

Stock code: 8101

**Arima Communications Corp.
and Subsidiaries
Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
Together with Independent Auditors' Report**

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.

Arima Communications Corp. and Subsidiaries
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Arima Communications Corp. and Subsidiaries
Letter of Representation

For the year ended December 31, 2025 (from January 1, 2025 to December 31, 2025), pursuant to “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entities that are required to be included in the consolidated financial statements of affiliates, are the same entities required to be included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Arima Communications Corp.

Lee, Sun-Tian

Chairman

March 23, 2026

Independent Auditors' Report

Arima Communications Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Arima Communications Corp. (the "Company") and its subsidiaries (collectively referred as the "Group") as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the **Independent auditor's responsibilities for the audit of the consolidated financial statements** section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with this Code. Based on our audits, we believe that our audits provide a reasonable basis for our opinion.

Independent Auditors' Report (Continued)

Key audit matters

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

1. Inventory valuation

Please refer to Note 4(11) for the accounting policy of inventory valuation.
Please refer to Note 5(2) for estimates and assumptions of the inventory valuation.
Please refer to Note 6(5) for disclosures of inventory valuation.

The Group's inventories are measured at the lower of cost and net realizable value. Due to rapid progress and replacement of technology, as well as new products and upgrade of production technology, consumer demand may significantly change. As a result, the estimation of the net realizable value of inventories depends on the subjective judgment of the management, which is an accounting estimate with uncertainty. Therefore, inventory evaluation is a key audit matter for the year.

The main audit procedures included, but were not limited to, understanding the Group's inventory valuation policy and examining whether it has been implemented as specified, sampling to inspect the correctness of inventory aging and analyzing changes in inventory aging, reviewing the reasonableness of the allowance for inventory valuation in prior years and comparing it with the method and assumptions used to estimate the allowance for inventory valuation in the current period to assess their appropriateness.

Independent Auditors' Report (Continued)

2. Impairment of property, plant and equipment

Please refer to Note 4(13) and Note 4(16) for the accounting policy of impairment of property, plant and equipment. Please refer to Note 5(2) for accounting estimates and assumptions of impairment of property, plant and equipment. Please refer to Note 6(7) for the details and changes.

The Group operates in a high capital expenditure industry, and production capacity is necessary as the industry develops. However, due to the price fluctuation of main raw materials and the tightening of market demand, the profitability varies greatly. Therefore, the impairment assessment of property, plant and equipment is important. The impairment assessment process of property, plant and equipment includes identifying cash-generating units, determining valuation methods, selecting important assumptions and calculating recoverable amounts, etc. All of the above must rely on the subjective judgment of the management, which is an accounting assessment with a high degree of uncertainty.

The main audit procedures on property, plant and equipment impairment assessment included, but were not limited to, evaluating the cash-generating units as well as the internal and external indications of impairment identified by the management, obtaining the impairment report issued by the external experts entrusted by the management, and reviewing significant subsequent transactions to identify matters, if any, occurring after the balance sheet date and affecting the impairment test.

3. Related party transactions

Please refer to Note 4(8) for the accounting policy of loan. Please refer to Note 7 for disclosures.

Independent Auditors' Report (Continued)

The transactions between the Group and related parties are frequent, considering that the transactions with related parties are highly controllable, and the rationality and commercial substance of related party transaction conditions will have a significant impact on the expression of these transactions in the consolidated financial statements. Therefore, we considered the related party transactions as one of the key audit matters for the year.

Our audit procedures included, but were not limited to, obtaining the list of related party transactions provided by the management and the letter of representation that all related party transactions have been listed for our audit, reviewing the types of related party transactions, checking or sampling the original vouchers or related documents of each related party transaction in the list provided, inquiring the management to understand the reasons for related party transactions and the basis and rationality of transaction prices, reviewing the actual receipts and payments of receivables and payables arising from related party transactions, considering the various evidence obtained from aforesaid, to evaluate the reasonableness of the management's claim that the related party transactions are of commercial substance, sending audit confirmation to related parties and reconciling the response with the list of related party transactions provided, examining whether significant subsequent events has affected the original processing of related party transactions, and reviewing whether various related party transactions have been properly disclosed in consolidated financial statements.

4. Assessment of going concern assumption

The Company incurred a loss of NT\$111,056 thousand in 2025, and the accumulated losses as of December 31, 2025 reached NT\$350,941 thousand. As mentioned in Note 12, measures to improve operations and financial condition, to the financial statements, the management of the Company has successively taken necessary measures to ensure that the Company can continue to operate and gradually improve its financial condition in the future. The financial status

Independent Auditors' Report (Continued)

of the Company in the coming year will have a significant impact and is listed as one of the key audit matters for this year.

Our main audit procedures included as follows:

- (1) Discuss with management events or circumstances that may affect the going concern assumption and the plans for responding to them.
- (2) Evaluate the feasibility of management's response plans and the effectiveness of improving financial conditions.
- (3) Obtain and verify the reasonableness of the cash flow forecast for the next twelve months prepared by management, including:
 - (A) Evaluate the reasonableness of the assumptions used by management in producing the forecasted financial information;
 - (B) Inquire the terms of the loan contract to ascertain that there is no default of contract that would result in unexpected cash outflows;
 - (C) Review existing financing contracts to ascertain the credit period and unused facilities, and also review whether the additional cash injection after the period is sufficient to support the operating capital for the next twelve months.
- (4) Assess the appropriateness of management's disclosures in the notes to the financial statements

Other matter

The Company prepared the parent only financial statements for the years ended December 31, 2025 and 2024, and the auditors' report issued by our firm expresses an unqualified opinion and a section of **Other matter** in the report.

Independent Auditors' Report (Continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including members of the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Independent auditor's responsibilities for the audit of the consolidated financial statements

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

Independent Auditors' Report (Continued)

As part of an audit in accordance with the auditing standards, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditors' Report (Continued)

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the footnote disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentations.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the Group's investee companies accounted for using the equity method to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of audit of the Group's investee companies. We remain solely responsible for our audit opinion.

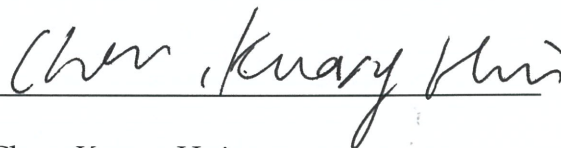
We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our 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.



Kuo, Chenyu



Chen, Kuang-Hui

For and on behalf of ShineWing CPAs

March 23, 2026

Taipei, Taiwan

Republic of China

Notice to Readers

The accompanying financial statements are not intended to present the financial position, results of financial operations and cash flows in accordance with accounting principles and practice generally accepted in countries and jurisdictions other than the Republic of China. The standard, 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 consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards accepted in the Republic of China, and their applications in practice.

As the consolidated financial statements are the responsibility of the management, ShineWing CPAs cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Arima Communications Corp. and Subsidiaries
Consolidated balance sheets

December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

		December 31,			
Assets	Notes	2025	%	2024	%
Current assets					
Cash and cash equivalents	6.(1)	\$ 50,390	9	\$ 40,407	6
Accounts receivable, net	6.(3)	35,182	6	88,230	14
Accounts receivable - related parties, net	6.(3) and 7	-	-	3,355	-
Other receivables	6.(4)	3,558	1	3,706	1
Other receivables - related parties	6.(4) and 7	230	-	744	-
Current tax assets		7,405	1	11,929	2
Inventories	6.(5)	3,938	1	13,282	2
Prepayments	7	39,229	7	20,756	3
Other current financial assets	8	24,365	4	24,118	4
Other current assets - others	7	7,738	1	673	-
		172,035	30	207,200	32
Non-current assets					
Financial assets at fair value through other comprehensive income	6.(2)	-	-	-	-
Investments accounted for using the equity method	6.(6)	305,078	54	332,423	52
Property, plant and equipment	6.(7) and 8	47,066	8	53,646	8
Right-of-use asset	6.(8)	23,520	4	22,256	4
Intangible assets	6.(9)	1,732	-	6,307	1
Deferred tax assets	6.(27)	4,595	1	4,774	1
Prepayments for equipment		2,916	1	152	-
Guarantee deposits paid	7	11,285	2	9,917	2
Long-term accounts receivables	6.(11)	625	-	2,465	-
		396,817	70	431,940	68
Total assets		\$ 568,852	100	\$ 639,140	100

(Continued on next page)

Arima Communications Corp. and Subsidiaries
Consolidated balance sheets

December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

		December 31,			
Liabilities and equity	Notes	2025	%	2024	%
Current liabilities					
Current borrowings	6.(12)	\$ 12,000	2	\$ 12,917	2
Current contract liabilities	6.(21)	14,914	3	19,661	3
Notes payable	6.(13)	-	-	-	-
Accounts payable	6.(13)	25,105	4	77,560	12
Other payables		31,926	6	34,689	5
Other payables – related parties	7	107,697	19	51,091	8
Current tax liabilities		325	-	-	-
Current lease liabilities	6.(8) and 7	5,272	1	15,919	3
Advance receipts		-	-	268	-
Long-term borrowings - current portion	6.(14)	20,089	4	28,806	5
Other current liabilities		2,744	-	7,116	1
		220,072	39	248,027	39
Non-current liabilities					
Long-term borrowings	6.(14)	-	-	10,897	2
Lease liabilities - non-current	6.(8) and 7	8,196	2	3,484	-
Long-term payable – related parties	7	46,777	8	260,685	41
Net defined benefit liability	6.(15)	5,956	1	5,112	1
Guarantee deposits received	7	183	-	-	-
Other non-current liabilities		1,000	-	1,000	-
		62,112	11	281,178	44
Total liabilities		282,184	50	529,205	83
Equity					
Ordinary share	6.(16)	464,662	82	266,662	42
Advance receipts for share capital	6.(16)	39,600	7	-	-
Capital surplus	6.(17)	120,344	21	61,084	10
Retained earnings:	6.(18)				
Accumulated losses		(350,941)	(62)	(228,722)	(36)
Other equity interest	6.(19)	(16,445)	(3)	(9,622)	(2)
		257,220	45	89,402	14
Non-controlling interests	6.(20)	29,448	5	20,533	3
Total equity		286,668	50	109,935	17
Total liabilities and equity		\$ 568,852	100	\$ 639,140	100

The accompanying notes are an integral part of these consolidated financial statements.

Arima Communications Corp. and Subsidiaries
Consolidated statement of comprehensive income

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,			
		2025	%	2024	%
Operating revenue	6.(21) and 7	\$ 391,196	100	\$ 146,575	100
Operating cost	6.(5)	(317,660)	(81)	(104,159)	(71)
Gross profit from operations		<u>73,536</u>	<u>19</u>	<u>42,416</u>	<u>29</u>
Operating expenses	6.(25)				
Selling expenses		(8,255)	(2)	(15,070)	(10)
General and administrative expenses		(112,696)	(29)	(109,915)	(75)
Research and development expenses		(40,224)	(10)	(69,666)	(48)
Expected credit losses	6.(3), 6(4) and 6.(11)	(4,487)	(1)	(7,956)	(5)
		<u>(165,662)</u>	<u>(42)</u>	<u>(202,607)</u>	<u>(138)</u>
Loss from operations		<u>(92,126)</u>	<u>(23)</u>	<u>(160,191)</u>	<u>(109)</u>
Non-operating income and expenses					
Interest income	6.(22)	348	-	145	-
Other income	6.(22) and 7	15,458	4	20,090	14
Other gains and losses	6.(23)	(923)	-	10,503	7
Finance costs	6.(26) and 7	(3,409)	(1)	(19,879)	(14)
Share of (loss) profit of subsidiaries, affiliates and joint ventures accounted for using the equity method	6.(6)	(12,838)	(3)	6,545	5
		<u>(1,364)</u>	<u>-</u>	<u>17,404</u>	<u>12</u>
Loss before income tax		<u>(93,490)</u>	<u>(23)</u>	<u>(142,787)</u>	<u>(97)</u>
Income tax expense	6.(27)	(7,095)	(2)	(8,858)	(6)
Net loss for the year		<u>(100,585)</u>	<u>(25)</u>	<u>(151,645)</u>	<u>(103)</u>

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Arima Communications Corp. and Subsidiaries
Consolidated statement of comprehensive income

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

	Notes	For the year ended December 31,			
		2025	%	2024	%
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Losses on remeasurement of defined benefit plans		(305)	-	-	-
Share of other comprehensive income on subsidiaries and associates	6.(6)	449	-	10,871	-
Income tax expenses related to components that will not be reclassified to profit or loss	6.(27)	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>211</u>	<u>-</u>	<u>10,871</u>	<u>7</u>
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		(8,285)	(2)	10,369	7
Income tax expenses related to components to profit or loss that may be reclassified		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(\$ 8,285)</u>	<u>(2)</u>	<u>10,369</u>	<u>7</u>
Total other comprehensive (loss) income for the year, net of income tax		<u>(8,074)</u>	<u>(2)</u>	<u>21,240</u>	<u>14</u>
Total comprehensive loss for the year		<u>(\$ 108,659)</u>	<u>(27)</u>	<u>(\$ 130,405)</u>	<u>(89)</u>
Net loss attributable to					
Owners of the parent company		(\$ 111,056)	(28)	(\$ 161,193)	(110)
Non-controlling interests		<u>10,471</u>	<u>3</u>	<u>9,548</u>	<u>7</u>
		<u>(\$ 100,585)</u>	<u>(25)</u>	<u>(\$ 151,645)</u>	<u>(103)</u>
Total comprehensive loss attributable to					
Owners of the parent company		(\$ 117,574)	(30)	(\$ 150,495)	(103)
Non-controlling interests		<u>8,915</u>	<u>2</u>	<u>20,090</u>	<u>14</u>
		<u>(\$ 108,659)</u>	<u>(28)</u>	<u>(\$ 130,405)</u>	<u>(89)</u>
Loss per share (in New Taiwan dollars)	6.(28)				
Basic loss per share		<u>(\$ 3.15)</u>		<u>(\$ 3.27)</u>	

The accompanying notes are an integral part of these consolidated financial statements.

Arima Communications Corp. and Subsidiaries
Consolidated statement of changes in equity

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

					Other equity				
					Accumulated	Unrealized losses			
					balances of	of financial assets			
					exchange	measured at fair			
					differences on	value through			
		Advance		Accumulated	translating foreign	other		Non-controlling	
	Ordinary share	receipts for	Capital surplus	losses	operations	comprehensive	Total	interests	Total equity
		share capital				income			
Balance, January 1, 2024	\$ 728,311	\$ -	\$ 32,939	(\$ 650,509)	(\$ 184)	(\$ 19,807)	\$ 90,750	\$ 443	\$ 91,193
Capital reduction to make up losses	(582,649)	-	-	582,649	-	-	-	-	-
Capital increase in cash	121,000	-	28,145	-	-	-	149,145	-	149,145
Changes in associates and joint ventures									
accounted for using equity method	-	-	-	2	-	-	2	-	2
	266,662	-	61,084	(67,858)	(184)	(19,807)	239,897	443	240,340
Net loss for the year ended December 31, 2024	-	-	-	(161,193)	-	-	(161,193)	9,548	(151,645)
Other comprehensive income for the year ended									
December 31, 2024, net of income tax	-	-	-	329	10,369	-	10,698	10,542	21,240
Total comprehensive income (loss) for the year									
ended December 31, 2024	-	-	-	(160,864)	10,369	-	(150,495)	20,090	(130,405)
Balance, December 31, 2024	266,662	-	61,084	(228,722)	10,185	(19,807)	89,402	20,533	109,935
Capital increase in cash	198,000	39,600	59,260	-	-	-	296,860	-	296,860
Changes in associates and joint ventures									
accounted for using equity method	-	-	-	(11,468)	-	-	(11,468)	-	(11,468)
	464,662	39,600	120,344	(240,190)	10,185	(19,807)	374,794	20,533	395,327
Net loss for the year ended December 31, 2025	-	-	-	(111,056)	-	-	(111,056)	10,471	(100,585)
Other comprehensive income (loss) for the year									
ended December 31, 2025, net of income tax	-	-	-	305	(6,823)	-	(6,518)	(1,556)	(8,074)
Total comprehensive income (loss) for the year									
ended December 31, 2025	-	-	-	(110,751)	(6,823)	-	(117,574)	8,915	(108,659)
Balance, December 31, 2025	\$ 464,662	\$ 39,600	\$ 120,344	(\$ 350,941)	\$ 3,362	(\$ 19,807)	\$ 257,220	\$ 29,448	\$ 286,668

The accompanying notes are an integral part of these consolidated financial statements.

