

# **TAI TUNG COMMUNICATION CO., LTD.**

## **Parent Company Only Financial Statements and Independent Auditors' Report 2025 and 2024**

**Address: 9F, No. 219, Fuhui Rd, Xinzhuang Dist., New Taipei City**  
**Telephone number: (02)2299-1066**

*Notice to Readers*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## §Table of Contents§

Item	Page	Financial statements no. of notes
I. Cover	1	-
II. Table of Contents	2	-
III. Independent Auditors' Report	3~6	-
IV. Parent Company Only Balance Sheet	7	-
V. Parent Company Only Statements of Comprehensive Income	8~10	-
VI. Parent Company Only Statements of Changes in Shareholders' Equity	11	-
VII. Parent Company Only Statements of Cash Flows	12~14	-
VIII. Notes to Parent Company Only financial statements		
(I) Company History	15	1
(II) Date and Procedures for Approval of Financial Statements	15	2
(III) Application of New and Revised Standards and Interpretation	15~18	3
(IV) Summary of Significant Accounting Policies	18~33	4
(V) Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties	33	5
(VI) Summary of Significant Accounting Items	34~63	6~26
(VII) Related Party Transactions	72~77	30
(VIII) Pledged Assets	77	31
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	78~79	32
(X) Significant Disaster Loss	-	-
(XI) Significant Subsequent Events	79	33
(XII) Others	63~72, 79~80	27~29, 34
(XIII) Additional Disclosure		
1. Information on Significant Transactions	80, 82~84	35
2. Information on Investees	80, 82~84	35
3. Information on investments in the Mainland Area	80~81, 85	35
(XIV) Segment Information	-	-
IX. Statement of important accounting items	86~96	-

## **Independent Auditors' Report**

To Tai Tung Communication Co., Ltd.:

### **Auditor's Opinion**

We have audited the accompanying parent company only balance sheet of Tai Tung Communication Co., Ltd. as of December 31, 2025 and 2024, and the related parent company only statement of comprehensive income, parent company only statement of changes in shareholders' equity, parent company only statements of cash flows, and notes to the parent company only financial statements (including significant accounting policies) for the years ended December 31, 2025 and 2024.

In our opinion, the parent company only financial reports referred to above present fairly, in all material respects, the parent company only financial position of Tai Tung Communication Co., Ltd. as of December 31, 2025 and 2024, and its parent company only financial performance and cash flows for the years ended December 31, 2025 and 2024, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers.

### **The Basis for Opinions**

We concluded our audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the parent company only financial statements. We are independent of Tai Tung Communication Co., Ltd. in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2025 parent company only financial statements of Tai Tung Communication Co., Ltd. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2025 parent company only financial statements of Tai Tung Communication Co., Ltd. are as follows:

Investments accounted for using the equity method - property, plant and equipment and impairment assessment of intangible assets

As of December 31, 2025, Tai Tung Communication Co., Ltd. has a balance of NT\$1,704,577 thousand in investments accounted for using the equity method, accounted for about 30% of its total assets, of which the balance of the investment in the Company's subsidiary Taiwan Intelligent Fiber Optic Network Consortium Co., Ltd., was NT\$1,384,899 thousand.

As of December 31, 2025, Taiwan Intelligent Fiber Optic Network Consortium Co., Ltd. has balances of NT\$866,72 thousand and NT\$1,844,400 thousand in property, plant and equipment and intangible assets, respectively, accounting for about 82% of its total assets. The property, plant and equipment and intangible assets of Taiwan Intelligent Fiber Optic Network Co., Ltd. are assessed at each balance sheet date whether there is any indication that it may be impaired according to IAS 36 "Impairment of Assets."

For details about the accounting policies for impairment assessment of property, plant and equipment and intangible assets, please refer to Note 4 (11); for details about the accounting policies and descriptions of investments accounted for using the equity method, please refer to Notes 4 (7), and 11.

If there is objective evidence of an indication that the property, plant and equipment and intangible assets is impaired, the management of Taiwan Intelligent Fiber Optic Network Consortium Co., Ltd. should assess the recoverable amount of the property, plant and equipment and intangible assets. Due to impairment testing involving significant judgments such as accounting estimates and management assumptions, it has been identified as a key audit matter for the year 2025.

For the specific aspects expressly stated in the above key audit matter, the major response procedures that have been implemented include:

1. Obtain an asset impairment assessment report issued by external expert, understand the qualifications of the expert to judge whether the result is reliable, and have the statement of Independence issued by the expert to judge whether the objectivity of the expert is sufficient.
2. Assess whether the methodology and relevant assumptions adopted in the impairment assessment by external experts are appropriate

**Responsibilities of Management and Those in Charge with Governance of the Parent Company Only Financial Statements**

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

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of Tai Tung Communication Co., Ltd. as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting, unless the management either intends to liquidate Tai Tung Communication Co., Ltd. or cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of Tai Tung Communication Co., Ltd.

### **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Tai Tung Communication Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tai Tung Communication Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Tai Tung Communication Co., Ltd. to cease as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only statements, including related notes, whether the parent company only statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of Tai Tung Communication Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of Tai Tung Communication Co., Ltd. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2025 parent company only financial statements of Tai Tung Communication Co., Ltd. and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche

CPA Hsieh Tung-Ju

CPA Li Kuan-Hao

Financial Supervisory Commission  
Approval Document Number  
Jin-Guan-Zheng-Shen-Zi No. 1090347472

Financial Supervisory Commission Approval  
Document Number  
Jin-Guan-Zheng-Shen-Zi No. 1100372936

March 25, 2026

Tai Tung Communication Co., Ltd.  
Parent Company Only Balance Sheet  
December 31, 2025 and 2024

Unit: Thousands of NT\$

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 745,239	13	\$ 171,636	3
1110	Financial assets at fair value through profit or loss - current (Note 4 and 7)	19,995	-	17,162	-
1140	Contract assets - current (Note 4 and 23)	143,993	2	395,626	8
1150	Notes receivable, net (Note 4, 9, and 30)	329	-	1,523	-
1170	Accounts receivable, net (Note 4, 9, and 30)	339,352	6	246,941	5
1200	Other receivables (Note 4, 9, and 30)	3,058	-	3,267	-
1220	Current tax assets (Note 4 and 25)	-	-	39	-
130X	Inventory (Note 4 and 10)	384,953	7	409,747	8
1410	Prepayments (Note 30 and 32)	43,936	1	106,913	2
1470	Other current assets (Note 6 and 31)	45,314	1	19,686	1
11XX	Total current assets	<u>1,726,169</u>	<u>30</u>	<u>1,372,540</u>	<u>27</u>
<b>Non-current assets</b>					
1510	Financial asset at fair value through profit or loss - non-current (Note 4 and 7)	28,376	1	19,844	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	26,730	1	27,787	-
1550	Investments accounted for using the equity method (Note 4 and 11)	1,704,577	30	1,578,893	31
1600	Property, plant and equipment (Note 4, 12, 16, and 31)	1,320,968	23	1,239,465	24
1755	Right-of-use assets (Note 4 and 13)	201,724	4	190,347	4
1760	Investment property, net (Note 4, 14, 16, and 31)	362,352	6	453,041	9
1780	Intangible assets (Note 4 and 15)	379	-	307	-
1840	Deferred tax assets (Note 4 and 25)	47,639	1	63,092	1
1915	Prepayments for equipment (Note 30 and 32)	175,801	3	177,877	3
1920	Refundable deposits (Note 30)	52,525	1	29,279	1
1975	Net defined benefit assets (Note 4 and 21)	5,910	-	5,250	-
1980	Other financial assets - non-current (Note 6 and 31)	7,171	-	6,142	-
15XX	Total non-current assets	<u>3,934,152</u>	<u>70</u>	<u>3,791,324</u>	<u>73</u>
1XXX	Total assets	<u>\$ 5,660,321</u>	<u>100</u>	<u>\$ 5,163,864</u>	<u>100</u>
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
2100	Short-term borrowings (Note 16 and 31)	\$ 390,000	7	\$ 150,000	3
2130	Contract liabilities - current (Note 4, 23 and 30)	99,832	2	194,809	4
2170	Accounts payable (Note 17 and 30)	157,121	3	126,580	2
2200	Other payables (Note 18 and 30)	88,391	1	98,375	2
2230	Current tax liabilities (Note 4 and 25)	4,195	-	17,524	-
2250	Provisions current (Note 4 and 19)	61,752	1	86,081	2
2280	Lease liabilities - current (Note 4 and 13)	31,336	-	29,435	1
2322	Long-term borrowings due within 1 year or 1 operating cycle (Note 16 and 31)	835,510	15	-	-
2399	Other current liabilities	9,649	-	10,851	-
21XX	Total current liabilities	<u>1,677,786</u>	<u>29</u>	<u>713,655</u>	<u>14</u>
<b>Non-current liabilities</b>					
2540	Long-term borrowings (Note 16 and 31)	448,000	8	905,510	18
2570	Deferred tax liabilities (Note 4 and 25)	1,916	-	1,747	-
2580	Lease liabilities - non-current (Note 4 and 13)	159,483	3	155,491	3
2650	Credit balance of investments accounted for using the equity method (Note 4 and 11)	12,827	-	21,217	-
2670	Other non-current liabilities (Note 4, 14, 19, 20, and 30)	102,819	2	89,275	2
25XX	Total non-current liabilities	<u>725,045</u>	<u>13</u>	<u>1,173,240</u>	<u>23</u>
2XXX	Total liabilities	<u>2,402,831</u>	<u>42</u>	<u>1,886,895</u>	<u>37</u>
<b>Equity</b>					
<b>Share capital</b>					
3110	Common stock	1,659,219	29	1,659,219	32
3210	Capital surplus	1,216,219	22	1,219,892	24
<b>Retained earnings</b>					
3310	Legal reserve	37,666	1	1,104	-
3320	Special reserve	10,581	-	10,581	-
3350	Unappropriated earnings	323,887	6	375,558	7
3300	Total retained earnings	<u>372,134</u>	<u>7</u>	<u>387,243</u>	<u>7</u>
<b>Other equity</b>					
3410	Exchange differences on translation of foreign financial statements	( 5,117 )	-	( 5,477 )	-
3420	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income	15,035	-	16,092	-
3400	Total other equity	<u>9,918</u>	<u>-</u>	<u>10,615</u>	<u>-</u>
3XXX	Total equity	<u>3,257,490</u>	<u>58</u>	<u>3,276,969</u>	<u>63</u>
Total liabilities and equity		<u>\$ 5,660,321</u>	<u>100</u>	<u>\$ 5,163,864</u>	<u>100</u>

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

Chairman: Lee Ching-Hung

Manager: Lee I-Chuan

Head of accounting: Ting Szu-Fang

Tai Tung Communication Co., Ltd.  
Parent Company Only Statements of Comprehensive Income  
January 1 to December 31, 2025 and 2024

Unit: Thousands of NT\$, except for earnings per share in NT\$

Code		2025		2024	
		Amount	%	Amount	%
	Operating revenue (Note 4, 23, and 30)				
4110	Sales revenue	\$ 840,406	62	\$ 999,194	56
4170	Less: Sales returns and allowances	<u>887</u>	<u>-</u>	<u>491</u>	<u>-</u>
4100	Net sales revenue	839,519	62	998,703	56
4520	Construction revenue	<u>511,805</u>	<u>38</u>	<u>771,464</u>	<u>44</u>
4000	Total operating revenue	<u>1,351,324</u>	<u>100</u>	<u>1,770,167</u>	<u>100</u>
	Operating costs (Note 4, 10, 19, 21, 24, 30, and 32)				
5110	Cost of goods sold	699,020	52	815,069	46
5520	Construction costs	<u>431,603</u>	<u>32</u>	<u>811,221</u>	<u>46</u>
5000	Total operating costs	<u>1,130,623</u>	<u>84</u>	<u>1,626,290</u>	<u>92</u>
5900	Gross profit	220,701	16	143,877	8
5910	Unrealized loss (gains) on transactions with subsidiaries and associates	( 7,498 )	-	494	-
5920	Realized gains on transactions with subsidiaries and associates	<u>19,210</u>	<u>1</u>	<u>22,132</u>	<u>1</u>
5950	Realized operating gross margins	<u>232,413</u>	<u>17</u>	<u>166,503</u>	<u>9</u>
	Operating expenses (Note 4, 19, 21, 24, and 30)				
6100	Selling expenses	30,907	3	24,149	2
6200	Administrative expenses	97,595	7	112,130	6
6300	Research and development expenses	<u>3,466</u>	<u>-</u>	<u>3,377</u>	<u>-</u>
6000	Total operating expenses	<u>131,968</u>	<u>10</u>	<u>139,656</u>	<u>8</u>
6900	Net operating profit	<u>100,445</u>	<u>7</u>	<u>26,847</u>	<u>1</u>

(Continued on next page)

(Continued from previous page)

Code		2025		2024	
		Amount	%	Amount	%
	Non-operating income and expenses (Note 4, 11, 19, 24, and 30)				
7100	Interest income	\$ 2,093	-	\$ 1,182	-
7010	Other income	27,297	2	33,272	2
7020	Other profits and losses	( 3,496)	-	263,154	15
7050	Financial costs	( 32,795)	( 2)	( 37,893)	( 2)
7070	Share of gains or losses of subsidiaries and associates accounted for using the equity method	<u>142,405</u>	<u>10</u>	<u>158,349</u>	<u>9</u>
7000	Total non-operating income and expenses	<u>135,504</u>	<u>10</u>	<u>418,064</u>	<u>24</u>
7900	Net income before tax	235,949	17	444,911	25
7950	Income tax expenses (Note 4 and 25)	( <u>19,823</u> )	( <u>1</u> )	( <u>38,122</u> )	( <u>2</u> )
8200	Net income for the year	<u>216,126</u>	<u>16</u>	<u>406,789</u>	<u>23</u>
	Other comprehensive income (Note 4, 21, 22, and 25)				
	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	1,056	-	6,042	-
8316	Unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income	( <u>1,057</u> )	<u>-</u>	<u>10,103</u>	<u>1</u>
8310		( <u>1</u> )	<u>-</u>	<u>16,145</u>	<u>1</u>

(Continued on next page)

(Continued from previous page)

Code		2025		2024	
		Amount	%	Amount	%
	Items that may be reclassified subsequently to profit or loss				
8371	Subsidiaries' exchange differences resulting from translating the financial statements of a foreign operation accounted for using the equity method	450	-	2,206	-
8399	Income tax relating to items that may be reclassified to profit or loss	(\$ 90)	-	(\$ 441)	-
8360		<u>360</u>	-	<u>1,765</u>	-
8300	Other comprehensive income for the year (net of tax)	<u>359</u>	-	<u>17,910</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 216,485</u>	<u>16</u>	<u>\$ 424,699</u>	<u>24</u>
	Earnings per share (Note 26)				
9750	Basic	<u>\$ 1.30</u>		<u>\$ 2.43</u>	
9850	Diluted	<u>\$ 1.30</u>		<u>\$ 2.43</u>	

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

Chairman: Lee Ching-Hung      Manager: Lee I-Chuan      Head of accounting: Ting Szu-Fang

