

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2025
AND 2024

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

Senao Networks Inc.

Representation Letter

Considering that the companies to be included into the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 for 2025 (from January 1, 2025 to December 31, 2025), and the relevant information to be disclosed in the consolidated financial statements of the affiliates has already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliates were prepared separately.

It is hereby certified that the information disclosed herein is true and correct.

Name of Company: Senao Networks Inc.

Person in Charge: Wen-Ho Tsai

March 10, 2026

INDEPENDENT AUDITORS' REPORT

(26) PWCR 25003994

To the Board of Directors and Stockholders of Senao Networks Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Senao Networks Inc. and its subsidiaries (collectively, the “Group”) for the years ended December 31, 2025 and 2024 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the Group’s consolidated financial position as of December 31, 2025 and 2024 and for the years then ended, and its consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards is further described in the paragraph “Auditor's responsibilities for the audit of the consolidated financial statements”. We are independent of the Group in accordance

with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Group's consolidated financial statements for the year ended December 31, 2025 based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2025, are stated as follows:

Inventory valuation

Description

See Note 4(12) to the consolidated financial statements for the accounting policy on inventory valuation; see Note 5 to the consolidated financial statements for the significant accounting estimates and assumptions adopted for inventory valuation; see Note 6(6) to the consolidated financial statements for the details of inventories.

The Group mainly engages in the R&D, design, manufacturing, and sales of wireless communication products. Due to the rapid changes in technology, the short life cycle of electronic products, and outdated products, the risk of inventory backlog is relatively high. The Group's inventories are measured at the lower of cost or the net realizable value. As for excess and individually recognized as obsolete inventories, the net realizable value is

determined based on the historical data of the inventory clearance individually identified by the management. As the Group's inventory amounts are material, inventory items are voluminous, and the accounting estimates are subject to the management's judgment, we listed this as one of the key audit matters.

How our audit addressed the matter

The procedure for auditing the above key audit matter is as follows:

- Obtained the Group's policy for providing an allowance for inventory valuation losses, checked if the policy was adopted consistently during the period of the consolidated financial statements, and checked if the assumptions on the categories of inventories and destocking adopted by the management team to determine the net realizable values were reasonable.
- Tested the adequacy of the Statement of Net Realizable Values of Inventories.
- Learned about, evaluated, and randomly tested the calculation methods in the Stock Age Statement and spot checked if the data in the reports is consistent with the policy.
- Checked the relevant information obtained during the stocktaking process and the discarded reports or obsolete inventory reports prepared by the management team; asked the management team and personnel related to the inventories to confirm that there were no major obsolete, surplus, long-term, or aged inventory, or outdated or damaged items failed to be stated in the inventory statements.
- Assessed the reasonability and obtained supporting documents for the inventory age and the inventory valuation losses after the net realizable value was individually assessed by the management team based on the destocking status.

Sales revenue recognition

Description

Please refer to Note 4(25) to the consolidated financial statements for the accounting policy on revenue recognition; please refer to Note 6(21) to the consolidated financial statements for the details of revenue.

The Group mainly engages in the wireless communications and other related businesses, and most of its customers are international brands with whom it has long-term and stable collaboration. As the revenue from the top ten customers accounts for more than 80% of the Group operating revenue, and the recognition of operating revenue has a significant impact on the financial statements, we believe that the new top ten and former top ten customers in terms of their percentages of its revenue this year have a significant impact on the financial statements. Therefore, we have listed the recognition of the sales revenue from these customers as one of the key audit matters.

How our audit addressed the matter

The procedure for auditing the above key audit matter is as follows:

- Learned about and evaluated the Group's internal control procedures for recognition of sales of goods and tested the effectiveness of internal control related to sales of goods.
- Inspected relevant background information on the top ten sales clients.
- Obtained and randomly checked relevant receipts or invoices of the top 10 new sales clients and the top 10 sales clients with a greater increase in the proportion to the Company's revenue this year and confirmed the appropriateness of revenue recognition.

- Checked the statements of sales returns and discounts (after the balance sheet date) of the top 10 new sales clients and the top 10 sales clients with a greater increase in the proportion to the Company's revenue in this year and confirmed that there were no significant sales returns and discounts.

Other matters: Parent company only financial statements

The Company has prepared parent company only financial reports for the years ended on December 31, 2025 and 2024, with an audit report, along with an unqualified opinion expressed, issued by us for reference.

Responsibilities of the management and the governing bodies for the consolidated financial statements

The management's responsibilities are to prepare the financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC of the Republic of China and to maintain necessary internal control associated with the preparation in order to ensure that the consolidated financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and maintained professional skepticism when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.

4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

The matters communicated between us and the governing bodies included the planned scope and timing of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2025. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate certain items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Pei-Chuan Huang

Yung-Chih Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2026

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying 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 generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arising from the translation.

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,673,172	27	\$ 4,073,866	32
1110	Financial assets at fair value through profit or loss - current	6(2)	167	-	-	-
1136	Financial assets at amortized cost - current	6(3)	100,000	1	-	-
1150	Notes receivable, net	6(4)	-	-	24	-
1170	Accounts receivable, net	6(4)	2,209,638	17	2,139,506	17
1180	Accounts receivable - related parties, net	7	37	-	-	-
1200	Other receivables	6(5)	300,221	2	159,184	1
1210	Other receivables - related parties	7	934	-	871	-
1220	Current income tax assets		4,842	-	5,463	-
130X	Inventory	6(6)	2,076,303	16	2,190,173	17
1410	Prepayments		63,967	-	37,243	-
1470	Other current assets		3	-	-	-
11XX	Total current assets		8,429,284	63	8,606,330	67
Non-current assets						
1600	Property, plant and equipment	6(7) and 8	4,241,313	31	3,479,738	27
1755	Right-of-use assets	6(8) and 7	476,339	3	542,092	4
1780	Intangible assets	6(9)	70,995	1	68,409	1
1840	Deferred income tax assets	6(28)	86,219	1	108,710	1
1900	Other non-current assets	6(10)(13)	75,923	1	32,927	-
15XX	Total non-current assets		4,950,789	37	4,231,876	33
1XXX	Total assets		\$ 13,380,073	100	\$ 12,838,206	100

(Continued)

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 174,557	1	\$ 17,048	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,915	-	3,235	-
2130	Current contract liabilities	6(21)	164,736	1	262,434	2
2150	Notes payable		9,900	-	2,708	-
2170	Accounts payable		3,476,333	26	3,661,704	29
2200	Other payables	6(12)(30)	1,076,577	8	1,150,660	9
2220	Other payables - related parties	7	153	-	235	-
2230	Current income tax liabilities		31,876	-	66,198	1
2250	Current provisions	6(15)	57,531	1	43,717	-
2280	Current lease liabilities	7	125,088	1	141,795	1
2300	Other current liabilities	6(16)	430,242	3	349,182	3
21XX	Total current liabilities		5,548,908	41	5,698,916	45
Non-current liabilities						
2527	Non-current contract liabilities	6(21)	17,630	-	16,417	-
2540	Long-term borrowings	6(17)	1,163,646	9	581,708	5
2550	Non-current provisions	6(15)	26,309	-	-	-
2570	Deferred income tax liabilities	6(28)	1,192	-	6,019	-
2580	Non-current lease liabilities	7	159,342	1	187,727	1
2600	Other non-current liabilities		90	-	90	-
25XX	Total non-current liabilities		1,368,209	10	791,961	6
2XXX	Total liabilities		6,917,117	51	6,490,877	51
Equity						
Equity attributable to owners of the parent						
	Share capital	6(18)				
3110	Share capital - common stock		590,609	4	590,609	4
	Capital surplus	6(19)				
3200	Capital surplus		1,886,279	14	1,886,279	15
	Retained earnings	6(20)				
3310	Legal reserve		767,971	6	743,274	6
3320	Special reserve		24,673	-	88,694	1
3350	Unappropriated retained earnings		2,914,335	22	2,742,849	21
	Other equity interest					
3400	Other equity interest		(80,349)	-	(24,673)	-
31XX	Equity attributable to owners of the parent		6,103,518	46	6,027,032	47
36XX	Non-controlling interest	4(3)	359,438	3	320,297	2
3XXX	Total equity		6,462,956	49	6,347,329	49
3X2X	Total liabilities and equity		\$ 13,380,073	100	\$ 12,838,206	100

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

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items		Notes	Year ended December 31			
			2025		2024	
			AMOUNT	%	AMOUNT	%
4000	Operating revenues	6(21) and 7	\$ 15,035,668	100	\$ 11,984,802	100
5000	Operating costs	6(6)(27)	(12,660,471)	(84)	(9,898,817)	(82)
5900	Net operating margin		2,375,197	16	2,085,985	18
	Operating expenses	6(27)				
6100	Selling expenses		(571,093)	(4)	(509,260)	(4)
6200	General and administrative expenses		(530,629)	(3)	(472,318)	(4)
6300	Research and development expenses		(1,005,328)	(7)	(795,814)	(7)
6450	Expected credit (loss) gain	12(2)	(1,057)	-	136	-
6000	Total operating expenses		(2,108,107)	(14)	(1,777,256)	(15)
6500	Net other income (expenses)	6(22)	134,356	1	161,415	1
6900	Operating profit		401,446	3	470,144	4
	Non-operating income and expenses					
7100	Interest income	6(23)	47,271	-	37,989	-
7010	Other income	6(24)	48,792	-	26,342	-
7020	Other gains and losses	6(25)	7,273	-	39,323	-
7050	Finance costs	6(26) and 7	(13,909)	-	(21,435)	-
7000	Total non-operating income and expenses		89,427	-	82,219	-
7900	Profit before income tax		490,873	3	552,363	4
7950	Income tax expense	6(28)	(67,377)	-	(146,876)	(1)
8200	Profit for the period		<u>\$ 423,496</u>	<u>3</u>	<u>\$ 405,487</u>	<u>3</u>
	Other comprehensive income (loss), net					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(13)	\$ 2,866	-	\$ 8,374	-
8349	Income tax related to items not reclassified	6(28)	(573)	-	(1,675)	-
8310	Total amount of items not reclassified to profit or loss		2,293	-	6,699	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(57,655)	-	64,034	1
8300	Other comprehensive income (loss), net		<u>(\$ 55,362)</u>	<u>-</u>	<u>\$ 70,733</u>	<u>1</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 368,134</u>	<u>3</u>	<u>\$ 476,220</u>	<u>4</u>
	Profit attributable to:					
8610	Owners of the parent		<u>\$ 307,052</u>	<u>2</u>	<u>\$ 240,274</u>	<u>2</u>
8620	Non-controlling interest		<u>\$ 116,444</u>	<u>1</u>	<u>\$ 165,213</u>	<u>1</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		<u>\$ 253,669</u>	<u>2</u>	<u>\$ 310,994</u>	<u>3</u>
8720	Non-controlling interest	4(3)	<u>\$ 114,465</u>	<u>1</u>	<u>\$ 165,226</u>	<u>1</u>
	Earnings per share	6(29)				
9750	Basic earnings per share		<u>\$ 5.20</u>		<u>\$ 4.71</u>	
9850	Diluted earnings per share		<u>\$ 5.18</u>		<u>\$ 4.70</u>	

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

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Capital surplus			Retained earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
Notes	Share capital - common stock	Additional paid-in capital	Others	Legal reserve	Special reserve	Unappropriated retained earnings					
<u>2024</u>											
		\$ 490,609	\$ 702,817	\$ 310	\$ 660,541	\$ 5,152	\$ 2,858,395	(\$ 88,694)	\$ 4,629,130	\$ 236,165	\$ 4,865,295
		-	-	-	-	-	240,274	-	240,274	165,213	405,487
		-	-	-	-	-	6,699	64,021	70,720	13	70,733
		-	-	-	-	-	246,973	64,021	310,994	165,226	476,220
	6(20)										
		-	-	-	82,733	-	(82,733)	-	-	-	-
		-	-	-	-	83,542	(83,542)	-	-	-	-
		-	-	-	-	-	(196,244)	-	(196,244)	-	(196,244)
	6(18)	100,000	1,150,000	-	-	-	-	-	1,250,000	-	1,250,000
	6(14)	-	33,152	-	-	-	-	-	33,152	-	33,152
	4(3)	-	-	-	-	-	-	-	-	(81,094)	(81,094)
		\$ 590,609	\$ 1,885,969	\$ 310	\$ 743,274	\$ 88,694	\$ 2,742,849	(\$ 24,673)	\$ 6,027,032	\$ 320,297	\$ 6,347,329
<u>2025</u>											
		\$ 590,609	\$ 1,885,969	\$ 310	\$ 743,274	\$ 88,694	\$ 2,742,849	(\$ 24,673)	\$ 6,027,032	\$ 320,297	\$ 6,347,329
		-	-	-	-	-	307,052	-	307,052	116,444	423,496
		-	-	-	-	-	2,293	(55,676)	(53,383)	(1,979)	(55,362)
		-	-	-	-	-	309,345	(55,676)	253,669	114,465	368,134
	6(20)										
		-	-	-	24,697	-	(24,697)	-	-	-	-
		-	-	-	-	(64,021)	64,021	-	-	-	-
		-	-	-	-	-	(177,183)	-	(177,183)	-	(177,183)
	4(3)	-	-	-	-	-	-	-	-	(75,324)	(75,324)
		\$ 590,609	\$ 1,885,969	\$ 310	\$ 767,971	\$ 24,673	\$ 2,914,335	(\$ 80,349)	\$ 6,103,518	\$ 359,438	\$ 6,462,956