Arima Communications Corp. and Subsidiaries
Consolidated statement of cash flows

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2025	2024
Cash flows from operating activities		
Loss before income tax for the year	(\$ 93,490)	(\$ 142,787)
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation expenses	29,571	45,652
Amortization expenses	5,348	7,429
Expected credit loss	4,487	7,956
Interest expense	3,409	19,879
Interest income	(348)	(145)
Share of loss (gain) of subsidiaries, affiliates and joint ventures accounted for using equity method	12,838	(6,545)
Loss (gain) on disposal of property, plant and equipment	569	(23,149)
Impairment losses on intangible assets	-	194
(Gain) loss on foreign exchange net	(2,078)	2,904
Loss on allowance of inventory for decline in market value and obsolescence	7,223	-
Changes in operating assets and liabilities		
Decrease in accounts receivable (including related parties)	56,110	8,775
(Increase) decrease in other receivables (including related parties)	(163)	3,077
Decrease in inventories	2,147	43,357
(Increase) decrease in prepayments	(18,473)	13,170
(Increase) decrease in other current financial assets	(247)	942
Increase in other current assets	(7,065)	(372)
Decrease in contract liabilities-current	(4,747)	(4,499)
Decrease in notes payable	-	(743)
Decrease in accounts payable	(52,455)	(47,412)
Decrease in other payables	(2,763)	(29,551)
Decrease in receipts in advance	(268)	(489)
(Increase) decrease in net defined benefit liability	606	(101)
Decrease in other current liabilities	(4,372)	(9,485)
Cash used in operations	(64,161)	(111,943)

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Arima Communications Corp. and Subsidiaries
Consolidated statement of cash flows

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

	For the year ended December 31,	
	2025	2024
Interest received	178	145
Interest paid	(2,528)	(5,096)
Income tax (paid) refund	(2,067)	2,861
Net cash used in operating activities	(68,578)	(114,033)
Cash flows from investing activities		
Acquisition of a subsidiary	-	(4,666)
Acquisition of property, plant and equipment	(10,841)	(8,755)
Proceeds from disposal of property, plant and equipment	130	31,577
Increase in guarantee deposits paid	(1,368)	(30)
Acquisition of intangible assets	(843)	(1,672)
Decrease (increase) in long-term accounts receivable	1,488	(1,648)
(Increase) decrease in prepayments for equipment	(2,764)	25
Dividend received	3,488	-
Net cash flows (used in) generated from investing activities	(10,710)	14,831
Cash flows from financing activities		
Decrease in current borrowings	(917)	(73,000)
Proceeds from long-term borrowings	15,000	-
Repayments of long-term borrowings	(34,614)	(29,536)
Increase (decrease) in guarantee deposits received	183	(216)
Increase in other payables – related parties	56,659	35,308
(Decrease) increase in long-term payable – related parties	(213,908)	107,825
Payments of lease liability	(22,314)	(27,249)
Capital increase in cash	296,860	149,145
Net cash generated from financing activities	96,949	162,277
Effect of exchange rate changes on cash and cash equivalents	(7,678)	(28,845)
Increase in cash and cash equivalents	9,983	34,230
Cash and cash equivalents at beginning of year	40,407	6,177
Cash and cash equivalents at end of year	\$ 50,390	\$ 40,407

The accompanying notes are an integral part of these consolidated financial statements.

Arima Communications Corp. and subsidiaries

Notes to the consolidated financial statements

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

1. History and organization

Arima Communications Corp. (the "Company") was incorporated in August 1999. The registered address is 7F., No. 2, Ln. 258, Ruiguang Rd., Neihu Dist., Taipei City 11490, Taiwan, ROC. The Company and its subsidiaries (collectively referred as the "Group") are primarily engaged in the manufacturing, processing and sales of mobile phones and electronic components and solar products and equipment.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 12, 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 ("IFRSs"), International Accounting Standards ("IAS") and interpretations that come into effect as endorsed and announced by the Financial Supervisory Commission ("FSC").

A. IFRSs, IAS and interpretations that come into effect as endorsed and announced by the FSC effective from 2025 are as follows:

New standards, interpretations and

amendments	Main amendments	IASB effective date
Lack of Exchangeability (amendments to IAS 21)	This amendment defines exchangeability and provides guidance on how entities determine the exchange rate on the measurement date when a currency lacks exchangeability. The amendment also requires companies to provide more useful information in their financial statements when a currency	January 1, 2025

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is not exchangeable into another
currency.

B. The Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

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

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

New standards, interpretations and

amendments	Main amendments	IASB effective date
Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7)	(1) Clarifying and providing additional guidance on assessing whether a financial asset meets the Solely Payments of Principal and Interest (SPPI) criterion. The scope includes contractual terms that modify cash flows based on contingent events (e.g., interest rates linked to ESG targets), non-recourse features of instruments, and contractually linked instruments. (2) Adding disclosure requirements for instruments with contractual terms that modify cash flows (e.g., instruments with features linked to the achievement of environmental, social, and governance (ESG) targets). These include a qualitative description of the contingent nature of such terms, quantitative information on the potential range of contractual cash	January 1, 2026

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flow variations arising from these terms, and the total carrying amount of financial assets and the amortized cost of financial liabilities subject to such terms.

(3) Clarify the recognition and derecognition dates of certain financial assets and liabilities, and added that when settling financial liabilities (or part of a financial liability) in cash using an electronic payment system, an entity is permitted to consider the financial liability as extinguished before the settlement date if and only if the initiation of the payment instruction results in the following conditions:

- A. The enterprise does not have the ability to revoke, stop or cancel the payment order;
- B. The enterprise does not have the actual ability to obtain cash for settlement due to the payment instruction;
- C. The settlement risk associated with the electronic payment system is not significant.

(4) Updating disclosure requirements for equity instruments designated as fair value through other comprehensive income (FVOCI) under an irrevocable election. Fair value disclosure is now required by category rather than for each individual instrument.

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Additionally, entities must disclose the fair value gains or losses recognized in other comprehensive income during the reporting period, separately presenting the fair value gains or losses related to investments derecognized during the reporting period and those related to investments still held at the end of the reporting period. Furthermore, the cumulative gains or losses transferred to equity upon derecognition of investments during the reporting period should also be disclosed.

Contracts Referencing Nature-dependent Electricity (amendments to IFRS 9 and IFRS 7)

This amendment pertains to contracts January 1, 2026

involving power generation that depends on uncontrollable natural conditions (e.g., weather), leading to variations in electricity production.

The details are as follows:

(1) Clarification on the application of the “self-use” requirement for contracts where a company purchases or sells natural electricity:

When a contract requires a company to purchase and receive electricity when generated, and the design and operation of the electricity trading market mandate that the company sell any unused electricity within a specified timeframe, the company must consider reasonable and well-

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supported information regarding its past, current, and expected future electricity transactions within a reasonable period not exceeding 12 months. If the company purchases enough electricity to offset any unused electricity sold in the same market, it is considered a net purchaser of electricity. Newly added amendment for contracts involving natural electricity for self-use, requires disclosure of:

- A. The company faces the risk of changes in the base electricity supply and the company may be required to purchase electricity during the delivery interval when electricity is not available;
- B. Unrecognized contractual commitments, including expected future cash flows for electricity purchases under these contracts; and
- C. The impact of these contracts on the company's financial performance during the reporting period.

- (2) Clarify how hedge accounting can be applied to contracts involving natural electricity designated as hedging instruments:
The hedged item must be designated as the variable notional amount of the forecasted

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electricity transaction, which matches the variable amount of natural electricity expected to be delivered by the generation facility mentioned in the hedging instrument.

Additionally, when the cash flows of a hedging instrument are part of a cash flow hedge relationship, and a contract involving natural electricity is designated as the hedging instrument based on the occurrence of a specified forecasted transaction, that forecasted transaction is presumed to be highly probable. For entities designating contracts involving natural electricity as hedging instruments, the terms and conditions of the hedging instruments should be disclosed by risk category in accordance with IFRS 7.

IFRS 17 “Insurance Contracts”

This Standard replaces IFRS 4 “Insurance Contracts” and establishes the principles for the recognition, measurement, presentation and disclosure of Insurance and reinsurance contracts that it issues by the entities. This standard applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds; and investment contracts with discretionary participation features it issues, provided that the

January 1, 2023

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entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations should be separated from insurance contracts. On initial recognition, each portfolio of insurance contracts issued shall be divided into a minimum of three groups by the entities: onerous, no significant possibility of becoming onerous and the remaining contracts in the portfolio. This Standard requires a current measurement model where estimates are re-measured at each reporting period. Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and the expected profit from the unearned portion of the contract (contractual service margins). An entity may apply a simplified approach to the measurement for some of insurance contracts (premium allocation approach). The entity should recognize the revenue generated by a group of insurance contract during the period when the entity provides insurance coverage and when the entity releases the risk. The entity should recognize the loss immediately, if a group of insurance contracts becomes onerous. The entity should present insurance income, insurance service fees, and insurance finance income and

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	expenses separately and its shall also disclose the amount, judgment and risk information from the insurance contract.	
Insurance Contracts (amendments to IFRS 17)	This amendment includes the deferral of effective date, the expected recovery of the cash flow obtained by insurance, the contractual service margin attributable to investment services, the reinsurance contract held, the recovery of losses and other amendments. These amendments have not changed the basics of the standard in principle.	January 1, 2023
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (amendment to IFRS 17)	This amendment allows enterprise to choose to apply the classification overlay approach for each comparative period reported in the initial application of IFRS 17. This option allows the financial assets held by an entity, including those held in activities that are not linked to contracts within the scope of IFRS 17, on an instrument-by-instrument basis, based on how they expect to classify these financial assets in the comparative period when IFRS 9 is initially applied. Entities that have applied IFRS 9 or will apply both IFRS 9 and IFRS 17 for the first time may choose to apply the classification overlay approach.	January 1, 2023
Annual Improvements to IFRS Accounting Standards - Volume 11	This primarily involves modifying references or terminology in the standards to avoid confusion, which typically has no substantive impact in practice.	January 1, 2026

B. The Group assessed the above standards and interpretations and there is no significant impact on the Group's financial position and financial performance.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

A. The following new standards and amendments issued by IASB but not yet endorsed by the FSC:

New standards, interpretations and

amendments	Main amendments	IASB effective date
Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	This amendment addresses inconsistencies between the current IFRS 10 and IAS 28. When an investor sells (invests) assets to its affiliates or joint ventures, it is determined to recognize all or part of the disposal gains or losses depending on the nature of the assets sold (invested): (1) When the assets sold (invested) meet the "business", all disposal gains and losses shall be recognized; (2) When the assets sold (invested) do not qualify as "business", non- related investors can only recognize partial disposal of gains and losses within the scope of interests in affiliated companies or joint ventures.	To be determine by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	Replace IAS 1 and update the structure of the statement of comprehensive income, introduce new disclosures on management performance measures, and enhance the principles of aggregation and disaggregation applied to the primary financial statements and notes.	January 1, 2027(Note)

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IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	This standard allows eligible subsidiaries to apply the reduced disclosure requirements of IFRS accounting standards.	January 1, 2027
Translation to a Hyperinflationary Presentation Currency (amendments to IAS 21)	This amendment introduces a requirement that, when translating from a functional currency of a non-hyperinflationary economy into a presentation currency of a hyperinflationary economy, all amounts (including comparative amounts) must be translated using the closing rate at the end of the most recent reporting period. The amendment also provides an exception: when both the functional currency and the presentation currency are those of hyperinflationary economies, and the foreign operation belongs to an entity whose functional currency is that of a non-hyperinflationary economy, comparative amounts need not be restated. In addition, new disclosure requirements are added, including the translation method applied and aggregated financial information of foreign operations to which the method is applied.	January 1, 2027

Note: In its press release dated September 25, 2025, the FSC announced that publicly listed companies will be required to apply IFRS 18 starting from fiscal year 2028. Companies that wish to adopt IFRS 18 earlier may also do so, once IFRS 18 has been endorsed by the FSC.

- B. After evaluating the above standards and interpretations, the Group has determined that, except for the impact of IFRS 18 'Presentation and Disclosure in Financial Statements,' which remains to be assessed, there are no material effects on the Company's financial position or financial performance.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IFRSs, IAS, IFRIC Interpretations, and SIC Interpretations that come into effect as endorsed by the FSC.

(2) Basis of preparation

- A. Except for the following significant items, the consolidated financial report is prepared on a historical cost basis:
- (A) Financial assets at fair value through other comprehensive income.
 - (B) The defined benefit liability is recognized at the net amount of pension assets less the present value of the defined benefit obligation.
- B. The following significant accounting policies applied consistently to all periods of coverage of the consolidated financial statements.
- C. The preparation of financial statements in accordance with IFRSs, IAS and interpretations that came into effect as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed in Note 5.

(3) *Basis of consolidation*

A. Basis for preparation of consolidated financial statements

- (A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized

in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. The gains or losses should transfer directly to retained earnings if the gain or loss from disposal of underlying assets is transferred to retained earnings at disposal.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
			December 31,		
Name of investor	Name of subsidiary	Main business activities	2025	2024	Note
The Company	Technovation (Cayman) Corp.	Marketing	100	100	-
The Company	Arima Communication (Cayman) Corp.	Share holding	100	100	-
The Company	Crown Investment Corp.	Investment	100	100	-
Arima Communication (Cayman) Corp.	Arima Communications (Jiangsu) Co., Ltd.	Manufacturing and sales of mobile phones	100	100	-
Arima Communication (Cayman) Corp.	PT Adi Reka Mandiri (“PTARM”)	Manufacturing of communications equipment and electronics	60	60	1
Crown Investment Corp.	Arima Energy Corporation	Share holding	96.62	96.62	-
Arima Energy Corporation	Guang Lee Energy Corporation.	Sales of solar power products	100	100	-

Note 1: Arima Communication Cayman acquired 15% of PTARM's equity on November 25, 2024 for \$8,852 thousand. Arima Communication Cayman acquired 60% of PTARM's voting rights and therefore has control over PTARM.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group

As of December 31, 2025 and 2024, the information of non-controlling interest that are material to the Group and subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31,			
		2025		2024	
		Amount (in thousand)	Ownership %	Amount (in thousand)	Ownership %
PT Adi Reka Mandiri	Indonesia	\$ 29,152	40.00	\$ 20,178	40.00

Balance sheet

	PT Adi Reka Mandiri	
	December 31,	
	2025	2024
Current assets	\$ 64,812	\$ 89,121
Non-current assets	37,759	41,642
Current liabilities	(23,735)	(75,204)
Non-current liabilities	(5,956)	(5,112)
Total net assets	\$ 72,880	\$ 50,447

Statement of comprehensive income

	PT Adi Reka Mandiri	
	For the year ended December 31,	
	2025	2024
Revenue	\$ 374,518	\$ 593,061
Net income for the year	\$ 26,326	\$ 18,846
Total comprehensive income for the year	\$ 26,087	\$ 19,812
Comprehensive income attributable to non-controlling interest	\$ 10,435	\$ 10,604
Dividends paid to non-controlling interest	\$ -	\$ -

Statement of cash flow

	PT Adi Reka Mandiri	
	For the year ended December 31,	
	2025	2024
Net cash generated from operating activities	\$ 39,616	\$ 22,040
Net cash used in investing activities	(8,284)	(8,635)
Net cash used in financing activities	(15,186)	(13,343)
Increase in cash and cash equivalents	\$ 16,146	\$ 62

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated 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 transaction or valuation where items are re-measured, except for those that comply with cash flow hedging and net investment hedging and are deferred to other comprehensive gains and losses.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

- (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 recognized 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 recognized in profit or loss; for the non-monetary assets and liabilities held at fair value through other comprehensive income or loss, their translation differences are recognized in other comprehensive income. 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 exchange gains and losses are reported in the income statement under "Other gains and losses".

