by Investment Commission, MOEA.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	\$ 1,394,527 (USD 44,900,000)	\$1,407,475 (USD 45,144,000)	No limitation (Note 5)

SERCOMM CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand		\$ 2,103
Time deposits (Note)		1,400,000
Cash in banks		
Demand deposits - NTD		318,813
Demand deposits - foreign currencies	USD 35,582 thousand; conversion rate 31.44	1,118,698
	EUR 1,718 thousand; conversion rate 36.90	63,394
	AUD 570 thousand; conversion rate 21.01	11,976
	CAD 495 thousand; conversion rate 22.94	11,355
	JPY 45,126 thousand; conversion rate 0.20	9,025
	GBP 192 thousand; conversion rate 42.31	8,124
	RMB 50 thousand; conversion rate 4.50	225
		<u>\$ 2,943,713</u>

Note: The above time deposits were subsequently expired from February 2026 to May 2026; interest rate is 1.65%~1.68%.

SERCOMM CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 2

<u>Client Name</u>	<u>Amount</u>	<u>Note</u>
Accounts receivable - non-related parties		
Client A	\$ 2,969,384	
Client B	893,933	
Client C	730,424	
		None of the balances of each remaining client exceed 5% of this account balance
Others	<u>4,202,976</u>	
	8,796,717	
Less: Allowance for loss	<u>(20,870)</u>	
Subtotal	<u>8,775,847</u>	
Accounts receivable - related parties		
Sercomm Philippines Inc.	\$ 3,340,578	
Sercomm Japan Corp.	1,032,008	
Servercom (India) Private Limited	917,685	
		None of the balances of each remaining client exceed 5% of this account balance
Others	<u>256,173</u>	
Subtotal	<u>5,546,444</u>	
	<u>\$ 14,322,291</u>	

SERCOMM CORPORATION
STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Description	Amount	Note
Other receivables- non-related parties			
Sales of accounts receivable	Amount available for advance with accounts receivable factoring without recourse rights	\$ 484,530	
Receivables from payment on behalf of others	Tariff and freight charges paid on behalf of customers	76,130	
Tax refund receivable	Tax refund receivable	68,395	
Others		159,956	None of the balances of each remaining client exceed 5% of this account balance
Other receivables- related parties		789,011	
Purchases of equipment and materials		35,421	
		<u>\$ 824,432</u>	

SERCOMM CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials and supplies	\$ 1,284,476	\$ 1,115,363	Net realisable value was used as market value
Work in progress	553,654	513,590	"
Finished goods	5,451,216	5,986,785	"
	7,289,346	\$ 7,615,738	
Less: Allowance for valuation loss	(291,787)		
	\$ 6,997,559		

SERCOMM CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 5

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		Pledged to others as collateral	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount		
Sercomm Trading Co., Ltd.	9,300	\$ 5,196,272	-	\$ 480,190	-	(\$ 31,926)	9,300	100%	\$ 5,644,536	607	\$ 5,644,536	N	
Sercomm Philippines Inc.	1,940,000	1,375,106	-	167,380	-	(83,499)	1,940,000	100%	1,458,987	1	1,458,987	N	
Servercom (India) Private Limited	2,200	369,151	-	-	-	(99,664)	2,200	100%	269,487	122	269,487	N	
Sctek Manufacturing, S.A. DE C.V.	29,000	42,594	100,000	178,036	-	(14,629)	129,000	100%	206,001	2	206,001	N	
Sercomm Japan Corp.	10	111,009	-	47,345	-	(6,620)	10	100%	151,734	15,173	151,734	N	
Sercomm Technology, Inc.	5,000	93,880	-	32,428	-	(3,415)	5,000	100%	122,893	25	122,893	N	
Mosolabs Inc.	3,500	54,563	1,500	44,982	-	(43,332)	5,000	100%	56,213	11	56,213	N	
Sercomm France SARL	1	44,938	-	10,490	-	-	1	100%	55,428	55,428	55,428	N	
Sercomm USA Inc.	650	44,141	-	4,571	-	(1,748)	650	100%	46,964	72	46,964	N	
Sercomm Deutschland GmbH	-	12,770	-	32,574	-	-	-	100%	45,344	7,557,333	45,344	N	
Sercomm Investment Corp.	2,800	44,099	-	755	-	(2,777)	2,800	100%	42,077	15	42,077	N	
Sercomm Turkey Kablosuz Iletisim Sanayi ve Ticaret Anonim Sirketi	-	-	38,000	29,114	-	(4,169)	38,000	100%	24,945	1	24,945	N	
Sercomm International Inc.	-	-	2	7,767	-	-	2	100%	7,767	3,884	7,767	N	
Sercomm Britain Limited	350	6,401	-	975	-	-	350	100%	7,376	21	7,376	N	