Tai Tung Communication Co., Ltd.  
Parent Company Only Statements of Changes in Shareholders' Equity  
January 1 to December 31, 2025 and 2024

Unit: Thousands of NT\$

Code		Retained earnings (Note 22)					Other equity item (Note 4 and 22)		Treasury stock	Total equity
		Capital stock (Note 22)	Capital surplus (Note 4, 11, and 22)	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income		
A1	Balance as of January 1, 2024	\$ 1,709,219	\$ 1,246,156	\$ -	\$ 10,581	\$ 11,037	( \$ 7,242 )	\$ 5,989	\$ -	\$ 2,975,740
B1	2023 earnings distribution Legal reserve	-	-	1,104	-	( 1,104 )	-	-	-	-
D1	Net profit of 2024	-	-	-	-	406,789	-	-	-	406,789
D3	Other comprehensive income after tax for 2024	-	-	-	-	6,042	1,765	10,103	-	17,910
D5	Total comprehensive income in 2024	-	-	-	-	412,831	1,765	10,103	-	424,699
L1	Treasury stock repurchase	-	-	-	-	-	-	-	( 126,907 )	( 126,907 )
L3	Treasury stock cancellation	( 50,000 )	( 29,701 )	-	-	( 47,206 )	-	-	126,907	-
C7	Changes in associates accounted for using the equity method	-	3,673	-	-	-	-	-	-	3,673
M3	Disposal of investments accounted for using the equity method	-	( 236 )	-	-	-	-	-	-	( 236 )
Z1	Balance as of December 31, 2024	1,659,219	1,219,892	1,104	10,581	375,558	( 5,477 )	16,092	-	3,276,969
B1	2024 earnings distribution Legal reserve	-	-	36,562	-	( 36,562 )	-	-	-	-
B5	Cash dividends	-	-	-	-	( 232,291 )	-	-	-	( 232,291 )
D1	Net profit of 2025	-	-	-	-	216,126	-	-	-	216,126
D3	Other comprehensive income after tax for 2025	-	-	-	-	1,056	360	( 1,057 )	-	359
D5	Total comprehensive income in 2025	-	-	-	-	217,182	360	( 1,057 )	-	216,485
M3	Disposal of investments accounted for using equity method	-	( 3,673 )	-	-	-	-	-	-	( 3,673 )
Z1	Balance as of December 31, 2025	\$ 1,659,219	\$ 1,216,219	\$ 37,666	\$ 10,581	\$ 323,887	( \$ 5,117 )	\$ 15,035	\$ -	\$ 3,257,490

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

Chairman: Lee Ching-Hung

Manager: Lee I-Chuan

Head of accounting: Ting Szu-Fang

Tai Tung Communication Co., Ltd.  
Parent Company Only Statements of Cash Flows  
January 1 to December 31, 2025 and 2024

Unit: Thousands of NT\$

Code		2025	2024
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$ 235,949	\$ 444,911
A20010	Income and expense items		
A20100	Depreciation expenses	82,818	69,375
A20200	Amortization expenses	686	665
A20400	Net loss on financial assets and liabilities measured at fair value through profit or loss	1,794	417
A20900	Financial costs	32,795	37,893
A21200	Interest income	( 2,093 )	( 1,182 )
A21300	Dividend income	( 922 )	( 1,093 )
A22400	Share of gains or losses of subsidiaries and associates accounted for using the equity method	( 142,405 )	( 158,349 )
A22500	Loss (profit) from disposal of property, plant and equipment	( 1,180 )	27
A23100	Gains on disposal of investments	-	( 290,393 )
A23900	Unrealized gains (losses) on transactions with subsidiaries and associates	7,498	( 494 )
A24000	Realized gains on transactions with subsidiaries and associates	( 19,210 )	( 22,132 )
A23700	Inventory falling price loss (reversed profit)	( 24,719 )	10,136
A24100	Unrealized foreign currency exchange profit	( 395 )	( 91 )
A29900	Lease modification gain	-	( 23 )
A29900	Recognition (reversal) of provisions	( 1,347 )	60,412
A30000	Net changes in operating assets and liabilities		

(Continued on next page)

(Continued from previous page)

Code		2025	2024
A31115	Financial assets mandatorily measured at fair value through profit or loss	(\$ 13,159)	(\$ 10,906)
A31125	Contract assets	251,633	( 3,943)
A31130	Notes receivable	1,194	( 119)
A31150	Accounts receivable	( 91,873)	( 123,092)
A31180	Other receivables	211	( 2,653)
A31200	Inventory	49,513	233,456
A31230	Prepayments	62,977	76,573
A31240	Other current assets	( 2,085)	13,210
A32125	Contract liabilities	( 94,977)	35,183
A32130	Notes payable	-	( 129)
A32150	Accounts payable	30,344	( 26,105)
A32180	Other payables	( 10,794)	28,483
A32200	Provisions	( 13,264)	( 96,175)
A32230	Other current liabilities	( 4,030)	3,734
A32240	Net defined benefit assets	396	448
A32990	Other liabilities	9,459	( 625)
A33000	Cash inflow from operating activities	344,814	277,419
A33500	Income tax paid	( 17,620)	( 45)
A33500	Income tax returned	39	82
AAAA	Net cash inflow from operating activities	<u>327,233</u>	<u>277,456</u>
	Cash flows from investing activities		
B01900	Disposal of investments accounted for using the equity method	-	448,488
B02400	Subsidiary proceeds from capital reduction	-	312,283
B02700	Purchase of property, Plant and Equipment	( 20,459)	( 30,122)
B02800	Proceeds from disposal of property, plant and equipment	1,524	4,617
B03700	Increase in refundable deposits	( 50,236)	( 17,683)
B03800	Decrease in refundable deposits	3,522	1,910
B04500	Acquisition of intangible assets	( 758)	( 645)
B06500	Increase in other financial assets	( 1,029)	-
B06600	Decrease in other financial assets	-	2,927
B07100	Increase in prepayments for equipment	( 26,098)	( 48,261)
B07500	Interest received	2,093	1,182
B07600	Dividend received	922	1,093
B09900	Dividends received from subsidiaries and associates	<u>16,820</u>	<u>25,077</u>

(Continued on next page)

(Continued from previous page)

Code		2025	2024
BBBB	Net cash inflow (outflow) from investing activities	(\$ <u>73,699</u> )	\$ <u>700,866</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	240,000	-
C00200	Decrease in short-term borrowings	-	( 558,638)
C01600	Proceeds from long-term borrowings	778,000	770,000
C01700	Repayments of long-term borrowings	( 400,000)	( 1,025,740)
C03000	Increase in deposits received	427	43,437
C03100	Decrease in deposits received	( 3,232)	( 3,626)
C04020	Lease principal repayment	( 30,827)	( 19,377)
C04500	Cash dividends distributed	( 232,291)	-
C04900	Cost of treasury stock repurchase	-	( 126,907)
C05600	Interests paid	( <u>32,008</u> )	( <u>38,633</u> )
CCCC	Net cash inflow (outflow) from financing activities	<u>320,069</u>	( <u>959,484</u> )
EEEE	Increase in cash and cash equivalents for the year	\$ 573,603	\$ 18,838
E00100	Cash and cash equivalents balance - beginning of the year	<u>171,636</u>	<u>152,798</u>
E00200	Cash and cash equivalents balance - end of the year	<u>\$ 745,239</u>	<u>\$ 171,636</u>

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

Chairman: Lee Ching-Hung

Manager: Lee I-Chuan

Head of accounting: Ting Szu-Fang

Tai Tung Communication Co., Ltd.  
Notes to Parent Company Only financial statements  
January 1 to December 31, 2025 and 2024  
(All amounts in NT\$ thousand unless otherwise specified)

(I) Company History

Tai Tung Communication Co., Ltd. (hereinafter referred to as the "Company"), originally known as "Tai Tung Wire & Cable Co., Ltd.," was established in December 1981, and changed its name to "Tai Tung Communication Co., Ltd." in May 2000. In January 2010, the Company was approved by Taipei Exchange to OTC trade of emerging stocks. And in July 2011, after the application for listing has been approved by Taiwan Stock Exchange Corporation, its shares were officially listed on the central exchange for public trading in September of the same year.

The Company is mainly engaged in fiber optical cables and Fiber to the Home (FTTH) related accessories business, internal and external communication cables business, power transmission cables business, manufacture and sale of other products, and wholesale and retail sale of ores.

In order to integrate resources and improve operation performance, the short-form merger/consolidation with the subsidiary An Tung Optoelectronic Co., Ltd. was approved by the board of directors on March 25, 2009, with the Company as the surviving company and An Tung Optoelectronic Co., Ltd. as the dissolved company. The reference date for the merger/consolidation was April 30, 2009. Since An Tung Optoelectronic Co., Ltd. had been a 100% owned subsidiary of the Company, in this merger/consolidation the Company did not issue new shares or pay cash as the consideration.

The Parent Company Only Financial Report is presented in New Taiwan dollars, which is the Company's functional currency.

(II) Date and Procedures for Approval of Financial Statements

The parent company only financial statements were approved for publication by the Board of Directors on March 9, 2026.

(III) Application of New and Revised Standards and Interpretation

1. First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations ("IFRICs" and "SICs") (hereinafter collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "IFRSs").

First-time adoption of the International Financial Reporting Standards (IFRS Accounting Standards) endorsed and issued into effect by the Financial Supervisory Commission in 2025 did not result in significant changes in accounting policies.

2. The IFRS Accounting Standards endorsed by the FSC applicable in 2026

<u>New/amended/ revised standards or interpretations</u>	<u>Effective date of IASB publication</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the amendments in 2020 and 2021)	January 1, 2023

The above amendments to the above standards and interpretations were assessed by the Company to have no material impact on the Company's financial position and financial performance.

3. The IFRS Accounting Standards by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/amended/ revised standards or interpretations</u>	<u>Effective date of IASB publication (Note 1)</u>
Amendment to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Undecided
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the amendments in 2025)	January 1, 2027
Amendments to IAS21 “The Effects of Changes in Foreign Exchange Rates”	January 1, 2027

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The FSC has declared on September 25, 2025 that entities in Taiwan shall apply IFRS 18 since January 1, 2028, or elect to apply in advance after FSC endorses IFRS 18.

IFRS 18 “Presentation and Disclosure in Financial Statements” and relevant supporting amendments

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes in this standard include:

- The Company shall evaluate whether it invests in particular type of assets and provides financing to customers as a specific main business activity, and classify items in the statement of profit or loss into categories: operating, investing, financing, income taxes and discontinued operations accordingly.
- The income statement should present subtotals and totals for operating profit or loss, profit or loss before financing and tax, and profit or loss.
- Guidelines to Strengthen Aggregation and Disaggregation Requirements: The Company must identify assets, liabilities, equity, revenues, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, so that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes. The company shall label such items as "Other" only when no more informative label can be identified.
- Enhance Disclosure of Management-Defined Performance Measures: When the Company engages in public communications outside the financial statements and communicates management's view on certain aspects of the Company's overall financial performance to financial statement users, it shall disclose information related to management-defined performance measures in a single note to the financial statements. This information should include a description of the measure, how it is calculated, its reconciliation with subtotals or totals specified in IFRS accounting standards, and the income tax and non-controlling interest effects of the reconciling items.

In addition, IAS 7 “Statement of Cash Flows” was amended by the supporting measures:

- When the Company prepare the cash flows from operating activities by indirect method, operating profit or loss shall be used as the starting point.
- The Company shall classify interests and dividends received to investing activities, and interests and dividends paid to financing activities. If the Company has specified main operating activities after assessment, the types of dividend income, interest income and interest expenses in the statement of profit or loss shall be considered, to determine the categories of the dividends received, interests received, and interests paid in the statement of cash flows. However, the aforementioned each cash flow can be classified in a single activity in the statement of cash flows separately.

Except for the aforementioned impacts, the Company evaluates that the above-mentioned amendments to the standards or interpretations do not have a significant impact on the Company. However, as of the date of approval for publication of the Financial Report, the Company is still assessing the impact of amendments to other standards and interpretations on the Company's financial position and financial performance, which will be disclosed after completing the assessment.

(IV) Summary of Significant Accounting Policies

1. Compliance Statement

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers.

2. Basis of preparation

The parent company only financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities (assets) recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

- (1) Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
- (2) Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
- (3) Level 3 input value: the unobservable input value of asset or liability.

The Company applies the equity method to an investment in a subsidiary, a joint venture or an associate when preparing its parent company only financial reports. In order to make the profit or loss for the period, other comprehensive income, and equity in this parent company only financial report the same as the profit or loss for the period, other comprehensive income, and equity attributable to owners of the Company in the Company's consolidated financial report, for certain differences in accounting treatment on an individual entity basis and consolidated basis, adjustments should be made to "Investments Accounted for Using the Equity Method," "Share of the Profit or Loss of Associates and Joint Ventures Accounted for Using the Equity Method," and equity items.

3. Standards in differentiating current and non-current assets and liabilities

Current assets include

- (1) Assets held primarily for trading purposes;
- (2) Assets expected to be realized within 12 months of the balance sheet date; and

- (3) Cash and cash equivalents (excluding those that are restricted for exchanging or settling liabilities more than 12 months after the balance sheet date).

Current liabilities:

- (1) Liabilities held primarily for trading purposes.
- (2) Liabilities due for settlement within 12 months after the balance sheet date (current liabilities even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the financial statements are authorized for issuance), and
- (3) Liabilities for which there is no substantive right at the balance sheet date to defer settlement for at least 12 months after the balance sheet date.

Those that are not current assets or liabilities above are classified as non-current assets or liabilities.

The Company engages in telecommunications engineering business, where the operating cycle typically exceeds one year. Therefore, the assets and liabilities related to the telecommunications engineering business are classified as current or non-current in accordance with the operating cycle (about 2 to 3 years).

#### 4. Foreign currency

When preparing the parent company only financial statements, for the transactions conducted in a currency other than the Company's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date. Exchange differences arising on settlement or translation of a monetary asset are recognized in profit or loss for the period in which it arises.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is recognized in the gain and loss for the period. However, fair value changes recognized in other comprehensive income, and the resulting exchange differences are included in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the parent company only financial statements, the assets and liabilities of foreign operations (including subsidiaries, associates, joint ventures, or branches that operate in a country or currency different from that of the Company) are translated into New Taiwan dollars at the exchange rate prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income.

On the disposal of the entire interest of a foreign operation, or the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, or the retained interest after the disposal of an associate that includes a foreign operation is a financial asset and is measured according to the accounting policies for financial instruments, the cumulative amount of the exchange differences relating to that foreign operation should be reclassified to profit or loss.

If the partial disposal of a subsidiary with foreign operations does not result in a loss of control, the cumulative exchange differences are recognized in equity transactions on a pro rata basis and not profit or loss. In the case of any other partial disposal of foreign operations, the cumulative exchange differences are reclassified to profit or loss in proportion to the disposal.

5. Cash Equivalents

Cash equivalents refers to commercial papers, bonds or notes with reverse repurchase agreements, or time deposits due or repaid within 3 months from the date it was invested, highly liquid, readily convertible into known amounts of cash, and subject to insignificant risk of changes in value, which are held for the purpose of meeting short-term cash commitments with a carrying amount approximating fair value.