B. Translation of foreign operations

- (A) The operating results and financial position of all the group entities 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 recognized in other comprehensive income.
- (B) When the foreign operation partially disposed of or sold as a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

- (C) The goodwill and fair value adjustments arising from the acquisition of foreign entities are regarded as the assets and liabilities of the foreign entity and translated at the closing exchange rate at the date of that balance sheet.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets

- (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (B) Assets held mainly for trading purposes;
- (C) Assets that are expected to be realized within twelve months from the balance sheet date; or
- (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date..

The Group classified its assets that do not meet above criteria as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities

- (A) Liabilities that are expected to be paid off within the normal operating cycle;
- (B) Liabilities arising mainly from trading activities;
- (C) Liabilities that are to be paid off within twelve months from the balance sheet date; or
- (D) Does not have the right to defer payment of its liabilities for at least twelve months after the reporting period.

The Group classified its liabilities that do not meet above criteria as non-current liabilities.

(6) *Cash and cash equivalents*

- A. For the purpose of the statements of cash flows, cash and cash equivalents consists of cash on hand, cash in bank, time deposits with maturities of three months or less short-term, highly liquid investments, which were within three months of maturity when acquired, and repayable bank overdraft, as part of the cash management. Bank overdraft items listed under current borrowings in current liabilities on the balance sheet.
- B. Cash equivalents refer to short-term, highly liquid investments that also meet the following conditions:
 - (A) Readily convertible to known amount of cash.
 - (B) Subject to an insignificant risk of changes in interest rates.

(7) *Financial assets at measured at fair value through other comprehensive profit or loss*

- A. Refers to an irrevocable choice made at the time of original recognition, changes in the fair value of equity instrument investments that are not held for trading are presented in other comprehensive profits and losses; or debt instrument investments that meet the following conditions at the same time:
 - (A) The financial assets are held under a business model with the purpose of collecting contractual cash flows and selling them.
 - (B) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way of purchase or sales, financial assets measured at fair value through other comprehensive profit and loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs, and subsequently measured at fair value:
 - (A) Changes in the fair value of equity instruments are recognized in other comprehensive profits and losses. When derecognition, the accumulated profits or losses previously recognized in other

comprehensive profits and losses cannot subsequently be reclassified to profit or loss and transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are likely to flow in, and the amount of dividends can be measured reliably, the combined company recognizes dividend income in profit or loss.

- (B) Changes in the fair value of debt instruments are recognized in other comprehensive profit and loss. Impairment losses, interest income and foreign currency exchange gains and losses before derecognition are recognized in profit and loss. At the time of derecognition, the accumulated gains or losses previously recognized in other comprehensive profit or loss, reclassify from equity to profit or loss.

(8) Notes and accounts receivable

- A. In accordance with terms and conditions of the contracts, entitle a legal right to unconditionally receive consideration in exchange of notes and receivables for transferred goods or rendered services.
- B. Short-term notes and accounts receivable without bearing interest are measured at initial invoice amount by the Group as effect of discounting is immaterial.

(9) Impairment of financial assets

On each balance sheet date, the Group's investment in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost, and accounts receivable or contractual assets, lease receivables, loan commitments and financial guarantee contracts with significant financial components, after considering all reasonable and corroborative information (including forward-looking), the loss allowance is measured on the 12-month expected credit losses for those who have not significantly increased the credit risk since the initial recognition. For those who have significantly increased the credit risk since the initial recognition, the loss allowance is measured by the expected credit losses during the period of existence; the accounts receivable or contract assets that do not contain significant financial components are measured by the lifetime expected credit

loss.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when:

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

(11) Inventories

Inventories consist of raw materials, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

(12) Investments accounted for under the equity method

- A. Associates refer to all entities over which the Group has significant influence but not control. Generally, it is presumed that an investor has significant influence, if it holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates, initially recognized at cost.
- B. The Group's share of an associate's profit or loss and other comprehensive income after the date of acquisition is recognized in the Group's profit or loss and other comprehensive income respectively. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues to recognize its share of further losses (including any other unsecured receivables), and additional losses are provided for only

to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity do not arise from comprehensive income and such changes do not affect the Group's shareholding ratio of the associate, the Group recognizes its share of change in the associate's equity in "additional paid-in capital" proportionally.
- D. Unrealized gains on transactions between the Group and its affiliated enterprises are eliminated to the extent of the Group's interest in the affiliated enterprises. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in affiliated enterprises and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over these affiliated enterprises, the amounts previously recognized in other comprehensive income in relation to the affiliated enterprises are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- F. On the balance sheet date, the Group conducts impairment testing for associates showing signs of impairment. The carrying amount of the investment (including goodwill) is treated as a single asset and compared with its recoverable amount (the higher of value in use or fair value less costs of disposal). Any impairment loss recognized is included in the carrying amount of the investment. Reversal of impairment losses is recognized to the extent of subsequent increases in the recoverable amount of the investment.

(13) *Property, plant and equipment*

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. 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 balance sheet date. 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 buildings, machinery and equipment, transportation equipment and other equipment are as follows:

Buildings	4 ~ 8 years
Machinery equipment	5 ~ 20 years
Other equipment	3 ~ 10 years

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

- A. Lease assets are recognized as a right-of-use asset and lease liabilities at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized 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 incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 recognized at cost, includes:
 - (A) The initial measured amount of the lease liability; and
 - (B) Any lease payments made at or before the commencement date.

The right-of use assets is measured using the cost model subsequently 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 recognized as an adjustment to the right-of-use asset.

(15) Intangible Assets

A. Computer software

Computer software is initially recorded at cost amortized using the straight-line method over the estimated useful life of 1.5~5 years.

B. Goodwill

Goodwill arises from business mergers and acquisitions.

(16) *Impairment of non-financial assets*

- A. The Group 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 recognized 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 dispose or value in use. Except for goodwill, when the circumstances or reasons for recognizing 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 amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are estimated periodically. When the recoverable amount is less than its carrying amount, an impairment loss is recognized. Impairment losses on goodwill are not reversed in subsequent years.
- C. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made based on identification of operating segments and to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arises.

(17) *Borrowings*

- A. Borrowings refer to the non-current and current loans borrowed from the bank and other long-term and short-term loans. The Group initially recognizes the borrowings at fair value less transaction cost, any subsequent difference between the price and the redemption value after deducting the transaction cost, during the circulation period, the interest expense is recognized in profit or loss by using the effective interest method.

- B. Fees paid on the establishment of loan facilities are recognized 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 an evidence that it is probable that some or all of the *facility* will not be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(18) Notes and accounts payable

- A. Notes payable refer to debts arising from purchase of raw materials, goods or services and notes due to operation and non-operation.
- B. Short-term notes and accounts payable without bearing interest are measured at initial invoice amount by the Group as effect of discounting is immaterial.

(19) 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 recognized as expenses in that period when the employees render service.

- B. Pensions

(A) Defined contribution plans

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

(B) Defined benefit plans

- a. 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 Group in current period or

prior periods. The liability recognized 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 defined benefit net 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 government bonds (at the balance sheet date) 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.

- b. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- c. Past service costs are recognized immediately in profit or loss.
- d. During interim periods, pension costs are calculated based on the pension cost rate determined by actuarial valuation as of the end of the previous financial year, applied to the period from the beginning of the year to the end of the interim reporting period. If there are significant market changes, major curtailments, settlements, or other material one-off events after that year-end date, adjustments are made accordingly, and related information is disclosed in line with the aforementioned policy.

C. Termination benefit

Termination benefit is offered when the Group terminates the employee's contract before normal retirement date or when the employee decides to accept the Group's offer of benefits instead of the termination of the employment. The Group recognizes the cost at the earlier of when the offer of benefits is no longer withdrawable or when recognizing related significant cost component. Benefits that are not expected to be paid off 12 months after the balance sheet date shall be discounted.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' compensation and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(20) *Income tax*

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 Group operated and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulation. It establishes provisions where appropriated based on the amounts expected to be paid to the tax authorities. According to the Income Tax Law, an additional income tax is levied on current year earnings that remain undistributed by the end of the following year after shareholders' meeting; and recognized as income tax expenses.
- C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income 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 income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income 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 income tax asset is realized or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred income 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 realize the asset and settle the liability simultaneously.

- F. “Income Basic Tax Act” began effective on January 1, 2006, the amount of basic income shall be the sum of the taxable income as calculated in accordance with the Income Tax Act, plus any related tax exempted income included in other laws with the rate prescribed by the Executive Yuan. Current income tax shall pay according to whichever is higher compared between the basic income and regular income tax. The Group assessed the impact of the basic income tax on the consolidated financial statements for current period income tax.

(21) *Revenue recognition*

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

A. Sales of merchandises

The Group is engaged in the manufacturing, processing and sales of mobile phones, electronic components, and solar products and equipment. The Group sells goods and recognizes revenue when the promised goods are transferred to a customer and the customer obtains control of it (i.e. the customer's ability to direct the use of the goods and to obtain substantially all of the remaining benefits from the goods).

The Group recognizes accounts receivable when the control of goods is transferred and has a unconditional right to receive consideration. Such accounts receivable usually have short periods and do not have significant financial components. When the Group has transferred the control of goods to a customer but still does not have an unconditional right to receive consideration, the contract assets and revenue are recognized. A contract liability is recognized for the Group's obligation to transfer goods to a customer for which the Group has received consideration from the customer and converted to revenue when the performance obligation is satisfied. When the costs incurred for a contract are directly related to the contract, generate or enhance resources that will be used in satisfying performance obligations, and are expected to be recovered, the Group recognizes an asset "Costs to fulfil a contract" from the costs. As the control is transfer to the customer, the asset is converted to cost of sales and revenue is recognized simultaneously.

B. Service

The Group provides mobile phone development and design services for customers. The revenue from delivering services is recognized based on the degree of completion of the transaction agreed by both parties on the reporting date.

(22) *Business combinations*

A. The Group uses the acquisition method for the business combination. The consideration is calculated based on the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued, and the transferred consideration includes the fair value of any assets and liabilities arising from the contingent consideration agreement. Acquisition-related costs are recognized as an expense as incurred. All assets acquired and liabilities assumed in a business combination are measured at acquisition-date fair value. The Group is based on individual acquisition transactions, if the components of non-controlling interests are current ownership interests and its holders are entitled to a pro rata share of the net assets of the enterprise when liquidation occurs, choice in measurement at acquisition-date fair value or the non-controlling interests; or the non-controlling interests' proportionate share of net assets of the acquiree. All other components of non-controlling interests are measured at their acquisition-date fair value.

B. If the transferred consideration, the non-controlling interests of acquiree and the total fair value of interests in the acquiree previously held exceeds the fair value of the identifiable assets acquired and liabilities assumed, it is recognized as goodwill on the acquisition date; if the fair value of the identifiable assets acquired and liabilities assumed exceeds the total fair value of the transferred consideration, the non-controlling interests of the acquiree, and the fair value of the interests in the acquiree previously held, the difference is recognized on the acquisition date for the current profit and loss.

(23) *Operating segments*

Operating segments are reported in a manner consistent with the internal reporting provided to the strategic business unit. The strategic business unit, who is responsible for allocating resources and assessing performance of the operation segments, has been identified as the board of directors that makes strategic decisions.

(24) *Earnings per shares*

The Group presents basic and diluted earnings per share ("EPS") data for its common stocks. Basic EPS is calculated by dividing the net income attributable to shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the statement of income attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

5. Critical accounting judgments, estimates and key sources of assumption uncertainty

The preparation of these consolidated financial statement requires management to make critical judgments in applying the Group'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. The information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance

sheet date using judgments and estimates. Due to the rapid changes in technology, the Group evaluates the amount of inventory due to normal wear and tear, obsolescence or no market value on the balance sheet date, and writes down the inventory cost to the net realizable value. This inventory evaluation is mainly based on the estimated demand for products in a specific period in the future, therefore there might be material changes to the evaluation.

As of December 31, 2025, the Group's carrying amount of inventories is \$3,938 thousand.

B. Impairment assessment of real property, plant and equipment

In the process of asset impairment assessment, the Group necessarily relied on the subjective judgment and determine independent cash flows of specific asset groups, their useful lives, and their possible revenue and expenses in the future based on their use mode and industry characteristics. Changes in estimate, if any, due to the varying economic conditions and the Group's strategy may cause significant impairment in the future.

As of December 31, 2025, the Group's carrying amount of property, plant and equipment is \$47,066 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,	
	2025	2024
Cash on hand and working capital	\$ 106	\$ 104
Checking accounts and demand deposits	50,284	40,303
Total	<u>\$ 50,390</u>	<u>\$ 40,407</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, therefore the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Group did not pledge its cash and cash equivalents.

(2) *Financial assets at fair value through other comprehensive income*

A. The above equity instruments held by the Group are long-term strategic investments and are not held for trading purposes and have been designated to be measured at fair value through other comprehensive income.

B. As of December 31, 2025, the book value of Arima Optoelectronics Corp. and Arima Photovoltaic & Optical Corp. are both \$0 thousand.

C. Information relating to credit risk, please refer to Note 12(3).

(3) *Notes and accounts receivable*

	December 31,	
	2025	2024
Accounts receivable	\$ 39,936	\$ 172,952
Accounts receivable - related parties	5,698	5,944
Less: allowance for doubtful accounts	(10,452)	(87,311)
Total	<u>\$ 35,182</u>	<u>\$ 91,585</u>

A. The Group grants an interest free and average credit term of 60 days to its customer accounts.

B. The Group's maximum exposure to credit risk at December 31, 2025 and 2024 was the carrying amount of each class of accounts receivable.