SERCOMM CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 5

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		Pledged to others as collateral	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount		
Sercomm Russia Limited Liability Company	28,948	(\$ 7,221)	-	\$ -	-	(\$ 5,029)	28,948	100%	(\$ 12,250)	-	(\$ 12,250)	N	
Sernet Technology Mexico S. de R.L. de C.V.,	400	(10,808)	-	-	-	(4,979)	400	100%	(15,787)	(39)	(15,787)	N	
Servercom (India) Private Limited	35,000	<u>39,220</u>	-	<u>-</u>	-	<u>(80,478)</u>	35,000	100%	<u>(41,258)</u>	1)	<u>(41,258)</u>	N	
		7,416,115		<u>\$ 1,036,607</u>		<u>(\$ 382,265)</u>			8,070,457		8,070,457		
Add: Credit balance of investments accounted for using the equity method		<u>18,029</u>							<u>69,295</u>		<u>69,295</u>		
		<u>\$ 7,434,144</u>							<u>\$ 8,139,752</u>		<u>\$ 8,139,752</u>		

Note 1: Addition amount for the year includes comprises investment establishment, investment increment, share of profit (loss) of associates and joint ventures accounted for using the equity method, unrealised gains (losses) from financial assets measured at fair value through other comprehensive income and exchange differences on translation of foreign financial statements during the year.

Note 2: Decrease amount for the year includes capital reduction, share of profit (loss) of associates and joint ventures accounted for using the equity method and exchange differences on translation of foreign financial statements.

SERCOMM CORPORATION
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Beginning balance	Addition (Note 1)	Decrease (Note 2)	Ending balance
Buildings	\$ 295,877	\$ 16,024	(\$ 7,425)	\$ 304,476
Transportation equipment	1,104	1,104	-	2,208
Land	4,333	-	(4,333)	-
	<u>\$ 301,314</u>	<u>\$ 17,128</u>	<u>(\$ 11,758)</u>	<u>\$ 306,684</u>

Note 1: Additions for the year are new lease contracts and effect of variable lease payments during the year.

Note 2: Decrease for the year are impact of lease expiration and changes in lease payments.

SERCOMM CORPORATION
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Statement 7

Item	Beginning balance	Addition	Decrease	Ending balance
Buildings	\$ 99,709	\$ 52,678	(\$ 6,847)	\$ 145,540
Transportation equipment	675	459	-	1,134
Land	3,552	781	(4,333)	-
	<u>\$ 103,936</u>	<u>\$ 53,918</u>	<u>(\$ 11,180)</u>	<u>\$ 146,674</u>

SERCOMM CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 8

Nature	Description	Ending balance	Contract period	Range of interest rate	Credit line	Collateral
Unsecured borrowings	DBS Bank	\$ 367,866	2026/1~2026/2	0.9%~2.63%	\$ 1,886,280	None
"	Standard Chartered Bank	-	-	-	1,257,520	"
"	Citibank	-	-	-	974,578	"
"	Sumitomo Mitsui Banking Corporation	-	-	-	943,140	"
"	Mizuho Bank	-	-	-	943,140	"
"	BNP Paribas	-	-	-	817,388	"
"	Yuantan Commercial Bank	-	-	-	800,000	"
"	HSBC Bank (Taiwan) Limited	-	-	-	628,760	"
"	Taipei Fubon Commercial Bank	225,090	2026/4~2026/5	2.38%~2.5%	600,000	"
"	CTBC Bank	-	-	-	500,000	"
"	Taishin International Bank	-	-	-	500,000	"
"	Taiwan Cooperative Bank	-	-	-	400,000	"
"	Far Eastern International Bank	-	-	-	400,000	"
"	Shanghai Commercial and Savings Bank	-	-	-	377,256	"
"	E.Sun Commercial Bank	282,942	2026/3	4.29%	300,000	"
"	Cathay United Bank	535,780	2026/1~2026/3	2.5%~4.35%	-	"
		<u>\$ 1,411,678</u>			<u>\$ 11,328,062</u>	

SERCOMM CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 9

Supplier Name	Amount	Note
Accounts payable - non-related parties		
Supplier A	\$ 1,581,416	
		None of the balances of each remaining
		supplier exceed 5% of this account
Others	3,743,684	balance
	<u>5,325,100</u>	
Accounts payable - related parties		
Sercomm Philippines Inc.	3,796,743	
Sernet (Suzhou) Technologies Corporation	1,864,342	
		None of the balances of each remaining
		supplier exceed 5% of this account
Others	5,808	balance
Subtotal	<u>5,666,893</u>	
	<u>\$ 10,991,993</u>	

SERCOMM CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Amount	Note
Fixed mobile convergence products (BB CPE)	\$ 27,162,740	11,738 thousand pieces
Enterprise (ENT)	10,036,807	3,573 thousand pieces
IoT Solutions (Infra. & IoT)	10,375,461	6,451 thousand pieces
Others	<u>3,297,265</u>	
	50,872,273	
Less: Sales discounts and allowances	<u>(198,234)</u>	
Net sales revenue	<u>\$ 50,674,039</u>	