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

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 490,873	\$ 552,363
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	393,017	343,472
Amortization	6(27)	23,118	16,173
Expected credit loss (gain)	12(2)	1,057	(136)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss		(1,487)	3,235
Interest income	6(23)	(47,271)	(37,989)
Interest expense	6(26)	13,037	20,931
Losses (gains) on disposal of property, plant and equipment	6(25)	(2,400)	4,573
Gains on disposal of intangible assets	6(25)	(4)	-
Gains on lease modification	6(25)	-	(908)
Share-based compensation	6(14)	-	33,152
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		24	(24)
Accounts receivable		(71,233)	(327,282)
Accounts receivable - related parties, net		(37)	-
Other receivables		(140,810)	85,473
Other receivables - related parties		(63)	59
Inventory		113,870	804,916
Prepayments		(26,724)	2,671
Other current assets		(3)	-
Changes in operating liabilities			
Contract liabilities		(96,485)	62,394
Notes payable		7,192	27
Accounts payable		(185,371)	578,990
Other payables		(10,303)	(316,297)
Other payables - related parties		(75)	70
Current provisions		12,933	12,925
Other current liabilities		81,060	18,061
Net defined benefit plan		(867)	(725)
Cash inflow generated from operations		553,048	1,856,124
Interest received		47,044	37,468
Interest paid		(13,226)	(21,624)
Income tax paid		(88,114)	(169,077)
Net cash flows generated from operating activities		498,752	1,702,891

(Continued)

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost	6(3)	(\$ 100,000)	\$ -
Acquisition of property, plant and equipment (including capitalized interest)	6(30)	(1,079,089)	(449,292)
Proceeds from disposal of property, plant and equipment		2,930	300
Acquisition of right-of-use assets	6(30)	-	(11,010)
Acquisition of intangible assets	6(9)	(25,702)	(21,206)
Proceeds from disposal of intangible assets		4	-
Increase in refundable deposits		(8,889)	(4,936)
Decrease (increase) in other non-current assets		<u>63</u>	(<u>63</u>)
Net cash flows used in investing activities		(<u>1,210,683</u>)	(<u>486,207</u>)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(31)	154,772	(1,582,774)
Long-term borrowings	6(31)	584,317	581,708
Lease payments	6(8)(31)	(149,891)	(138,753)
Payment of cash dividends	6(20)	(177,183)	(196,244)
Capital increase by cash	6(18)	-	1,250,000
Change in non-controlling interest	4(3)	(<u>75,324</u>)	(<u>81,094</u>)
Net cash flows generated from (used in) financing activities		<u>336,691</u>	(<u>167,157</u>)
Effect of exchange rate changes on cash and cash equivalents		(<u>25,454</u>)	<u>66,432</u>
(Decrease) increase in cash and cash equivalents		(400,694)	1,115,959
Cash and cash equivalents at beginning of period		<u>4,073,866</u>	<u>2,957,907</u>
Cash and cash equivalents at end of period		\$ 3,673,172	\$ 4,073,866

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

SENAO NETWORKS INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. HISTORY AND ORGANIZATION

Senao Networks Inc. (the “Company”) was established as a result of the spin-off of the wireless communication department of Senao International Co., Ltd. The Company assumed all the department’s business, assets and liabilities effective October 1, 2006. The Company’s registration was approved by the Ministry of Economic Affairs, R.O.C. on October 12, 2006. The Company was listed at the Taiwan Over-The-Counter Exchange on December 30, 2013. The Company is mainly engaged in the sales of wireless communication products.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The consolidated financial statements were approved for release by the Board of Directors on March 10, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of adopting new or amended International Financial Reporting Standards (“IFRS”) endorsed by the Financial Supervisory Commission (“FSC”)

The table below lists the new, revised, and amended standards and interpretations of the IFRS Accounting Standards, which apply to the reporting period for 2025, as endorsed and issued into effect by the FSC:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, “Lack of exchangeability”	January 1, 2025

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

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

The table below lists the new, revised, and amended standards and interpretations of the IFRS Accounting Standards, which apply to the reporting period for 2026, as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21, “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note: The FSC announced in a press release dated September 25, 2025, that public companies shall apply International Financial Reporting Standard (IFRS) 18 (hereinafter referred to as IFRS 18) starting from the fiscal year 2028; furthermore, if an entity requires early adoption of IFRS 18, it may elect to apply the provisions of IFRS 18 in advance after the FSC endorses IFRS 18.

Except for IFRS 18 “Presentation and Disclosure in Financial Statements” below which is yet to be assessed, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment:

IFRS 18 “Presentation and Disclosure in Financial Statements” has replaced IAS 1, updated the structure of the statement of comprehensive income, added disclosures on management-defined performance measures (MPMs), and enhanced the principles of aggregation and disaggregation used in the main financial statements and notes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies used in the preparation of the consolidated financial statements are described below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following important items, the consolidated financial statements were prepared at historical cost:
 - (a) Financial assets and liabilities (including derivatives) at fair value through profit or loss that were measured at fair value.
 - (b) Defined benefit assets and liabilities recognized at the net amount of pension fund assets less the present value of defined benefit obligations.
- B. The preparation of the financial statements in conformity with the IFRSs as endorsed and issued into effect 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 consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial reports:
 - (a) The Group includes all subsidiaries as entities in the preparation of the consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed or entitled to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the day when the Group obtains control over them.
 - (b) Inter-company transactions, balances, and unrealized gains and losses within the Group have been eliminated.

- (c) The various components of profit or loss and other comprehensive income are attributable to the owners of the parent company and non-controlling interests; the total comprehensive income is also attributable to the owners of the parent company and non-controlling interests, even if the resulting loss of non-controlling interests occurs.
- (d) If the change in the ownership of a subsidiary does not result in the loss of control (transaction with non-controlling interests), it is treated as an equity transaction, that is, as a transaction with owners. The difference between the adjusted amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Senao Networks Inc.	EnGenius Technologies, Inc.	Sales of communication products	100	100	
Senao Networks Inc.	EnRack Technology Inc.	Stamping components manufacturing and trading	100	100	
Senao Networks Inc.	Emplus Technologies, Inc.	Research and development, manufacture and sales of communication products	50.99	50.99	
Senao Networks Inc.	EnGenius International (Samoa) Ltd.	Investment holdings	100	100	
Senao Networks Inc.	EnGenius Technologies Canada Inc.	Sales of communication products	100	100	
Senao Networks Inc.	EnGenius Networks Inc.	Sales of communication products	100	100	
Senao Networks Inc.	EnGenius Networks Japan	Sales of communication products	100	100	
Senao Networks Inc.	Senao Networks Private Ltd.	Sales of communication products	100	100	
Senao Networks Inc.	Senao Networks Vietnam Co., Ltd.	Manufacture and sales of communication products	100	100	
Senao Networks Inc.	Senao Networks USA Inc.	Manufacture and sales of communication products	100	-	Note 1
Senao Networks Inc.	Senao Networks Japan	Sales of communication products	100	-	Note 2
EnGenius International (Samoa) Ltd.	EnGenius Networks Singapore Pte. Ltd.	Sales of communication products	100	100	
EnGenius Networks Singapore Pte. Ltd.	EnGenius Networks Europe B.V.	Sales of communication products	100	100	
EnGenius Networks Inc.	EnGenius Networks Private Ltd.	Sales of communication products	100	100	
Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	Sales of communication products	100	100	

Note 1: It is a new subsidiary established in the first quarter of 2025 and the outward remittance was made by the Group for the subsidiary's registered capital.

Note 2: It is a new subsidiary established in the second quarter of 2025 and the outward remittance was made by the Group for the subsidiary's registered capital.

- 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 interests that are material to the Group

As of December 31, 2025 and 2024, the non-controlling interests amounted to \$359,438, and \$320,297, respectively. The information on material non-controlling interests and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest		Non-controlling interest	
		December 31, 2025		December 31, 2024	
		Amount	Ownership (%)	Amount	Ownership (%)
Emplus Technologies, Inc. and subsidiaries	Taiwan	\$ 359,438	49.01%	\$ 320,297	49.01%

Aggregated financial information on subsidiaries:

Balance sheet

	December 31, 2025	December 31, 2024
Current assets	\$ 1,435,396	\$ 1,794,514
Non-current assets	226,483	253,968
Current liabilities	(885,927)	(1,326,834)
Non-current liabilities	(42,500)	(68,066)
Total net assets	<u>\$ 733,452</u>	<u>\$ 653,582</u>

Statement of comprehensive income

	Year ended December 31	
	2025	2024
Revenue	<u>\$ 2,468,442</u>	<u>\$ 2,821,738</u>
Profit before income tax	\$ 270,458	\$ 424,294
Income tax expense	(32,850)	(87,172)
Profit for the period from continuing operations	237,608	337,122
Other comprehensive income (loss), net of tax	(4,038)	21
Total comprehensive income (loss) for the period	<u>\$ 233,570</u>	<u>\$ 337,143</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 114,465</u>	<u>\$ 165,226</u>
Dividends paid to non-controlling interest	<u>\$ 75,324</u>	<u>\$ 81,094</u>

Statement of cash flows

	Year ended December 31	
	2025	2024
Net cash flows generated from operating activities	\$ 106,634	\$ 478,808
Net cash flows used in investing activities	(136,018)	(38,342)
Net cash flows used in financing activities	(193,760)	(204,469)
Effect on foreign exchange difference	(4,038)	21
(Decrease) increase in cash and cash equivalents	(227,182)	236,018
Cash and cash equivalents at beginning of period	964,386	728,368
Cash and cash equivalents at end of period	<u>\$ 737,204</u>	<u>\$ 964,386</u>

(4) Foreign currency exchange

The items listed in the financial statements of each entity in the Group are measured in the currency (i.e. functional currency) of the main economic environment in which the entity operates. The consolidated financial statements are presented in the Company's functional currency, the NTD.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency at the rates prevailing of exchange at the transaction date or measurement date, and the exchange difference arising from the translation of such transactions are recognized as the current profit or loss.
- (b) The balance of foreign currency monetary assets and liabilities shall be and adjusted as per the rates of exchange prevailing at the balance sheet date, and the exchange difference arising from the adjustment is recognized as the current profit or loss.
- (c) The balance of foreign currency non-monetary assets and liabilities is measured at fair value through profit and loss, and is adjusted based on the spot exchange rate at the balance sheet date. The translation difference arising from the adjustment is recognized in current profit and loss. For measurement at fair value through other comprehensive income, it is adjusted based on the spot exchange rate at the balance sheet date, and the translation difference arising from the adjustment is recognized in other comprehensive income. If it is not measured by fair value, it is measured at the historical exchange rate at the initial transaction date.
- (d) All exchange gains and losses are presented in the "Other gains and losses" in the statement of comprehensive income.

B. Translation of foreign operations

For all the Group's entities whose functional currencies are different from the expression one, their business results and financial position are translated into the expression currency in the following methods:

- (a) The assets and liabilities presented at each balance sheet are translated at the closing exchange rate at the balance sheet date;
- (b) The income and expenses presented in each statement of comprehensive income are translated at the average exchange rate of the current period; and
- (c) All exchange differences arising from translation are recognized in other comprehensive income.

(5) Criteria for classification of current and non-current assets and liabilities

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

- (a) Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed.
- (b) Assets held primarily for the purpose of trading.
- (c) Assets expected to be realized within 12 months after the reporting period.
- (d) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

The Group classifies all assets that do not meet the conditions above as non-current.

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

- (a) Liabilities expected to be settled in the ordinary course of business.
- (b) Liabilities held primarily for the purpose of trading.
- (c) Liabilities expected to be settled within 12 months after the reporting period.
- (d) Liabilities with a repayment deadline that cannot be deferred for at least 12 months after the reporting period.

The Group classifies all liabilities that do not meet the conditions above as non-current.

(6) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments in alignment with the following criteria:

- A. It can be converted into a certain amount of cash at any time.
- B. The risk of value changes is very small.

Time deposits in alignment with the above definition that are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. It refers to the financial assets that are not at amortized cost or at fair value through other comprehensive income, or financial liabilities held for trading as derivatives whose main purpose is for repurchase in the near future and which are not designated as hedging instruments in line with hedge accounting.
- B. The Group adopts trade date accounting for financial assets/liabilities measured at fair value through profit or loss that are in line with regular-way transactions.
- C. Upon the initial recognition, the Group measures relevant transaction costs at fair value and recognizes them in profit or loss, while measuring them at fair value and recognizing gain or loss thereon in profit or loss.

(8) Financial assets at amortized cost

The Group holds time deposits that do not qualify as cash equivalents; because the holding period is short and the effect of discounting is immaterial, they are measured at the investment amount.

(9) Accounts and notes receivable

- A. It refers to the receivables that have been unconditionally received in exchange for the right to the amount of consideration for the delivery of goods or services as agreed in the contract. A receivable is recognized when the goods are delivered because only the passage of time is required before the payment is due.
- B. The non-interest-bearing short-term accounts and notes receivable is barely affected by discounting, so the Group measures them based on the original invoice amount.

(10) Impairment of financial assets

The Group, at each balance sheet date, considers all reasonable and corroborative information (including forward-looking one) based on the financial assets at amortized cost and accounts receivable that contain significant financial components. For those with no significant increase in credit risk since initial recognition, the loss allowance is measured at 12-month expected credit losses; for those with a significant increase in credit risk since initial recognition, the loss allowance is measured at the lifetime expected credit losses. For accounts receivable that do not contain significant financial components, the loss allowance is measured at the lifetime expected credit losses.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the

financial asset.

- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventory

Inventories are measured at the lower of cost and net realizable value, and cost is determined by the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production overhead (amortized based on normal production capacity) without including borrowing costs. When cost and the net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost and the cost necessary to make the sale.