C. The Group's aging analysis of accounts receivable is as follows:

	December 31,	
	2025	2024
Not past due	\$ 24,841	\$ 61,686
Past due less than 1 month	3,906	4,231
Past due 1 - 3 months	4,732	13,473
Past due 3 - 6 months	1,263	2,269
Past due 6 - 12 months	328	7,814
Past due over 1 years	10,564	89,423
Total	<u>\$ 45,634</u>	<u>\$ 178,896</u>

D. The Group's allowance for doubtful accounts of accounts receivable based on the accounts receivable valuation policy and the credit risk assessment of individual customers, as follows:

December 31, 2025	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	0%	\$ 24,841	\$ -	\$ 24,841
Past due less than 1 month	1%	3,906	-	3,906
Past due 1 - 3 months	10%	4,732	-	4,732
Past due 3 - 6 months	25%	1,263	(46)	1,217
Past due 6 - 12 months	50%	428	(74)	254
Past due over 1 years	100%	10,564	(10,332)	232
Total		<u>\$ 45,634</u>	<u>(\$ 10,452)</u>	<u>\$ 35,182</u>

December 31, 2024	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	0%	\$ 61,686	\$ -	\$ 61,686
Past due less than 1 month	1%	4,231	(20)	4,211
Past due 1 - 3 months	10%	13,473	(1,093)	12,380
Past due 3 - 6 months	25%	2,269	(524)	1,745
Past due 6 - 12 months	50%	7,814	(5,355)	2,459
Past due over 1 years	100%	89,423	(80,319)	9,104
Total		<u>\$ 178,896</u>	<u>(\$ 87,311)</u>	<u>\$ 91,585</u>

E. Changes in allowance of doubtful accounts of accounts receivable of the Group are as follows:

	December 31,	
	2025	2024
At January 1	\$ 87,311	\$ 90,248
Additions for the current year	4,603	7,090
Reversal for the current year	(1,409)	(114)
Write-off due to uncollectible	(77,152)	(12,648)
Exchange differences	(2,901)	2,735
At December 31	<u>\$ 10,452</u>	<u>\$ 87,311</u>

F. Information relating to credit risk, please refer to Note 12(3).

(4) *Other receivables*

	December 31,	
	2025	2024
Other receivables	\$ 5,699	\$ 5,341
Other receivables - related parties	2,145	2,340
Total	7,844	7,681
Less: allowance for doubtful accounts	(4,056)	(3,231)
Total	\$ 3,788	\$ 4,450

A. Changes in allowance of doubtful accounts of other receivable of the Group are as follows:

	December 31,	
	2025	2024
At January 1	\$ 3,231	\$ 2,793
Additions for the current year	1,050	1,797
Reversal for the current year	(320)	(1,386)
Exchange differences	95	27
At December 31	\$ 4,056	\$ 3,231

B. Information relating to credit risk, please refer to Note 12(3).

(5) *Inventories*

	December 31,	
	2025	2024
Raw materials	\$ 3,738	\$ 3,094
Work-in-process	418	1,611
Finished goods	9,475	11,073
Less: allowance for decline in market value and obsolescence	(9,693)	(2,496)
Total	\$ 3,938	\$ 13,282

A. The cost of inventories recognized as expense is as follows:

	For the year ended December 31,	
	2025	2024
Cost of sales	\$ 308,863	\$ 47,262
Loss on decline in market value (gain from price recovery) of inventory	7,223	(16,010)
Loss on inventory scrap	-	13,133
Other	1,574	59,774
Total	\$ 317,660	\$ 104,159

The Group recognized a reversal gain from inventory write-downs and obsolescence in 2024 due to the continued reduction of inventory.

B. None of the above inventories are pledged.

(6) *Investment accounted for under the equity method*

	December 31,	
	2025	2024
Associates	\$ 305,078	\$ 332,423

A. The affiliated companies accounted for using equity method are not individually significant, and only disclose their summary information as follows:

	For the year ended December 31,	
	2025	2024
Current net (loss) income	(\$ 12,838)	\$ 6,545
Other comprehensive income	449	10,871
Total comprehensive (loss) income	(\$ 12,389)	\$ 17,416

B. The Group received cash dividends of \$19,022 thousand from Arima Lasers Corp. in 2022. The entire amount of the cash dividends was subjected to provisional attachment by court and recorded as other current financial assets.

C. The Group received cash dividends of \$13,950 thousand from Arima Lasers Corp. in 2023, of which \$10 thousand of the cash dividend was subjected to provisional attachment by the bank.

D. The Group received cash dividends of \$3,488 thousand from Arima Lasers Corp. in 2025.

E. For the collateral information of assets, please refer to Note 8.

(7) *Property, plant and equipment*

Cost	Buildings	Machinery and equipment		Other equipment		Total
At January 1, 2024	\$ -	\$ 616,568		\$ 70,518		\$ 687,086
Additions	1,018	7,349		388		8,755
Acquisition from business combination	42,345	44,451		15,625		102,421
Disposals and scrap	-	(643,286)	(	48,613)	(	691,899)
Derecognized	-	-	(	10,928)	(	10,928)
Net exchange differences	-	154,036		2,213		156,249
At December 31, 2024	43,363	179,118		29,203		251,684
Additions	-	8,443		2,398		10,841
Disposals and scrap	(13)	(5,671)	(	235)	(	5,919)
Net exchange differences	(3,133)	(3,746)	(	1,161)	(	7,770)
At December 31, 2025	<u>\$ 40,217</u>	<u>\$ 178,414</u>		<u>\$ 30,205</u>		<u>\$ 248,836</u>
Accumulated depreciation and impairments						
	Buildings	Machinery and equipment		Other equipment		Total
At January 1, 2024	\$ -	\$ 555,147		\$ 66,065		\$ 621,212
Depreciation	1,351	21,792		2,543		25,686
Acquisition from business combination	40,815	32,767		13,705		87,287
Disposal and scrap	-	(635,333)	(	48,147)	(	683,480)
Derecognized	-	-	(	10,919)	(	10,919)
Net exchange differences	28	155,317		2,907		158,252
At December 31, 2024	42,194	129,690		26,154		198,038
Depreciation	447	14,137		1,080		15,664
Disposal and scrap	(3)	(4,994)	(	223)	(	5,220)
Reclassified	2	-	(	2)		-
Net exchange differences	(3,048)	(2,577)	(	1,087)	(	6,712)
At December 31, 2025	<u>\$ 39,592</u>	<u>\$ 136,256</u>		<u>\$ 25,922</u>		<u>\$ 201,770</u>
Net book value						
At December 31, 2025	<u>\$ 625</u>	<u>\$ 42,158</u>		<u>\$ 4,283</u>		<u>\$ 47,066</u>
At December 31, 2024	<u>\$ 1,169</u>	<u>\$ 49,428</u>		<u>\$ 3,049</u>		<u>\$ 53,646</u>

A. The Group assessed the impairment losses of property, plant and equipment for the years ended December 31, 2025 and 2024 and recognized accumulated impairment losses of \$0 thousand.

B. For details of property, plant and equipment pledged as collateral, please refer to Note 8.

(8) *Leasing arrangements as lessee*

A. The leased assets by the Group are land and buildings with the lease period of usually ranges from three to five years. Lease contracts are negotiated individually and contain a variety of terms and conditions. The leased assets are not to be pledged or disposed of, no other restrictions are imposed.

B. The lease terms of the Group's office and transportation equipment were one year or less. The Group applied an exemption not to recognize related lease assets and lease liability.

C. The carrying amounts of the right-of-use asset and the depreciation expense recognized are as follows:

	December 31, 2025	For the year ended December 31, 2025
	Carrying amount	Depreciation
Land use rights	\$ 2,729	\$ 303
Buildings	20,791	13,604
Total	<u>\$ 23,520</u>	<u>\$ 13,907</u>
	December 31, 2024	For the year ended December 31, 2024
	Carrying amount	Depreciation
Land use rights	\$ 3,032	\$ 303
Buildings	19,224	19,663
Total	<u>\$ 22,256</u>	<u>\$ 19,966</u>

D. Lease liabilities

	December 31, 2025	December 31, 2024
Current	\$ 5,272	\$ 15,919
Non-current	8,196	3,484
Total	<u>\$ 13,468</u>	<u>\$ 19,403</u>

E. Movements in right-of-use asset were as follows:

	Land use rights	Buildings	Total
January 1, 2025	\$ 3,032	\$ 19,224	\$ 22,256
Addition	-	16,376	16,376
Depreciation	(303)	(13,604)	(13,907)
Net exchange differences	-	(1,205)	(1,205)
December 31, 2025	<u>\$ 2,729</u>	<u>\$ 20,791</u>	<u>\$ 23,520</u>

	Land use rights	Buildings	Total
January 1, 2024	\$ 3,335	\$ 57,357	\$ 60,692
Acquisition from business combination	-	7,010	7,010
Depreciation	(303)	(19,663)	(19,966)
Other (lease modification)	-	(25,307)	(25,307)
Net exchange differences	-	(173)	(173)
December 31, 2024	<u>\$ 3,032</u>	<u>\$ 19,224</u>	<u>\$ 22,256</u>

F. The increase of the Group's right-of-use assets in 2025 and 2024 was \$16,376 and \$0 thousand, respectively.

G. The items affecting profit or loss related to the lease contracts are recognized as follows:

Items affecting profit or loss	For the year ended December 31,	
	2025	2024
Interest expense on lease liabilities	\$ 934	\$ 2,603
Expense on short-term lease contracts	\$ 3,081	\$ 17,236

H. The total cash outflows for the leases of the Group in 2025 and 2024 were \$22,314 thousand and \$27,249 thousand, respectively.

(9) *Intangible assets*

December 31, 2025	Computer		Goodwill	Total
	software	Other		
Cost	\$ 33,098	\$ 2,194	\$ 734	\$ 36,026
Accumulated amortization	(32,901)	(1,393)	-	(34,294)
	<u>\$ 197</u>	<u>\$ 801</u>	<u>\$ 734</u>	<u>\$ 1,732</u>
2025				
At January 1	\$ 5,123	\$ 419	\$ 765	\$ 6,307
Additions	172	671	-	843
Reclassified	(114)	114	-	-
Amortization expenses	(4,945)	(403)	-	(5,348)
Net exchange differences	(39)	-	(31)	(70)
At December 31	<u>\$ 197</u>	<u>\$ 801</u>	<u>\$ 734</u>	<u>\$ 1,732</u>

December 31, 2024	Computer software	Other	Goodwill	Total
Cost	\$ 35,419	\$ 4,816	\$ 765	\$ 41,000
Accumulated amortization	(30,296)	(4,397)	-	(34,693)
	<u>\$ 5,123</u>	<u>\$ 419</u>	<u>\$ 765</u>	<u>\$ 6,307</u>
2024				
At January 1	\$ 10,634	\$ 512	\$ -	\$ 11,146
Additions	177	730	-	907
Additions – business combination	-	-	765	765
Acquisition from business combination	1,107	-	-	1,107
Amortization expenses	(6,792)	(637)	-	(7,429)
Impairment loss	-	(194)	-	(194)
Net exchange differences	(3)	8	-	5
At December 31	<u>\$ 5,123</u>	<u>\$ 419</u>	<u>\$ 765</u>	<u>\$ 6,307</u>
January 1, 2024				
Cost	\$ 32,379	\$ 30,484	-	\$ 62,863
Accumulated amortization	(21,745)	(29,972)	-	(51,717)
	<u>\$ 10,634</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ 11,146</u>

For details on the impairment of intangible assets, please refer to Note 6(10).

(10) Impairment of non-financial assets

A. The Group did not recognize any impairment losses or gain on reversal of non-financial assets in 2025. The impairment losses recognized in 2024 are as follows:

	For the year ended December 31, 2024	
	Recognized in profit or loss	Recognized in other comprehensive income
Impairment losses – intangible assets	<u>\$ 194</u>	<u>\$ -</u>

B. The above impairment losses are disclosed in detail by segment as follows:

For the year ended December 31, 2024

	Recognized in profit or loss	Recognized in other comprehensive income
Mobile phone business group	\$ 194	\$ -

C. The Group recognized an impairment loss of \$194 thousand in 2024 for an intangible asset that no longer had value for continued use. The fair value of the asset is classified as Level 3.

(11) Long-term accounts receivable

	December 31,	
	2025	2024
Long-term accounts receivable	\$ 1,752	\$ 3,037
Allowance for doubtful accounts - long-term receivables	(1,127)	(572)
	\$ 625	\$ 2,465

Changes in allowance for doubtful accounts on long-term receivables is as follows:

	December 31,	
	2025	2024
At January 1	\$ 572	\$ -
Additions for current year	563	569
Reclassified	33	-
Exchange differences	(41)	3
At December 31	\$ 1127	\$ 572

(12) Short-term borrowings

	December 31,	
	2025	2024
Secured borrowings	\$ 12,000	\$ -
Other secured borrowings	-	12,917
Total	\$ 12,000	\$ 12,917
Interest rate range (%)	3.54	6.725~6.85

A. The above short-term borrowings are used for working capital.

B. As of December 31, 2025 and 2024, the Group entered into a financing agreement with Robina Finance & Leasing Corp., providing 0 shares and 3,000 shares, respectively of Arima Lasers Corp. as collateral.

C. The above bank-guaranteed borrowings are secured by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

D. For details of collateral of current borrowings, please refer to Note 8.

(13) Notes and accounts payable

	December 31,	
	2025	2024
Notes payable	\$ -	\$ -
Accounts payable	25,105	77,560
Total	<u>\$ 25,105</u>	<u>\$ 77,560</u>

(14) Long-term borrowings

	December 31, 2025	Interest rate	Due date
Secured bank credit loans	\$ 1,542	2.72%	2020.11.16~2026.11.16
Secured bank borrowings		2.72%	2020.11.16~2026.11.16
(Note)	6,168		
Secured other borrowings	9,192	5.86%	2025.04.30~2026.11.16
Secured bank borrowings	2,212	3.44%	2016.05.31~2026.02.03
Secured bank credit loans	975	3.44%	2016.05.31~2026.02.03
Total	<u>20,089</u>		
Less: current portion expired within an operating cycle	(20,089)		
Net	<u>\$ -</u>		

	December 31, 2024	Interest rate	Due date
Secured bank credit loans	\$ 3,181	2.72%	2020.11.16~2026.11.16
Secured bank borrowings		2.72%	2020.11.16~2026.11.16
(Note)	12,724		
Secured bank borrowings	6,000	2.89%	2023.05.24~2025.03.24
Secured bank borrowings		3.09%	2020.12.03~2025.12.03
(Note)	7,820		
Secured other borrowings	5,320	8%	2023.04.13~2025.04.12
Secured bank borrowings	3,233	3.44%	2016.05.31~2026.02.03
Secured bank credit loans	1,425	3.44%	2016.05.31~2026.02.03
Total	<u>39,703</u>		
Less: current portion expired within an operating cycle	(28,806)		
Net	<u>\$ 10,897</u>		

Note: Secured by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

- A. The Group entered into an inventory repurchase financing contract with He Jing Co., Ltd. on April 30, 2023 with a loan amount of \$15,000 thousand with a term of 1.5 years, and provided 1,500 thousand shares of Arima Lasers Corp. as collateral.
- B. The Group signed a financing contract with He Jing Co., Ltd. on April 13, 2023 with a loan amount of \$30,000 thousand with a term of 2 years, and provided 1,500 thousand shares of Arima Lasers Corp. as collateral.
- C. The Group signed a financing contract with Sunny Bank on May 24, 2023, with a loan amount of \$30,900 thousand and provided 2,470 thousand shares of Arima Lasers Corp. as collateral. The loan was extended after it expired on May 24, 2024, and the expiration date is March 24, 2025.
- D. For the collateral of the above long-term loans, please refer to Note 8.
- E. For the issuance of guaranteed notes for other secured loans lines, please refer to Note 9.

(15) Retirement benefit plans

A. Defined benefit plans

(A) In accordance with local government regulations, the Company's subsidiary in Indonesia has established an employee retirement plan for formally hired staff. Under this plan, classified as a defined benefit plan, retirement benefits are calculated based on the employee's years of service and the average salary over the six months preceding retirement.

(B) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligation	\$ 5,956	\$ 5,112
Fair value of plan assets	<u>-</u>	<u>-</u>
Net defined benefit liability	<u>\$ 5,956</u>	<u>\$ 5,112</u>

(C) Changes in net defined benefit liability is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit asset (liability)
<u>2025</u>			
At January 1	\$ 5,112	\$ -	\$ 5,112
Current service cost	567	-	567
Interest expense	340	-	340
	<u>907</u>	<u>-</u>	<u>907</u>
Remeasurment:			
The impact of changes in financial assumptions	370	-	370
Experience Adjustments	(65)	-	(65)
	<u>305</u>	<u>-</u>	<u>305</u>
Exchange differences	(368)		(368)
At December 31	<u>\$ 5,956</u>	<u>\$ -</u>	<u>\$ 5,956</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit asset (liability)
<u>2024</u>			
At January 1	\$ 5,213	\$ -	\$ 5,213
Current service cost	513	-	513
Interest expense	353	-	353
	<u>866</u>	<u>-</u>	<u>866</u>
Remeasurment:			
The impact of changes in financial assumptions	(569)	-	(569)
Experience Adjustments	(398)	-	(398)
	<u>(967)</u>	<u>-</u>	<u>(967)</u>
At December 31	<u>\$ 5,112</u>	<u>\$ -</u>	<u>\$ 5,112</u>

(D) The actuarial assumptions regarding pensions are summarized as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Discount rate	6.18%	7.08%
Future salary increase rate	6.00%	6.00%

Assumptions for future mortality rates are estimated based on the 2019 Indonesian Mortality Table.