6. Inventory

Inventories include raw materials, supplies, finished goods, and work-in-process. Inventory is valued at the lower of cost or net realizable value. The lower of cost and net realizable value can be applied based on an individual-item basis except for group similar item of inventories. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs. The cost of inventory is calculated using the weighted average method.

7. Investments accounted for using the equity method

The Company applies the equity method to an investment in a subsidiary or an associate.

Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company (including a structured entity).

Under the equity method, investments are initially recognized at cost; and the book value of the investment after the acquisition date increases or decreases with the share of profits or losses of the subsidiary, other comprehensive income, and profits distribution. In addition, for changes in other equity of subsidiaries the Company is entitled to are recognized proportionately to the shareholding.

When a change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference

between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its equity interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term equity interests that are in substance a component of the Company's net investment in the subsidiary), the Company shall continue to recognize losses in proportion to its equity in the subsidiary.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date over the acquisition cost is recorded as income for the period.

The Company assesses impairment based on the cash-generating units as a whole in the financial statements and compares their recoverable amounts with their book values. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Impairment losses attributable to goodwill must not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the parent company only financial statements. Gains or losses from upstream and side-stream transactions with subsidiaries are recognized in the parent company only financial statements only to the extent that they are not related to the Company's equity interest in the subsidiary.

#### Investments in associates

An associate is an entity over which the Company has significant influence but is not a subsidiary or a joint venture.

Under the equity method, investments in associates are initially recognized at cost; and the book value of the investment after the acquisition date increases or decreases with the share of profits or losses of the associate, other comprehensive income, and profits distribution. In addition, changes in interest in an associate are recognized in proportion to their shareholding.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the associates at the acquisition date over the acquisition cost is recorded as gain or loss for the period.

If the Company does not subscribe for new shares of an associate in proportion to its shareholding, resulting in a change in the Company's shareholding and an increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital surplus and investments accounted for using the equity method. However, if the ownership interest in an associate is reduced as a result of subscription or acquisition without proportionate shareholding, the amount recognized in other comprehensive income related to the associate is reclassified in proportion to the reduction on the same basis as that required for the direct disposal of the related assets or liabilities of the associate; if the former adjustment is charged to capital surplus and the balance of capital surplus from investments accounted for using the equity method is insufficient, the difference is charged to retained earnings.

When the Company's share of losses in an associate equals or exceeds its equity interest in the associate (including the carrying amount of the associate under the equity method and other long-term equity interests that are in substance a component of the Company's net investment in the associate), the Company shall cease to recognize further losses. The Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of associates have been incurred.

In assessing the impairment, the Company sees the entire carrying amount of the investment (including goodwill) as a single asset and compares the recoverable amount of the investment to its carrying amount for the purpose of impairment testing. The recognized impairment loss is also part of the investment's carrying amount.

Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment. The Company ceases to adopt the equity method from the date its investment ceases to be an associate, and its retained equity interest in the associate is measured at fair value. The difference between the fair value and the disposal proceeds and the carrying amount of the investment on the date of discontinuation of the equity method is recognized in the current profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the associate are accounted for on the same basis as if the associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to use the equity method without remeasuring the retained equity interest.

The profit or loss from the upstream, downstream and side-stream transactions between the Company and associates is recognized in the parent company only financial statements within the range that is irrelevant to the Company's equity interest in the associates.

8. Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for administrative purposes and are expected to be used during more than one period, which are recognized at cost when it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. The subsequent measurement is based on cost less accumulated depreciation and accumulated impairment losses.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Cost includes professional service fees and loan costs that qualify for capitalization. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

Each component of property, plant and equipment that is significant shall be depreciated separately on a straight-line basis over its useful life. The Company should at least review the expected useful life, salvage value, and depreciation method at the end of each year and defer the effect of the changes in accounting estimates.

In derecognizing property, plant, and equipment, the difference between the net proceeds of disposition and the book value shall be recognized as income.

9. Investment property

Investment property refers to real estate held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for future use that is currently undetermined.

Investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation on a straight-line basis.

Property, plant, and equipment are reclassified as investment properties at their carrying amount at the date they cease to be used.

When investment property is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

10. Intangible assets

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. Intangible assets are amortized on a straight-line

basis over their useful life. The Company should at least review the expected useful life, salvage value, and amortization method at the end of each year and defer the effect of the changes in accounting estimated value.

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

11. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets (exclusive goodwill), and contract cost assets

The Company assesses on each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, investment property and intangible assets (other than goodwill) may have been impaired. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The carry amount of shared assets shall be allocated to each cash generating unit on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use, whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

For the property, plant and equipment and intangible assets recognized from contracts with customers, firstly, the impairment of which is recognized in accordance with the inventory impairment regulations and the above requirements; secondly, the impairment loss of which is recognized in the carrying amount of the contract cost assets exceeding the remaining amount of consideration expecting to receive for providing the relevant goods or services deducting direct costs; thirdly, the carrying amount of the contract cost assets is included in the cash-generating unit to which it belongs for conducting an impairment assessment of the cash-generating unit.

When the impairment loss is subsequently reversed, the carrying amount of the asset and cash-generating unit or contract cost asset shall be increased to its revised recoverable amount. However, the increased carrying amount due to reversal should not be more than what the carrying amount of the asset and cash-generating unit or contract cost asset would have been determined (net of amortization or depreciation) had no impairment lost been recognized for the asset in prior accounting periods. The reversed impairment loss is recognized in the profit or loss.

## 12. Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheets when the Company becomes a party to the contracts of such instruments.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

### (1) Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

#### A. Type of measurement

The financial assets held by the Company include financial instruments measured at fair value through profit or loss, investments in equity instruments designated at fair value through other comprehensive income, and financial assets measured at amortized cost.

#### (A) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated at fair value through other comprehensive income and investments in debt instruments that are not qualified for classification as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and gains or losses arising from the remeasurement thereof are recognized in other gains and losses. Please refer to Note 27 for the determination of fair value.

#### (B) Investments in equity instruments measured through other comprehensive income at fair value

The Company may make an irrevocable choice at the time of initial recognition for designating investment in equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment in equity instruments measured at fair value through other comprehensive income shall be recognized as income when the right of the Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(C) Financial assets measured at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets measured at amortized cost:

1. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
2. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable and notes receivable measured at amortized cost) is, after initial recognition, measured at amortized cost of the gross carrying amount calculated using effective interest method less any impairment loss. Any foreign exchange gains or losses are recognized in profit or loss. Any foreign exchange gains or losses are recognized in profit or loss. Interest income is calculated by multiplying the effective interest rate by the gross carrying amount of financial assets.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

## B. Impairment of financial assets and contract assets

The Company assesses the impairment losses on financial assets measured at amortized cost (including accounts receivable) and contract cost assets on each balance sheet date based on the expected credit loss.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. Other financial assets shall be evaluated for any significant increase in the credit risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss over a period of 12 months. If it is, recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

For internal credit risk management purposes, the Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

- (A) There is internal or external information indicating that the debtor is no longer able to pay their debts.
- (B) Payments are overdue for more than 120 days, unless there is reasonable and supporting information showing that the delayed basis of default is more appropriate.

The carrying amount of all financial assets is reduced through an allowance account, except for the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income, which is recognized in other comprehensive income and does not reduce the carrying amount.

## C. The derecognition of financial assets

The Company's financial assets are derecognized only when the contractual rights to the cash flows from the financial assets become invalid, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely

derecognized, the accumulated gains or loss shall be directly transferred to retained earnings without being classified as profit or loss.

(2) Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

Share capital - reacquired own equity instruments by the Company are recognized and deducted under equity items, and their book value is calculated based on the weighted average basis by share type. The Company's equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

(3) Financial liabilities

A. Subsequent measurement

Financial liabilities held by the Company are measured at amortized cost using the effective interest method.

B. Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

13. Provisions

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date under considerations for risks and uncertainties of obligations. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

The warranty obligations under sale contracts are measured at the best estimated amount of the expenditure required to settle the Company's obligation and are recognized when revenue is recognized for related goods.

The Company measures a sale contract that has been signed but not performed at the balance sheet date and recognizes a provision for the present obligation arising from an onerous contract if the unavoidable costs of meeting the contractual obligations under the contract exceed the economic benefits expected to be received under it.

#### 14. Recognition of revenue

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

##### (1) Merchandise sales revenue

The revenue from sale of goods derives from sales of optical cables, Fiber to the Home (FTTH) related accessories, internal and external communication transmission cables, power transmission cables, and other products. When the goods arrive at the place specified by the customer, the customer already has the right to set the price and use the goods, takes the primary responsibility for reselling them, and bears the risk of obsolescence; therefore, the Company shall recognize revenue and accounts receivable at that point in time.

When processing materials supplied by clients, the control of the ownership of the processed products has not been transferred; therefore, the Company shall not recognize revenue when materials are supplied by clients.

##### (2) Construction revenue

Since the cost of construction is directly related to the degree of completion of performance obligations, the Company measures progress by the proportion of the actual input cost to the expected total cost. The Company progressively recognizes contract assets during the construction process and transfers them into accounts receivable when billing for contract works. Where the amount received for contract works exceeds the amount of revenue recognized, the difference is recognized as contract liabilities. The purpose for retentions held by customers for contract works in accordance with the contract terms is to ensure that the Company fulfills all its contractual obligations, which is recognized as contract assets before the completion of the company's construction contract.

When the outcome of a construction contract cannot be estimated reliably, the construction revenue is recognized only to the extent that the costs incurred performance of the contract obligations are expected to be recovered.

#### 15. Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

##### (1) The Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

For an operating lease, the net lease payments of the lease incentives are recognized as income on a straight-line basis over the relevant lease periods.

In a lease agreement, the variable lease payments that do not depend on an index or a rate are recognized as income in the period in which they occur.

(2) The Company is the lessee

Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease term, the right-of-use assets and lease liabilities of other leases are recognized starting from the lease commencement date.

The right-of-use asset is measured initially at cost, subsequently measured at cost less accumulated depreciation and accumulated impairment, with an adjustment made to the remeasurement of the lease liability. The right-of-use assets are presented separately in the parent company only balance sheets.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease term, whichever is sooner.

The lease liability is measured at the present value of the lease payments (including fixed payments and variable lease payments that depend on an index or a rate). If the lease implied interest rate is easy to determine, the lease payment is discounted at the said implied interest rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease term. The Company only remeasures the lease liability when there is a change in future lease payments resulting from the lease term or a change in the index or rate that is used to determine those payments, with an adjustment made to the right-of-use asset. However, if the carrying amount of the right-of-use asset has been reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not treated as individual leases, the remeasurement of the lease liability due to a reduction in the scope of the lease is a reduction of the right-of-use asset and gains or losses are recognized for partial or full termination of the lease. The remeasurement of lease liabilities due to other modifications is adjusted for the right-of-use assets. Lease liabilities are presented separately in the parent company only balance sheets.

16. Government subsidies

Government subsidies are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to revenue are recognized in other revenue on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

17. Employee benefits

(1) Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

(2) Post-employment benefits

Underdefined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and rereasurement) of defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit liability (asset) may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

18. Share-based payment agreement - Employee stock option

When the Company issues new shares for cash capital increase, part of such shares shall be reserved subscription by employees according to law in a share-based payment arrangement. It shall measure the fair value of the services received by reference to the fair value of the equity instruments at grant date and at the same time recognize it as salary expenses and capital surplus.

## 19. Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

### (1) Income tax expenses in the current period

Additional Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year in which resolutions are made at the shareholders' meeting.

The adjustment to previous period income tax payable is booked as current income tax.

### (2) Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized for deductible temporary differences and unused tax losses (tax credits) carried forward, to the extent that it is probable that future taxable profits will be available.

The Company shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The book amount of deferred tax assets must be reviewed at each balance sheet date. The book amount of those that no longer has any sufficient taxable income to recover all or part of the asset should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that is likely to generate taxable income in the future for the recovery of all or part of their assets should be adjusted up.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

(3) Current and deferred income tax for the year

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity are recognized in other comprehensive income or directly included in the equity. If the current income tax or deferred income tax arises from the acquisition of Subsidiary, the income tax effect is included in the accounting for the acquired Subsidiary.

(V) Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

In adopting accounting policies, management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from the estimates.

The management will review estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

Impairment of investments accounted for using the equity method

When determining whether an investment accounted for using the equity method is impaired, the recoverable amount of the cash-generating units should be estimated. The recoverable amount is the fair value net of cost or the value in use, whichever is higher. To calculate the value in use, the management shall estimate the present amount of the future cash flows that it expects to derive from the cash-generating unit and determine the discount rate used to calculate the present value. As of December 31, 2025 and 2024, the carrying amounts of the investments accounted for using the equity method were NT\$1,704,577 thousand and NT\$1,578,893 thousand, respectively.

(VI) Cash and Cash Equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash		
Petty cash and cash on hand	\$ 921	\$ 921
Checking accounts and demand deposits	<u>744,318</u>	<u>170,715</u>
	<u>\$ 745,239</u>	<u>\$ 171,636</u>

The interest rate range at the balance sheet date for the Company's pledged time deposits (recorded as other current assets and other financial assets - non-current):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Pledged time deposit	1.225%~1.715%	1.225%~1.690%

(VII) Financial Instruments Measured at Fair Value Through Profit or Loss

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Measured at fair value through income under compulsion		
Non-derivative financial assets		
–Funds	\$ -	\$ 2,946
–Stocks listed on the TWSE/TPEX	<u>19,995</u>	<u>14,216</u>
	<u>\$ 19,995</u>	<u>\$ 17,162</u>
<u>Non-current</u>		
Measured at fair value through income under compulsion		
Non-derivative financial assets		
–Funds	<u>\$ 28,376</u>	<u>\$ 19,844</u>

(VIII) Financial assets measured at fair value through other comprehensive income

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Non-current</u>		
Domestic Investment		
Stocks not listed on the TWSE/TPEX		
Kabletek Corporation	\$ -	\$ -
Glory Technology Service Inc.	<u>26,730</u>	<u>27,787</u>
	<u>\$ 26,730</u>	<u>\$ 27,787</u>

The Company invests in the common stocks of the non-TWSE and non-TPEX listed companies according to its medium and long-term strategic goals and expects to make profits through long-term investments. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and has therefore

elected to designate these investments as measured at fair value through other comprehensive income.

(IX) Notes receivable, accounts receivable and other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total book value	\$ 329	\$ 1,523
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 329</u>	<u>\$ 1,523</u>
Incurring by operation	\$ 329	\$ 1,523
Occurred not due to business	<u>-</u>	<u>-</u>
	<u>\$ 329</u>	<u>\$ 1,523</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Accounts receivable - related parties	\$ 53,843	\$ 42,228
Accounts receivable - non-related parties	<u>285,509</u>	<u>204,713</u>
	339,352	246,941
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 339,352</u>	<u>\$ 246,941</u>
<u>Other receivables</u>		
Other receivables - related parties	\$ 61	\$ 340
Other receivables - non-related parties	<u>2,997</u>	<u>2,927</u>
	<u>\$ 3,058</u>	<u>\$ 3,267</u>

The Company's customer base mainly consists of domestic and foreign telecommunications companies or peer companies. In the balance of accounts receivable on December 31, 2025 and 2024, for details about the credit risk resulting from the concentration in significant customers, please refer to Note 27.