(13) Property, plant and equipment

- A. They are recorded on the basis of acquisition cost, with relevant interest incurred during the construction period being capitalized. Subsequent costs are included in the carrying amount of the assets or recognized as a separate asset only when the future economic benefits related to an item are likely to flow into the Group and the cost of the item can be reliably measured. All other maintenance costs are recognized in current profit or loss when incurred.
- B. The subsequent measurement of property, plant, and other fixed assets is based on a cost model. Except for land that is not depreciated, other assets in this regard are depreciated on a straight-line basis based on the estimated useful lives. If the components of property, plant, and other fixed assets are significant, they shall be separately depreciated.
- C. The Group conducts annual review at the end of each year to assess the residual value, estimated useful lives, and depreciation methods. If the expected residual value and useful lives are different from the prior estimates, or the expected consumption pattern of future economic benefits contained in an asset has changed significantly, the Group shall adjust it in accordance with the provisions of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” regarding changes in accounting estimates. The useful life of each asset is as follows:

Buildings	5-50 years
Machinery and equipment	5-15 years
Molding equipment	2 years
Transportation equipment	4 years
Office equipment	5 years
Other equipment	5 years
Leasehold improvements	2-5 years

(14) Lessee's lease transactions - right-of-use assets and lease liabilities

- A. Leased assets are recognized in right-of-use assets and lease liabilities on the date they are available for use by the Group. When a lease contract is a short-term lease or lease of a low-value asset, the lease payment is recognized as an expense during the lease term using the straight-line method.
- B. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the commencement date of a lease at the discounted interest rate of the Group's incremental borrowings. The lease payments include:
 - (a) Fixed payments, less any rental incentives that can be collected; and
 - (b) Variable lease payments subject to an index or rate.

Subsequently, the interest approach is adopted to measure said payments at amortized cost, and interest expenses are recognized during the lease term. When changes in the lease term or lease payment due to non-contract modification, the lease liabilities will be reassessed and the right-of-use assets will be adjusted in the remeasurement.

- C. The right-of-use asset is recognized at cost at the commencement date of a lease, and the cost includes:
 - (a) Lease liabilities initially measured;
 - (b) Any lease payments paid on or before the commencement date; and
 - (c) Any original direct costs incurred.

Subsequently, the measurement is based on the cost model, and the depreciation expense is recognized when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the remeasurement of the lease liability will be adjusted for the right-of-use asset.

(15) Intangible assets

- A. Computer software
Recognized at acquisition cost and amortized over the estimated useful lives of 2-5 years using the straight-line method.
- B. Goodwill
Goodwill arises in a business combination accounted for by applying the acquisition method. Each business merger and acquisition is recognized in goodwill at the fair value of the acquisition price, less identified net assets recognized.

(16) Impairment of non-financial assets

- A. The Group estimates the recoverable amount of assets with signs of impairment at the balance sheet date. When the recoverable amount is lower than its carrying amount, it is recognized in impairment loss. The recoverable amount refers to the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When there is no impairment or reduced impairment in an asset recognized in prior years, the impairment loss shall be reversed, but the increased portion of the carrying amount of the asset due to the reversal of the impairment loss shall not exceed the carrying amount of the asset less depreciation or amortization without impairment loss recognized.
- B. The recoverable amount of goodwill is evaluated periodically. When the recoverable amount is lower than its carrying amount, it is recognized in impairment loss. Impairment loss of goodwill is not reversed in the following years.
- C. For the purpose of impairment testing, goodwill is apportioned to each of the cash-generating units. Each unit or group of units, to which the goodwill is allocated, within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

It refers to the long-term and short-term borrowings from banks. The Group measures borrowings at fair value less transaction costs upon initial recognition and subsequently recognizes interest expenses in profit or loss based on any difference between the monetary amount and the redemption value, less transaction costs, using the effective interest method during the outstanding period according to the amortization procedure.

(18) Accounts and notes payable

- A. It refers to the accounts and notes payable arising from the purchase of raw materials, merchandize, or services on credit, and notes payable arising from business and non-business.
- B. The non-interest-bearing short-term notes and accounts payable is barely affected by discounting, so the Group measures them based on the original invoice amount.

(19) Derecognition of the financial liabilities

The Group derecognizes their financial liabilities when the obligations specified in a contract are fulfilled, canceled, or expired.

(20) Provisions

Provisions (including warranty and decommissioning provisions) are recognized when there is a present legal or constructive obligation due to past events with a high likelihood that an outflow of economically beneficial resources will be required to settle the obligation and that

the amount of the obligation can be reliably estimated. A provision is measured based on the best estimated present value of the expenditure required to settle the obligation on the balance sheet date. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as interest expense.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured by the expected non-discounted amount of cash paid, and are recognized as expenses when the relevant services are provided.

B. Pensions

(a) Defined contribution plan

Regarding the defined contribution plan, the amount of the pension fund that shall be contributed is recognized as current pension cost 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 plan

- i. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees in the current or past service period, with the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The net obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is the market yield rate of government bonds at the balance sheet date.
- ii. The remeasurement from the defined benefit plan is recognized in other comprehensive income in the period, in which it occurs, and presented in retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a difference between the amount actually distributed as resolved by the Company and the estimated amount, it shall be treated as a change in accounting estimates. In addition, the basis for calculating the number of shares is the closing price prevailing on the day before the resolution by the Board of Directors in the year following the financial reporting year.

(22) Employee share-based payments

As for equity-settled share-based payment agreements, employee services received are measured at the fair value of the equity instruments granted on the date of payment and are recognized as compensation costs during the vesting period, with a corresponding adjustment to equity. The fair value of equity instruments should reflect the effects of both vesting and non-vesting conditions on market prices. The compensation costs recognized are adjusted based on the amount of rewards expected to meet service conditions and non-market vesting conditions until the final amount recognized is based on the amount vested on the vesting date.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Except for income tax related to items included in other comprehensive income or directly included in equity recognized in comprehensive income or in equity directly, income tax is recognized in profit and/or loss.
- B. The Group calculates current income tax based on the tax rates that have been enacted or substantively enacted at the balance sheet date in the country where the taxable income is generated and the business is operated. The management regularly evaluates the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates the income tax liabilities based on the expected taxes to be paid to the taxation authority. A surtax is imposed on the undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the income tax expense on the undistributed earnings will be recognized based on the earnings actually distributed.
- C. Deferred tax is recognized, using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. With temporary differences caused by the investment in a subsidiary, if the Group can control the timing of the reversal of the temporary differences, and it is probable that temporary differences will not be reversed in the foreseeable future, the liabilities will not be recognized. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred 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 tax assets are reassessed.

(24) Dividend distribution

Dividends are recognized in the Company's financial statements in the period in which they are approved to be distributed as resolved by the Company's shareholders' meeting. Cash dividends are recognized as liabilities.

(25) Recognition of revenue

A. Sales of goods

- (a) The Group manufactures and sells networking and communications products. Sales revenue represents the fair value of the consideration received or receivable from the sales of goods to clients outside the Group in the normal course of business, presented in a net amount after business tax, sales returns, quantity discounts, and discounts are deducted. Sales revenue is recognized when the control of products is transferred to customers, that is, when products are delivered to the buyer and the buyer has discretion over the distribution channels and price of products sold, and the Group has no outstanding performance obligations that may affect the wholesaler's acceptance of the products. When a product is delivered to the designated location, the risk of obsolescence and loss has been transferred to a wholesaler, and the wholesaler accepts the product as per the sales contract, or when objective evidence show that all criteria for acceptance have been met, the product has been delivered.
- (b) The Group provides standard warranties for the products sold and recognizes an amount in provisions when goods are sold.
- (c) The Group provides a discount for the products sold and estimates the possible product discounts based on historical experience and the sales of such products and recognizes an amount in sales refund liabilities when goods are sold.
- (d) If a consideration has been received (or can be received) from a customer but the goods have not been transferred, the consideration is recognized in contract liabilities.

B. Sales of service

The Group provides services related to communications product processing, repair, and maintenance, and cloud management, and sales of service is recognized in revenue during the financial reporting period when such services are provided to customers. Customers pay the contract prices as per the agreed payment schedule. When the services provided by the Group exceed the amount payable by a customer, it is recognized in contract assets.

If a consideration has been received (or can be collected) from a customer but the service has not been transferred, it is recognized in contract liabilities.

(26) Operation segments

The Group's information on operating segments is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance, which has been identified as the board of directors that makes decisions about the Group's major operating decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies but no critical judgements were made. The management team has made critical estimates and assumptions concerning future events based on the situation at the balance sheet date. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Critical accounting estimates are mainly made for inventory valuation. The details are addressed below:

The Group's inventories are measured at the lower of cost and net realizable value. As for excess and individually recognized as obsolete inventories, the net realizable value is determined based on the historical data of the inventory clearance individually identified by the management. Significant changes might arise since the Group's inventory amounts are material, inventory items are voluminous and the accounting estimates are subject to management's judgement.

As of December 31, 2025, the carrying amount of inventories was \$2,076,303.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and revolving funds	\$ 164	\$ 494
Checking accounts and demand deposits	838,283	978,036
Time deposits	2,834,725	3,095,336
	<u>\$ 3,673,172</u>	<u>\$ 4,073,866</u>

- A. The Group works with various financial institutions to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily at fair value through profit or loss		
Derivatives	<u>\$ 167</u>	<u>\$ -</u>
Financial liabilities mandatorily at fair value through profit or loss		
Derivatives	<u>(\$ 1,915)</u>	<u>(\$ 3,235)</u>

A. The net gains (losses) on financial assets and liabilities measured at fair value through profit or loss recognized by the Group for 2025 and 2024 were \$15,592 and (\$27,972), respectively.

B. The Group's forward exchange agreements, for which hedge accounting is not adopted and which have not yet matured on the balance sheet date, are as follows:

<u>December 31, 2025</u>	<u>Currency</u>	<u>Agreement period</u>	<u>Contract amount</u>
Forward exchange agreements sold	USD : NTD	December 4, 2025 - January 14, 2026	USD2,000/NTD62,464
Forward exchange agreements sold	USD : NTD	December 4, 2025 - January 14, 2026	USD2,000/NTD62,474
Forward exchange agreements sold	USD : NTD	December 5, 2025 - January 21, 2026	USD2,000/NTD62,480
Forward exchange agreements sold	USD : NTD	December 8, 2025 - January 28, 2026	USD2,000/NTD62,140
Forward exchange agreements sold	USD : NTD	December 15, 2025 - January 14, 2026	USD1,000/NTD31,295
Forward exchange agreements sold	USD : NTD	December 15, 2025 - January 28, 2026	USD3,000/NTD93,840
Forward exchange agreements sold	USD : NTD	December 17, 2025 - January 14, 2026	USD1,000/NTD31,423
Forward exchange agreements sold	USD : NTD	December 17, 2025 - February 6, 2026	USD500/NTD15,723
Forward exchange agreements sold	USD : NTD	December 17, 2025 - February 13, 2026	USD1,000/NTD31,432
Forward exchange agreements sold	USD : NTD	December 24, 2025 - January 14, 2026	USD700/NTD21,967
<u>December 31, 2024</u>	<u>Currency</u>	<u>Agreement period</u>	<u>Contract amount</u>
Forward exchange agreements sold	USD : NTD	November 6, 2024 - January 8, 2025	USD3,000/NTD95,700
Forward exchange agreements sold	USD : NTD	November 11, 2024 - January 15, 2025	USD1,000/NTD32,093

- C. The Group engages in the trading of forward exchange agreements to hedge the risks arising from exchange rate changes in foreign-currency assets and liabilities without adopting hedging accounting.

(3) Financial assets at amortized cost

	December 31, 2025	December 31, 2024
Current items:		
Time deposits with original maturities of more than 3 months.	\$ 100,000	\$ -

- A. The details of financial assets at amortized cost recognized in profit or loss are as follows:

	Year ended December 31	
	2025	2024
Interest income	\$ 188	\$ -

- B. As of December 31, 2025, without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk of financial assets at amortized cost held by the Group was \$100,000. There was no such situation as of December 31, 2024.
- C. The counterparties for the Group's investments in certificates of deposit are financial institutions with good credit quality; the probability of default is expected to be very low.
- D. The Group has no financial assets at amortized cost pledged to others.

(4) Notes receivable and accounts receivable, net

	December 31, 2025	December 31, 2024
Notes receivable	\$ -	\$ 24
Accounts receivable	\$ 2,210,798	\$ 2,139,565
Less: Allowance for bad debts	(1,160)	(59)
	\$ 2,209,638	\$ 2,139,506

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 2,071,506	\$ -	\$ 2,080,848	\$ 24
Up to 30 days	138,778	-	57,878	-
31 to 60 days	510	-	748	-
61 to 90 days	-	-	91	-
91 to 180 days	-	-	-	-
Over 180 days	4	-	-	-
	\$ 2,210,798	\$ -	\$ 2,139,565	\$ 24

The above aging analysis is based on past due dates.

- B. As of December 31, 2025, December 31, 2024 and January 1, 2024, the balances of receivables (including notes receivable) from contracts with customers amounted to \$2,210,798, \$2,139,589, and \$1,812,367, respectively.
- C. The Group does not hold any collateral.
- D. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk in respect of the amounts that best represented the Group's notes and accounts receivable were \$2,209,638 and \$2,139,530, respectively.
- E. Information relating to credit risk of relevant notes and accounts receivable is provided in Note 12(2).