The present value of defined benefit obligations affected by changes in major actuarial assumptions is analyzed as follows:

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
December 31, 2025				
Impact on present value of defined benefit obligation	(\$ 128)	\$ 140	\$ 139	(\$ 129)

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
December 31, 2024				
Impact on present value of defined benefit obligation	(\$ 126)	\$ 138	\$ 137	(\$ 127)

The above sensitivity analysis is based on analyzing the impact of changes in a single assumption while keeping other assumptions unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the approach used to calculate the net pension liability on the balance sheet.

(E) The Company expects to pay \$650 thousand and \$0 thousand to the retirement plan within one year after December 31, 2025 and 2024, respectively.

(F) As of December 31, 2024, the weighted average duration of the retirement plan was 10.83 years.

Less than 1 year	\$	-
1 to 5 years		3,941
5 to 10 years		800
Over 10 years		371
	\$	<u>5,112</u>

(G)As of December 31, 2025, the weighted average duration of the retirement plan was 9.83 years.

Less than 1 year	\$	614
1 to 5 years		3,951
5 to 10 years		918
Over 10 years		473
	\$	<u>5,956</u>

B. Defined contribution plans

The Group adopts a defined contribution plan in accordance with the Labor Pension Act of the ROC. Under the Labor Pension Act, the Group and its domestic subsidiaries will make monthly contributions of no less than 6% of the employee's monthly wages to the employees' individual pension accounts. The Group and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries in China, in accordance with local laws and regulations, allocate pension insurance funds according to a certain percentage of the total salary of employees and pay to relevant government agencies with a separate accounts for each employee.

The Group and its domestic subsidiaries' defined contribution plans in the statement of comprehensive income was \$2,892 thousand and \$3,594 thousand in 2025 and 2024, respectively.

The pension contributed and recognized in accordance with local laws and regulations by foreign subsidiaries included in the consolidated financial statements was \$362 thousand and \$2,528 thousand in 2025 and 2024, respectively.

(16) Ordinary share

A. The Company's authorized capital was \$5,000,000 thousand with the par value of \$10 per share, all of which were ordinary shares. As of December 31, 2025, the paid-in capital amounted to \$464,662 thousand.

B. Details of the Company's private placements of shares:

Date of issue	Issued share (in thousand shares)	Issued price (\$ per share)
November 7, 2024	4,100	12.24
November 7, 2024	4,000	12.24
December 13, 2024	4,000	12.50
April 14, 2025	3,000	15.53
April 14, 2025	3,000	15.53
November 5, 2025	5,800	11.40
November 5, 2025	6,000	11.40
November 5, 2025	2,000	14.78
March 13, 2026 (Note)	1,500	13.20
March 13, 2026 (Note)	1,500	13.20

Note: As of December 31, 2025, the change of registration has not yet been completed with the Department of Commerce, Ministry of Economic Affairs. An amount of NT\$39,600 thousand is recorded as advance receipts for share capital.

C. Movements in the number of the Company's outstanding ordinary shares outstanding are as follows:

	Number of outstanding shares (in thousand)	
	For the year ended December 31,	
	2024	2023
At January 1	26,666	72,831
Capital increase from private placement	19,800	12,100
Capital reduction to make up for losses	-	(58,265)
At December 31	46,466	26,666

D. On June 27, 2023, the Company passed the resolution at the extraordinary shareholders meeting to increase cash capital through private placements and issue 6,000 thousand ordinary shares, with a par value of \$10 per share. The rights and obligations of this privately placed ordinary share are the same as those of other non-privately placed ordinary shares, except that there is a restriction on circulation and transfer of these new issued shares as stipulated by the Securities and Exchange Act (the "SEC Act"), and the

application for listing and trading must be three years after the delivery date and apply for initial public offering.

- E. On May 14, 2024, the Board of Directors resolved to stop processing the private placement of ordinary shares approved by the extraordinary general meeting of shareholders on June 27, 2023.
- F. In order to strengthen the financial structure and increase the net value per share, the Company's Board of Directors resolved on May 14, 2024 to reduce capital to make up for losses. The Company planned to reduce capital by \$582,649 thousand and cancel 58,265 ordinary shares, with a capital reduction ratio of 80%. The capital reduction plan was approved by the shareholders' meeting on June 25, 2024, and was reported to the Taiwan Stock Exchange Corporation on July 17, 2024. The chairman of the board of directors set July 18, 2024 as the base date for the capital reduction, and the change registration has been completed with the Department of Commerce of the Ministry of Economic Affairs (the "MOEA").
- G. On May 14, 2024, the Board of Directors resolved to issue ordinary shares in cash through private placements, with an issue amount of no more than 4,000 thousand shares and a par value of \$10 per share. The issue will be processed in tranches within one year from the date of the shareholders' meeting resolution (no more than five tranches). On September 16, 2024, the Board of Directors resolved that the first private placement of ordinary shares was 4,100 thousand shares, the private placement price was \$12.24, and the total amount of the private placement was \$50,184 thousand. The second private placement of ordinary shares was 4,000 thousand shares, the private placement price was \$12.24, and the total amount of the private placement was \$48,960 thousand. The above private placement shares were 8,100 thousand shares in total, and the change registration has been completed with the MOEA. The rights and obligations of this private placement of ordinary shares are the same as other issued common shares, except that there is a restriction on circulation and transfer of these new issued shares as stipulated by the SEC Act, and the application for listing and trading must be three years after the delivery date and apply for initial public offering.

- H. On October 29, 2024, the Board of Directors resolved that the number of ordinary shares to be privately placed for the third time was 4,000 thousand shares, the private placement price was \$12.5, and the total amount of the private placement was \$50,000 thousand. The change of registration has been completed with the MOEA. The rights and obligations of the common shares of this private placement are the same as other issued common shares, except that there is a restriction on circulation and transfer of these new issued shares as stipulated by the Securities and Exchange Act, and the application for listing and trading must be three years after the delivery date and apply for initial public offering.
- I. On February 25, 2025, the Board of Directors resolved that the number of ordinary shares to be privately placed for the fourth time was 3,000 thousand shares, the private placement price was \$15.53, and the total amount of the private placement was \$46,590 thousand. The number of ordinary shares to be privately placed for the fifth time was 3,000 thousand shares, the private placement price was \$15.53, and the total amount of the private placement was \$46,590 thousand. The above private placement amounts to 6,000 thousand shares, with a total private placement value of \$93,180 thousand. The change of registration has been completed with the MOEA. The rights and obligations of the common shares of this private placement are the same as other issued common shares, except that there is a restriction on circulation and transfer of these new issued shares as stipulated by the SEC Act, and the application for listing and trading must be three years after the delivery date and apply for initial public offering.
- J. On March 12, 2025, the Company's Board of Directors resolved to discontinue the private placement of ordinary shares that had been approved at the shareholders' meeting on June 25, 2024.
- K. On April 15, 2025, the Board of Directors resolved to issue ordinary shares in cash through private placements, with an issue amount of no more than 19,500 thousand shares and a par value of \$10 per share. The issue will be processed in tranches within one year from the date of the shareholders' meeting resolution (no more than six tranches). On September 10, 2025, the Board of Directors resolved that the first private placement of ordinary

shares was 5,800 thousand shares, the private placement price was \$11.40, and the total amount of the private placement was \$66,120 thousand. The second private placement of ordinary shares was 6,000 thousand shares, the private placement price was \$11.40, and the total amount of the private placement was \$68,400 thousand. The above private placement shares were 11,800 thousand shares in total, and in which, on September 30, 2025, the change of registration of 5,800 shares has been completed with the MOEA. The remaining the change registration of remaining 6,000 shares has been completed with MOEA on October 7. The rights and obligations of this private placement of ordinary shares are the same as other issued common shares, except that there is a restriction on circulation and transfer of these new issued shares as stipulated by the SEC Act, and the application for listing and trading must be three years after the delivery date and apply for initial public offering.

L. On September 18, 2025, the Board of Directors resolved that the number of ordinary shares to be privately placed for the third time was 2,000 thousand shares, the private placement price was \$14.78, and the total amount of the private placement was \$29,560 thousand. The change registration has been completed with the MOEA on October 14, 2025. The rights and obligations of the common shares of this private placement are the same as other issued common shares, except that there is a restriction on circulation and transfer of these new issued shares as stipulated by the SEC Act, and the application for listing and trading must be three years after the delivery date and apply for initial public offering.

M. On December 29, 2025, the Board of Directors resolved that the number of ordinary shares to be privately placed for the fourth time was 1,500 thousand shares, the private placement price was \$13.20, and the total amount of the private placement was \$19,800 thousand. The number of ordinary shares to be privately placed for the fifth time was 1,500 thousand shares, the private placement price was \$13.20, and the total amount of the private placement was \$19,800 thousand. The above private placement amounts to 3,000 thousand shares. The change of registration has been completed with the MOEA on February 12, 2026. The rights and

obligations of the common shares of this private placement are the same as other issued common shares, except that there is a restriction on circulation and transfer of these new issued shares as stipulated by the SEC Act, and the application for listing and trading must be three years after the delivery date and apply for initial public offering.

N. Due to the Company's capital reduction to make up for losses, the remaining private placement shares as of December 31, 2025 and 2024 were \$36,378 thousand shares and 13,578 thousand shares, respectively.

(17) *Capital surplus*

	December 31,	
	2025	2024
Ordinary shares premium	\$ 119,848	\$ 60,588
Unpaid cash dividends transferred in	496	496
	<u>\$ 120,344</u>	<u>\$ 61,084</u>

Pursuant to the ROC Company Act, capital surplus arising from paid-up capital in excess of par value on issuance of ordinary shares and donations can be used to cover 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 Securities and Exchange Act of ROC requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) *Retained earnings*

A. Legal reserve

Except for covering 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 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.

B. Distribution of retained earnings

Under the Group's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset accumulated losses and then 10% of the remaining amount shall be set aside as legal reserve, followed by providing or reversing special reserve. The remainder, if any, and retained earnings of prior year constitute appropriable earnings. The board of directors proposes the amount of dividend to distribute according to the need of operating capital. The proposal is resolved at the shareholders' meeting.

C. Dividend policy

The Group's takes into account the whole operating environment and the growth characteristic of the industry and distribute with overall consideration of unappropriated earnings, capital surplus, financial structure and operation status for steady operation growth and secure the right of investors. Shareholders' dividends can be distributed in cash or shares. However, cash dividends shall not be less than 10% of the total dividends of current year.

D. The Company passed the resolution at shareholders' general meeting on June 3, 2025 that no earnings will be distributed due to losses in 2024.

In addition, on June 25, 2024, the Company passed a resolution at the shareholders' general meeting that no earnings will be distributed due to losses in 2024.

E. The accumulated losses of the Group as of December 31, 2024 have reached a half of the paid-in capital, which reported to the general meeting of shareholders in accordance with the Article 211 of the Companies Act on June 3, 2025.

F. For details of information on employee's compensation and directors and supervisors' remuneration, please refer to Note 6(25).

(19) *Other equity items*

	Exchange differences on translating the financial statement of foreign operations	Unrealized losses on financial assets measured at fair value through other comprehensive income
At January 1, 2024	(\$ 184)	(\$ 19,807)
Foreign currency translation differences	10,369	-
At December 31, 2024	10,185	(19,807)
Foreign currency translation differences	(6,823)	-
At December 31, 2025	<u>\$ 3,362</u>	<u>(\$ 19,807)</u>

(20) *Non-controlling interests*

	For the year ended December 31,	
	2025	2024
At January 1	\$ 20,533	\$ 443
Gain for the year	10,471	9,548
Other comprehensive income	(1,556)	10,542
At December 31	<u>\$ 29,448</u>	<u>\$ 20,533</u>

(21) *Revenue*

	For the year ended December 31,	
	2025	2024
Revenue from customer contracts		
Sales revenue	\$ 380,786	\$ 119,342
Service revenue	350	9,127
Other income	10,060	18,106
Total	<u>\$ 391,196</u>	<u>\$ 146,575</u>

A. The Group's revenue from customer contracts recognized at a point of time in 2025 and 2024 was as follows:

	For the year ended December 31,	
	2025	2024
Revenue recognized at a point of time	\$ 390,846	\$ 137,448
Revenue recognized over time	350	9,127
Total	<u>\$ 391,196</u>	<u>\$ 146,575</u>

B. Contract liabilities

	December 31,	
	2025	2024
Contract liabilities		
Unearned sales revenue	\$ 14,914	\$ 19,661
	For the year ended December 31,	
	2025	2024
Revenue recognized in the reporting period that was recorded as contract liability at the beginning of the period	\$ 15,066	\$ 4,178

(22) Other income

	For the year ended December 31,	
	2025	2024
Interest income		
Interest on bank deposits	\$ 348	\$ 145
Other income	15,458	20,090
Total	\$ 15,806	\$ 20,235

(23) Other gains and losses

	For the year ended December 31,	
	2025	2024
Net currency exchange gains (losses)	\$ 2,078	(\$ 2,904)
(Loss) gain on disposal of property, plant and equipment	(569)	23,149
Gain on lease modification	-	1,507
Impairment loss	-	(194)
Other losses	(2,432)	(11,055)
Total	(\$ 923)	\$ 10,503

(24) Additional disclosures related to cost of revenues and operating expenses are as follows:

	For the year ended December 31,					
	2025			2024		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	\$ 123,828	\$ 93,046	\$ 216,874	\$ 168,714	\$ 116,495	\$ 285,209
Depreciation expenses	15,921	13,650	29,571	27,257	18,395	45,652
Amortization expenses	-	5,348	5,348	105	7,324	7,429

(25) *Employee benefit expenses*

	For the year ended December 31,	
	2025	2024
Wages and salaries	\$ 186,937	\$ 245,246
Director's remuneration	6,870	6,855
Labor and health insurance contribution	5,270	7,969
Pension costs	4,161	6,122
Other personnel expenses	13,636	19,017
Total	<u>\$ 216,874</u>	<u>\$ 285,209</u>

A. The Company's Articles of Association stipulate that the compensation of employees shall not be less than 5% of remainder of profit in current year after covering accumulated losses, and the remuneration of directors and supervisors shall not exceed 3% of that.

B. The compensation to employees was determined by the profit of the year. In 2025 and 2024, the employees' compensation and directors' remuneration of the Company was both \$0 thousand.

The number of share dividend is calculated based on the closing price of the day before the resolution being made by the board and after considering the effect of ex-rights. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts by the board of directors, the differences are recorded in profit and loss in the subsequent year.

C. Please refer to Market Observation Post System for more information on the resolution by the Company's board of directors' meeting related to the appropriation of distributable earnings as employees' compensation and directors' remuneration.