The Company provides an average credit term of 90 - 120 days on sale of goods in Taiwan and Southeast Asia, and collects money according to the contract or the trading conditions in the Chinese market; therefore, there is no specific number of days for credit terms, and no accrued interest on the accounts receivable.

Before taking orders from new customers, the Company shall evaluate their credit quality and set their credit limits after learning more about the customers through external information or visits by sales personnel.

For accounts receivable that have been overdue at the balance sheet date but on which the Company has not yet recognized the allowance for losses, since the credit quality has not significantly changed, the Company's management believes that the amount can still be recovered. The Company does not hold any collateral or other credit enhancements for these accounts receivable. In addition, the Company does not have the

statutory rights to offset account payables with account receivables for the same counterparty either.

The Company shall recognize the allowance for loss on accounts receivable based on the expected credit losses over the duration using the IFRS 9 simplified approach. Expected credit losses over the duration are calculated using a provision matrix, which takes into account the customer's past default records and current financial position, the economic conditions of the industry, as well as GDP forecasts and industry outlook. Since the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the provision matrix only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is any evidence indicating that the counterparty is facing financial difficulties and the Company cannot reasonably expect the recoverable amount; for example, the counterparty is in the liquidation procedure or the claim has been overdue for more than a certain number of days, the Company will directly write off the related accounts receivable and continue the claims activity, with the amount recovered in claims collection to be recognized in profit or loss.

The allowance for losses on accounts receivable based on the provision matrix is as follows:

December 31, 2025

	<u>Not overdue</u>	<u>Overdue 1 to 60 days</u>	<u>Overdue 61 to 120 days</u>	<u>Overdue more than 120 days</u>	<u>Total</u>
Expected credit loss rate	-	-	-	100%	
Total book value	\$ 339,276	\$ 76	\$ -	\$ -	\$ 339,352
Allowance for loss (expected credit loss of the given duration)	-	-	-	-	-
Amortized cost	<u>\$ 339,276</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,352</u>

December 31, 2024

	<u>Not overdue</u>	<u>Overdue 1 to 60 days</u>	<u>Overdue 61 to 120 days</u>	<u>Overdue more than 120 days</u>	<u>Total</u>
Expected credit loss rate	-	-	-	100%	
Total book value	\$ 246,867	\$ 74	\$ -	\$ -	\$ 246,941
Allowance for loss (expected credit loss of the given duration)	-	-	-	-	-
Amortized cost	<u>\$ 246,867</u>	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,941</u>

The changes in the allowance for losses for the Company's accounts receivable and other receivables are as follows:

	<u>2025</u>	<u>2024</u>
Beginning and ending balance	<u>\$ -</u>	<u>\$ -</u>

(X) Inventory

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Finished goods	\$ 170,523	\$ 140,624
Work in process	28,771	38,427
Raw materials and supplies	185,659	230,513
Inventory in transit	<u>-</u>	<u>183</u>
	<u>\$ 384,953</u>	<u>\$ 409,747</u>

The nature of the cost of goods sold:

	<u>2025</u>	<u>2024</u>
Cost of inventory sold	\$ 721,186	\$ 817,723
Recognition (reversal) inventory falling price loss	( 24,719 )	10,136
Recognition (reversal) of provisions for onerous contracts	2,553	( 12,865 )
Inventory obsolescence losses	<u>-</u>	<u>75</u>
	<u>\$ 699,020</u>	<u>\$ 815,069</u>

The recovery of the net realizable value of inventories for the year ended December 31, 2025 was resulted from the use of materials and supplies to destock.

(XI) Investments accounted for using the equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investment in subsidiaries	\$ 1,481,232	\$ 1,363,173
Investments in associates	<u>210,518</u>	<u>194,503</u>
	1,691,750	1,557,676
Credit balance of investments accounted for using the equity method	<u>12,827</u>	<u>21,217</u>
	<u>\$ 1,704,577</u>	<u>\$ 1,578,893</u>

1. Investment in subsidiaries

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-TWSE and non-TPEX listed companies		
AgrandTech Limited (hereinafter referred to as "AgrandTech")	\$ 71,026	\$ 74,040
Qiong Lian Co., Ltd. (hereinafter referred to as "Qiong Lian")	23,640	23,626
King Tung Resources Co., Ltd. (hereinafter referred to as "King Tung Resources")	( 12,827)	( 21,217)
SING TUNG TECHNOLOGIES PTE. LTD ( hereinafter referred to as SING TUNG )	11,081	14,504
Datong Construction Co., Ltd. (hereinafter referred to as "Datong Construction")	3,413	3,225
Public companies		
Taiwan Intelligent Fiber Optic Network Co., Ltd. (hereinafter referred to as "Taifo")	<u>1,384,899</u>	<u>1,268,995</u>
	<u>\$ 1,481,232</u>	<u>\$ 1,363,173</u>

<u>Subsidiary name</u>	Percentage of ownership interests and voting rights	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
AgrandTech	100%	100%
Qiong Lian	100%	100%
Taifo	68.22%	68.22%
King Tung Resources	89.71%	89.71%
SING TUNG	97%	97%
Datong Construction	51%	51%

The Company won the bid for the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" on December 16, 2011 and set up a new company in accordance with the contract. The new company (Taifo) was established on January 6, 2012. The Company has paid NT\$156,000 thousand for the shares of Taifo before January 1, 2012. To meet the needs of constructing network facilities and enhancing operational funds, in February, 2012, the board of directors of Taifo decided to carry out the first cash capital increase for 2012, issuing

40,000 thousand new shares at NT\$10 per share. The Company subscribed to 28,080 thousand shares according to its shareholding ratio, with an investment amount of NT\$280,800 thousand. In order for the development and establishment of the Reconfigurable Optical Add/Drop Multiplexer, DC & POI systems, Synchronization System and Access Network, Taifo conducted the cash capital increase for a total of 2 times in 2013, issuing 32,000 thousand shares and 39,000 thousand shares at NT\$10 and NT\$15 per share, respectively, of which 4,390 thousand shares and 21,194 thousand shares were subscribed by the Company, respectively. For the purchase of cable materials and cable routing works, in 2014, Taifo conducted the cash capital increases for a total of 2 times, issuing 34,000 thousand shares and 25,200 thousand shares at NT\$18 and NT\$20 per share, of which 21,456 thousand shares and 19,055 thousand shares were subscribed by the Company, respectively. For the purchase of cable materials and cable routing works, in 2016, Taifo conducted a cash capital increase through issuing 20,000 thousand new shares at NT\$15 per share, of which 19,942 thousand shares were subscribed by the Company. In 2019, Taifo conducted a cash capital increase through issuing 30,000 thousand new shares at NT\$10 per share, of which 29,735 thousand shares were subscribed by the Company. Taifo conducted a capital reduction to write off the accumulated losses of NT\$461,073 thousand as approved by the shareholders' meeting on June 24, 2022, resulting in the cancellation of 46,107 thousand shares, with a capital reduction ratio of 16.7663%. The reduction of capital was effective as of August 1st, 2022, and the change registration has been completed. Taifo conducted a cash capital reduction to refund shareholders' capital as approved by the shareholders' meeting on December 14, 2023, resulting in the cancellation of 45,779 thousand shares, with a capital reduction ratio of 20%. The reduction of capital was effective as of January 8, 2024, and the change registration has been completed. As of December 31, 2025 and 2024, the Company's accumulated investment amounts in Taifo were both NT\$2,412,952 thousand.

In Taifo, from July to December 2024, the Company did not subscribe to its investee company's shares in proportion to its holdings, resulting in an adjustment to the capital surplus due to changes in ownership equity. Accordingly, the Company increased the capital surplus by NT\$3,673 thousand to reflect this change in ownership equity.

Taifo disposed of the investee company in September 2025. The Company wrote down NT\$3,673 thousand of capital surplus for the amount of changes in ownership interests.

King Tung Resources, the Company's subsidiary accounted for using the equity method, entered into the "One Track Inspection Vehicle" purchase contract with Taiwan Railways Administration (hereinafter referred to as the "TRA"), MOTC on July 17, 2015, but it did not pass the acceptance tests. TRA had sent a notification in May 2022 that the contract should be terminated and no guarantee bond should be returned according to the purchase contract. TRA also sent a

notification in November 2022 to request the payment of the overdue liquidated damages with regard to the purchase contract. King Tung Resources has engaged a lawyer to enter into mediation or litigation to safeguard its interests. As of December 31, 2025 and 2024, the Company recognized accumulated impairment losses of NT\$35,600 thousand for the subsidiary, related to the need to pay the penalty.

2. Investments in associates

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Individually insignificant associates		
Chien Tung Harbour Service Co., Ltd. (hereinafter referred to as "Chien Tung")	<u>\$ 210,518</u>	<u>\$ 194,503</u>
	Percentage of ownership interests and voting rights	
<u>Company name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Chien Tung	24.03%	24.03%

On November 14, 2024, the Company's Board of Directors resolved to dispose of all 6,265 thousand shares of Fiber Logic at a price of NT\$71.8 per share, with a total transaction amount of NT\$448,488 thousand (after deducting taxes and fees). The transfer of ownership was completed on November 18, 2024, and the Company recognized an investment disposal gain of NT\$290,393 thousand (recorded under other gains and losses) while reducing the capital surplus by NT\$236 thousand.

Information on individually insignificant associates is summarized as follows:

	<u>2025</u>	<u>2024</u>
Share to which the company is entitled		
Net income for the year	<u>\$ 32,835</u>	<u>\$ 55,775</u>
Total comprehensive income	<u>\$ 32,835</u>	<u>\$ 55,775</u>

(XII) Property, Plant and Equipment

	Land	Buildings and structures	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
<u>Costs</u>								
Balance as of January 1, 2024	\$ 712,377	\$ 447,642	\$ 401,775	\$ 46,092	\$ 9,590	\$ 13,471	\$ 1,010	\$ 1,631,957
Addition	1,285	2,129	15,177	2,589	396	543	-	22,119
Disposal	-	( 4,337)	( 651)	( 1,480)	-	-	-	( 6,468)
Reclassification	772	-	136	-	-	-	-	908
Balance as of December 31, 2024	<u>\$ 714,434</u>	<u>\$ 445,434</u>	<u>\$ 416,437</u>	<u>\$ 47,201</u>	<u>\$ 9,986</u>	<u>\$ 14,014</u>	<u>\$ 1,010</u>	<u>\$ 1,648,516</u>
<u>Accumulated depreciation and impairment</u>								
Balance as of January 1, 2024	\$ -	\$ 40,691	\$ 284,243	\$ 24,534	\$ 2,716	\$ 8,809	\$ 1,010	\$ 362,003
Elimination - asset disposal	-	-	( 651)	( 1,173)	-	-	-	( 1,824)
Depreciation expenses	-	22,064	17,737	5,589	2,991	491	-	48,872
Balance as of December 31, 2024	<u>\$ -</u>	<u>\$ 62,755</u>	<u>\$ 301,329</u>	<u>\$ 28,950</u>	<u>\$ 5,707</u>	<u>\$ 9,300</u>	<u>\$ 1,010</u>	<u>\$ 409,051</u>
Net as of December 31, 2024	<u>\$ 714,434</u>	<u>\$ 382,679</u>	<u>\$ 115,108</u>	<u>\$ 18,251</u>	<u>\$ 4,279</u>	<u>\$ 4,714</u>	<u>\$ -</u>	<u>\$ 1,239,465</u>
<u>Costs</u>								
Balance as of January 1, 2025	\$ 714,434	\$ 445,434	\$ 416,437	\$ 47,201	\$ 9,986	\$ 14,014	\$ 1,010	\$ 1,648,516
Addition	-	655	9,921	2,841	550	6,492	-	20,459
Disposal	-	-	( 171)	( 4,852)	-	( 404)	-	( 5,427)
Reclassification	83,784	-	27,391	783	-	-	-	111,958
Balance as of December 31, 2025	<u>\$ 798,218</u>	<u>\$ 446,089</u>	<u>\$ 453,578</u>	<u>\$ 45,973</u>	<u>\$ 10,536</u>	<u>\$ 20,102</u>	<u>\$ 1,010</u>	<u>\$ 1,775,506</u>
<u>Accumulated depreciation and impairment</u>								
Balance as of January 1, 2025	\$ -	\$ 62,755	\$ 301,329	\$ 28,950	\$ 5,707	\$ 9,300	\$ 1,010	\$ 409,051
Elimination - asset disposal	-	-	( 171)	( 4,508)	-	( 404)	-	( 5,083)
Depreciation expenses	-	21,884	20,299	4,794	3,099	494	-	50,570
Balance as of December 31, 2025	<u>\$ -</u>	<u>\$ 84,639</u>	<u>\$ 321,457</u>	<u>\$ 29,236</u>	<u>\$ 8,806</u>	<u>\$ 9,390</u>	<u>\$ 1,010</u>	<u>\$ 454,538</u>
Net as of December 31, 2025	<u>\$ 798,218</u>	<u>\$ 361,450</u>	<u>\$ 132,121</u>	<u>\$ 16,737</u>	<u>\$ 1,730</u>	<u>\$ 10,712</u>	<u>\$ -</u>	<u>\$ 1,320,968</u>

The Company signed an agricultural land purchase agreement in October, 2022. Because the purchased agricultural land could not be transferred in the name of the Company, it was temporarily registered in the name of LEE CHING HUNG, the Company's Chairman, with whom a contract of borrowing other's name for real estate registration was signed to clearly define the rights and obligations of both parties. The Company is applying to the relevant authorities for land change and designation successively. As of December 31, 2025, the Company has the land with name-borrowing registration amounting to NT\$71,602 thousand.

For the amount of the Company's pledged property, plant and equipment as a loan guarantee, please refer to Note 31.

The Company's property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings and structures	
Plant main building	25 to 40 years
Building equipment and renovation engineering	3 to 20 years
Machinery equipment	
Fiber optical cables, wire & cables manufacturing, and experiment equipment	2 to 38 years
Other manufacturing equipment	2 to 10 years
Transportation equipment	3 to 20 years
Office equipment	3 to 5 years
Leasehold improvements	1 to 21 years
Other equipment	10 years

(XIII) Lease agreement

1. Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of right-of-use assets		
Land	\$ 180,597	\$ 157,510
Building	20,222	29,928
Office equipment	113	339
Transportation equipment	<u>792</u>	<u>2,570</u>
	<u>\$ 201,724</u>	<u>\$ 190,347</u>
	<u>2025</u>	<u>2024</u>
Addition of right-of-use assets	<u>\$ 36,720</u>	<u>\$ 165,071</u>
Derecognition of right-of-use assets	<u>\$ -</u>	<u>\$ 3,257</u>
Depreciation expenses of right-of-use assets		
Land	\$ 13,633	\$ 2,403
Building	9,706	9,706
Office equipment	226	226
Transportation equipment	<u>1,778</u>	<u>1,263</u>
	<u>\$ 25,343</u>	<u>\$ 13,598</u>

Except for the addition, derecognition, and recognition of depreciation expenses as listed above, no significant sublease and impairment occurred on the Company's right-of-use assets in 2025 and 2024.