(5) Transfer of financial assets

- A. The Group entered into a factoring agreement with certain banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable. As of December 31, 2025 and 2024, the transferred accounts receivable are as follows:

December 31, 2025

Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognized	Facilities (thousand)	Amount advanced	Interest rate of amount advanced
CTBC Bank	\$ 12,029	\$ 12,029	USD 1,200	\$ -	-
Taishin International Bank	20,758	20,758	USD 1,383	-	-
Total	<u>\$ 32,787</u>	<u>\$ 32,787</u>		<u>\$ -</u>	

December 31, 2024

Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognized	Facilities (thousand)	Amount advanced	Interest rate of amount advanced
CTBC Bank	<u>\$ 5,434</u>	<u>\$ 5,434</u>	USD 1,200	<u>\$ -</u>	-

Note: Recorded as "other receivables".

- B. The Group paid factoring expenses of \$872 and \$504 upon transfer of the derecognized accounts receivable for the years ended December 31, 2025 and 2024, respectively, which was recorded as "finance costs".

(6) Inventory

	December 31, 2025	December 31, 2024
Raw materials	\$ 824,462	\$ 1,053,135
Work in progress	487,044	673,166
Finished goods	764,797	463,872
	<u>\$ 2,076,303</u>	<u>\$ 2,190,173</u>

Inventory costs recognized as expense by the Group for the years 2025 and 2024 was \$12,628,152 and \$9,873,035, respectively. For 2025, the cost of goods sold included \$31,099 recognized from the write-down of inventories to net realizable value. For 2024, the cost of goods sold decreased by \$39,316 due to the recovery of the net realizable value of inventories resulting from the sale of inventories previously written down or identified as obsolete.

(7) Property, plant and equipment

2025

	Land	Buildings	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment acceptance	Total
At January 1										
Cost	\$ 950,749	\$ 125,132	\$ 1,555,740	\$ 190,919	\$ 3,451	\$ 166,842	\$ 86,066	\$ 90,648	\$ 1,415,120	\$ 4,584,667
Accumulated depreciation and impairment	- (9,756)	(749,704)	(167,661)	(3,451)	(80,482)	(35,153)	(58,722)	-	(1,104,929)	
	<u>\$ 950,749</u>	<u>\$ 115,376</u>	<u>\$ 806,036</u>	<u>\$ 23,258</u>	<u>\$ -</u>	<u>\$ 86,360</u>	<u>\$ 50,913</u>	<u>\$ 31,926</u>	<u>\$ 1,415,120</u>	<u>\$ 3,479,738</u>
At January 1	\$ 950,749	\$ 115,376	\$ 806,036	\$ 23,258	\$ -	\$ 86,360	\$ 50,913	\$ 31,926	\$ 1,415,120	\$ 3,479,738
Additions	-	17,943	240,140	22,016	-	26,316	5,230	18,083	679,730	1,009,458
Disposals	-	-	(179)	(4)	-	(118)	(229)	-	-	(530)
Transfer (Note)	-	1,207,518	1,905	-	-	-	-	-	(1,207,518)	1,905
Depreciation	-	(30,371)	(138,925)	(21,936)	-	(23,127)	(12,064)	(11,804)	-	(238,227)
Net exchange differences	-	-	1,083	-	-	(76)	(31)	(571)	(11,436)	(11,031)
At December 31	<u>\$ 950,749</u>	<u>\$ 1,310,466</u>	<u>\$ 910,060</u>	<u>\$ 23,334</u>	<u>\$ -</u>	<u>\$ 89,355</u>	<u>\$ 43,819</u>	<u>\$ 37,634</u>	<u>\$ 875,896</u>	<u>\$ 4,241,313</u>
At December 31										
Cost	\$ 950,749	\$ 1,350,594	\$ 1,779,155	\$ 212,848	\$ -	\$ 189,310	\$ 88,117	\$ 102,412	\$ 875,896	\$ 5,549,081
Accumulated depreciation and impairment	- (40,128)	(869,095)	(189,514)	-	(99,955)	(44,298)	(64,778)	-	(1,307,768)	
	<u>\$ 950,749</u>	<u>\$ 1,310,466</u>	<u>\$ 910,060</u>	<u>\$ 23,334</u>	<u>\$ -</u>	<u>\$ 89,355</u>	<u>\$ 43,819</u>	<u>\$ 37,634</u>	<u>\$ 875,896</u>	<u>\$ 4,241,313</u>

Note: The net amount of transfers for current period consists of a transfer-in from other non-current assets.

2024

	Land	Buildings	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment acceptance	Total
At January 1										
Cost	\$ 950,749	\$ 60,810	\$ 1,512,785	\$ 166,639	\$ 3,232	\$ 145,254	\$ 76,221	\$ 110,026	\$ 1,275,851	\$ 4,301,567
Accumulated depreciation and impairment	- (1,004)	(708,015)	(153,128)	(3,232)	(65,374)	(24,225)	(88,134)	-	(1,043,112)	
	<u>\$ 950,749</u>	<u>\$ 59,806</u>	<u>\$ 804,770</u>	<u>\$ 13,511</u>	<u>\$ -</u>	<u>\$ 79,880</u>	<u>\$ 51,996</u>	<u>\$ 21,892</u>	<u>\$ 1,275,851</u>	<u>\$ 3,258,455</u>
At January 1	\$ 950,749	\$ 59,806	\$ 804,770	\$ 13,511	\$ -	\$ 79,880	\$ 51,996	\$ 21,892	\$ 1,275,851	\$ 3,258,455
Additions	-	4,633	35,392	18,387	-	11,499	6,435	14,173	345,661	436,180
Disposals	- (123)	(58)	-	-	(63)	(363)	(4,266)	-	(4,873)	
Transfer (Note)	-	59,839	94,385	6,730	-	15,218	4,819	9,893	(206,895)	(16,011)
Depreciation	- (8,779)	(128,440)	(15,370)	-	(20,217)	(11,971)	(9,603)	-	(194,380)	
Net exchange differences	-	-	(13)	-	-	43	(3)	(163)	503	367
At December 31	<u>\$ 950,749</u>	<u>\$ 115,376</u>	<u>\$ 806,036</u>	<u>\$ 23,258</u>	<u>\$ -</u>	<u>\$ 86,360</u>	<u>\$ 50,913</u>	<u>\$ 31,926</u>	<u>\$ 1,415,120</u>	<u>\$ 3,479,738</u>
At December 31										
Cost	\$ 950,749	\$ 125,132	\$ 1,555,740	\$ 190,919	\$ 3,451	\$ 166,842	\$ 86,066	\$ 90,648	\$ 1,415,120	\$ 4,584,667
Accumulated depreciation and impairment	- (9,756)	(749,704)	(167,661)	(3,451)	(80,482)	(35,153)	(58,722)	-	(1,104,929)	
	<u>\$ 950,749</u>	<u>\$ 115,376</u>	<u>\$ 806,036</u>	<u>\$ 23,258</u>	<u>\$ -</u>	<u>\$ 86,360</u>	<u>\$ 50,913</u>	<u>\$ 31,926</u>	<u>\$ 1,415,120</u>	<u>\$ 3,479,738</u>

Note: The net amount of transfers for current period consists of a transfer-out to intangible assets of \$17,773 and a transfer-in from other non-current assets of \$1,762.

- A. Please refer to Note 8 for more information on property, plant and equipment provided as collateral.
- B. The capitalized amounts of borrowing costs for the Group's property, plant and equipment for 2025 and 2024, totaled \$22,390 and \$7,429, respectively, and the capitalized interest rates were 2.55%-6.70% and 1.17%-2.20%, respectively.

(8) Lease transactions - lessee

- A. The Group leased various assets including land use rights, plants, offices, business vehicles, parking lots and multifunction printers. The terms of the rental contracts ranged from one to eight years, except for the land use right for 46 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Except that the leased assets must not be used as collateral for loans, no restrictions are imposed.
- B. Short-term leases with a lease term of 12 months or less comprise certain plant and parking spaces; and the underlying asset of the low-value lease are automated external defibrillators (AEDs).
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	December 31, 2025	December 31, 2024
	Book value	Book value
Land	\$ 205,070	\$ 225,824
Buildings	259,937	307,427
Transportation equipment	8,056	4,259
Office equipment	1,270	1,544
Other equipment	2,006	3,038
	<u>\$ 476,339</u>	<u>\$ 542,092</u>

	Year ended December 31	
	2025	2024
	Depreciation	Depreciation
Land	\$ 4,699	\$ 5,100
Buildings	144,252	139,635
Transportation equipment	4,032	2,535
Office equipment	585	601
Other equipment	1,222	1,221
	<u>\$ 154,790</u>	<u>\$ 149,092</u>

- D. The additions to the Group's right-of-use assets during 2025 and 2024 were \$107,938 and \$181,453, respectively.

- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7,343	\$ 7,116
Expense on short-term lease contracts	9,657	10,524
Expense on low-value asset lease	229	238
Expense on variable lease payments	7,941	7,501
Gains on lease modification	-	908
Gain on sublease of right-of-use assets (Note)	5,744	5,373

Note: Recorded as “other income”, please refer to Note 6(24).

- F. The Group’s total cash outflow relating to lease contracts for 2025 and 2024 was \$175,061 and \$164,132, of which \$149,891 and \$138,753 were lease payments, respectively.
- G. Due to the early termination of the contract in 2024, the Group's right-of-use assets and lease liabilities decreased by \$27,422 and \$28,330, respectively, and a lease modification gain of \$908 was recognized. There was no such a case during 2025.
- H. Variable lease payments
- The underlying subjects of the variable lease payment terms in the Group's lease contracts are calculated based on the average annual Consumer Price Index (CPI) growth rate, and the lease payment amounts are reassessed and adjusted per year.
- I. Extension and termination options
- In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.
- J. As of December 31, 2025, the Group has committed to lease payments totaling \$28,286 for which the leases have not yet commenced.

(9) Intangible assets

A. Changes to intangible assets are as follows:

	2025		
	Computer software	Goodwill	Total
At January 1			
Cost	\$ 174,668	\$ 480	\$ 175,148
Accumulated amortization and impairment	(106,739)	-	(106,739)
	<u>\$ 67,929</u>	<u>\$ 480</u>	<u>\$ 68,409</u>
At January 1	\$ 67,929	\$ 480	\$ 68,409
Additions	25,702	-	25,702
Amortization	(23,118)	-	(23,118)
Net exchange differences	2	-	2
At December 31	<u>\$ 70,515</u>	<u>\$ 480</u>	<u>\$ 70,995</u>
At December 31			
Cost	\$ 200,233	\$ 480	\$ 200,713
Accumulated amortization and impairment	(129,718)	-	(129,718)
	<u>\$ 70,515</u>	<u>\$ 480</u>	<u>\$ 70,995</u>
	2024		
	Computer software	Goodwill	Total
At January 1			
Cost	\$ 138,740	\$ 480	\$ 139,220
Accumulated amortization and impairment	(93,626)	-	(93,626)
	<u>\$ 45,114</u>	<u>\$ 480</u>	<u>\$ 45,594</u>
At January 1	\$ 45,114	\$ 480	\$ 45,594
Additions	21,206	-	21,206
Transfer (Note)	17,773	-	17,773
Amortization	(16,173)	-	(16,173)
Net exchange differences	9	-	9
At December 31	<u>\$ 67,929</u>	<u>\$ 480</u>	<u>\$ 68,409</u>
At December 31			
Cost	\$ 174,668	\$ 480	\$ 175,148
Accumulated amortization and impairment	(106,739)	-	(106,739)
	<u>\$ 67,929</u>	<u>\$ 480</u>	<u>\$ 68,409</u>

Note: The amount of transfer for current period consists of a transfer-in from unfinished construction and equipment acceptance.

B. Details of amortization on intangible assets are as follows:

	Year ended December 31	
	2025	2024
Manufacturing expenses	\$ 4,043	\$ 3,149
Selling expenses	41	-
General and administrative expenses	3,152	2,628
Research and development expenses	15,882	10,396
	<u>\$ 23,118</u>	<u>\$ 16,173</u>

C. The Group's goodwill was recognized from the acquisition of the subsidiary, Emplus Technologies, Inc.

Due to the recoverable amount determined by asset's value in use was more than book value, there were no indicators that the Group's goodwill may be impaired. Value in use was evaluated based on the assumptions such as gross profit ratio and growth ratio.

(10) Other non-current assets

	December 31, 2025	December 31, 2024
Prepayment for construction and equipment	\$ 32,482	\$ 2,045
Refundable deposits	35,179	26,290
Net defined benefit assets	8,262	4,529
Others	-	63
	<u>\$ 75,923</u>	<u>\$ 32,927</u>

(11) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured bank borrowings (Note)	<u>\$ 174,557</u>	<u>\$ 17,048</u>
Interest rate	<u>4.64%~4.76%</u>	<u>5.35%~5.36%</u>

Note: As of December 31, 2025, the borrowings of the subsidiary Senao Networks Vietnam Co., Ltd. is endorsed and guaranteed by the Company; please refer to Table 1.

(12) Other payables

	December 31, 2025	December 31, 2024
Accrued salary expenses and bonus	\$ 551,428	\$ 630,871
Accrued employees' compensation and directors' and supervisors' remuneration	72,704	69,021
Construction retainage payable	36,741	110,970
Payables on equipment	41,267	30,629
Others	374,437	309,169
	<u>\$ 1,076,577</u>	<u>\$ 1,150,660</u>

(13) Pensions

A. Defined benefit plan

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

- (b) Amounts recognized in balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ 35,146	\$ 34,681
Fair value of plan assets	(43,408)	(39,210)
Net defined benefit assets recognized in the balance sheet (Note)	<u>(\$ 8,262)</u>	<u>(\$ 4,529)</u>

Note: Recorded as "Other non-current assets".