(26) *Finance costs*

	For the year ended December 31,	
	2025	2024
Interest expense	\$ 2,468	\$ 17,230
Lease liabilities interest	934	2,603
Other	7	46
Total	<u>\$ 3,409</u>	<u>\$ 19,879</u>

(27) *Income tax*

A. Income tax expense

(A) Components of income tax expense:

	For the year ended December 31,	
	2025	2024
Current income tax for the year		
Current income tax expense	\$ 7,193	\$ 2,960
Over/under estimate of income tax in the previous year	-	-
Current income tax for the year	<u>7,193</u>	<u>2,960</u>
Deferred tax		
Relating to origination and reversal of temporary differences	(98)	5,898
Income tax expense	<u>\$ 7,095</u>	<u>\$ 8,858</u>

(B) Income tax recognized in components of other comprehensive income was as follows:

	For the year ended December 31,	
	2025	2024
Remeasurement of the defined benefit plan	(\$ 67)	\$ -

B. Reconciliation between income tax expense and loss before income tax:

	For the year ended December 31,	
	2025	2024
Loss before income tax	(\$ 93,490)	(\$ 142,787)
Income tax expense at statutory rate	(23,163)	(43,834)
Tax effect of adjusting items		
Permanent differences	3,190	4,675
Loss on unrecognized deferred tax assets	41,416	42,183
Unrecognized temporary differences	(14,348)	5,834
Tax effect of tax-free income	-	-
Income tax expense	<u>\$ 7,095</u>	<u>\$ 8,858</u>

C. Deferred income tax assets as follows:

For the year ended December 31, 2025					
Deferred tax assets	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	At December 31
Allowance for doubtful accounts	\$ 911	\$ 104	\$ -	(\$ 182)	\$ 833
Property, plant and equipment	3,566	1,328	-	(258)	4,636
Right-of-use asset	(827)	(1,497)	-	60	(2,264)
Net defined benefit liability	1,124	200	67	(81)	1,310
Long-term accounts receivables	-	(37)	-	117	80
Total	<u>\$ 4,774</u>	<u>\$ 98</u>	<u>\$ 67</u>	<u>(\$ 344)</u>	<u>\$ 4,595</u>

For the year ended December 31, 2024					
Deferred tax assets	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31	
Allowance for doubtful accounts	\$ -	\$ 911	\$ -	\$ 911	
Property, plant and equipment	-	3,566	-	3,566	
Right-of-use asset	-	(827)	-	(827)	
Net defined benefit liability	-	1,124	-	1,124	
Total	<u>\$ -</u>	<u>\$ 4,774</u>	<u>\$ -</u>	<u>\$ 4,774</u>	

D. The Group's income tax filing has been completed within the filing period in according to the local governments of different jurisdiction.

E. The details of unrecognized deferred tax assets were as follow:

	December 31,	
	2025	2024
Loss carry forward		
Expired in 2025	\$ -	\$ 68,084
Expired in 2026	71,705	95,846
Expired in 2027	148,374	147,131
Expired in 2028	300,013	299,615
Expired in 2029	15,501	15,444
Expired in 2030	100,116	72,223
Expired in 2031	74,798	74,798
Expired in 2033	29,109	29,246
Expired in 2034	24,682	21,557
Expired in 2035	13,834	-
	<u>778,132</u>	<u>823,944</u>
Deductible temporary differences		
Unrealized investment losses	439,338	435,313
Inventories	2,014	19
Allowance for doubtful accounts	15,391	37,028
Loss of property, plant and equipment	(1,771)	1,034
Right-of-use assets	1,165	-
Current provisions	204	204
Unrealized exchange gains and losses	(2,944)	(1,679)
Net defined benefit liability	-	22
Unrealized interest expense	2,785	3,021
Impairment loss of intangible assets	-	49
	<u>456,182</u>	<u>475,011</u>
Total	<u>\$ 1,234,314</u>	<u>\$ 1,298,955</u>

(28) *Earnings per share*

The earnings and weighted average number of ordinary shares used in computing earnings per share are as follows:

	For the year ended December 31, 2025		
	Amount	Weighted average number of ordinary shares outstanding (in thousands)	Losses per share (in dollars)
	after tax		
<u>Basic earnings per share</u>			
Loss attributable to parent company	(\$ 111,056)	35,293	(\$ 3.15)

Diluted earnings per share

None.

	For the year ended December 31, 2024		
	Weighted average number of ordinary shares outstanding (in thousands)		Losses per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Loss attributable to parent company	(\$ 161,193)	17,488	(\$ 9.22)

Diluted earnings per share

None.

(29) *Business combination*

A. On November 25, 2024, the Group purchased 15% of the equity interest in PTARM for cash of \$8,852 thousand (US\$270 thousand), increasing its shareholding from 45% to 60% and gaining control over PTARM, a company engaged in telecommunications equipment and electronics manufacturing in Indonesia. The Group expects to be able to utilize the business of the company to expand the Group's revenue after the acquisition.

B. The consideration paid for the acquisition of PTARM, the fair value of the assets acquired and the liabilities assumed on the acquisition date, and the information on the non-controlling interests on the acquisition date are as follows:

	November 25, 2024	
Acquired consideration		
Cash	\$	8,852
Non-controlling interests		47,653
		<u>56,505</u>
Fair value of identifiable assets acquired and liabilities assumed		
Current assets		
Cash		4,186
Accounts receivable		86,231
Other receivable		6,917
Inventories		8,086
Prepayments		14,263

	<u>November 25, 2024</u>
Non-current assets	
Property, plant and equipment	13,352
Intangible assets	580
Deferred tax assets	10,700
Guarantee deposits paid	4,313
Current liabilities	
Current contract liabilities	(321)
Accounts payable	(77,803)
Other payables	(9,551)
Non-current liabilities	
Net defined benefit liability	(5,213)
Total identifiable net assets	<u>55,740</u>
Goodwill	<u>\$ 765</u>

C. Net cash outflow from acquisition of subsidiary

	<u>November 25, 2024</u>
Cash consideration paid for the acquisition	\$ 8,852
Less: Cash and cash equivalents obtained	(4,186)
	<u>\$ 4,666</u>

D. The Group merged with PTARM on November 25, 2024. The operating income and pre-tax net profit contributed by PTARM was \$127,461 thousand and \$7,470 thousand respectively. Assuming that PTARM is included in the Group from January 1, 2023, the Group's operating income and pre-tax net profit will be \$295,403 thousand and (\$135,317) thousand respectively.

(30) *Changes in liabilities from financing activities*

The reconciliation of the Group's liabilities from financing activities is as follows:

	January 1, 2025	Cash flows	Other non-cash	December 31, 2025
Current borrowings	\$ 12,917	(\$ 917)	\$ -	\$ 12,000
Lease liabilities	19,403	(22,314)	16,379	13,468
Long-term borrowings (including the portion expiring within one year)	39,703	(19,614)	-	20,089
Guarantee deposits received	-	183	-	183
Long-term payables	260,685	(213,908)	-	46,777
Liabilities from financing activities	<u>\$ 332,708</u>	<u>(\$ 256,570)</u>	<u>\$ 16,379</u>	<u>\$ 92,517</u>

	January 1, 2024	Cash flows	Other non-cash	December 31, 2024
Current borrowings	\$ 85,917	(\$ 73,000)	\$ -	\$ 12,917
Lease liabilities	63,315	(27,249)	(16,663)	19,403
Long-term borrowings (including the portion expiring within one year)	69,239	(29,536)	-	39,703
Guarantee deposits received	216	(216)	-	-
Long-term payables	152,860	107,825	-	260,685
Liabilities from financing activities	<u>\$ 371,547</u>	<u>(\$ 22,176)</u>	<u>(\$ 16,663)</u>	<u>\$ 332,708</u>

7. Transactions with related parties

Balances and amounts of transaction between the Company and subsidiaries had been eliminated upon consolidation and was not disclosed in this note. Details of transactions between the Group and other related parties were disclosed as follows:

(1) Name of related parties and relationship

Related parties	Relationship
Arima Photovoltaic & Optical Corp.	Investor with significant influence over the Group
Aeon Biotherapeutics Corp.	Affiliated company
May-hwa Enterprise Corporation	Other related party
SilTec Instruments Limited	Other related party
Arima Lasers Corp.	Affiliated company
TWR Entertainment, Inc.	Other related party
Ms. Li Su Meiliang	Spouse of the Chairman of the Company

(2) Significant related party transactions and balances :

A. Sales

	For the year ended December 31,	
	2025	2024
Arima Photovoltaic & Optical Corp.	\$ -	\$ 5,417

The price to the above-mentioned related party was set at cost or cost-plus, to which the credit term is 60 to 75 days. The credit term to other customers was 30 to 105 days.

B. Other income

	For the year ended December 31,	
	2025	2024
Arima Photovoltaic & Optical Corp.	\$ 5	\$ 18
Aeon Biotherapeutics Corp.	-	1
Arima Lasers Corp.	75	-
TWR Entertainment, Inc.	48	-
SilTec Instruments Limited	1,217	-
Total	\$ 1,345	\$ 19

C. Accounts receivable - related parties

	December 31,	
	2025	2024
Arima Photovoltaic & Optical Corp.	\$ 5,698	\$ 5,944

No collateral was provided for the receivables. After evaluation, allowances for doubtful accounts of \$5,698 thousand and \$2,589 thousand were made at December 31, 2025 and 2024, respectively.

D. Other account receivable

	December 31,	
	2025	2024
Arima Photovoltaic & Optical Corp.	\$ 2,095	\$ 2,328
Aeon Biotherapeutics Corp.	-	12
TWR Entertainment, Inc.	42	-
Arima Lasers Corp.	8	-
Total	\$ 2,145	\$ 2,340

The above other receivables – related parties mainly arose from advances. After assessment, allowance for doubtful accounts was recognized in the amounts of \$1,915 thousand and \$1,596 thousand as of December 31, 2025 and 2024, respectively.

E. Prepayment to suppliers

	December 31,	
	2025	2024
Arima Lasers Corp.	\$ 6,150	\$ -

F. Other payable - related party

	December 31,	
	2025	2024
Arima Photovoltaic & Optical Corp.	\$ 280	\$ 1,076
Aeon Biotherapeutics Corp.	71	59
Total	\$ 351	\$ 1,135

G. Guarantee deposits paid

	December 31,	
	2025	2024
Aeon Biotherapeutics Corp.	\$ 115	\$ 115
May-Hwa Enterprise Corp.	576	576
Total	<u>\$ 691</u>	<u>\$ 691</u>

H. Guarantee deposits received

	December 31,	
	2025	2024
Arima Lasers Corp.	<u>\$ 183</u>	<u>\$ -</u>

I. Other current assets - others

	December 31,	
	2025	2024
Arima Photovoltaic & Optical Corp.	\$ -	\$ 3
TWR Entertainment, Inc.	8	-
	<u>\$ 8</u>	<u>\$ 3</u>

J. Other payable - for financing purpose

	For the year ended December 31, 2025				
	Maximum balance	Ending balance (Note 1)	Interest payable	Interest rate	Interest expense
SilTec Instruments Limited	<u>\$ 295,685</u>	<u>\$ 46,777</u>	<u>\$ 13,739</u>	3%	<u>\$ -</u>
Li Su Meiliang	<u>\$ 92,719</u>	<u>\$ 92,719</u>	<u>\$ 888</u>	1.5%	<u>\$ 881</u>

Note 1: SilTec Instruments Limited recognized in long-term payables - related parties.

	For the year ended December 31, 2025				
	Maximum balance	Ending balance (Note 2)	Interest payable	Interest rate	Interest expense
SilTec Instruments Limited	<u>\$ 295,685</u>	<u>\$ 295,685</u>	<u>\$ 14,956</u>	5%	<u>\$ 11,966</u>

Note 2: Recognized in long-term payables - related parties amounting to \$260,685 thousand and other payables - related parties amounting to \$35,000 thousand.

K. Lease agreement

(A) Lease liabilities (including current and non-current)

	December 31,	
	2025	2024
May-Hwa Enterprise Corp.	\$ -	\$ 2,093
Aeon Biotherapeutics Corp.	646	1,272
Total	<u>\$ 646</u>	<u>\$ 3,365</u>

(B) Interest expense

	For the year ended December 31,	
	2025	2024
May-Hwa Enterprise Corp.	\$ 32	\$ 112
Aeon Biotherapeutics Corp.	30	50
Total	<u>\$ 62</u>	<u>\$ 162</u>

(C) Prepaid rents

	For the year ended December 31,	
	2025	2024
May-Hwa Enterprise Corp.	\$ -	\$ 277
Aeon Biotherapeutics Corp.	57	59
Total	<u>\$ 57</u>	<u>\$ 336</u>

The above leasing are dealt with by the general market price, and the decision and collection method of the leasing are comparable to the terms of general leasing.

(3) *The remuneration of directors, supervisors and management personnel*

The remuneration of directors and members of key management was as follows:

	For the year ended December 31,	
	2025	2024
Short-term employee benefits	\$ 12,765	\$ 13,165
Post-employment benefits	322	923
Total	<u>\$ 13,087</u>	<u>\$ 14,088</u>

The remuneration of directors and members of key management was determined by the compensation committee based on the performance of individual and market trend.

8. Pledge of assets

The Group's assets pledged as collateral are as follows:

Pledged assets	Purposes	Carrying amount	
		December 31,	
		2025	2024
Other current financial assets (restricted deposit)	Provisional attachment, long-term and short-term borrowings	\$ 24,365	\$ 24,118
Property, plant and equipment	Short and long-term borrowings	14,310	16,729
Investments accounted for under the equity method	Short and long-term borrowings	51,589	267,086
Total		<u>\$ 90,264</u>	<u>\$ 307,933</u>

9. Significant contingent liabilities and unrecognized commitments

- (1) The amount of guarantee notes issued by the Group for the credit facility of financial institutions is as follows:

	December 31,	
	2025	2024
Guarantee notes submitted	<u>\$ 42,000</u>	<u>\$ 70,000</u>

- (2) The amounts of guarantee notes issued by the Company for borrowing facilities of non-financial institutions are as follows:

	For the year ended December 31,	
	2025	2024
Guarantee notes submitted	<u>\$ -</u>	<u>\$ 41,321</u>

- (3) The amount of the guarantee notes issued by the Group for the post-sale repurchase of financing loans is as follows:

	December 31,	
	2025	2024
Guarantee notes submitted	<u>\$ 18,000</u>	<u>\$ 36,000</u>

- (4) In February 2022, a Japanese mobile phone distributor (hereinafter referred to as "Japanese Company") engaged a law firm to sue the Company for damage of the manufacturing defect of a smartphone. The smartphone's design was entrusted by a third party company to the Company and shipped to the "Japanese distributor by a third party company. The Japanese Company filed a lawsuit against the Company in Japan, and the Tokyo District Court ruled

that the Company should pay about JPY416.74 million as compensation. On August 10, 2022, the Company received a court letter from the Japanese Company requesting the Taiwanese court to for a provisional attachment of the Company's assets within the range of NT\$90,000 thousand. As of December 31, 2024, the amount of assets subject to a provisional attachment of this case was \$23,763 thousand. The Company filed an appeal to the court against this enforcement action, and on August 29, 2022, the Taipei Shilin District Court overruled the Japanese company's provisional attachment claim; however, the Japanese Company was unconvinced and filed an appeal on September 12, 2022. This appeal was ruled by the Taiwan High Court on July 7, 2023, overruled the Taipei Shilin District Court's decision and the Japanese Company petitioned the Taiwan court to claim for a provisional attachment of the Company's assets within the range of \$90,000, are reasonable and should be approved. The Company appealed to the Supreme Court and the case was dismissed by the Supreme Court on November 14, 2023 and the Company lost the case.

In addition, the Japanese Company has filed a civil lawsuit with the local court to confirm the judgment of the Tokyo District Court of Japan and to allow enforcement of the corresponding compensation amount; the case was ruled by the Shilin District Court on November 7, 2023 that the Japanese Company lost the case. The Japanese Company filed an appeal on February 6, 2024, and the Company completed the filing of the petition to the Taiwan High Court on April 29, 2024. On May 29, 2024, the Company received the High Court's hearing notice, and scheduled to conduct preparatory procedures and the first hearing of the second instance at the High Court Civil Court on July 1, 2024. However, there was no judgment result yet. The second hearing of the second instance was held on August 12, 2024. The judge organized the claims of both parties into the minutes and confirmed them with both parties. The judge also continued to encourage settlement between the parties. On September 30, 2024, the third hearing of the second instance was held. The judge requested both parties to submit written statements analyzing the principles of reciprocity and convenience. On November 11, 2024, the fourth hearing of the second instance was held. The judge organized and recorded each party's written claims in the court notes and confirmed them with both

sides. The judge then informed both parties that, due to pending investigations by other judges in the panel, a date for oral arguments would not be set at this time. On February 10, 2025, the fifth hearing of the second instance was held. The court instructed that another preparatory proceeding should be convened.