2. Lease liability

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of lease liability		
Current	<u>\$ 31,336</u>	<u>\$ 29,435</u>
Non-current	<u>\$ 159,483</u>	<u>\$ 155,491</u>

The discount rate range of the Company's lease liabilities is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land	2.19%~2.29%	2.29%
Building	2.04%	2.04%
Office equipment	1.44%	1.44%
Transportation equipment	2.29%	2.14%~2.29%

3. Major lease activities and terms

The rent of land, factory buildings, and office space leased by the Company is calculated based on the actual number of ping on lease and is paid once a month or a year. Leases may be renewed upon expiry with a 3 to 20 year lease term. The rent of vehicles leased by the Company is paid once a month with a 2-year lease term. Upon termination of the lease term, there are no preferential rights to purchase according to the Company's lease agreements.

4. Other lease information

For details about the Company's agreements on leasing investment property under operating leases, please refer to Note 14.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Short-term lease expenses	<u>\$ 3,486</u>	<u>\$ 4,499</u>
Low-value lease expenses	<u>\$ 62</u>	<u>\$ 62</u>
Total cash outflow from lease	<u>(\$ 38,708)</u>	<u>(\$ 25,334)</u>

All lease commitments for the lease period commencing after the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Lease commitments	<u>\$ -</u>	<u>\$ -</u>

(XIV) Investment property

	<u>Investment property</u>
<u>Costs</u>	
Balance as of January 1 and December 31, 2024	<u>\$ 465,125</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2024	\$ 5,179
Depreciation expenses	<u>6,905</u>
Balance as of December 31, 2024	<u>\$ 12,084</u>
Net as of December 31, 2024	<u>\$ 453,041</u>
<u>Costs</u>	
Balance as of January 1, 2025	\$ 465,125
Reclassification	( <u>83,784</u> )
Balance as of December 31, 2025	<u>\$ 381,341</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2025	\$ 12,084
Depreciation expenses	<u>6,905</u>
Balance as of December 31, 2025	<u>\$ 18,989</u>
Net as of December 31, 2025	<u>\$ 362,352</u>

The Company's investment property is depreciated on a straight-line basis over the following useful lives:

Buildings and structures	
Plant main building	40 years
Building equipment and renovation engineering	6 years ~ 15 years

The fair value of the Company's investment properties as of December 31, 2025 and 2024, respectively, amounted to NT\$763,518 thousand and NT\$881,771 thousand. The valuation of such fair value had not been made by an independent appraiser, and it was actually the result of an assessment conducted with reference to the market evidence similar to the latest real estate transaction prices in the real estate brokerage industry and was classified as Level 3 in the fair value hierarchy.

All investment property of the Company was self-owned equity. For the amount with respect to the Company's pledged investment property as a loan guarantee, please refer to Note 31.

In terms of operating leases, the Company has leased out the investment property owned by itself, with a 1- to 2-year lease term, and the lessee has no preferential rights to purchase the property at the end of the lease term.

As of December 31, 2025 and 2024, the lease premiums received by the Company under operating leases were both NT\$1,400 thousand (recorded as other non-current liabilities).

The total lease payments that the Company will receive in the future for leasing out investment property under operating leases as of December 31, 2025 and 2024 are listed as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
First year	\$ 8,426	\$ 8,426
Second year	<u>-</u>	<u>8,400</u>
	<u>\$ 8,426</u>	<u>\$ 16,826</u>

As of December 31, 2025 and 2024, the Company reconstructed the building in Wugu as a factory building (with a carrying amount of NT\$132,960 thousand for both years) by joint construction and separate ownership of property with Ching Tong Investment Co., Ltd. and Founding Construction and signed a joint building construction contract (for related information, please refer to Note 30 (11)).

(XV) Intangible assets

	<u>Computer software</u>
<u>Costs</u>	
Balance as of January 1, 2024	\$ 7,625
Acquired separately	<u>645</u>
Balance as of December 31, 2024	<u>\$ 8,270</u>
<u>Accumulated amortization and impairment</u>	
Balance as of January 1, 2024	\$ 7,298
Amortization expenses	<u>665</u>
Balance as of December 31, 2024	<u>\$ 7,963</u>
Net as of December 31, 2024	<u>\$ 307</u>
<u>Costs</u>	
Balance as of January 1, 2025	\$ 8,270
Acquired separately	<u>758</u>
Balance as of December 31, 2025	<u>\$ 9,028</u>
<u>Accumulated amortization and impairment</u>	
Balance as of January 1, 2025	\$ 7,963
Amortization expenses	<u>686</u>
Balance as of December 31, 2025	<u>\$ 8,649</u>
Net as of December 31, 2025	<u>\$ 379</u>

The above intangible assets are amortized on a straight-line basis over 3 to 5 years.

(XVI) Bank loans

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Short-term borrowings</u>		
Bank secured loan (Note 31)	<u>\$ 390,000</u>	<u>\$ 150,000</u>
<u>Long-term borrowings</u>		
Bank secured loan (Note 31)	\$ 1,283,510	\$ 905,510
Less: Portion classified as due within one year	<u>835,510</u>	<u>-</u>
	<u>\$ 448,000</u>	<u>\$ 905,510</u>

1. As of December 31, 2025 and 2024, the effective interest rates on short-term bank secured loans were both 2.07%.
2. Long-term bank secured loans are backed by the Company's real estate (recorded as property, plant and equipment and net investment property), successively maturing in November 2030. As of December 31, 2025 and 2024, the effective annual interest rates were both 2.165% - 2.24%. Interest is paid monthly, with principal repayment in a lump sum at maturity.

(XVII) Accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable	<u>\$ 157,121</u>	<u>\$ 126,580</u>

The average credit period for the Company's purchases is generally 3 months. The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

(XVIII) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salary and bonus payables	\$ 35,600	\$ 35,798
Accrued employee bonuses and director remuneration	12,418	19,493
Service expenses payable	2,459	1,323
Accrued taxes payable	10,742	1,768
Cleaning expenses payable	6,358	16,938
Others	<u>20,814</u>	<u>23,055</u>
	<u>\$ 88,391</u>	<u>\$ 98,375</u>

(XIX) Provisions

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Onerous contracts	\$ 35,955	\$ 49,203
Employee benefits	9,197	8,530
Warranty	-	7,915
Provisions for loss contingency	<u>16,600</u>	<u>20,433</u>
	<u>\$ 61,752</u>	<u>\$ 86,081</u>
<u>Non-current (Note 20)</u>		
Decommissioning liabilities	\$ 1,046	\$ 1,046
Warranty	<u>9,718</u>	<u>-</u>
	<u>\$ 10,764</u>	<u>\$ 1,046</u>

	<u>Onerous contracts</u>	<u>Warranty</u>	<u>Decommissioning liabilities</u>	<u>Provisions for loss contingency</u>	<u>Total</u>
Balance as of January 1, 2025	\$ 49,203	\$ 7,915	\$ 1,046	\$ 20,433	\$ 78,597
Addition (reversal) for the year (recorded as construction cost)	( 1,889 )	1,822	-	-	( 67 )
Addition for the year (recorded as cost of goods sold)	2,553	-	-	-	2,553
Reversal for the year (recorded as other gains and losses)	-	-	-	( 3,833 )	( 3,833 )
Settled or utilized during the current year	( <u>13,912</u> )	( <u>19</u> )	<u>-</u>	<u>-</u>	( <u>13,931</u> )
Balance as of December 31, 2025	<u>\$ 35,955</u>	<u>\$ 9,718</u>	<u>\$ 1,046</u>	<u>\$ 16,600</u>	<u>\$ 63,319</u>
Balance as of January 1, 2024	\$ 113,102	\$ 754	\$ 1,046	\$ -	\$ 114,902
Addition for the year (Recorded as construction cost)	45,288	7,451	-	-	52,739
Reversal for the year (recorded as cost of goods sold)	( 12,865 )	-	-	-	( 12,865 )
Addition for the year (recorded as administrative expenses)	-	-	105	-	105
Addition for the year (recorded as other gains and losses)	-	-	-	20,433	20,433
Settled or utilized during the current year	( <u>96,322</u> )	( <u>290</u> )	( <u>105</u> )	<u>-</u>	( <u>96,717</u> )
Balance as of December 31, 2024	<u>\$ 49,203</u>	<u>\$ 7,915</u>	<u>\$ 1,046</u>	<u>\$ 20,433</u>	<u>\$ 78,597</u>

1. The provision for an onerous contract refers to, when the Company measures a non-cancelable sale contract that has been signed but not performed at the balance sheet date, the amount of unavoidable costs of meeting the obligations under the contract exceeding the economic benefits expected to be received under the contract. The Company expects to perform the contract within one year, and this estimate may change with changes in performance of the contract and raw material costs.

2. Provisions for employee benefits are estimates for the service leave entitlements for employees.
3. Warranty provisions refer to the management's best estimate of the future outflow of economic benefits arising from warranty obligations under the construction contract.
4. Provisions for decommissioning liabilities refer to the obligations to dismantle, remove and restore estimated for the cost of property, plant and equipment, and the leased land are recognized as the cost of property, plant and equipment and decommissioning liabilities. If there is any change in the estimated amount or the discount rate to settle such obligations resulting in a change in the estimate of the above obligations, the relevant costs and liabilities should be adjusted in the current period. The increase in the liability amount due to the passage of time is recognized as interest expense.
5. Contingent loss provision represents the Company's best estimate of potential future penalty payments due to delays in contract performance.

(XX) Other non-current liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Provisions - non-current (Note 19)	\$ 10,764	\$ 1,046
Deposits received	72,969	78,602
Others	<u>19,086</u>	<u>9,627</u>
	<u>\$ 102,819</u>	<u>\$ 89,275</u>

Provisions for decommissioning liabilities refer to the obligations to dismantle, remove and restore estimated for the cost of property, plant and equipment, and the leased land are recognized as the cost of property, plant and equipment and decommissioning liabilities. If there is any change in the estimated amount or the discount rate to settle such obligations resulting in a change in the estimate of the above obligations, the relevant costs and liabilities should be adjusted in the current period. The increase in the liability amount due to the passage of time is recognized as interest expense.

(XXI) Post-employment benefit plans

1. Defined contribution pension plan

The labor pension system prescribed in the "Labor Pension Act" applicable to the Company is a defined allocation pension plan regulated by the government, which requires that the company shall on a monthly basis contribute labor pension funds, i.e. six percent of the worker's monthly wage to individual labor pension accounts at the Bureau of Labor Insurance.

The amounts that should be appropriated by the Company according to the percentage specified in the defined contribution plan in 2025 and 2024 have been recognized as expenses in the parent company only statement of comprehensive income totaling NT\$7,702 thousand and NT\$7,863 thousand, respectively.

2. Defined benefit plan

The labor pension system prescribed in the "Labor Standards Act" applicable to the Company is a defined allocation pension plan. The payment of employee pensions is calculated based on years of service and six months' average wage of the worker at the time when the retirement is approved. The Company shall appropriate labor pension reserve funds 2% of the total monthly wages of their employees, and such amount shall be deposited in a designated account at Bank of Taiwan by the Labor Pension Fund Supervisory Committee in the name of the Committee. Before the end of each year, after the balance in the designated account is assessed, if the amount is inadequate to pay pensions calculated for workers meeting the conditions and retiring in the following year, the Company is required to make up the difference in one appropriation before the end of March the following year. The management of the special account is entrusted to the Bureau of Labor Funds, the Ministry of Labor. The Company has no right to influence the investment management strategy.

The amount of the Company's defined benefit plan included in the parent company only balance sheet is presented as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit	\$ 3,577	\$ 3,055
The fair value of plan assets	( 9,487)	( 8,305)
Net defined benefit assets	( \$ 5,910)	( \$ 5,250)

The changes in the Company's net defined benefit liability (asset) are described as follows:

	Present value of defined benefit	The fair value of plan assets	Net defined benefit assets
Balance as of January 1, 2024	<u>\$ 13,570</u>	<u>(\$ 13,226)</u>	<u>\$ 344</u>
Service costs			
Current service cost	616	-	616
Interest expenses (incomes)	<u>133</u>	<u>( 130)</u>	<u>3</u>
Recognized in profit or loss	<u>749</u>	<u>( 130)</u>	<u>619</u>
Remeasurement			
Return on plan asset (other than amount included in net interest)	-	( 1,210)	( 1,210)
Actuarial gain - change in financial assumptions	( 92)	-	( 92)
Actuarial gain - adjustment through experience	<u>( 4,740)</u>	<u>-</u>	<u>( 4,740)</u>
Recognized in other comprehensive income	<u>( 4,832)</u>	<u>( 1,210)</u>	<u>( 6,042)</u>
Employer appropriation	<u>-</u>	<u>( 171)</u>	<u>( 171)</u>
Payments of plan assets	<u>( 6,432)</u>	<u>6,432</u>	<u>-</u>
December 31, 2024	<u>\$ 3,055</u>	<u>(\$ 8,305)</u>	<u>(\$ 5,250)</u>
Balance as of January 1, 2025	<u>\$ 3,055</u>	<u>(\$ 8,305)</u>	<u>(\$ 5,250)</u>
Service costs			
Current service cost	567	-	567
Interest expenses (incomes)	<u>46</u>	<u>( 125)</u>	<u>( 79)</u>
Recognized in profit or loss	<u>613</u>	<u>( 125)</u>	<u>488</u>
Remeasurement			
Return on plan asset (other than amount included in net interest)	\$ -	(\$ 965)	(\$ 965)
Actuarial loss - change in financial assumptions	100	-	100
Actuarial gain - adjustment through experience	<u>( 191)</u>	<u>-</u>	<u>( 191)</u>
Recognized in other comprehensive income	<u>( 91)</u>	<u>( 965)</u>	<u>( 1,056)</u>
Employer appropriation	<u>-</u>	<u>( 92)</u>	<u>( 92)</u>
December 31, 2025	<u>\$ 3,577</u>	<u>(\$ 9,487)</u>	<u>(\$ 5,910)</u>

The Company is exposed to the following risks as a result of the pension system under the "Labor Standards Act":

- (1) Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Company's plan assets is based on the income at a rate no less than the local bank's 2-year time deposit rate.