(c) Changes in net defined benefit liability (asset) are as follows:

	2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance at January 1	\$ 34,681	(\$ 39,210)	(\$ 4,529)
Service cost in this period	-	-	-
Interest expense (income)	555	(633)	(78)
	<u>35,236</u>	<u>(39,843)</u>	<u>(4,607)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expenses)	-	(2,776)	(2,776)
Effect of change in financial assumptions	935	-	935
Experience adjustments	(1,025)	-	(1,025)
	<u>(90)</u>	<u>(2,776)</u>	<u>(2,866)</u>
Contribution to pension fund	-	(789)	(789)
Pension paid	-	-	-
Balance at December 31	<u>\$ 35,146</u>	<u>(\$ 43,408)</u>	<u>(\$ 8,262)</u>

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance at January 1	\$ 43,564	(\$ 38,995)	\$ 4,569
Service cost in this period	-	-	-
Interest expense (income)	532	(480)	52
	<u>44,096</u>	<u>(39,475)</u>	<u>4,621</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expenses)	-	(3,405)	(3,405)
Effect of change in financial assumptions	(1,175)	-	(1,175)
Experience adjustments	(3,794)	-	(3,794)
	<u>(4,969)</u>	<u>(3,405)</u>	<u>(8,374)</u>
Contribution to pension fund	-	(776)	(776)
Pension paid	(4,446)	4,446	-
Balance at December 31	<u>\$ 34,681</u>	<u>(\$ 39,210)</u>	<u>(\$ 4,529)</u>

(d) The Bank of Taiwan is commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the percentages and amount of items as stipulated in the fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposits in domestic and overseas

financial institutions, investment in domestic and overseas listed equity securities or equity securities through private placement, or investment in domestic and overseas securitization products backed by real estate assets). The relevant utilization status is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions of the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, the government shall offset the deficit after being authorized by competent authorities. The Company does not participate in the management or operation of said fund, so the Company is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS 19. The fair values of the plan assets as of December 31, 2025 and 2024 are available in the Annual Labor Retirement Fund Utilization Report announced by the government.

- (e) The actuarial assumptions related to pension are as follows:

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

The assumptions for the future mortality rate for 2025 and 2024 are based on the Taiwan Standard Ordinary Experience Mortality Table No. 6.

The analysis of the present values of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2025				
Effect on the present value of defined benefit obligations	(\$ 794)	\$ 820	\$ 787	(\$ 765)
December 31, 2024				
Effect on the present value of defined benefit obligations	(\$ 852)	\$ 883	\$ 850	(\$ 825)

The sensitivity analysis above is based on the impact of a single assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2026 amount to \$804.

(g) As of December 31, 2025, the weighted average duration of the pension plan is 9 years. An analysis of the maturity of pension payments is as follows:

Within 1 year	\$	1,728
1-2 years		180
2-5 years		6,533
Over 5 years		36,802
	\$	<u>45,243</u>

B. Defined contribution plan

(a) The Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for 2025 and 2024 amounted to \$85,296 and \$82,707, respectively.

(b) EnGenius International (Samoa) Ltd. and EnGenius Technologies Canada Inc. have not yet established an employee pension plan. EnGenius Technologies, Inc., EnGenius Networks Singapore Pte. Ltd., EnGenius Networks Europe B.V., EnGenius Networks Japan, Senao Networks Private Ltd., Senao Networks Vietnam Co., Ltd., EnGenius Networks Private Ltd., Emplus Technologies India Private Ltd., Senao Networks USA Inc., and Senao Networks Japan follow the established pension regulations of their respective local governments. These subsidiaries pay monthly pension contributions and have no further obligations. The pension costs under the defined contribution pension plans of the above companies for the years ended December 31, 2025 and 2024 were \$3,231 and \$2,783, respectively.

(14) Share-based compensation

A. The Group's share-based compensation agreements are as follows:

Type of agreement	Grant date	Quantity granted	Agreement period	Vesting conditions
Senao Networks - Cash capital increase retained for employee subscription	October 4, 2024	1,000,000	NA	Immediate vesting

- B. The Group adopts the Black-Scholes valuation model to estimate the fair value of the stock option for the share-based arrangements on the grant date. The relevant information is as follows:

Type of agreement	Grant date	Stock price (NTD)	Exercise price (NTD)	Expected volatility (Note)	Expected duration	Expected dividends	Risk-free interest rate	Fair value per unit (NTD)
Cash capital increase retained for employee subscription	October 4, 2024	\$ 158	\$ 125	55.1% (Note)	0.04 years	-	1.22%	\$ 33.1526

Note: The expected volatility is based on the historical volatility estimated by using the daily closing prices for the three months from the grant date and after the ex-rights and dividend effects during the period are restored.

- C. The Group recognized compensation costs of \$33,152 in 2024 for the above-mentioned share-based payment; there was no such transaction in 2025.

(15) Provisions

	Warranty	Decommissioning liabilities	Total
2025			
At January 1	\$ 43,717	\$ -	\$ 43,717
Additional (reversed) provisions during this period	24,407	26,309	50,716
Used during this period	(11,474)	-	(11,474)
Effect of exchange rate changes	881	-	881
At December 31	<u>\$ 57,531</u>	<u>\$ 26,309</u>	<u>\$ 83,840</u>

	Warranty	Decommissioning liabilities	Total
2024			
At January 1	\$ 28,151	\$ -	\$ 28,151
Additional (reversed) provisions during this period	35,394	-	35,394
Used during this period	(22,469)	-	(22,469)
Effect of exchange rate changes	2,641	-	2,641
At December 31	<u>\$ 43,717</u>	<u>\$ -</u>	<u>\$ 43,717</u>

Analysis of provisions is as follows:

	December 31, 2025	December 31, 2024
Current	<u>\$ 57,531</u>	<u>\$ 43,717</u>
Non-current	<u>\$ 26,309</u>	<u>\$ -</u>

A. Warranty

The Group's warranty provisions are related to products sold, which is estimated based on past experience of the use of warranties on the product. It is expected that the provision will be used starting next year.

B. Decommissioning liabilities

In accordance with contract requirements, the Group has an obligation to restore the land leased in the Henan Taihe Industrial Zone to its original state as recorded at the time of handover, either upon the expiration of the lease or early termination. Therefore, the present value of the expected restoration costs at the site is recognized as a provision.

(16) Other current liabilities

	December 31, 2025	December 31, 2024
Collection of project development on behalf of others	\$ 418,534	\$ 322,797
Sales refund liabilities	3,445	20,731
Others	8,263	5,654
	<u>\$ 430,242</u>	<u>\$ 349,182</u>

(17) Long-term borrowings

Lending bank	Loan period and repayment methods	Interest rate	Collateral	December 31, 2025
Taipei Fubon Bank	From December 29, 2025 to February 17, 2028, with monthly interest payments (Note 1)	2.30%	Property (Note 3)	\$ 500,000
CTBC Bank	From December 27, 2024 to December 27, 2029, with monthly interest payments (Note 2)	7.50%	None	75,895
CTBC Bank	From January 22, 2025 to December 27, 2029, with monthly interest payments (Note 2)	5.70%	None	101,193
CTBC Bank	From April 11, 2025 to December 27, 2029, with monthly interest payments (Note 2)	5.85%	None	50,597
CTBC Bank	From June 18, 2025 to December 27, 2029, with monthly interest payments (Note 2)	7.80%	None	102,876

Lending bank	Loan period and repayment methods	Interest rate	Collateral	December 31, 2025
CTBC Bank	From September 10, 2025 to December 27, 2029, with monthly interest payments (Note 2)	7.70%	None	141,470
CTBC Bank	From October 27, 2025 to December 27, 2029, with monthly interest payments (Note 2)	6.20%	None	75,895
CTBC Bank	From November 26, 2025 to December 27, 2029, with monthly interest payments (Note 2)	8.20%	None	115,720
				<u>1,163,646</u>
Less: Long-term borrowings due within one year				<u>-</u>
				<u>\$ 1,163,646</u>
Lending bank	Loan period and repayment methods	Interest rate	Collateral	December 31, 2024
Taipei Fubon Bank	From December 23, 2024 to December 23, 2027, with monthly interest payments (Note 1)	2.30%	Property (Note 3)	\$ 500,000
CTBC Bank	From December 27, 2024 to December 27, 2029, with monthly interest payments (Note 2)	5.80%	None	81,708
				<u>581,708</u>
Less: Long-term borrowings due within one year				<u>-</u>
				<u>\$ 581,708</u>

Note 1: The borrowings can be drawn on a revolving basis during the contract period.

Note 2: The principal will be repaid starting from January 1, 2027, and an installment will be repaid every six months thereafter, with the remaining amount repaid on the maturity date.

Note 3: Please refer to Note 8 for details of the guarantee.

The loan contract signed between the subsidiary, Senao Networks Vietnam Co., Ltd. (hereinafter referred to as "Senao Networks Vietnam"), and CTBC Bank stipulates that the loan can only be used for construction-related expenditure and that the Company must maintain 100% equity in Senao Networks Vietnam during the contract period. In addition, Senao Networks Vietnam shall maintain a current ratio greater than or equal to 80%, a shareholder equity ratio greater than or equal to 40%, and an EBITDA/I greater than or equal to two times. The above financial ratios will be reviewed every six months, and the first review

will be conducted on March 31, 2027 based on the 2026 financial statements.

(18) Share capital

- A. As of December 31, 2025, the Company's authorized capital was \$1.2 million, consisting of 59,061 thousand shares of common stock outstanding, with a par value of \$10 in dollars per share. The payments for all issued shares of the Company have been received in full. The details of the changes in the number of shares of the Company in 2025 and 2024 are as follows (shares in thousands):

	2025	2024
At January 1	59,061	49,061
Cash capital increase	-	10,000
At December 31	59,061	59,061

- B. On July 17, 2024, the Board of Directors of the Company resolved a decision to conduct a cash capital increase by issuing 10,000 thousand shares of common stock. The capital increase case has been declared effective by the FSC, referencing Letter Jin-Guan-Zheng-Fa-Zi No. 1130351921, dated August 20, 2024. The record date for the cash capital increase is October 23, 2024, and the registration of the change was completed on November 15, 2024.
- C. The Company applied to the FSC for the issuance of the first domestic unsecured convertible corporate bonds with an upper limit of \$1 billion, and the application has been declared effective by the FSC, referencing Letter Jin-Guan-Zheng-Fa-Zi No. 11300519211, dated August 20, 2024. However, due to the recent drastic fluctuations in the stock prices of the industry in which the Company operates, and in order to take into account subscribers' interests, the Company applied to cancel the issuance of the first domestic unsecured convertible corporate bonds on January 16, 2025, and the application has been approved by the FSC, referencing Letter Jin-Guan-Zheng-Fa-Zi No. 1140331610, dated January 22, 2025.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks 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 R.O.C. Securities and Exchange Act 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.

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the balance of legal reserve is equal to that of issued share capital. The balance after setting aside legal reserve and special reserve shall be combined with the remaining surplus at the beginning of the year and counted as unappropriated retained earnings. The method of distribution shall be proposed by the Board of Directors and presented to the shareholders for approval.
- B. The Company is currently in the growth stage. Based on capital expenditures and needs for branching out and completing financial plans to pursue sustainable development, the Company's dividend policy is in accordance with the future budget for capital expenditures and capital needs. Cash dividends and /or stock dividends are to be distributed to the shareholders. Total dividends distributed shall account for at least 10% of the distributable earnings for the current year. Cash dividends shall account for at least 5% of the total dividends distributed.
- C. 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 in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The 2024 and 2023 earnings distribution proposals, which were approved by the resolution of the shareholders' meetings on May 27, 2025 and May 30, 2024, respectively, are detailed below:

	Year ended December 31			
	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	<u>\$ 24,697</u>		<u>\$ 82,733</u>	
Special reserve	<u>(\$ 64,021)</u>		<u>\$ 83,542</u>	
Cash dividends	<u>\$ 177,183</u>	<u>\$ 3.0</u>	<u>\$ 196,244</u>	<u>\$ 4.0</u>

- F. The 2025 earnings distribution proposal made by the Board of Directors on March 10, 2026 is detailed below:

	Year ended December 31, 2025	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 30,934	
Special reserve	\$ 55,676	
Cash dividends	\$ 177,183	\$ 3.0

As of March 10, 2026, the above 2025 earnings distribution proposal is still pending the resolution by the shareholders' meeting.