On May 12, 2025, the sixth hearing of the second instance was held. The judge organized the parties' respective written submissions into the record and confirmed them with both sides, and also appointed an expert, instructing the parties to confirm in writing the questions they wished to ask the expert. On December 8 and December 22, 2025, the seventh and eighth hearings of the second instance were held respectively. The judge again organized the parties' written submissions into the record and confirmed them with both sides, and invited the expert to present his opinions. On February 2, 2026, the ninth hearing of the second instance was held. After confirming with both sides that there were no further issues, the judge declared the preparatory proceedings concluded. On March 17, 2026, the oral argument hearing of the second instance was held. After both parties presented their arguments, the presiding judge announced that judgment would be rendered on April 14, 2026.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

None.

12. Others

(1) As of December 31, 2025, the Group had accumulated losses of \$350,941 thousand, and current liabilities exceeded current assets by \$48,037 thousand and part of the funds was subject to provisional attachment (Please refer to Note 9(4)). In response to this situation, the Group plans to adopt the following plans:

A. Develop differentiated mobile communication product

Building upon the foundation of previous industrial control smartphones,

the Company will continue to develop differentiated mobile communication products, including:

(A) Mobile phones for blue-collar workers

A mobile phone designed for workplace communication in labor-intensive environments has been developed, featuring high-volume output, noise reduction, walkie-talkie functionality, one-touch audio and video transmission, large buttons, dustproof and waterproof capabilities, and private network applications. These features significantly enhance worker coordination and improve operational efficiency. The product has already been successfully developed in collaboration with a U.S. manufacturer and is now being actively promoted.

(B) Energy-efficient and eco-friendly mobile phones

By using electronic paper display and environmentally friendly materials to develop power-saving, thin, light, short and energy-saving environmentally friendly mobile phones. Positioned as a secondary personal phone, it has gained strong market acceptance, with sales steadily growing.

(C) Drones

The drones industry is rapidly advancing toward intelligence and diversified applications. With the enhancement of artificial intelligence, sensing technologies, and communication capabilities, drones are gradually shifting from traditional remote control operations to autonomous flight, capable of automatic obstacle avoidance, route planning, and task execution. In commercial applications, logistics distribution is regarded as a key development direction, improving efficiency and shortening delivery times. At the same time, drones are widely applied in agriculture, inspection, and public safety. Overall, as technology matures and policies gradually open up, drones will continue to expand in logistics, smart agriculture, public safety, and the low-altitude economy, becoming one of the key technologies driving the development of related industries.

B. Changes in product development strategy

(A) Investing in non-mobile product development: smart parking system module

By using mobile phone communication technology, camera, license plate recognition and wireless transmission, build a high-efficiency and low-cost roadside parking system, which can effectively assist local governments in building roadside parking systems and achieve unmanned parking management and charging. In addition to enhancing the products commissioned by the original ODM customers, the Company has also strengthened and joined Qualcomm's 5G technology platform, invested in the design and development of mid-to-high-end products, and used new terminal product applications to attract target customer groups and get rid of the price competition of low-priced products. Currently, the Company has cooperated with Qualcomm to develop a facial recognition payment system, with the main focus on developing a new generation of Android, secure, contactless payment system to get rid of the low-price competition of mobile phones.

Smart parking poles and image recognition technology have matured. Various cities and counties have promoted smart parking poles to fill the manpower gap and improve administrative efficiency. They also use license plate recognition to reduce the error rate of issuing tickets and reduce public complaints. After parking, multiple payment methods are used to pay upon checking, avoiding fines for forgetting to pay. This will be the trend of smart parking management in the future.

(B) High-frequency RF module development

To use mobile phone RF technology to develop high-frequency RF modules, and use military-standard RF communication modules and applications to meet some needs of the special application market. For example, the rapid development of drone products in recent years has created many new needs in both military and civilian applications.

The short-range radar and communication needs on drones are increasing rapidly. Radar modules, RF modules, and communication modules in this area are the focus of our future product development.

C. Changes in operating strategy

- (A) Research and development often uses public platforms to reduce R&D costs

The Company has improved the design process and developed a shared platform modification to save the cost required by customers and the Company in the R&D process, also streamlined the R&D organization to reduce R&D expenses and overall operating costs.

- (B) Switch to outsourcing to reduce factory production costs

For orders that are not economically viable, seek outsourcing to replace internal production, combining outsourcing with flexible internal production to reduce manufacturing costs, in order to maximize profits and reduce manufacturing costs.

- (C) Extend the life cycle of existing ODM products and develop new product lines

- (D) In addition to discussing with customers to extend the sales period of existing products, also actively developing new product lines such as new model platforms and radar-related products, hoping that they will contribute to the company's revenue next year.

D. Financial improvement measures

- (A) As stated in Note 6(16), the Company continues to conduct private placements. The cumulative private placement amount in 2025 was \$296,860 thousand. The Company will continue to conduct private placements to increase capital and improve its financial structure.
- (B) Implement cost and expense control plans to save unnecessary expenditures and significantly reduce operating expenses.

- (C) Continue to seek strategic investors to collaborate with the Company in terms of products, business and capital to strengthen and enhance operational competitiveness.

(2) Capital management

The capital management goal of the Group is to ensure the continued operation of the Group, maintain an optimal capital structure to reduce capital costs, and provide remuneration for shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors funds through regular review of the asset-liability ratio. The Group's debt ratio as of December 31, 2025 and 2024 is as follows:

	December 31	
	2025	2024
Total liabilities	\$ 282,184	\$ 529,205
Total assets	\$ 568,852	\$ 639,140
Debt ratio	50%	83%

Upon reviewing the recent debt-to-asset ratio, as of December 31, 2025, the ratio decreased compared with December 31, 2024, primarily due to the Company's repayment of borrowings from related parties.

(3) Financial instruments by category

	December 31,	
	2025	2024
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 50,390	\$ 40,407
Accounts receivables (including related parties)	35,182	91,585
Other receivables (including related parties)	3,788	4,450
Other current financial assets	24,365	24,118
Guarantee deposits paid	11,285	9,917
Long-term accounts receivables	625	2,465
	<u>\$ 125,635</u>	<u>\$ 172,942</u>

	December 31,	
	2025	2024
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Current borrowings	\$ 12,000	\$ 12,917
Accounts payable	25,105	77,560
Other payable (including related parties)	139,623	85,780
Long-term borrowings (including current portion)	20,089	39,703
Long-term payable – related parties	46,777	260,685
Guarantee deposits received	183	-
Total	<u>\$ 243,777</u>	<u>\$ 476,645</u>
Lease liabilities (including related parties)	<u>\$ 13,468</u>	<u>\$ 19,403</u>

A. Financial risk management objectives and policies

The establishment of the Group's risk management policy is to identify and analyze the Group's risks, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are regularly reviewed to reflect market conditions and changes in the Group's operations. The Group develops a disciplined and constructive control environment through training, management standards and operating procedures, so that all employees understand their roles and responsibilities.

The Group's board of directors monitors how the management supervises the compliance of the Group's risk management policies and procedures, and reviews the appropriateness of Group's risk management structure which responds to the Group's risks. Internal auditors assist the audit committee of the Group to play a monitoring role. Internal auditors conduct regular and exceptional review of risk management controls and procedures, and report the review results to the board of directors.

(A) Market risk

i. Exchange risk

The Group's exchange rate risk is mainly related to business activities (when the currency used for income or expenses is different from the Group's functional currency) and net investment in foreign

operating institutions.

The Group's foreign currency receivables and payables in foreign currencies are partly in the same currency, and a considerable part of the position will produce a natural hedging effect. This natural hedging method does not meet the requirements of hedging accounting, therefore no hedging accounting adopted. The net investment of foreign operating institutions are a strategic investment and is not hedged by the Group's.

The Group's exchange rate risk mainly comes from cash denominated in foreign currencies, accounts receivable, net accounts receivable from related parties, other receivables and other receivables from related parties, bank loans, accounts payable, other payables and other payables to related parties, etc., generate foreign currency exchange gains and losses during translation.

Details of the unrealized exchange gains and losses of the Group's monetary items whose value would significantly affected by exchange rate fluctuation are as follows:

For the year ended December 31, 2025			
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT\$)
<u>Financial assets</u>			
<u>Monetary items</u>			
US\$: NT\$	\$ 43	31.43	(\$ 157)
US\$: RMB	56	6.9907	(552)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US\$: NT\$	\$ 748	31.43	\$ 11,646
US\$:RMB	31	6.9907	566

For the year ended December 31, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT\$)
<u>Financial assets</u>			
<u>Monetary items</u>			
US\$: NT\$	\$ 508	32.785	(\$ 37)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US\$: NT\$	\$ 1,873	32.785	(\$ 4,960)

The sensitivity analysis of the Group's exchange risk mainly focuses on the relevant foreign currency appreciation or depreciation of main foreign currency items at the closing date of reporting period, and its impact on the Group's profit and loss and equity.

The determination of below sensitivity analysis is based on the Group's non-functional currency assets and liabilities with significant exchange rate exposure at the balance date. The relevant information is as follows:

December 31, 2025							
				Sensitivity analysis			
Foreign			Carrying		Effect on	Effect on other	
currency	Exchange		amount		profit or	comprehensive	
amount	rate		(NT\$)	Variation	loss	income or loss	
<u>Financial assets</u>							
<u>Monetary items</u>							
US\$: NT\$	\$ 44	31.43	\$ 1,345	1%	\$ 13	\$	-
US\$: RMB	56	6.9907	1,770	1%	18		-
<u>Financial</u>							
<u>liabilities</u>							
<u>Monetary items</u>							
US\$: NT\$	\$ 748	31.43	\$ 23,495	1%	\$ 235	\$	-
US\$: RMB	31	6.9907	973	1%	10		

December 31, 2024						
	Foreign		Carrying	Sensitivity analysis		
				Effect on		Effect on other
	currency	Exchange	amount	profit or	loss	
	amount	rate	(NT\$)	Variation		income or loss
<u>Financial assets</u>						
<u>Monetary items</u>						
US\$: NT\$	\$ 508	32.785	\$ 16,655	1%	\$ 167	\$ -
<u>Financial liabilities</u>						
<u>Monetary items</u>						
US\$: NT\$	\$ 1,873	32.785	\$ 61,406	1%	\$ 614	\$ -

ii. Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value of financial instruments or future cash flow due to changes in market interest rates. The Group's interest rate risk mainly comes from loans with floating rates. The Group manages interest rate risk by maintaining an appropriate floating rate portfolio. The Group regularly evaluates hedging activities to make them consistent with viewpoint on interest rate and established risk appetite, to ensure that the most cost-effective hedging strategies are adopted.

The Group's exposure on financial liabilities rate risk is described in this Note for liquidity risk management below.

The following sensitivity analysis is based on interest rate risk exposure on the financial instruments at the closing date of the reporting period. Regarding the liabilities with variable interest rates, the following analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 1% when key management report internally, which also represents the management of the Group's assessment on the reasonably possible interval of the interest rate change.

If the interest rate has increased or decreased by 1% with other variables held constant, the net loss tax would have increased or decreased by \$321 thousand and \$526 thousand for the years ended December 31, 2025 and 2024, respectively, which would be mainly resulted from the Group's borrowing with variable interest rate.

(B) Credit risk

Credit risk refers to the risk that the counterparty of the transaction cannot perform the contractual obligations and cause the Group's financial loss. As of December 31, 2025 and 2024, the Group's maximum credit risk exposure that may result in financial losses due to the counterparty's failure to perform its obligations mainly comes from the book value of financial assets recognized in the parent company only balance sheets.

The Group's credit risk is caused by business activities (mainly notes and accounts receivable) and financing activities (mainly bank deposits and various financial instruments).

Business units follow the Group's customer credit risk policies, procedures and controls to manage customer credit risk. The credit risk assessment of all customers is based on a comprehensive consideration of the customer's financial status, rating of credit rating agencies, past historical transaction experience, current economic environment, and internal rating standards. In addition, the Company has insured trade credit risk for accounts receivable to reduce the credit risk of specific customers.

The finance department manages the credit risk of bank deposits and other financial instruments in accordance with the Group's policies.

(C) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalent to support the Group's operations and mitigate the impact of cash flow fluctuations. The management of the Group supervises the use of bank financing lines and credits to ensure compliance with the terms of

the loan contract.

Bank borrowings are an important source of liquidity for the Group. As of December 31, 2025 and 2024, the total amount of unused bank facilities of the Group was both \$0 thousand.

Table of liquidity and interest rate risk

The table below analyzes the Group's non-derivative financial liabilities based on the remaining period to the contractual maturity date during the agreed repayment period and in accordance with the possible earliest required date of repayment. The financial liabilities in below table are prepared by undiscounted cash flows, cash flow that include interest and principal payments at floating rates, without regard to the probability that the bank may enforce its right to demand immediate repayment from the Group.

	December 31, 2025			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total of undiscounted cash flows
<u>Non-derivative financial liabilities</u>				
Current borrowings	\$ 12,000	\$ -	\$ -	\$ 12,000
Accounts payable	25,105	-	-	25,105
Other payables (including related party)	139,623	-	-	139,623
Long-term borrowings (including current portion)	20,089	-	-	20,089
Lease liabilities	5,272	8,196	-	13,468
Long-term payable	-	46,777	-	46,777
	<u>\$ 202,089</u>	<u>\$ 54,973</u>	<u>\$ -</u>	<u>\$ 257,062</u>

December 31, 2024				
	Less than	Between		Total of
	1 year	1 and 5 years	Over 5 years	undiscounted
				cash flows
<u>Non-derivative financial</u>				
<u>liabilities</u>				
Current borrowings	\$ 12,917	\$ -	\$ -	\$ 12,917
Accounts payable	77,560	-	-	77,560
Other payables				
(including current				
portion)	85,780	-	-	85,780
Long-term borrowings				
(including current				
portion)	28,806	10,897	-	39,703
Lease liabilities	15,919	3,484	-	19,403
Long-term payable	-	260,685	-	260,685
	<u>\$ 220,982</u>	<u>\$ 275,066</u>	<u>\$ -</u>	<u>\$ 496,048</u>

(4) Fair value information

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

Level 1: The input value of this level is the public quotation (unadjusted) of the identical asset or liability in the active market. A market is regarded as active when the goods in the market are in same nature and the price information is readily available in the public market for both buyers and sellers.

Level 2: Inputs other than the observable publicly quoted prices included within Level 1 for assets and liabilities, either directly (such as price) or indirectly (such as derived from the price).

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current financial assets, long-term accounts receivable, guarantee deposits paid, bank borrowings, notes payable, accounts payable, other payables and long-term payable are reasonable approximations of fair values.

C. For financial and non-financial instruments measured at fair value, the Group classifies them based on the nature, characteristics, risks, and fair value hierarchy of the assets and liabilities. The relevant information is as follows:

	<u>December 31, 2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
Financial assets at fair value				
through other comprehensive				
income	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	<u>December 31, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
Financial assets at fair value				
through other comprehensive				
income	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -

D. The methods of assumptions of the Group used to measure fair value are as follows:

The fair value of financial assets and liabilities is determined as follows:

(A) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. If such prices are not available, valuation techniques are adopted. Estimates and assumptions used in valuation techniques are consistent with the

information used by market participants in determining the prices of financial instruments.