- (2) Interest rate risk: A fall in interest rates on government bonds causes the present value of the defined benefit obligation to increase; however, the return from debt investments on plan assets will also increase accordingly. The two provide a partially offsetting effect on the net defined benefit liability (asset).
- (3) Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Consolidated Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discounted rate	1.250%	1.500%
Expected rate of salary increase	2.500%	2.500%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discounted rate		
Increased by 0.25%	(\$ 100)	(\$ 92)
Decreased by 0.25%	<u>\$ 104</u>	<u>\$ 96</u>
Expected rate of salary increase		
Increased by 0.25%	<u>\$ 103</u>	<u>\$ 95</u>
Decreased by 0.25%	(\$ 99)	(\$ 92)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Amount expected to be paid within 1 year	<u>\$ 1,207</u>	<u>\$ -</u>
Amount expected to be appropriated within 1 year	<u>75</u>	<u>163</u>
Average duration to maturity of defined benefit obligation	12.8 years	15.0 years

(XXII) Equity

1. Common stock

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized number of shares (in thousands of shares)	<u>200,000</u>	<u>200,000</u>
Authorized capital stock	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>165,922</u>	<u>165,922</u>
Capital stock issued	<u>\$ 1,659,219</u>	<u>\$ 1,659,219</u>

2. Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>For loss make-up, payment in cash or capitalization as equity (Note)</u>		
Stock issuance premium	\$ 985,607	\$ 985,607
Conversion premium of the convertible bond	229,684	229,684
<u>Only for loss make-up</u>		
Changes in equity of associates accounted for using the equity method	-	3,673
<u>May not be used for any purpose</u>		
Cash capital increase employee stock options	<u>928</u>	<u>928</u>
	<u>\$ 1,216,219</u>	<u>\$ 1,219,892</u>

Note 1: Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

3. Retained Earnings and Dividend Policy

According to the profit distribution policy of the Company's Articles of Incorporation, after closing of accounts, if there is surplus earning, the Company shall first make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. Where such legal reserve amounts to the total paid-in capital of the Company, this provision shall not apply. Any remaining surplus will be accrued or reversed in accordance with legal provisions or special surplus reserves. If there is still a balance, together with accumulated undistributed earnings, the board of directors will prepare a profit distribution proposal for consideration and approval by the shareholders' meeting for the distribution of dividends to shareholders.

For details about the distribution policy for employees' compensation and remuneration to directors stipulated in the Company's Article of Incorporation, please refer to Note 24 (4) employee benefit expenses.

The legal reserve should not be appropriated from surplus profits further when it amounts to the total paid-up capital. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The 2024 and 2023 profit distribution as proposed by the Company's regular shareholders' meeting on May 26, 2025 and May 31, 2024, respectively:

	<u>2024</u>	<u>2023</u>
Legal reserve	\$ 36,562	\$ 1,104
Cash dividends	<u>\$ 232,291</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	\$ 1.4	\$ -

The 2025 earnings distribution as proposed by the parent company's board of directors on March 9, 2026.

	<u>Earnings distribution</u>
Legal reserve	\$ 21,718
Cash dividends	116,145
Cash dividends per share (NT\$)	0.7

The proposal for 2025 profit distribution was expected to be resolved by the general shareholders' meeting on May 25, 2026.

4. Other equity

(1) Exchange differences on translation of foreign financial statements

	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	(\$ 5,477)	(\$ 7,242)
Accrued in current year		
Share of translation differences of subsidiaries accounted for using the equity method	450	2,206
Related income tax	( 90)	( 441)
Balance, end of the year	<u>(\$ 5,117)</u>	<u>(\$ 5,477)</u>

(2) Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income

	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	\$ 16,092	\$ 5,989
Accrued in current year		
Unrealized gain or loss		
Equity instruments	( <u>1,057</u> )	<u>10,103</u>
Balance, end of the year	<u>\$ 15,035</u>	<u>\$ 16,092</u>

5. Treasury stock

	Unit: thousand shares
	<u>Repurchased for cancellation</u>
Number of shares as of January 1, 2024	-
Increase in the period	5,000
Decrease in the period	( <u>5,000</u> )
Number of shares as of December 31, 2024	<u>-</u>

The treasury shares held by the Company, in accordance with Securities and Exchange Act, may not be pledged and do not confer rights such as dividend distribution or voting rights.

On March 8, 2024, the board of directors resolved to repurchase 5,000 thousand treasury shares between March 11 and May 10, 2024. The repurchase is to maintain the Company's credit and shareholder rights. The total repurchase amount is capped at NT\$1,132,704 thousand, with a repurchase price range of NT\$26 to NT\$35 per share. However, if the stock price falls below the lower limit, the Company will continue executing the share repurchase. The aforementioned treasury stock was fully repurchased on April 8, 2024, with a total repurchase amount of NT\$126,907 thousand. The repurchased treasury stock was approved for capital reduction and cancellation by the board of directors on June 11, 2024, and the registration of the change was completed on July 18, 2024.

(XXIII) Revenue

	<u>2025</u>	<u>2024</u>
Customer contract revenue		
Sales revenue	\$ 839,519	\$ 998,703
Construction revenue	<u>511,805</u>	<u>771,464</u>
	<u>\$ 1,351,324</u>	<u>\$ 1,770,167</u>

1. Contract balance

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Contract assets - current		
Engineering services	\$ 143,993	\$ 395,626
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 143,993</u>	<u>\$ 395,626</u>
Contract liabilities - current		
Sale of goods	\$ 29,126	\$ 31,039
Engineering services	<u>70,706</u>	<u>163,770</u>
	<u>\$ 99,832</u>	<u>\$ 194,809</u>

Changes in contract assets and contract liabilities are mainly due to the difference between the timing of satisfaction of performance obligations and the timing of payment by customers, and there is no major change.

The amount of contract liabilities from the beginning of the year recognized as income in the year was as follows:

	<u>2025</u>	<u>2024</u>
Sale of goods	\$ 12,283	\$ 20,202
Engineering services	<u>146,233</u>	<u>121,064</u>
	<u>\$ 158,516</u>	<u>\$ 141,266</u>

For details about notes receivable and accounts receivable, please refer to Note 9.

The Company recognizes an allowance for losses on contract assets on the basis of expected credit loss over the duration of the receivables. Contract assets will be transferred to accounts receivable upon billing, and their credit risk characteristics are the same as those of accounts receivable arising from similar contracts. Therefore, the Company believes that the expected credit loss rate for accounts receivable can also be applied to contract assets.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected credit loss rate	-	-
Total book value	\$ 143,993	\$ 395,626
Allowance for loss (expected credit loss of the given duration)	<u>-</u>	<u>-</u>
	<u>\$ 143,993</u>	<u>\$ 395,626</u>

2.

3. Breakdown of revenue from contracts with customers

2025

	Taiwan	Southeast Asia	Total
<u>Type of goods or services</u>			
Sales revenue	\$ 817,372	\$ 22,147	\$ 839,519
Construction revenue	<u>511,805</u>	<u>-</u>	<u>511,805</u>
	<u>\$ 1,329,177</u>	<u>\$ 22,147</u>	<u>\$ 1,351,324</u>

2024

	Taiwan	Southeast Asia	Total
<u>Type of goods or services</u>			
Sales revenue	\$ 969,306	\$ 29,397	\$ 998,703
Construction revenue	<u>771,464</u>	<u>-</u>	<u>771,464</u>
	<u>\$ 1,740,770</u>	<u>\$ 29,397</u>	<u>\$ 1,770,167</u>

(XXIV) Net income before tax items

Net income before tax includes following items:

1. Other revenue

	2025	2024
Lease income from operating leases	\$ 10,368	\$ 10,807
Dividend income	922	1,093
Other revenue		
Gain on write-off of accounts payable	-	3,167
Fee income from loans and endorsements & guarantees	9,965	12,450
Technical services revenue	601	2,655
Revenue from lease subsidy	3,271	592
Other revenue	<u>2,170</u>	<u>2,508</u>
	<u>\$ 27,297</u>	<u>\$ 33,272</u>

2. Other gains and losses

	<u>2025</u>	<u>2024</u>
Net losses on financial assets and liabilities measured at fair value through profit or loss	(\$ 1,794)	(\$ 417)
Disposal of investment gains (Note 11)	-	290,393
Gains (losses) from disposal of property, plant and equipment	1,180	( 27)
Foreign exchange gains - net	190	520
Lease modification gain	-	23
Reversal (recognition) of contingent loss (Note 19)	3,833	( 20,433)
Depreciation of investment properties	( 6,905)	( 6,905)
	<u>(\$ 3,496)</u>	<u>\$ 263,154</u>

3. Financial costs

	<u>2025</u>	<u>2024</u>
Interest from bank borrowings	(\$ 26,927)	(\$ 34,958)
Interest on lease liabilities	( 4,333)	( 1,396)
Service fee expense	( 1,535)	( 1,539)
	<u>(\$ 32,795)</u>	<u>(\$ 37,893)</u>

4. Employee benefits expenses

	<u>2025</u>			<u>2024</u>		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expenses	\$ 142,648	\$ 49,629	\$ 192,277	\$ 150,013	\$ 54,919	\$ 204,932
Labor and health insurance expenses	14,291	4,406	18,697	14,404	3,877	18,281
Pension expenses	6,060	2,130	8,190	6,237	2,245	8,482
Director remuneration	-	6,125	6,125	-	7,830	7,830
Others	6,384	1,379	7,763	6,697	1,494	8,191
	<u>\$ 169,383</u>	<u>\$ 63,669</u>	<u>\$ 233,052</u>	<u>\$ 177,351</u>	<u>\$ 70,365</u>	<u>\$ 247,716</u>

The Company's average numbers of employees in 2025 and 2024 were 273 and 279, respectively, and the parties of directors who did not serve concurrently as employees were 5 in both years.

The Company shall appropriate at least 1% and not more than 2% of the pre-tax income for the year before deducting for the distribution of employees' compensation and remuneration to directors for employees' compensation and remuneration to directors. In accordance with the amendments to the Securities and

Exchange Act. In August 2024, the parent company has modified the Articles of Incorporation by the resolution of the shareholders meeting in 2025 to stipulate to appropriate at least 60% of the employee remuneration of the year as non-executive employees remuneration.

The Company's board of directors resolved the employee remuneration (including non-executive employee remuneration) and director remuneration for 2025 and 2024 on March 9, 2026 and March 7, 2025, respectively, as follows:

Estimation ratio

	<u>2025</u>	<u>2024</u>
Employee remuneration	3%	3%
Director remuneration	2%	1.5%

Amount

	<u>2025</u>	<u>2024</u>
	<u>Cash</u>	<u>Cash</u>
Employee remuneration	<u>\$ 7,451</u>	<u>\$ 12,995</u>
Director remuneration	<u>\$ 4,967</u>	<u>\$ 6,498</u>

If there are still changes in the amounts after the parent company only financial statements for the year have been issued, adjustments will be made based on accounting estimates and accounted for in the subsequent year.

The actual distribution amounts of employee compensation and directors' remuneration for 2024 and 2023 did not differ from the amounts recognized in the 2024 and 2023 parent company only financial statements.

For information on employees' compensation and remuneration to directors of the Company, please visit the "Market Observation Post System (MOPS)" of the Taiwan Stock Exchange for any inquiry.

5. Depreciation and amortization expenses

	<u>2025</u>	<u>2024</u>
Property, Plant and Equipment	\$ 50,570	\$ 48,872
Right-of-use assets	25,343	13,598
Investment property	6,905	6,905
Intangible assets	<u>686</u>	<u>665</u>
Total	<u>\$ 83,504</u>	<u>\$ 70,040</u>
Summary of depreciation expenses by function		
Operating costs	\$ 60,724	\$ 45,548
Operating expenses	15,189	16,922
Other profits and losses	<u>6,905</u>	<u>6,905</u>
	<u>\$ 82,818</u>	<u>\$ 69,375</u>
Summary of depreciation expenses by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>686</u>	<u>665</u>
	<u>\$ 686</u>	<u>\$ 665</u>

(XXV) Income tax

1. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	<u>2025</u>	<u>2024</u>
Income tax expenses in the current period		
Accrued in current year	\$ -	\$ 17,570
Additional tax on unappropriated earnings	4,340	-
Adjustments to income tax in prior years	( 49 )	-
Deferred tax		
Accrued in current year	<u>15,532</u>	<u>20,552</u>
Income tax expense recognized in profit or loss	<u>\$ 19,823</u>	<u>\$ 38,122</u>

The reconciliation of accounting income to income tax expense is as follows:

	<u>2025</u>	<u>2024</u>
Net income before tax	<u>\$ 235,949</u>	<u>\$ 444,911</u>
Income tax expenses calculated at the statutory tax rate on profit before tax (20%)	\$ 47,190	\$ 88,982
Non-deductible expenses for tax purposes	26	107
Tax-exempt income	( 29,753 )	( 83,982 )
Tax losses to offset the investment income	-	219
Basic tax payable difference	-	17,570
Additional tax on unappropriated earnings	4,340	-
Adjustments to income tax expenses in prior years	( 49 )	-
Unrecognized deductible temporary differences and loss carry-forward	( <u>1,931</u> )	<u>15,226</u>
Income tax expense recognized in profit or loss	<u>\$ 19,823</u>	<u>\$ 38,122</u>
2. Tax expense (benefit) recognized in other comprehensive income		
	<u>2025</u>	<u>2024</u>
<u>Deferred tax</u>		
Accrued in current year		
- Exchange of foreign operating institutions	<u>\$ 90</u>	<u>\$ 441</u>
3. Current income tax asset and liability		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current tax assets		
Tax refund receivable	\$ -	\$ 39
Current tax liabilities		
Current income tax liabilities	4,195	17,524

4. Deferred tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2025

	Balance, beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of the year
<u>Deferred tax assets</u>				
Temporary difference				
Leave payables	\$ 1,706	\$ 133	\$ -	\$ 1,839
Inventory falling price loss	18,510	( 10,708 )	-	7,802
Unrealized gains and losses between affiliated companies	24,837	( 2,345 )	-	22,492
Deferred revenue	22	( 22 )	-	-
Onerous contracts	9,841	( 2,650 )	-	7,191
Provision for warranty	1,583	361	-	1,944
Other short-term liability provisions	4,087	( 767 )	-	3,320
Equity method investment loss	1,663	812	-	2,475
Decommissioning liabilities	209	-	-	209
Unrealized expenses	477	( 110 )	-	367
Property, Plant and Equipment	157	( 157 )	-	-
	<u>\$ 63,092</u>	<u>( \$ 15,453 )</u>	<u>\$ -</u>	<u>\$ 47,639</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Exchange differences on translation of foreign operations	\$ 845	\$ -	\$ 90	\$ 935
Pension benefits	707	-	-	707
Unrealized foreign exchange gain	195	79	-	274
	<u>\$ 1,747</u>	<u>\$ 79</u>	<u>\$ 90</u>	<u>\$ 1,916</u>

2024

	Balance, beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of the year
<u>Deferred tax assets</u>				
Temporary difference				
Leave payables	\$ 1,598	\$ 108	\$ -	\$ 1,706
Inventory falling price loss	21,670	( 3,160 )	-	18,510
Unrealized gains and losses between affiliated companies	29,362	( 4,525 )	-	24,837
Deferred revenue	82	( 60 )	-	22
Onerous contracts	\$ 23,253	( \$ 13,412 )	\$ -	\$ 9,841
Impairment loss of assets	6,016	( 6,016 )	-	-
Provision for warranty	151	1,432	-	1,583
Other short-term liability provisions	-	4,087	-	4,087
Equity method investment loss	554	1,109	-	1,663
Decommissioning liabilities	209	-	-	209
Unrealized expenses	416	61	-	477
Property, Plant and Equipment	<u>314</u>	<u>( 157 )</u>	<u>-</u>	<u>157</u>
	<u>\$ 83,625</u>	<u>( \$ 20,533 )</u>	<u>\$ -</u>	<u>\$ 63,092</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Exchange differences on translation of foreign operations	\$ 404	\$ -	\$ 441	\$ 845
Pension benefits	707	-	-	707
Unrealized foreign exchange gain	<u>176</u>	<u>19</u>	<u>-</u>	<u>195</u>
	<u>\$ 1,287</u>	<u>\$ 19</u>	<u>\$ 441</u>	<u>\$ 1,747</u>

5. Deductible temporary differences and unused loss carry-forward not recognized as deferred tax assets in the parent company only balance sheet

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Loss carry forwards		
Due in 2032	\$ 473,161	\$ 509,259
Due in 2033	62,128	73,141
Due in 2034	<u>43,710</u>	<u>68,644</u>
	<u>\$ 578,999</u>	<u>\$ 651,044</u>
Deductible temporary differences		
Inventory obsolescence loss	\$ 154,417	\$ 134,973
Unrealized loss on investments	<u>62,769</u>	<u>59,472</u>
	<u>\$ 217,186</u>	<u>\$ 194,445</u>

6. The Company's profit-seeking enterprise income tax return has been assessed by the tax collection agency till 2023.

(XXVI) Earnings per share

The numerator and denominator in the calculation of earnings per share by the Company are disclosed as follows:

	Amount (numerator)	Number of shares (denominator) (thousands of shares)	Earnings per share (NT\$)
<u>2025</u>			
Basic earnings per share	\$ 216,126	165,922	<u>\$ 1.30</u>
Impact of potentially dilutive ordinary shares:			
Employee remuneration	<u>-</u>	<u>434</u>	
Diluted earnings per share	<u>\$ 216,126</u>	<u>166,356</u>	<u>\$ 1.30</u>
<u>2024</u>			
Basic earnings per share	\$ 406,789	167,088	<u>\$ 2.43</u>
Impact of potentially dilutive ordinary shares:			
Employee remuneration	<u>-</u>	<u>539</u>	
Diluted earnings per share	<u>\$ 406,789</u>	<u>167,627</u>	<u>\$ 2.43</u>

The Company may have the profit distributable as employees' compensation distributed in the form of shares or in cash; however, diluted earnings per share should be calculated on the assumption that the employees' compensation will be distributed in the form of shares, and when the potential ordinary shares are considered to be dilutive, the weighted average number of outstanding shares should be added in the calculation of diluted earnings per share. When calculating diluted earnings per share, the closing price of such potential ordinary shares at the balance sheet date is used as the basis for judging the number of issued shares. The diluting effect of these potential ordinary shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

(XXVII) Financial instruments

1. Fair value information - Financial instruments that are not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value as of December 31, 2025 and 2024 approximate their fair value.