(21) Operating revenues

	Year ended December 31	
	2025	2024
Revenue from contracts with customers	\$ 15,035,668	\$ 11,984,802

- A. Information on disaggregation of revenue from contracts with customers based on geographical regions is provided in Note 14.(2)

B. Contract liabilities

- (a) The Group has recognized the following revenue-related contract liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Current contract liabilities:			
- Sale of goods	\$ 147,616	\$ 245,023	\$ 182,305
- Providing of services	17,120	17,411	17,071
Sub-total	164,736	262,434	199,376
Non-current contract liabilities:			
- Providing of services	17,630	16,417	17,081
Total	\$ 182,366	\$ 278,851	\$ 216,457

- (b) Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Year ended December 31	
	2025	2024
Revenue from contracts with customers	\$ 212,543	\$ 133,303

C. Financing components

The Group does not expect to have many contracts where the time interval between the transfer of the committed goods or services to the customer and payment by the customer exceeds one year. In addition, the transaction prices for those contracts where the time interval exceeds a year are immaterial. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(22) Net other income (expenses)

	Year ended December 31	
	2025	2024
Other income		
Project development income	\$ 134,356	\$ 161,415

(23) Interest income

	Year ended December 31	
	2025	2024
Interest on cash in banks	\$ 47,051	\$ 37,807
Other interest income	220	182
	\$ 47,271	\$ 37,989

(24) Other income

	Year ended December 31	
	2025	2024
Revenue recognized from advance receipts	\$ 30,806	\$ 10,699
Rent income	5,744	5,373
Other income	12,242	10,270
	\$ 48,792	\$ 26,342

(25) Other gains and losses

	Year ended December 31	
	2025	2024
Foreign exchange gains (losses)	(\$ 10,546)	\$ 71,441
Gains (losses) on disposal of property, plant and equipment	2,400	(4,573)
Gains on lease modification	-	908
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	15,592	(27,972)
Gains on disposal of intangible assets	4	-
Others	(177)	(481)
	\$ 7,273	\$ 39,323

(26) Finance costs

	Year ended December 31	
	2025	2024
Interest expense	\$ 13,037	\$ 20,931
Other financial expense	872	504
	<u>\$ 13,909</u>	<u>\$ 21,435</u>

(27) Expenses by nature

	Year ended December 31	
	2025	2024
Wages and salaries	\$ 2,426,732	\$ 1,934,564
Labor and health insurance fees	212,115	195,692
Pension costs	88,449	85,542
Other personnel expenses	85,120	97,695
Employee benefit expense	<u>\$ 2,812,416</u>	<u>\$ 2,313,493</u>
Depreciation	<u>\$ 393,017</u>	<u>\$ 343,472</u>
Amortization	<u>\$ 23,118</u>	<u>\$ 16,173</u>

- A. According to the Articles of Incorporation of the Company and its domestic subsidiaries, where the Company or its domestic subsidiaries make a profit for a fiscal year, they shall provide no lower than 3% of the balance for employees' compensation and no higher than 3% for directors' and supervisors' remuneration. Of the employees' compensation allocated by the Company, no less than 10% shall be distributed to non-executive employees. However, if the Company has accumulated deficit, the Company should cover accumulated losses first. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned employees' compensation may be specified in the Articles of Incorporation. Qualification requirements are set by the Board of Directors. Distribution of employees' compensation and directors' and supervisors' remuneration shall be reported to the stockholders during their meeting and distributed in the form of shares or in cash as resolved by the Board of Directors.
- B. The Group's estimated amounts of employees' compensation for 2025 and 2024 were \$52,688 and \$59,676, respectively; the estimated amounts of directors' and supervisors' remuneration for 2025 and 2024 were \$10,069 and \$8,092, respectively. The aforementioned amounts were recognized in salary expenses. For 2025, the amounts were estimated based on the profitability of that year.

On March 10, 2026, employees' compensation and directors' remuneration for 2025 amounting to \$30,184 and \$5,659, respectively, as resolved at the meeting of the Board of Directors were in agreement with those amounts recognized in the 2025 financial statements.

On February 25, 2025, employees' compensation and directors' remuneration for 2024 amounting to \$25,916 and \$4,860, respectively, as resolved at the meeting of the Board of Directors were in agreement with those amounts recognized in the 2024 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors can be obtained from the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

On February 20, 2025, employees' compensation and directors' and supervisors' remuneration of the subsidiary, Emplus Technologies, Inc., for 2024 amounting to \$34,624 and \$3,394, respectively, as resolved at the meeting of the Board of Directors were in agreement with those amounts recognized in the 2024 financial statements.

Subsidiaries, EnRack Technology and EnGenius Networks, both registered losses in 2024, and therefore employees' compensation, and directors' and supervisors' remuneration was not estimated.

(28) Income tax

A. Income tax expense

	Year ended December 31	
	2025	2024
Current tax:		
Current tax on profit for the period	\$ 75,096	\$ 98,563
Tax on undistributed surplus earnings	-	9,935
Prior year income tax over-accrual	(24,810)	(1,208)
Total current tax	50,286	107,290
Deferred tax:		
Origination and reversal of temporary differences	17,091	39,586
Income tax expense	<u>\$ 67,377</u>	<u>\$ 146,876</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2025	2024
Income tax calculated based on net income before tax at the statutory tax rate	\$ 119,721	\$ 123,000
Expenses that should be excluded according to the tax law	773	1,617
Unrecognized deferred tax	31,091	64,243
Unrealized investment income from domestic companies recognized using the equity method	(26,817)	(31,156)
Dividends obtained from domestic investees	29,111	16,876
Income exempted from taxation according to the tax law	(29,111)	(16,876)
Changes in the assessment of the realizability of deferred tax assets	(930)	-
Tax on undistributed surplus earnings	-	9,935
Prior year income tax over-accrual	(24,810)	(1,208)
Effect of income tax with investment tax credit	(31,405)	(19,612)
Others	(246)	57
Income tax expense	<u>\$ 67,377</u>	<u>\$ 146,876</u>

C. The amounts of deferred tax assets or liabilities arising from temporary differences or tax loss are as follows:

	2025			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
- Temporary differences:				
- Deferred income tax assets:				
Unrealized gross margin between affiliates	\$ 8,562	\$ 3,026	\$ -	\$ 11,588
Provisions for warranties	8,690	2,644	-	11,334
Unrealized gross margin with customs declaration filed	8,336	1,931	-	10,267
Allowance for inventory valuation and obsolescence losses	15,752	286	-	16,038
Unrealized exchange losses	1,683	2,223	-	3,906
Unpaid accrued expenses	41,407	(28,773)	-	12,634
Others	17,733	(3,518)	(573)	13,642
- Tax loss	6,547	263	-	6,810
Sub-total	<u>\$ 108,710</u>	<u>(\$ 21,918)</u>	<u>(\$ 573)</u>	<u>\$ 86,219</u>
- Deferred income tax liabilities:				
Unrealized exchange gains	(\$ 292)	\$ 292	\$ -	\$ -
Equity investment using the equity method	(5,727)	4,535	-	(1,192)
Sub-total	<u>(\$ 6,019)</u>	<u>\$ 4,827</u>	<u>\$ -</u>	<u>(\$ 1,192)</u>

2024				
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
- Temporary differences:				
- Deferred income tax assets:				
Unrealized gross margin between affiliates	\$ 16,130	(\$ 7,568)	\$ -	\$ 8,562
Provisions for warranties	5,722	2,968	-	8,690
Unrealized gross margin with customs declaration filed	4,429	3,907	-	8,336
Allowance for inventory valuation and obsolescence losses	44,124	(28,372)	-	15,752
Unrealized exchange losses	2,986	(1,303)	-	1,683
Unpaid accrued expenses	47,449	(6,042)	-	41,407
Others	14,801	4,607	(1,675)	17,733
- Tax loss	8,311	(1,764)	-	6,547
Sub-total	<u>\$ 143,952</u>	<u>(\$ 33,567)</u>	<u>(\$ 1,675)</u>	<u>\$ 108,710</u>
- Deferred income tax liabilities:				
Unrealized exchange gains	\$ -	(\$ 292)	\$ -	(\$ 292)
Equity investment using the equity method	-	(5,727)	-	(5,727)
Sub-total	<u>\$ -</u>	<u>(\$ 6,019)</u>	<u>\$ -</u>	<u>(\$ 6,019)</u>

- D. The Company did not recognize taxable temporary differences related to investments in subsidiaries in deferred tax liabilities. The temporary differences not recognized in deferred tax liabilities as of December 31, 2025 and 2024, amounted to \$781 and \$622, respectively.

- E. The unused losses and unrecognized deferred tax assets EnGenius Networks Singapore Pte. Ltd. (ENSPL), EnGenius Technologies, Inc.(ETI), and EnRack Technology Inc. (EnRack), the subsidiaries of the Company, due to settlement and reporting are as follows:

December 31, 2025					
Year	Counterparty	Amount reported/ approved	Balance available for carryforward	The amount of losses not recognized in deferred tax assets	Last valid year
2025	ETI	\$ 18,753	\$ 18,753	\$ 18,753	Note 1
2025	ENSPL	16,338	16,338	16,338	Note 2
2024	EnRack	24,343	22,140	22,140	2034
2024	ETI	85,213	85,213	85,213	Note 1
2024	ENSPL	13,878	13,878	13,878	Note 2
2023	ETI	27,261	27,261	-	Note 1
2020	ENSPL	4,403	4,403	4,403	Note 2
2019	ENSPL	11,900	11,900	11,900	"
2017	ENSPL	6,053	3,890	3,890	"

December 31, 2024					
Year	Counterparty	Amount reported/ approved	Balance available for carryforward	The amount of losses not recognized in deferred tax assets	Last valid year
2024	EnRack	\$ 24,343	\$ 24,343	\$ 24,343	2034
2024	ETI	85,213	85,213	85,213	Note 1
2024	ENSPL	22,446	22,446	22,446	Note 2
2023	ETI	27,261	27,261	-	Note 1
2020	ENSPL	4,403	4,403	4,403	Note 2
2019	ENSPL	11,900	11,900	11,900	"
2017	ENSPL	6,053	4,728	4,728	"

Note 1: According to the regulations of the U.S. Federal Tax, there is no deadline for tax credit for losses incurred since 2018, and the upper limit is 80% of the taxable income in the year where a profit is made.

Note 2: There is no last valid year in accordance with the local tax laws of Singapore.

- F. The income tax returns of the Company and subsidiaries, EnRack Technology Inc., EnGenius Network Inc., and Emplus Technologies, Inc. through 2023 have been assessed and approved by the Tax Authority.

(29) Earnings per share

Year ended December 31, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 307,052	59,061	<u>\$ 5.20</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	248	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 307,052</u>	<u>59,309</u>	<u>\$ 5.18</u>
Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 240,274	50,973	<u>\$ 4.71</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	185	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 240,274</u>	<u>51,158</u>	<u>\$ 4.70</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2025	2024
Purchase of property, plant and equipment and other non-current assets transferred to property, plant and equipment	\$ 1,011,363	\$ 437,942
Less: Ending balance of payable on equipment	(41,267)	(30,629)
Ending balance of other payables to related parties	(32)	(39)
Ending balance of construction retainage payable (Note 1)	(36,741)	(110,970)
Ending balance of decommissioning liabilities (Note 2)	(26,309)	-
Opening balance of prepayment for construction and equipment	(2,045)	(7,152)
Add: Opening balance of payable on equipment	30,629	48,854
Opening balance of other payables to related parties	39	-
Opening balance of construction retainage payable (Note 1)	110,970	109,241
Ending balance of prepayment for construction and equipment	32,482	2,045
Cash paid during the period for purchase of property, plant and equipment	<u>\$ 1,079,089</u>	<u>\$ 449,292</u>

Note 1: Recorded as “other payables”.

Note 2: Recorded as "Non-current provisions".

	Year ended December 31	
	2025	2024
Acquisition of right-of-use assets	\$ -	\$ -
Add: Opening balances of other payables	-	11,026
Impact of changes in foreign exchange rate	-	(16)
Amount of cash paid in this period to acquire the right-of-use assets	<u>\$ -</u>	<u>\$ 11,010</u>

(31) Changes in liabilities from financing activities

2025					
	Short-term borrowings	Lease liabilities	Long-term borrowings	Other non-current liabilities	Liabilities from financing gross
At January 1	\$ 17,048	\$ 329,522	\$ 581,708	\$ 90	\$ 928,368
Changes in cash flow from financing activities	154,772	(149,891)	584,317	-	589,198
Impact of changes in foreign exchange rate	2,737	(3,139)	(2,379)	-	(2,781)
Changes in other non-cash items	-	107,938	-	-	107,938
At December 31	<u>\$ 174,557</u>	<u>\$ 284,430</u>	<u>\$ 1,163,646</u>	<u>\$ 90</u>	<u>\$ 1,622,723</u>

2024					
	Short-term borrowings	Lease liabilities	Long-term borrowings	Other non-current liabilities	Liabilities from financing gross
At January 1	\$ 1,598,581	\$ 312,406	\$ -	\$ 184	\$ 1,911,171
Changes in cash flow from financing activities	(1,582,774)	(138,753)	581,708	-	(1,139,819)
Impact of changes in foreign exchange rate	1,241	2,746	-	-	3,987
Changes in other non-cash items	-	153,123	-	(94)	153,029
At December 31	<u>\$ 17,048</u>	<u>\$ 329,522</u>	<u>\$ 581,708</u>	<u>\$ 90</u>	<u>\$ 928,368</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

As of December 31, 2025 and 2024, the Group does not have a parent company. Senao International Co., Ltd. held 33.16% of the Company's shares, respectively, and is the most influential entity to the Company.

(2) Name of related party and relationship

Name of related party	Relationship with the Group
Senao International Co., Ltd. (SIC)	Entities with joint control or significant influence over the Group
Appleuser Co., Ltd.	Other related parties

(3) Significant related party transactions

A. Operating revenues

	Year ended December 31	
	2025	2024
Merchandise sales:		
Entities with joint control or significant influence over the Group	<u>\$ 12,838</u>	<u>\$ 637</u>

The Group's selling prices and payment terms for the merchandise sold to the related parties are based on mutual agreement with payment due within 60 days after month end.

B. Receivables from related parties

	December 31, 2025	December 31, 2024
Accounts receivable:		
Entities with joint control or significant influence over the Group	<u>\$ 37</u>	<u>\$ -</u>
Other receivables - payment on behalf of others:		
Entities with joint control or significant influence over the Group	<u>\$ 934</u>	<u>\$ 871</u>

C. Payables to related parties

	December 31, 2025	December 31, 2024
Other payables:		
Entities with joint control or significant influence over the Group	<u>\$ 121</u>	<u>\$ 235</u>
Other related parties	<u>32</u>	<u>-</u>
	<u>\$ 153</u>	<u>\$ 235</u>

Other payables to related parties mainly come from equipment payable and payments collected and made on behalf of related parties.

D. Property transactions

	Year ended December 31	
	2025	2024
Acquisition of property, plant and equipment:		
Entities with joint control or significant influence over the Group	<u>\$ 333</u>	<u>\$ 869</u>
Other related parties	<u>123</u>	<u>16</u>
	<u>\$ 456</u>	<u>\$ 885</u>

E. Lease transactions - lessee

(a) The Group has leased office buildings from SIC. The rental contracts are typically made for periods from 2024 through 2026 and from 2019 through 2024. The lease terms and prices were determined in accordance with mutual agreement, and rent is paid monthly.