- (B) The fair values of derivative instruments are determined with reference to quoted prices in active markets. If such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Estimates and assumptions used in valuation techniques are consistent with the information used by market participants in determining the prices of financial instruments.

- E. There is no transfer between first and second level measured at fair value in 2025 and 2024.

13. Supplementary disclosures

(1) *Significant transactions information:*

No.	Items	Footnote
1	Loans to others	Table 1
2	Provision of endorsements and guarantees to others	Table 2
3	Significant marketable securities held at period-end (excluding investments in subsidiaries, associates, and joint ventures)	None
4	Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more	None
5	Receivables from related parties reaching \$100 million or 20% of paid-in capital or more	Table 3
6	Significant inter-company transactions between the parent company and subsidiaries	Table 4

(2) *Information on investments: Table 5*

(3) *Information on investments in Mainland China: Table 6*

Table 1

Arima Communications Corp. and Subsidiaries

Loans to others

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan dollars)

No. (Note1)	Lender	Borrower	Financial statement account (Note2)	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Actual borrowing amount	Interest rate	Nature for financing (Note 4)	Business transaction amounts (Note 5)	Reason for short-term financing (Note 6)	Allowance for impairment accounts	Assets pledged		Financing limit for each borrower (Note 7)	Aggregate financing limit (Note 7)
													Item	Value		
1	Arima Communication (Cayman) Corp.	Arima Communications Corp.	Other receivables - related parties	Yes	\$ 13,282	\$ 12,572	\$ 2,200	1.5%	2	\$ -	Operating capital	\$ -		\$ -	\$ 113,735	\$ 227,470

Note 1 : The number means:

- (1) The securities issuer is '0'.
- (2) Invested company start from 1 consecutively.

Note 2 : Accounts receivable from related companies, receivable from related parties, current accounts with shareholders, prepayments, temporary payment, and others in similar nature, etc., must be filled in this column if they are of the nature of capital loan.

Note 3 : The highest balance of loans to others in the current year.

Note 4 : The nature of loans to others should be listed as a business transaction or if there is a need for short-term financing.

- (1) Belonging to business dealings.
- (2) It is necessary for short-term financing.

Note 5 : If the nature of capital loan is business transaction, the business transaction amount should be filled in. The business transaction amount refers to the business transaction amount between the lending company and the borrower in the most recent years.

Note 6 : If the nature of the capital loan is necessary for short-term financing, the reasons and the purpose of the loan to the lender should be specified, such as: repayment of the loan, purchase of equipment, business turnover, etc.

Note 7 : (1) According to Arima Communication (Cayman) Corp.'s operating procedures for loaning funds to others, the limit for each lender is determined according to the loan and reasons as follows:

- a. For those who have capital loan due to business relationship with other company or firm, the total amount of capital loan is limited to 10% of the net value of the Company's most recent audited and certified financial statements by the CPA and within the limit of the amount of business transactions between the two parties. The said business transaction amount refers to the purchase or sale amount between the two parties, whichever is higher.
- b. If there is a need for short-term financing, the total amount of the loan shall be limited to 100% of the net value of the Company's most recent audited financial statements by the CPA. The amount of individual capital loans is limited to 50% of the net value of the latest audited or reviewed financial statements.

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c. Fund lending between foreign companies that directly or indirectly hold 100% of the voting shares is not subject to the restrictions in the preceding paragraph. The limit on the amount of financing shall be limited to 100% of the net value of the Company.

Note 8: If a public company submits the resolution of the board of directors for the loans to others on a case-by-case basis in accordance with Article 14(1) of the Regulations Governing Loaning of Funds and Making of Endorsement/Guarantees by Public Companies, even though the funds have not yet been allocated, the loan amount which resolved by the board of directors should still be made in the announcement, and disclose its commitment risk.

However, if the funds are repaid later, the balance after repayment shall be disclosed to reflect the risk adjustment. If the public company authorizes the chairman of the board of directors to allocate a certain amount of loans or use them recurrently within a period of one year through the resolution of the board of directors in accordance with Article 14(2) of the aforesaid regulations, the loan amount approved by the board of directors should still be made in the announcement. Although the funds will be repaid later, considering the possibility of re-appropriation, the loan amount approved by the board of directors should still be made in the announcement.

Table 2

Arima Communications Corp. and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2025

(Expressed in thousands of New Taiwan dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee		Endorsement limit for a single entity (Note 3)	Maximum balance during the year (Note 4)	Outstanding balance at December 31, 2025 (Note 5)	Actual amount drawn down (Note 3)	Balance secured by collateral	Ratio of accumulated amount to net worth of the Company	Maximum amount of endorsement (Note 3)	Provision of endorsements by parent company to subsidiary (Note 6)	Provision of endorsements by subsidiary to parent company (Note 6)	Provision of endorsement to the party in Mainland China (Note 6)
		Company name	Relationship (Note 2)										
0	Arima Communications Corp.	Guang Lee Energy Corporation.	2	\$ 51,444	\$ 10,000	\$ 10,000	\$ 3,187	\$ -	4%	\$ 102,888	Y	N	N

Note 1 : The intercompany transactions between the companies are identified and numbered as follow for indication:

- (1) Parent company: 0.
- (2) Invested company start from 1 consecutively.

Note 2 : There are seven types of relationship between the endorser and the endorsee, and are indicated as follows:

- (1) Having business dealings.
- (2) Majority owned subsidiaries.
- (3) The Company directly or indirectly owns over 50% of voting rights of the investee company.
- (4) A subsidiary jointly owned over 90% by the Company.
- (5) Guarantee by the Company according to the construction contract.
- (6) An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
- (7) Joint and several guarantee by the Company according to the pre-construction contract under Customer Protection Act.

Note 3: Provision of the total amount on endorsements and guarantees provided by the Company shall keep the amount no more than 40% of net assets recorded in the latest financial statements of the Company. The amount of endorsement guarantee for a single entity shall not exceed 20% of the company's net worth as stated in its latest financial statements.

The aggregate amount of endorsements and guarantees provided by the Company and its subsidiaries shall not exceed 50% of the Company's net worth as stated in its latest financial statements, and the aggregate amount of endorsements and guarantees for any single entity shall not exceed 30% of the Company's net worth as stated in its latest financial statements.

Note 4: The maximum balance during the year for the provision of endorsement and guarantee to others.

Note 5: The amount approved by the board of directors, however, if the board of directors authorizes the chairman of the board of directors to make a decision in accordance with Article 12(8), of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount decided by the chairman of the board.

Note 6: "Y" for the endorsement and guarantee of the listed parent company to its subsidiaries, the endorsement and guarantee of the subsidiaries to the listed parent company, and the endorsement and guarantee of the Mainland China.

Table 3

Arima Communications Corp. and Subsidiaries
Receivable from related parties reaching \$100 million or 20 % of paid-in capital or more
For the year ended December 31, 2025

(Expressed in thousands of New Taiwan dollars)

Creditors	Counter parties	Relationships with the counter party	Accounts receivable from related parties		Turnover rate	Overdue receivables		Amount collected subsequent to the balance date	Allowance of doubtful account	Note
			Type	Amount		Amount	Action taken			
Technovation (Cayman) Corp.	The Company	Parent company of Technovation (Cayman) Corp.	Accounts receivables	\$ 134,759	-	\$ 134,759	Dunning and recovered	\$ -	\$ -	-

Note: Transactions between the Company and its subsidiaries were eliminated on consolidation.

Table 4

Arima Communications Corp. and Subsidiaries
Significant inter-company transactions between the Company and subsidiaries
For the year ended December 31, 2025

(Expressed in thousands of New Taiwan dollars)

No. (Note 1)	Transaction parties	Counter parties	Relationship (Note 2)	Transaction details			
				Financial statement accounts	Amount	Payment terms	Percentage of consolidated total revenues or consolidated total assets (Note 3)
0	The Company	Technovation (Cayman) Corp.	1	Accounts payable	\$ 134,759	60 days	24%

Note 1: The intercompany transactions between the companies are identified and numbered as follow for indication:

- (1) Parent company: 0
- (2) Subsidiaries start from 1 consecutively.

Note2: The relationship between the Company and counterparty in transactions is classified into one of the following three categories:

- (1) The Company to the subsidiary
- (2) The subsidiary to the Company
- (3) The subsidiary to another subsidiary

Note 3: In calculating the percentage, of the transaction amount to consolidated total assets and revenue is divided that by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

Note 4: Whether the material transactions listed in this table need to be disclosed shall be determined by the Company in accordance with the principle of materiality.

Note 5: Transactions between the Company and its subsidiaries were eliminated on consolidation.

Table 5

Arima Communications Corp. and Subsidiaries
Names, locations and related information of investee companies (Not including investment in Mainland China)
For the year ended December 31, 2025

(Expressed in thousands of New Taiwan dollars)

Investor companies	Investee companies	Location	Main businesses and products	Original investment amount		As of December 31, 2025			Net income (losses) of the investee	Share of profit (loss)	Note
				December 31, 2025	December 31, 2024	Number of shares (in thousand)	%	Carrying amount			
The Company	Arima Communication (Cayman) Corp	British Cayman Islands	Holding company	\$ 1,941,804	\$ 1,941,804	60,059	100.00	\$ 172,521	(\$ 14,824)	(\$ 14,824)	1, 2
The Company	Technovation (Cayman) Corp.	British Cayman Islands	Marketing company	218,228	218,228	6,645	100.00	17,863	(5,300)	(5,300)	2
The Company	Crown Investmet Corp.	Taiwan	Investment company	540,000	540,000	54,000	100.00	8,745	(1,742)	(1,742)	2
The Company	Tron San Investment Co. Ltd,	Taiwan	Investment company	70,000	70,000	7,000	48.28	65,173	182	88	-
The Company	Arima Lasers Corp.	Taiwan	Manufacturing and trading of laser diode dies	253,553	253,553	6,975	22.51	239,883	(57,014)	(12,834)	-
Arima Communication (Cayman) Corp.	PT Adi Reka Mandiri	Indonesia	Manufacturing, processing and sales of mobile phones and electronic components	102,998	102,998	3,900	60.00	44,462	26,326	15,795	2
Crown Investmet Corp.	Arima Energy Corporation	Taiwan	Holding company	71,236	71,236	7,150	96.92	8,452	(1,750)	(1,691)	2
Crown Investmet Corp.	Arima Lasers Corp.	Taiwan	Manufacturing and trading of laser diode dies	20	20	1	0.003	23	(57,014)	(2)	-

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Investor companies	Investee companies	Location	Main businesses and products	Original investment amount		As of December 31, 2025			Net income (losses) of the investee	Share of profit (loss)	Note
				December 31, 2025	December 31, 2024	Number of shares (in thousand)	%	Carrying amount			
Arima Energy Corporation	Guang Lee Energy Corporation.	Taiwan	Sales of solar power plants and other businesses	70,000	70,000	7,000	100.00	8,453	(1,699)	(1,699)	2

Note 1: Arima Communication (Cayman) Corp. passed the resolution of the board of directors in November 2020 to reduce its capital in cash and refunded \$54,949 thousand in advance. The change registration has not yet been completed.

Note 2: Transactions between the Company and its subsidiaries were eliminated on consolidation.

Table 6

Arima Communications Corp. and Subsidiaries
Information on investment in Mainland China
For the year ended December 31, 2025

(Expressed in thousands of New Taiwan dollars)

Investee company	Principal business activities	Paid-in capital	Method of investment (Note 1)	Accumulated outward remittance of funds as of January 1, 2025 (Note 2)	Remittance of funds in current period		Accumulated outward remittance of funds as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Recognized investment gain or loss (Note 5)	Carrying amount of the investment as of December 31, 2025	Accumulated inward remittance as of December 31, 2025	Note
					Outflow	Inflow							
Arima Communications (Jiangsu) Co., Ltd.	1.Telephone appliances, electrical appliances repair, wholesale and retail, etc. 2.(General category) mobile phones, digital mobile phones, GSM mobile phones, pan-European cordless phones (DECT), exhibition digital cordless phones, second-generation digital wireless CT2 machines and mobile phones, wireless communication systems, digital wireless switches and telephones , internet computer communicator and international maritime satellite communications M/B mobile system production and sales business.	\$ 1,474,067 (US \$46,900 thousand)	(2)	\$ 986,902 (US \$31,400 thousand)	\$ -	\$ -	\$ 986,902 (US \$31,400 thousand)	(\$ 31,777)	100%	(\$ 31,777)	\$ 125,353	\$ -	-

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Investor company	Accumulated investment in Mainland China as of December 31, 2025	Investment amounts authorized by the Investment Commission, Ministry of Economic Affairs	Upper limit on investment
Arima Communications Corp.	\$986,902 (US\$31,400 thousand) (Note 2)	\$1,077,986 (US\$34,298 thousand) (Note 2)	\$154,332 (Note 6)

Note 1 : (a) Arima Communications Corp. directly invested.

(b) Arima Communications Corp. indirectly invested in Mainland China through a third region company. (Arima Communication (Caymen) Corp.)

(c) Other

Note 2 : Excluding the share dividends of US\$15,500 thousand distributed to Arima Communication Cayman.

Note 3 : Except the recognized investment gain and loss is converted at the average monthly exchange rate of 31.1797 from January to December 2025, the NTD figures in this table is converted at the exchange rate of 31.43 on December 31, 2025.

Note 4 : Major transactions with the investees in Mainland China: No.

Note 5 : Audited by the CPA of the parent company.

Note 6 : The investment amount approved by the Investment Commission, Ministry of Economic Affairs exceeded the upper limit prescribed by the competent authority because the continuing loss of the Company's operation reduced the Company's net value.

14. Segment information

(1) General information

In 2025 and 2024, the reportable segment of the Group was only the mobile phone business group, mainly engaged in the manufacturing and sales of various mobile phone products. Other operating segments of the Group were mainly engaged in the manufacturing and sales of solar energy products and equipment. In 2025 and 2024, they did not meet any quantitative thresholds for reportable segments.

(2)

	For the year ended December 31, 2025		
	Mobile phone business group	Other	Total
Revenue			
External customer	\$ 333,245	\$ 57,591	\$ 391,196
Inter-segment revenue	-	-	-
Total	<u>\$ 333,245</u>	<u>\$ 57,951</u>	<u>\$ 391,196</u>
Segment net loss	<u>(\$ 18,779)</u>	<u>(\$ 74,711)</u>	<u>(\$ 93,490)</u>

	For the year ended December 31, 2024		
	Mobile phone business group	Other	Total
Revenue			
External customer	\$ 142,708	\$ 3,867	\$ 146,575
Inter-segment revenue	-	-	-
Total	<u>\$ 142,708</u>	<u>\$ 3,867</u>	<u>\$ 146,575</u>
Segment net loss	<u>(\$ 130,480)</u>	<u>(\$ 12,307)</u>	<u>(\$ 142,787)</u>

(3) Geographical information

Location	For the year ended December 31,			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Asia	\$ 378,986	\$ 87,144	\$ 86,930	\$ 94,743
Europe	388	-	63	-
America	11,822	-	59,582	-
Total	<u>\$ 391,196</u>	<u>\$ 87,144</u>	<u>\$ 146,575</u>	<u>\$ 94,743</u>

Non-current assets excluding financial instruments and deferred income tax assets.

(4) *Major customer information*

For the years ended December 31, 2025 and 2024, the Group's revenue from one single customer which exceeds 10% of total operating revenue is as the followings:

Customer	For the year ended December 31,			
	2025	%	2024	%
Customer A	\$ 11,822	3	\$ 28,525	19
Customer B	141,490	36	13,308	9
Customer C	62,803	16	6,596	5
Customer D	45,768	12	9,378	6
Customer E	45,613	12	4,274	5
Customer F	42,612	11	-	-
Customer G	-	-	31,621	22
Customer H	-	-	16,794	11
Customer I	3,356	1	14,984	10