2. Fair value information - financial instruments measured at fair value on a recurring basis

(1) Fair value hierarchy

(2) December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u> <u>measured at fair</u> <u>value through</u> <u>profit or loss</u>				
Funds	\$ -	\$ -	\$ 28,376	\$ 28,376
Stocks listed on the TWSE/TPEX	19,995	-	-	19,995
<u>Financial assets</u> <u>measured at fair</u> <u>value through other</u> <u>comprehensive</u> <u>income</u>				
Domestic and foreign stocks not listed on stock exchanges	-	-	26,730	26,730

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u> <u>measured at fair</u> <u>value through</u> <u>profit or loss</u>				
Funds	\$ 2,946	\$ -	\$ 19,844	\$ 22,790
Stocks listed on the TWSE/TPEX	14,216	-	-	14,216
<u>Financial assets</u> <u>measured at fair</u> <u>value through other</u> <u>comprehensive</u> <u>income</u>				
Domestic and foreign stocks not listed on stock exchanges	-	-	27,787	27,787

The Company had no transfers between Levels 1 and 2 for fair value measurements in 2025 and 2024.

(3) Reconciliation of financial instruments measured at fair value in Level 3

2025

<u>Financial assets</u>	<u>Funds measured at fair value through income under compulsion</u>	<u>Recognized in other comprehensive income Investments in equity instruments measured at fair value through other comprehensive income</u>
Balance, beginning of the year	\$ 19,844	\$ 27,787
Purchase	9,000	-
Recognized in profit or loss	( 468 )	-
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	( 1,057 )
Balance, end of the year	<u>\$ 28,376</u>	<u>\$ 26,730</u>

2024

<u>Financial assets</u>	<u>Funds measured at fair value through income under compulsion</u>	<u>Recognized in other comprehensive income Investments in equity instruments measured at fair value through other comprehensive income</u>
Balance, beginning of the year	\$ 8,384	\$ 17,684
Purchase	12,000	-
Recognized in profit or loss	( 540 )	-
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	10,103
Balance, end of the year	<u>\$ 19,844</u>	<u>\$ 27,787</u>

(4) Methods for measuring the fair value of financial instruments

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

- A. The fair values of financial assets and financial liabilities with standard terms and conditions and are traded in an active market is determined by reference to quoted market prices.
- B. The financial assets financial measured at fair value in Level 3 held by the Company are stocks not listed on the TWSE/TPEX and private equity funds, of which fair value is mainly measured by the market approach and the asset approach, based on the estimates and assumption with reference to relevant information of comparable transactions in the market and estimated future cash flows. The main unobservable inputs include discounts for lack of control and discounts for lack of marketability.

3. Types of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss	\$ 48,371	\$ 37,006
Financial assets measured at amortized cost (Note 1)	1,314,970	853,296
Financial assets at fair value through other comprehensive income - non-current	26,730	27,787
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,936,366	1,302,315

Note 1: The balance covers cash and cash equivalents, contract assets - current, notes receivable, accounts receivable, part of other receivables of current assets, part of other current assets, other financial assets - non-current, part of refundable deposits, and other financial assets measured at amortized cost.

Note 2: The balance covers short-term borrowings, accounts payable, part of other payables, part of other current liabilities, long-term borrowings due within one year or one operating cycle, long-term borrowings, part of other non-current liabilities, and other financial liabilities measured at amortized cost.

#### 4. Purpose and policy of financial risk management

The Company's financial instruments mainly include equity investment, receivables, payables, borrowings, etc. The Company's department of finance manages the financial risks associated with the Company's operations according to operating and market conditions. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company uses derivative financial instruments to avoid the risk of exposure and reduce the impact of such risks. The use of derivative financial instruments is regulated by the policies approved by the Company's board of directors. The Company does not engage in financial instruments (including derivative financial instruments) transactions for speculative purposes.

##### (1) Market Risk

The financial risks borne by the Company in its operating activities include the risk of exchange rate fluctuations, the interest rate risk, and other price risks.

##### A. Exchange rate risk

The Company is engaged in purchases and sales in foreign currency, which makes the Company exposed to the risk of exchange rate fluctuations. The Company utilizes foreign exchange forward contracts to manage the exposure to exchange rate risks to the extent permitted by the policy.

For details about the Company's carrying amounts of foreign currency monetary assets and liabilities at the balance sheet date, please refer to Note 34.

##### Sensitivity analysis

The Company is mainly affected by fluctuations in Singapore dollar exchange rates.

In the Company's assessment, the profits and losses arising from foreign currency assets and liabilities due to changes in market exchange rates will be offset, and the market risk is expected to bring a limited impact to financial assets and financial liabilities.

The following table details the sensitivity analysis of the Company when the exchange rate of New Taiwan dollars (functional currency) increases and decreases by 1% against each relevant foreign currency. The positive numbers in the table below represent the amount of increase (decrease) in net income after tax when the associated foreign currency appreciates by 1%. When each relevant foreign currency depreciates by 1%, the impact on net income after tax will be an equal negative amount.

	<u>Effect of SGD</u>	
	<u>2025</u>	<u>2024</u>
Profit or loss	\$ 86	\$ 84

B. Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market conditions. The Company's financial assets exposed to interest rate risk mainly consist of fixed-term deposits with floating interest rates. However, the change in the interest rate was assessed by the Company to have no material impact on the Company's net income after tax.

In addition, the carrying amounts of the Company's financial liabilities exposed to interest rate risk at the balance sheet date were listed as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial liabilities with the cash flows		
- Short-term borrowings	<u>\$ 390,000</u>	<u>\$ 150,000</u>
- Long-term borrowings	<u>\$ 1,283,510</u>	<u>\$ 905,510</u>

Sensitivity analysis

The Company's floating rate liabilities were analyzed on the assumption that the outstanding liabilities at the balance sheet date were outstanding during the reporting period.

If the interest rate increases/decreases by 0.5%, and all other variables remain unchanged, the Company's net profit after tax in 2025 and 2024 will decrease/increase by NT\$6,694 thousand and NT\$4,222 thousand, respectively.

C. Other price risks

The Company has other price risks arising from stocks and other investments in equity instruments and fund. If the prices of equity and funds increase/decrease by 1%, the profit and loss after tax in 2025 and 2024 will increase/decrease by NT\$484 thousand and NT\$370 thousand, respectively due to the increase/decrease in the fair value of financial asset measured at fair value through profit or loss. The other comprehensive income after tax in 2025 and 2024 will increase/decrease by NT\$267 thousand and NT\$278 thousand, respectively due to the

increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

(2) Credit Risk

Credit risk refers to the risk of financial loss resulting from the default on contractual obligations by the counterparties. As of the balance sheet date, the Company's maximum credit risk exposure possibly due to the counterparty's failure to perform its obligations mainly comes from the carrying amount of the financial assets recognized in the parent company only balance sheet.

The policy adopted by the Company is to only conduct transactions with a counterparty who have a good reputation and to review and check accounts with the counterparty every month, so that the counterparty can perform its obligations within the given or agreed period. The Company gives a line of credit to counterparties depending on their operating scale and past historical experience and adjusts the line of credit by reviewing the status of their performance of the transaction obligations on a regular basis to continuously monitor the credit risk and the credit rating of the counterparty and control the credit risk. The information on the aforementioned operating scale is obtained from external information. The aforementioned business scale information is sourced from external sources.

In order to reduce the credit risk, the Company has designated the Sales Department to be responsible for the determination of the line of credit, approval of credit, and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. In view of the above, the Company's management believes that the Company's supervisory procedures can still control the Company's credit risk, which will not cause a risk of financial losses to the Company.

The Company's credit risk is mainly concentrated in the top ten customers by the Company's operating revenue, mainly domestic and foreign telecommunications companies or peer companies and government-related entities. As of December 31, 2025 and 2024, the ratio of accounts receivable from the aforementioned customers was 81% and 92%, respectively.

(3) Liquidity Risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the borrowing agreements.

The Company has sufficient working capital and thus has no liquidity risk due to inability to raise funds to meet contractual obligations. Raising funds externally and bank loans are important sources of liquidity for the Company. The balances of the Company's unutilized banking facilities were listed as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unutilized short-term facilities and issuance of commercial papers	\$ 433,745	\$ 652,968
Unutilized long-term facilities	<u>197,490</u>	<u>655,489</u>
	<u>\$ 631,235</u>	<u>\$ 1,308,457</u>

### Table for Liquidity and Interest Rate Risk

The following table details the Company's maturity analysis for non-derivative financial liabilities that shows the remaining contractual maturities during the agreed repayment period, which has been drawn up based on the undiscounted cash flows of financial liabilities, including cash flows of the interest and principal payments, based on the earliest date on which the Company can be required to pay.

The short-term borrowings and long-term borrowings due within one year that the Company can be required to pay immediately are listed in the earliest period in the table below, regardless of the probability that the bank will exercise the right immediately. The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

#### December 31, 2025

	Demand for immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
<u>Non-derivative financial liabilities</u>						
<u>Short-term borrowings</u>						
	\$ 290,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 390,000
Accounts payable	84,723	30,244	40,713	1,441	-	157,121
Other payables	34,447	25,456	28,488	-	-	88,391
<u>Current portion of long-term borrowings due within one year or one operating cycle</u>						
	-	-	835,510	-	-	835,510
<u>Long-term borrowings</u>						
	-	-	-	448,000	-	448,000
Lease liability	1,613	10,129	23,542	84,494	98,303	218,081
	<u>\$ 410,783</u>	<u>\$ 165,829</u>	<u>\$ 928,253</u>	<u>\$ 533,935</u>	<u>\$ 98,303</u>	<u>\$ 2,137,103</u>

#### December 31, 2024

	Demand for immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
--	------------------------------------------------------------	---------------	-----------------------	--------------	--------------	-------

<u>Non-derivative financial liabilities</u>						
Short-term						
borrowings	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Accounts payable	76,819	26,245	21,137	2,379	-	126,580
Other payables	40,660	14,312	43,403	-	-	98,375
Long-term						
borrowings	-	-	-	905,510	-	905,510
Lease liability	10,344	2,089	18,418	78,042	105,564	214,457
	<u>\$ 127,823</u>	<u>\$ 192,646</u>	<u>\$ 82,958</u>	<u>\$ 985,931</u>	<u>\$ 105,564</u>	<u>\$ 1,494,922</u>

(XXVIII) Cash flow information

1. Non-cash transactions

Except as disclosed in other notes, the Company conducted the following non-cash transaction investing activities in 2025 and 2024:

Amount paid in cash for the purchase of Property, Plant and Equipment is as follows:

	<u>2025</u>	<u>2024</u>
Increase in Property, Plant and Equipment	\$ 20,459	\$ 22,119
Decrease in other payables	<u>-</u>	<u>8,003</u>
Amount paid in cash for the purchase of Property, Plant and Equipment	<u>\$ 20,459</u>	<u>\$ 30,122</u>

2. Changes in the Company's liabilities from financing activities

2025

	<u>Balance, beginning of the year</u>	<u>Cash inflow (outflow)</u>	<u>Changes in other non-cash items</u>	<u>Balance, end of the year</u>
Short-term borrowings	\$ 150,000	\$ 240,000	\$ -	\$ 390,000
Long-term borrowings	905,510	378,000	-	1,283,510
Deposits received	80,309	( 2,805)	-	77,504
Lease liability	<u>184,926</u>	<u>( 35,160)</u>	<u>41,053</u>	<u>190,819</u>
	<u>\$ 1,320,745</u>	<u>\$ 580,035</u>	<u>\$ 41,053</u>	<u>\$ 1,941,833</u>

2024

	Balance, beginning of the year	Cash inflow (outflow)	Changes in other non- cash items	Balance, end of the year
Short-term borrowings	\$ 708,638	(\$ 558,638)	\$ -	\$ 150,000
Long-term borrowings	1,161,250	( 255,740)	-	905,510
Deposits received	40,498	39,811	-	80,309
Lease liability	<u>42,512</u>	<u>( 20,773)</u>	<u>163,187</u>	<u>184,926</u>
	<u>\$ 1,952,898</u>	<u>(\$ 795,340)</u>	<u>\$ 163,187</u>	<u>\$ 1,320,745</u>

Note: Deposits received recorded as other current and non-current liabilities.

(XXIX) Capital Risk Management

The main purpose of the Company's capital management is, on the premise of ensuring that the Company can continue to operate, to maintain optimal debt and equity balances to support business operations and maximize shareholders' equity. The company manages and adjusts its capital structure according to economic conditions, and achieves the goal of capital structure maintenance and adjustments possibly by means of dividend payments and issuance of new shares.