(b) Acquisition of right-of-use assets

The Group acquired rights-of-use assets, totaling \$93,722, from SIC during 2024. There was no such case during 2025.

(c) Lease liabilities

i. Ending balance:

	December 31, 2025	December 31, 2024
Entities with joint control or significant influence over the Group		
Current	\$ 15,915	\$ 47,034
Non-current	-	15,915
	<u>\$ 15,915</u>	<u>\$ 62,949</u>

ii. Interest expense:

	Year ended December 31	
	2025	2024
Entities with joint control or significant influence over the Group		
	<u>\$ 846</u>	<u>\$ 1,170</u>

(4) Key management compensation

	Year ended December 31	
	2025	2024
Salaries and other short-term employee benefits	\$ 88,559	\$ 79,034
Post-employment benefits	1,433	1,187
	<u>\$ 89,992</u>	<u>\$ 80,221</u>

8. PLEDGED ASSETS

The details of the assets provided as collateral by the Group are as follows:

Assets	Book value		Purpose
	December 31, 2025	December 31, 2024	
Property (under property, plant and equipment)	<u>\$ 2,261,746</u>	<u>\$ 2,273,643</u>	Medium- and long-term borrowing facility

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of December 31, 2025, the Group had capital expenditures contracted for but not yet incurred in the amount of \$243,794.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The proposals approved by the Board of Directors on March 10, 2026 are detailed below:

- (1) Please refer to Note 6(20) F. for the 2025 earnings distribution proposal.
- (2) The Company renewed the lease terms of the current plant and office buildings from the related party, Senao International Co., Ltd., for another two years, starting from May 2026. The amount of the right-of-use assets estimated based on the monthly rental amount is approximately NT\$98,420 thousand.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to maintain an optimal capital ratio to support the Group's operations and to maximize the shareholders' equity. The Group builds a suitable capital structure based on the future growth and gearing ratios of the industry and the consideration of costs and risks that may result from different capital structures. The Group normally utilizes a meticulous risk management policy.

(2) Financial instruments

A. Financial instruments by category

The Group's financial assets and liabilities at amortized cost include cash and cash equivalents, time deposits with original maturities of more than 3 months, notes receivable, accounts receivable (including related parties), other receivables (including related parties), refundable deposits (under other non-current assets), long-term and short-term borrowings, notes payable, accounts payable, other payables (including related parties), guarantee deposits (under other non-current liabilities), and lease liabilities.

B. Financial risk management policies

The Group adopts overall risk management and control systems to identify, measure and control all kinds of risk (including market risk, credit risk, liquidity risk and cash flow risk), so that the management of the Group can effectively control and evaluate market risk, credit risk, liquidity risk and cash flow risk.

The Group maintains an optimal level of liquidity and centralizes risk management operations in order to effectively monitor and control the various kinds of market risks and to achieve management objectives. This decision is made with consideration of the economic environment, competitive status and market value risk, to achieve the optimal risk position, maintain an appropriate liquidity position, and centrally manage all market risks.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and various subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions.
- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, CAD, JPY, VND, and INR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2025			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 91,967	31.430	\$ 2,890,509
JPY:NTD	173,348	0.201	34,808
USD:VND (Note)	360	26,227	11,084
<u>Non-monetary items</u>			
USD:NTD	2,813	31.430	88,415
CAD:NTD	541	22.940	12,414
JPY:NTD	508,595	0.201	102,126
VND:NTD	451,669,587	0.001	530,712
INR:NTD	159,692	0.349	55,652
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 69,480	31.430	\$ 2,183,769
USD:VND (Note)	4,457	26,227	137,344

December 31, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 92,521	32.785	\$ 3,033,294
JPY:NTD	531,460	0.210	111,553
USD:VND (Note)	592	25,401	19,037
<u>Non-monetary items</u>			
USD:NTD	1,895	32.785	62,112
CAD:NTD	504	22.820	11,506
JPY:NTD	155,946	0.210	32,733
VND:NTD	484,872,102	0.001	613,362
INR:NTD	224,099	0.383	85,830
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 74,324	32.785	\$ 2,436,700

Note: As the NTD is not a functional currency adopted by some of the consolidated entities, it should also be considered when being disclosed.

- iii. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

Year ended December 31, 2025			
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	31.430	\$ 21,106
JPY:NTD	-	0.201	246
USD:VND (Note)	(55,602)	26,227	(65)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	31.430	(\$ 40,838)
USD:VND (Note)	367,273	26,227	430

Year ended December 31, 2024				
Exchange gain (loss)				
Foreign currency amount (in thousands)		Exchange rate	Book value	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	32.785	\$ 34,658
JPY:NTD		-	0.210	(1,589)
USD:VND (Note)		54,654	25,401	69
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	32.785	(\$ 39,965)

Note: As the NTD is not a functional currency adopted by some of the consolidated entities, it should also be considered when being disclosed.

- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2025				
Sensitivity analysis				
Degree of variation		Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 28,905	\$	-
JPY:NTD	1%	348		-
USD:VND (Note)	1%	111		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 21,838	\$	-
USD:VND (Note)	1%	1,373		-

		Year ended December 31, 2024		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 30,333	\$ -
	JPY:NTD	1%	1,116	-
	USD:VND (Note)	1%	190	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 24,367	\$ -

Note: As the NTD is not a functional currency adopted by some of the consolidated entities, it should also be considered when being disclosed.

Price risk

The Group is not exposed to commodity price risk. In addition, as the Group has no investments, there was no significant price risk based on the Group's assessment.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term and short-term borrowings and accounts receivable factoring. Long-term and short-term borrowings at floating rates expose the Group to cash flow interest rate risk. Factoring expenses charged at fixed rate expose the Group to fair value interest rate risk.
 - ii. As of December 31, 2025 and 2024, if the interest rate on long-term and short-term borrowings increased by 1%, with all other factors remaining unchanged, net income after tax for 2025 and 2024 would have decreased by of \$6,984 and \$108, respectively, mainly due to the increase in interest expenses caused by floating-rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

- ii. According to the Group's credit policy, the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Credit risk arises from cash and cash equivalents, financial assets at amortized cost, derivative financial instruments, notes receivable and other receivables as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only the parties with excellent credit ratings are accepted.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
- v. If the contract payments are past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group classifies customer's accounts receivable in accordance with credit rating of customer and historical information of default. The Company applies loss rate methodology to estimate expected credit losses.
- vii. The Group takes into account the forecasts of the Basel Committee on Banking Supervision to adjust historical and timely information to assess the loss allowance for notes receivable and accounts receivable (including related parties) as of December 31, 2025 and 2024.

	Not past due	30 days	31-60 days	61-90 days	91-180 days	Over 180 days	Total
<u>December 31, 2025</u>							
Expected loss rate	0.05%	0.05%	10%	30%	50%	100%	
Total book value	\$ 2,071,543	\$ 138,778	\$ 510	\$ -	\$ -	\$ 4	\$ 2,210,835
Loss allowance	\$ 1,036	\$ 69	\$ 51	\$ -	\$ -	\$ 4	\$ 1,160
	Not past due	30 days	31-60 days	61-90 days	91-180 days	Over 180 days	Total
<u>December 31, 2024</u>							
Expected loss rate	0.03%	0.03%	10%	30%	50%	100%	
Total book value	\$ 2,080,872	\$ 57,878	\$ 748	\$ 91	\$ -	\$ -	\$ 2,139,589
Loss allowance	\$ -	\$ -	\$ 59	\$ -	\$ -	\$ -	\$ 59

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

	2025	2024
At January 1	\$ 59	\$ 269
Provision for (Reversal of) impairment loss	1,057	(136)
Amounts written off due to irrecoverability	-	(84)
Effect of exchange rate changes	44	10
At December 31	<u>\$ 1,160</u>	<u>\$ 59</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above the balance required for working capital management are invested in interest bearing current accounts, time deposits, and marketable securities. The Group chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.
- iii. The table below shows the Group's non-derivative financial liabilities and derivative financial liabilities settled on a gross basis. They were grouped by relevant maturity dates. Non-derivative financial liabilities were analyzed based on the remaining period from the balance sheet date to the contract maturity date. Derivative financial liabilities were analyzed based on the remaining period from the balance sheet date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2025				
Short-term borrowings	\$ 178,752	\$ -	\$ -	\$ -
Notes payable	9,900	-	-	-
Accounts payable	3,476,333	-	-	-
Other payables (including related parties)	1,076,730	-	-	-
Lease liabilities	131,892	76,709	84,756	7,637
Long-term borrowings (including those due within one year)	47,370	109,947	1,171,112	-
Other non-current liabilities	-	90	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2024				
Short-term borrowings	\$ 17,111	\$ -	\$ -	\$ -
Notes payable	2,708	-	-	-
Accounts payable	3,661,704	-	-	-
Other payables (including related parties)	1,150,895	-	-	-
Lease liabilities	148,097	113,172	74,352	9,167
Long-term borrowings (including those due within one year)	4,739	8,824	591,845	-
Other non-current liabilities	-	90	-	-

Derivative financial liabilities:

On December 31, 2025, and December 31, 2024, the derivative financial liabilities traded by the Group will all mature within one year.

(3) Fair value

- A. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities.

Level 3: Unobservable inputs of assets or liabilities.

- B. The carrying amounts of the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, financial assets at amortized cost, accounts receivable (including related parties), other receivables (including related parties), refundable deposits (under other non-current assets), long-term and short-term borrowings, notes payable, accounts payable, other payables (including related parties), and guarantee deposits (under other non-current liabilities) are reasonable approximations of their fair values.
- C. Financial and non-financial instruments at fair value are classified by the Group as per the nature, characteristics, and risks of assets and liabilities, and the fair value level. The details are as follows:

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Derivatives	\$ -	\$ 167	\$ -	\$ 167
Liabilities				
<u>Fair value on a recurring basis</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	\$ 1,915	\$ -	\$ 1,915
 December 31, 2024	 Level 1	 Level 2	 Level 3	 Total
Liabilities				
<u>Fair value on a recurring basis</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	\$ 3,235	\$ -	\$ 3,235

- D. The Group's derivative financial instruments are forward exchange agreements, and the method used to measure their fair values is usually based on the present forward exchange rates.
- E. There was no transfer between level 1 and level 2 fair values during the years ended December 31, 2025 and 2024.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information:

- A. Loan to others: None.
- B. Provisions of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates, and joint venture equity): None.
- D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 2.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- F. The business relationship between the parent company and subsidiaries, and the circumstances of any significant transactions between them: Please refer to table 4.

(2) Information on investments

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

None.

14. SEGMENT INFORMATION

(1) General information

The information about geographical areas is provided to the chief operating decision-maker to make decisions. The sales orders will be divided into three main areas, namely Taiwan, America and Others (including Europe, Asia and Africa). Because the nature of the product and the model of sales of the three areas are different, and the chief operating decision-maker also uses the information on the three areas in financial management and operational performance evaluation, therefore, the reportable segments are Taiwan, America and Others.

(2) Assessment of segment information

The operational performance evaluation of each segment is based on operating revenue and income (not including administrative expense). All the operating segments consistently apply uniform accounting policies as described in Note 4, "Summary of significant accounting policies". The interdepartmental sales are in accordance with the fair value principle. Revenues from external customers provided to the chief operating decision-maker are measured in a manner consistent with that used for the income statement. The Group's segment information for 2025 and 2024 is provided as follows:

Year ended December 31, 2025					
	Taiwan	America	Others	Eliminated transactions during the consolidation	Total
Revenue from external customers	\$ 13,890,683	\$ 402,619	\$ 742,366	\$ -	\$ 15,035,668
Inter-segment revenue	1,552,548	13,933	3,108	(1,569,589)	-
Total segment revenue	<u>\$ 15,443,231</u>	<u>\$ 416,552</u>	<u>\$ 745,474</u>	<u>(\$ 1,569,589)</u>	<u>\$ 15,035,668</u>
Segment income	<u>\$ 909,404</u>	<u>\$ 10,567</u>	<u>(\$ 19,307)</u>	<u>\$ 31,411</u>	<u>\$ 932,075</u>
Segment income, including Depreciation and amortization	<u>\$ 353,648</u>	<u>\$ 9,348</u>	<u>\$ 2,488</u>	<u>(\$ 12,475)</u>	<u>\$ 353,009</u>

Year ended December 31, 2024					
	Taiwan	America	Others	Eliminated transactions during the consolidation	Total
Revenue from external customers	\$ 10,313,841	\$ 465,577	\$ 1,205,384	\$ -	\$ 11,984,802
Inter-segment revenue	1,853,992	22,290	3,146	(1,879,428)	-
Total segment revenue	<u>\$ 12,167,833</u>	<u>\$ 487,867</u>	<u>\$ 1,208,530</u>	<u>(\$ 1,879,428)</u>	<u>\$ 11,984,802</u>
Segment income	<u>\$ 948,655</u>	<u>(\$ 34,961)</u>	<u>\$ 7,405</u>	<u>\$ 21,363</u>	<u>\$ 942,462</u>
Segment income, including Depreciation and amortization	<u>\$ 308,325</u>	<u>\$ 9,183</u>	<u>\$ 2,129</u>	<u>(\$ 12,475)</u>	<u>\$ 307,162</u>

(3) Reconciliation for segment income (loss)

The Group's segments' operating income reported to the chief operating decision-maker is measured in a manner consistent with the revenue and expenses in the statement of comprehensive income. The Group did not provide the chief operating decision-maker with the amount of total assets and liabilities for decision-making purposes. A reconciliation of reportable segment income or loss and income from continuing operations before income tax for 2025 and 2024 is provided as follows:

Year ended December 31		
	2025	2024
Reportable segments profit	\$ 932,075	\$ 942,462
Undistributed amount		
General administrative expense	(530,629)	(472,318)
Non-operating income	89,427	82,219
Income from continuing operations before income tax	<u>\$ 490,873</u>	<u>\$ 552,363</u>

(4) Information by product category

The Group mainly engages in the sales of wireless communication products. The details of the income balances are as follows:

	Year ended December 31	
	2025	2024
Revenue from sales of goods		
Wireless networking systems	\$ 4,299,843	\$ 4,013,500
Wired networking systems	5,126,153	3,813,206
Network computing equipment and systems	3,667,598	2,543,471
Server and edge computing equipment and systems	410,668	9,710
Cloud management software	19,226	14,758
Others	1,512,180	1,590,157
	<u>\$ 15,035,668</u>	<u>\$ 11,984,802</u>

(5) Information by region

The Group's relevant information by region for 2025 and 2024 is shown below:

	Year ended December 31			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
America	\$ 12,822,926	\$ 42,561	\$ 9,619,877	\$ 24,988
Asia	1,198,767	1,276,601	1,620,635	456,742
Europe	821,452	6,253	525,884	9,501
Taiwan	184,279	3,495,714	202,079	3,601,116
Others	8,244	-	16,327	-
	<u>\$ 15,035,668</u>	<u>\$ 4,821,129</u>	<u>\$ 11,984,802</u>	<u>\$ 4,092,347</u>

(6) Information on important customers

The details of the Group's 2025 and 2024 operating revenue from a single customer accounting for 10% or more of the consolidated operating revenue are as follows:

	Year ended December 31			
	2025		2024	
	Revenue	Segment	Revenue	Segment
Company A	\$ 5,252,508	Taiwan	\$ 3,188,827	Taiwan
Company B	2,238,519	Taiwan	2,233,770	Taiwan

SENAO NETWORKS INC. AND SUBSIDIARIES

Provisions of endorsements and guarantees to others

For the Year Ended December 31, 2025

Table 1

Expressed in thousands of NTD
(except as otherwise indicated)

		Party endorsed/guaranteed															
Number	Name of		Relations	Limits on endorsement/	Maximum balance	Ending balance of		Amount of	Ratio of cumulative		Maximum	Endorsement/	Endorsement/	Endorsement/			
(Note 1)	endorser/guarantor	Name of company	(Note 2)	guarantee to each	of endorsement/	endorsements/	Amount drawn	property-backed	endorsement/guarantee	to the net worth as	endorsement/	provided by	provided by	guarantee to		Remarks	
				enterprise (Note 3)	guarantee in this	guarantees (Note 4)		endorsements/	to the net worth as	stated in the latest	guarantee to be	parent company	subsidiary to	entity in	Mainland China		
					period			guarantees	financial statements		provided (Note 3)	to subsidiary	parent company				
0	Senao Networks Inc.	EnGenius Networks Inc.	4	\$ 610,352	\$ 100,000	\$ 100,000	\$ -	\$ -	1.64%		\$ 2,441,407	Y	N	N			
0	Senao Networks Inc.	Senao Networks	4	610,352	251,440	251,440	-	-	4.12%		2,441,407	Y	N	N			
		Vietnam Co., Ltd.															
0	Senao Networks Inc.	Senao Networks	4	610,352	314,300	314,300	119,962	-	5.15%		2,441,407	Y	N	N			
		Vietnam Co., Ltd.															

Note 1: No. column should be entered in a way as follows:

- (1) The issuer should be coded “0”.
- (2) The investees should be coded sequentially beginning from “1” one by one.

Note 2: There are seven types of relations between the endorser/guarantor and the endorsed/guaranteed party as follows; just indicate the code:

- (1) Companies with business dealings.
- (2) A company in which the Company directly or indirectly holds more than 50% of the voting shares.
- (3) A company directly or indirectly holds more than 50% of the voting shares in the Company.
- (4) A company in which the Company directly or indirectly holds 90% or more of the voting shares.
- (5) Companies that need to purchase insurance for each other in the same industry or as co-builders in accordance with contractual provisions based on the needs for contracting construction projects.
- (6) A company that is endorsed and guaranteed by all shareholders of the Company in proportion to their shareholdings due to a joint investment relationship.
- (7) Companies that are engaged in joint and several guarantees for the performance of a pre-sale property contract in accordance with the Consumer Protection Act.

Note 3: The total amount of the endorsements/guarantees provided to external entities shall not exceed 40% of the Company’s net worth; the amount of endorsements/guarantees for a single enterprise shall not exceed 10% of the Company's net worth.

Note 4: The ending balance is the amount approved by the Board of Directors.

SENAO NETWORKS INC. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the Year Ended December 31, 2025

Table 2

Expressed in thousands of NTD
(except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relations	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Remarks (Note 2)
EnRack Technology Inc.	Senao Networks Inc.	Parent company and subsidiaries	Sales	\$ 456,492	84	Note 1	Note 1	Note 1	\$ 191,752	90	
Senao Networks Inc.	EnRack Technology Inc.	Parent company and subsidiaries	Purchases	456,492	5	"	"	"	(191,752)	6	
Senao Networks Inc.	EnGenius Technologies, Inc.	Parent company and subsidiaries	Sales	189,189	2	"	"	"	33,299	2	
EnGenius Technologies, Inc.	Senao Networks Inc.	Parent company and subsidiaries	Purchases	189,189	83	"	"	"	(33,299)	89	
Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	An affiliate	Sales	401,081	16	"	"	"	22	-	
Emplus Technologies India Private Ltd.	Emplus Technologies, Inc.	An affiliate	Purchases	401,081	100	"	"	"	(22)	100	

Note 1: Sales prices are based on the sales volume. The collection term is net 90 days end of the month.
Note 2: The transactions were eliminated when preparing the consolidated financial statements.

SENAO NETWORKS INC. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2025

Table 3

Expressed in thousands of NTD
(except as otherwise indicated)

Company under the account of receivables	Counterparty	Relations	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Amount of receivables from related parties recovered after the balance sheet date (Note 1)	Allowance for losses	Remarks (Note 2)
					Amount	Handling method			
EnRack Technology Inc.	Senao Networks Inc.	Parent company and subsidiaries	\$ 191,752	3.13	\$ -	-	\$ 128,159	\$ -	

Note 1: The receivables recovered after the balance sheet date and as of March 10, 2026.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

SENAO NETWORKS INC. AND SUBSIDIARIES
The business relationship between the parent company and subsidiaries, and the circumstances of any significant transactions between them
For the Year Ended December 31, 2025

Table 4

Expressed in thousands of NTD
(except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Notes 6 and 7)		
0	Senao Networks Inc.	EnGenius Technologies, Inc.	1	Sales of goods	\$ 189,189	Note 4	1
0	Senao Networks Inc.	EnGenius Technologies, Inc.	1	Accounts receivable	33,299	"	-
0	Senao Networks Inc.	EnGenius Networks Singapore Pte. Ltd.	1	Sales of goods	63,062	"	-
0	Senao Networks Inc.	EnGenius Networks Singapore Pte. Ltd.	1	Accounts receivable	12,549	"	-
0	Senao Networks Inc.	EnGenius Networks Europe B.V.	1	Sales of goods	63,623	"	-
0	Senao Networks Inc.	Senao Networks Private Limited	1	Sales of goods	24,381	"	-
0	Senao Networks Inc.	EnGenius Networks Japan	1	Sales of goods	13,938	"	-
0	Senao Networks Inc.	Senao Networks Vietnam Co., Ltd.	1	Sales of goods	10,399	"	-
0	Senao Networks Inc.	EnGenius Networks Inc.	1	Sales of goods	15,429	"	-
1	EnGenius Networks Inc.	EnGenius Technologies, Inc.	3	Sales of goods	39,257	"	-
1	EnGenius Networks Inc.	EnGenius Networks Singapore Pte. Ltd.	3	Sales of goods	25,681	"	-
1	EnGenius Networks Inc.	EnGenius Networks Europe B.V.	3	Sales of goods	16,629	"	-
2	EnRack Technology Inc.	Senao Networks Inc.	2	Sales of goods	456,492	"	3
2	EnRack Technology Inc.	Senao Networks Inc.	2	Accounts receivable	191,752	"	1
2	EnRack Technology Inc.	Emplus Technologies, Inc.	3	Sales of goods	76,592	"	1
2	EnRack Technology Inc.	Emplus Technologies, Inc.	3	Accounts receivable	20,679	"	-
3	Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	3	Sales of goods	401,081	"	3
3	Emplus Technologies, Inc.	EnGenius Networks Inc.	3	Sales of goods	81,064	"	1
3	Emplus Technologies, Inc.	EnGenius Networks Inc.	3	Accounts receivable	14,828	"	-
3	Emplus Technologies, Inc.	Senao Networks Inc.	2	Sales of goods	44,930	"	-
3	Emplus Technologies, Inc.	Senao Networks Inc.	2	Lease liabilities	18,734	Note 5	-
4	EnGenius Technologies, Inc.	EnGenius Technologies Canada Inc.	3	Sales of goods	13,231	Note 4	-

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

- (1) Parent company is "0"
- (2) The subsidiaries are numbered in order starting from "1".

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

Note 4: The discounts on the sales were offered depending on the sales volume. The credit terms were approximately the same with third parties, which is 90 days from the first day of the month following the month of sales. Among them, the sales by Emplus Technologies, Inc. to EnGenius Technologies, Inc., EnGenius Networks Singapore Pte. Ltd. and EnGenius Networks Europe B.V. through EnGenius Networks Inc. were recorded as income on a net basis.

Note 5: The rental payments were determined by mutual agreements and were paid monthly. The right-of-use assets and lease liabilities were the balance recognized on December 31, 2025 in line with IFRS 16.

Note 6: Only amounts in excess of \$10 million of related party transactions are disclosed, and the opposite side of the transaction is not disclosed.

Note 7: The transactions were eliminated when preparing the consolidated financial statements.

SENAO NETWORKS INC. AND SUBSIDIARIES

Information on investees

For the Year Ended December 31, 2025

Expressed in thousands of NTD
(except as otherwise indicated)

Table 5

Name of investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Holding at the end of the period			Income (loss) of the investee for this period	Investment income (loss) recognized by the Company for this period (Note 2)	Remarks (Note 4)
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Senao Networks Inc.	EnGenius Technologies, Inc.	USA	Sales of communication products	\$ 62,860	\$ 62,860	60,000	100.00	\$ 16,372	(\$ 20,287)	(\$ 19,595)	
Senao Networks Inc.	EnRack Technology Inc.	Taiwan	Stamping components manufacturing and trading	194,000	194,000	24,900,000	100.00	240,805	771	842	
Senao Networks Inc.	Emplus Technologies, Inc.	Taiwan	Research and development, manufacture and sales of communication products	84,249	84,249	17,914,608	50.99	375,510	237,608	120,770	
Senao Networks Inc.	EnGenius International (Samoa) Ltd.	Samoa	Investment holdings	250,111	188,266	3,800,000	100.00	44,420	(25,177)	(24,806)	
Senao Networks Inc.	EnGenius Technologies Canada Inc.	Canada	Sales of communication products	4,308	4,308	100	100.00	12,414	794	794	
Senao Networks Inc.	EnGenius Networks Inc.	Taiwan	Sales of communication products	60,000	60,000	6,000,000	100.00	60,940	2,530	5,518	
Senao Networks Inc.	EnGenius Networks Japan	Japan	Sales of communication products	84,336	34,136	15,000	100.00	72,409	(9,389)	(9,374)	
Senao Networks Inc.	Senao Networks Vietnam Co., Ltd.	Vietnam	Manufacture and sales of communication products	628,600	628,600	-	100.00	530,712	(38,513)	(38,513)	Note 3
Senao Networks Inc.	Senao Networks Private Ltd.	India	Sales of communication products	29,212	29,212	7,640,000	100.00	8,569	(14,695)	(14,690)	
Senao Networks Inc.	Senao Networks USA Inc.	USA	Manufacture and sales of communication products	25,144	-	1	100.00	20,991	(4,050)	(4,050)	
Senao Networks Inc.	Senao Networks Japan	Japan	Sales of communication products	30,120	-	3,800	100.00	29,717	(405)	(405)	
EnGenius International (Samoa) Ltd.	EnGenius Networks Singapore Pte. Ltd.	Singapore	Sales of communication products	248,539	187,009	3,750,000	100.00	51,052	(25,127)	(25,127)	
EnGenius Networks Singapore Pte. Ltd.	EnGenius Networks Europe B.V.	Netherlands	Sales of communication products	111,577	63,739	1,750,000	100.00	32,472	(8,945)	(8,945)	
EnGenius Networks Inc.	EnGenius Networks Private Ltd.	India	Sales of communication products	66,571	43,587	17,850,000	100.00	41,299	(6,971)	(6,971)	
Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	India	Sales of communication products	3,862	3,862	1,000,000	100.00	5,784	9,317	9,317	

Note 1: The column “Initial investment amount” is translated into New Taiwan Dollars at the spot exchange rate prevailing at the end of the period.

Note 2: Regarding “Investment income (loss) recognized by the Company for this period,” please only enter the income or loss on each direct subsidiary recognized by the Company and each investee valued using the equity method. Regarding the “income or loss on each direct subsidiary recognized by the Company for this period”, it should be confirmed that the amount of income or loss on each direct subsidiary for this period has included its investment income or loss that should be recognized in accordance with the regulations on its investment.

Note 3: It is a limited company, so it has no shares.

Note 4: The transactions were eliminated when preparing the consolidated financial statements.