SERCOMM CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 11

Item	Amount
Beginning raw materials	\$ 1,348,298
Add: Raw materials purchased during the year	45,088,311
Less: Ending raw materials	(1,284,476)
Materials scrapped	(56,853)
Sale of materials	(7,176,377)
Raw materials used for the year	37,918,903
Direct labor	675,732
Manufacturing expense	640,781
Outsourced processing	48,564
Manufacturing cost	39,283,980
Beginning work in progress	311,752
Add: Purchase during the year	10,566
Finished goods transferred to work in progress	484,562
Less: Ending work in progress	(553,654)
Work in progress scrapped	(32,217)
Sale of work in progress	(1,770)
Transfers to other expenses	(75,241)
Cost of finished goods	39,427,978
Beginning finished goods	3,534,307
Add: Purchase during the year	779,577
Less: Ending finished goods	(5,451,216)
Finished goods scrapped	(8,667)
Finished goods transferred to work in progress	(484,562)
Transfers to other expenses	(68,278)
Cost of goods sold from manufacturing	37,729,139
Cost of sales of raw materials and work in progress	7,178,147
Gain on reversal of market value	(64,600)
	<u>\$ 44,842,686</u>

SERCOMM CORPORATION
STATEMENT OF OPERATING EXPENSES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 12

Item	Selling expenses	Administrative expenses	Research and Development expenses	Total
Wages and salaries	\$ 96,325	\$ 238,710	\$ 807,699	\$ 1,142,734
Commission expense	1,002,128	-	-	1,002,128
Employees' compensation and directors' remuneration	74,500	74,500	149,000	298,000
Royalty	563,889	-	-	563,889
Depreciation charges	7,965	45,591	137,718	191,274
Amortisation charges	2,232	19,876	105,565	127,673
Insurance expense	19,121	56,300	78,563	153,984
Employee benefits	4,480	7,100	23,015	34,595
Repairs and maintenance expense	1,391	19,859	15,469	36,719
Professional service fees	82,974	49,235	390,592	522,801
Others (Note)	137,285	194,516	424,429	756,230
	<u>\$ 1,992,290</u>	<u>\$ 705,687</u>	<u>\$ 2,132,050</u>	<u>\$ 4,830,027</u>

Note: None of the balances of each individual item exceed 5% of this account balance.

SERCOMM CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 13

Function Nature	Year ended December 31, 2025			Year ended December 31, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 505,728	\$ 1,410,938	\$ 1,916,666	\$ 408,004	\$ 1,800,802	\$ 2,208,806
Labour and health insurance fees	47,796	111,430	159,226	43,313	108,321	151,634
Pension costs	16,409	57,919	74,328	15,835	57,243	73,078
Directors' remuneration	-	29,796	29,796	-	46,910	46,910
Other personnel expenses	53,305	77,556	130,861	40,395	66,091	106,486
Depreciation Charges	229,634	191,274	420,908	198,108	173,915	372,023
Amortisation Charges	105	127,673	127,778	302	151,605	151,907

Note:

- A. Years ended December 31, 2025 and 2024, the Company had 1,903 and 1,867 employees, including 6 and 6 non-employee directors, respectively.
- B. (a) Average employee benefit expense in current year amounted to \$1,202; average employee benefit expense in previous year amounted to \$1,365.
(b) Average employee salaries in current year amounted to \$1,010; average employee salaries in previous year amounted to \$1,187.
(c) Adjustments of average employee salaries was (14.91%).

Explanation:

- A. The number of employees in the note to this statement shall be calculated based on the same basis as the employee benefit expense.
- B. In accordance with IAS 19, an employee may render services on a full-time, part-time, permanent, casual or temporary basis, and employees include directors and other management personnel. Thus, "employees" in this statement include directors, managers, general employees and contracted employees, etc. but exclude supervisors, dispatched workers and workers under service or outsourcing contracts.

SERCOMM CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES BY FUNCTION
(Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 13

- C. "Directors' remuneration" include salaries, severance and pension payments, bonuses and professional practice fees that are received by all directors, but excludes salaries, labour and health insurance fees, pension payments and other benefit expenses that are received by directors as employees.
- D. The Company's compensation policy (including directors, independent directors, managers and employees) is as follows:
- (a) The remuneration of the Company's directors is determined by the Remuneration Committee based on the extent of their participation and value of contribution to the Company, and by reference to the general pay levels in the same industry. In addition, a ratio of distributable profit of the year shall be appropriated as directors' remuneration, and the ratio shall not be higher than 2.5% in accordance with the Company's articles of incorporation. The actual appropriation ratio will be proposed by the Remuneration Committee after considering operational performance.
 - (b) The compensation of the Company's managers is highly correlated with the Company's operational performance. The salary is assessed annually based on the Company's performance indicators, and by reference to general pay levels of managers in the same industry.
 - (c) The compensation of the Company's employees includes monthly salaries, bonuses and employees' compensation. The employees' salaries and compensation are paid based on the education and work experience, professional expertise and skills, length of professional service and contribution. The compensation policy is adjusted according to the market salary dynamics, changes in the overall economic and industrial climate, and necessary adjustments as required by the government laws and regulations.