(XXX) Related Party Transactions

Except as disclosed in other notes, the material transactions between the Company and related parties are described as follows:

1. Name of related parties and the relationships

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Taifo	Subsidiary
King Tung Resources	Subsidiary
Qiong Lian	Subsidiary
SING TUNG	Subsidiary
Datong Construction	Subsidiary (cancelled on February 2, 2026)
Anhui Tonghua Optoelectronics Co., Ltd. (hereinafter referred to as "Tonghua Optoelectronics")	Indirectly owned subsidiary (resolved to dissolve on January 14, 2022)
Fiber Logic Communications, Inc.	Affiliated Company (disposal on November 18, 2024)
Chien Tung Harbour Service Co., Ltd.	Associate
D.F. Technologies Inc.	Associate (disposal on September 12, 2025)
Xin Di Investment Co., Ltd.	Entity that has significant influence on the Company
Hon Hai Precision Industry Co., Ltd.	Other related parties
Ching Tong Investment Co., Ltd.	Other related parties
Glory Technology Service Inc.	Substantive related party
Glory International Engineering Inc.	Substantive related party
Others	The Company's chairman, director, president, and other key management personnel and their spouses and close relatives

2. Operating revenue

<u>Account in the book</u>	<u>Type of related party / Name</u>	<u>2025</u>	<u>2024</u>
Sales revenue	Associate		
	Others	\$ 8,725	\$ 1,522
	Substantive related party		
	Others	26	47
	Subsidiary		
	Qiong Lian	426	320
	Taifo	90,972	90,750
	SING TUNG	<u>22,147</u>	<u>29,238</u>
		<u>\$ 122,296</u>	<u>\$ 121,877</u>
Construction revenue	Subsidiary		
	Taifo	<u>\$ 54,821</u>	<u>\$ 63,527</u>

The transaction price and payment terms of the transactions between the Company and the above related parties are commensurate with a general non-related party.

3. Operating costs

Account in the book	Type of related party / Name	December 31, 2025	December 31, 2024
Construction costs	Subsidiary		
	Taifo	\$ <u>114,383</u>	\$ <u>8,300</u>
Costs of goods sold	Subsidiary		
	Taifo	\$ <u>17</u>	\$ <u>-</u>

4. Contract liabilities

Type of related party / Name	December 31, 2025	December 31, 2024
Subsidiary		
Taifo	\$ 63,677	\$ 67,169
Associate		
Others	<u>-</u>	<u>1,730</u>
	<u>\$ 63,677</u>	<u>\$ 68,899</u>

5. Accounts receivable from related parties

Account in the book	Type of related party / Name	December 31, 2025	December 31, 2024
Notes receivable	Substantive related party		
	Others	<u>-</u>	<u>31</u>
Accounts receivable	Subsidiary		
	Taifo	\$ 42,691	\$ 31,210
	SING TUNG	11,152	10,893
	Associate		
	Others	<u>-</u>	<u>125</u>
		<u>\$ 53,843</u>	<u>\$ 42,228</u>
Other receivables	Subsidiary		
	SING TUNG	\$ 61	\$ 15
	Substantive related party		
	Others	<u>-</u>	<u>325</u>
		<u>\$ 61</u>	<u>\$ 340</u>

6. Payables to related parties

<u>Account in the book</u>	<u>Type of related party / Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable	Subsidiary		
	Taifo	<u>\$ 22,870</u>	<u>\$ 2,234</u>
Other payables	Subsidiary		
	Taifo	\$ 374	\$ 513
	SING TUNG	<u>510</u>	<u>363</u>
		<u>\$ 884</u>	<u>\$ 876</u>

7. Prepayments

<u>Type of related party / Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary		
Taifo	<u>\$ 6,523</u>	<u>\$ 10,667</u>

8. Acquisition of property, plant and equipment (recorded as prepayments for equipment)

<u>Type of related party / Name</u>	<u>Consideration of acquisition</u>	
	<u>2025</u>	<u>2024</u>
Subsidiary		
Taifo	<u>\$ 6,972</u>	<u>\$ -</u>

9. Others

(1) Refundable deposits

<u>Type of related party / Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary		
SING TUNG	<u>\$ 12,836</u>	<u>\$ 9,652</u>

(2) Deposits received (recorded as other non-current liabilities)

<u>Type of related party / Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary		
Taifo	<u>\$ 1,400</u>	<u>\$ 1,400</u>

(3) Financial costs (recorded as non-operating income and expenses)

<u>Type of related party / Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary		
Others	<u>\$ 24</u>	<u>\$ 18</u>

(4) Rental income (recorded as non-operating income and expenses)

Type of related party / Name	2025	2024
Subsidiary		
Taifo	\$ 9,223	\$ 7,972
Others	<u>156</u>	<u>156</u>
	<u>\$ 9,379</u>	<u>\$ 8,128</u>

In the lease contract between the Company and related parties, the rent is calculated based on the number of ping leased and received or paid monthly with reference to the regional market conditions.

(5) Miscellaneous income (recorded as non-operating income and expenses)

Type of related party / Name	2025	2024
Associate		
Others	\$ 370	\$ 1,408
Subsidiary		
Taifo	10,419	12,680
Others	<u>157</u>	<u>43</u>
	<u>\$ 10,946</u>	<u>\$ 14,131</u>

(6) Marketing expenses

Type of related party / Name	2025	2024
Subsidiary		
SING TUNG	<u>\$ 405</u>	<u>\$ -</u>

(7) Construction contract

Details of important construction contracted by the Company from related parties are as follows:

Type of related party / Name	Name of construction contract	Contract price	The year when the contract is signed
Subsidiary			
Taifo	OSP Cables Construction Work	\$2,344,552	2012
	Sale and Purchase of OSP Optical Cable	1,449,000	2012
	Materials Access Network (GPON) System Construction Work	1,588,000	2013
	FTTP Installation	527,439	2013

The payment terms of the above works are based on the payment terms stated in the construction contract. For the collection terms, the collection

period is determined based on the Company's construction contract, which is not significantly different from general transactions.

(8) Guarantee

For details about the Company's endorsements and guarantees for its subsidiaries, please refer to the information in the attached Table 1 "Providing Endorsements or Guarantees for Others."

10. Remuneration for key management

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 20,487	\$ 18,694
Post-employment benefits	<u>534</u>	<u>638</u>
	<u>\$ 21,021</u>	<u>\$ 19,332</u>

11. The Company signed a joint building construction contract with the related party of Ching Tong Investment Co., Ltd. (hereinafter referred to as "Ching Tong") and Founding Construction Development Corp. (hereinafter referred to as "Founding") to build the factory building by joint construction and separate ownership of property on September 28, 2021. The Company provided 1,395.27 ping of land and Ching Tong provided 1,025.65 ping of land, a total of 2,420.92 ping, and Founding invested in the joint development and construction. The distribution of value of rights on the joint construction in the tripartite agreement were 55% for the landowner (31.07% for the Company, 23.93% for Ching Tong) and 45% for the construction investor Founding. The above joint construction ratio is determined based on the appraised value provided by a professional appraiser. The aforementioned cooperative housing construction project commenced construction operations on July 1, 2024.

(XXXI) Pledged Assets

The Company has provided the following assets as collateral for the bank loans, and performance of the construction contract:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Reserve account demand deposit (recorded as other current assets)	\$ 4,230	\$ 2,480
Pledged CDs (recorded as other non-current assets)	13,259	13,259
Pledged CDs (recorded as other financial assets - non-current)	7,171	6,142
Real estate (recorded as property, plant and equipment, and investment property)	1,404,440	1,432,575

(XXXII) Significant Contingent Liabilities and Unrecognized Contract Commitments

Except as stated in other notes, the Company has the following significant commitments and contingencies at the balance sheet date as follows:

1. The amount of the notes used for refundable deposits issued for equivalents guarantees and loans were NT\$178,498 thousand.
2. The amount of the equivalents guarantees provided by the bank was NT\$202,039 thousand.
3. The amount of the notes used for deposits received for contracting the construction and providing endorsements or guarantees for others was NT\$2,602,955 thousand.
4. The letter of credit issued but not used amounted to NT\$7,495 thousand.
5. The amount of notes payable issued to the lessor as prepayment for leasing plants or equipment was NT\$15,378 thousand (including related party transactions).
6. As of December 31, 2025, the details of the significant sale Equivalents signed with other companies for the construction contract, internal and external communication transmission cables, optical cables, and Fiber to the Home (FTTH) related accessories business were listed as follows (including related party transactions):

<u>Name of customer</u>	<u>Contract amount</u>	<u>Amount that has not yet been invoiced / delivered</u>
Customer A	\$ 5,908,991	\$ 2,762,405
Customer B	938,052	539,064
Others (Note)	2,094,195	650,071

Note 1: For those with an individual amount not reaching more than 5% of the total amount of the goods that have not been requested/delivered.

7. The Company entered into engineering contracts with other companies for a total contract price of NT\$262,171 thousand. As of December 31, 2025, NT\$176,125 thousand has been paid (recorded as prepayment and construction costs), and the remaining unpaid amount is NT\$86,046 thousand.
8. The Company acquired the "Taipei City Fiber Optic Network Outsourcing Construction and Operation Project" in December 2011 and signed the Taipei City Fiber Optic Network Outsourcing Construction and Operation Project Contract with the Taipei City Government in January 2012, with a total contract period of 25 years from the date on which the contract was signed, and the installation of the hardware equipment for Taipei City Fiber Optic Network and the operation of fiber optic networking services are conducted accordingly. According to the provisions of the above-mentioned contract, the Company has established the subsidiary Taiwan Intelligent Fiber Optic Network Co., Ltd. (Taifo) and signed the Taipei City Fiber Optic Network Outsourcing Construction and Operation Tripartite Agreement

in January 20. Based on the provisions of the said agreement, the Company transfers the rights and obligations of the above-mentioned contract to Taifo and also bears the responsibilities for performance guarantee with regard to the obligations set forth in the above-mentioned contract and agreement (including but not limited to performance bonds, punitive damages, and liabilities for damages to the Taipei City Government).

9. The Company entered into a real estate pre-purchase agreement with another company for a total price of NT\$583,832 thousand for expanding its system integration business. As of December 31, 2025, NT\$117,065 thousand has been paid (recorded as prepaid equipment expenses), and the remaining unpaid amount is NT\$466,767 thousand. The aforementioned amount has been paid in full on March 4, 2026.

(XXXIII) Significant subsequent events

The Company was officially notified to win the bid of “Xizhi-Donghu Line MRT Turnkey Project - Depot Maintenance Equipment Project” from Gamuda Berhad on January 29, 2026. The award amount is NT\$459,900 thousand.

(XXXIV) Information on foreign currency assets and liabilities with significant effect

The following information is expressed in aggregate in foreign currencies other than the Company's functional currency, and the exchange rates disclosed represent the rates at which such foreign currencies were converted to the functional currency. Information on the Company's foreign currency assets and liabilities that have significant influence was described as follows:

December 31, 2025

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
SGD	\$ 459	24.45	\$ 11,213
<u>Non-monetary items</u>			
RMB	15,943	4.480	71,424
SGD	554	24.45	13,555
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	21	24.45	510

December 31, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
SGD	\$ 452	24.13	\$ 10,909
<u>Non-monetary items</u>			
RMB	16,685	4.462	74,449
SGD	721	24.13	17,408
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	15	24.13	363

For details about the Company's (realized and unrealized) foreign exchange gains or losses in 2025 and 2024, please refer to Note 24. Since there were many foreign currency transactions, it is not possible to disclose foreign exchange gains and losses by currencies that have significant influence.

(XXXV) Additional Disclosure

1. Information on significant transactions and 2. investees:
  - (1) Lending funds to others: None.
  - (2) Providing endorsements or guarantees for others: Please refer to the attached Table 1.
  - (3) Holding of significant securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): Please refer to the attached Table 2.
  - (4) Purchase or sale of goods with related parties amounting to at least NT\$100 million or 20 percent of the paid-in capital or more: None.
  - (5) Receivables from related parties amounting to at least NT\$100 million or 20 percent of the paid-in capital or more: None.
  - (6) Information on investee companies: Please refer to the attached Table 3.
3. Information on investments in the Mainland Area:
  - (1) The name of the investee company in the Mainland Area, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area: Please refer to the attached Table 4.

- (2) Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
- A. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Not applicable.
  - B. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Not applicable.
  - C. The amount of property transactions and the amount of the resultant gains or losses: None.
  - D. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
  - E. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
  - F. Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services: None.

Tai Tung Communication Co., Ltd.  
 Providing endorsements or guarantees for others  
 2025

Table 1

Unit: NT\$, unless otherwise specified

No.	Parties providing endorsements and guarantees Company name	Endorsement/ guarantee counterparty		Limit of endorsement guarantee for a single enterprise	Maximum balance of endorsement guarantees for the year	The balance of endorsements and guarantees at the end of the year	Actual amount drawn	Amount of endorsement guarantees secured by property	Ratio of accumulated endorsement guarantee amount to net worth in the most recent financial statements	Maximum limit of endorsement guarantees	Endorsement guarantees by the Company to subsidiaries	Endorsement guarantees by subsidiaries to the Company	Endorsement guarantees to entities in Mainland China	Remarks
		Company name	Relationship											
0	Tai Tung Communication	Taifo	Subsidiary	\$ 13,029,960	\$ 2,380,000	\$ 2,380,000	\$ 969,000	\$ -	73.06%	\$ 13,029,960	Y	N	N	Note

Note 1: The total amount of endorsement and guarantee by the company for a single enterprise, as well as the total endorsement and guarantee, must not exceed 400% of the net value of the Company's most recent financial statement: TWD 3,257,490 thousand x 400% = TWD 13,029,960 thousand as of December 31, 2025.

Tai Tung Communication Co., Ltd.  
Significant marketable securities held at the end of the period  
December 31, 2025

Table 2 Unit: In NT\$ thousand unless otherwise specified

Companies held	Securities and names	Relationship with the securities issuer	Account in the book	Year's end				Remarks
				Thousand units/thousand shares	Carrying amount	Shareholding ratio %	Fair value	
Tai Tung Communication	<u>Stock</u> Glory Technology Service Inc.	Substantive related party	Financial assets at fair value through other comprehensive income - non-current	1,380	\$ 26,730	6.50%	\$ 26,730	—
	Chien Shing Harbour Service Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	457	19,942	0.50%	19,942	Note 1
	<u>Funds</u> Chang Neng Capital Limited Partnership	None	Financial assets measured at fair value through profit or loss - Non-Current	-	28,376	4.86%	28,376	—

Note 1 : Fair value is calculated based on the closing price as of the end of December 2025.

Note 2 : The table only includes marketable securities with carrying amount more than NT\$5,000 thousand.

Note 3 : For information related to investments in subsidiaries and affiliated companies, please refer to Tables 3 and 4.

Companies held	Securities and names	Relationship with the securities issuer	Account in the book	Year's end				Remarks
				Thousand units/thousand shares	Carrying amount	Shareholding ratio %	Fair value	
Tai Tung Communication	<u>Stock</u> Glory Technology Service Inc.	Substantive related party	Financial assets at fair value through other comprehensive income - non-current	1,380	\$ 26,730	6.50%	\$ 26,730	—
	Chien Shing Harbour Service Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	457	19,942	0.50%	19,942	Note 1
	<u>Funds</u> Chang Neng Capital Limited Partnership	None	Financial assets measured at fair value through profit or loss - Non-Current	-	28,376	4.86%	28,376	—

Note 4 : Fair value is calculated based on the closing price as of the end of December 2025.

Note 5 : The table only includes marketable securities with carrying amount more than NT\$5,000 thousand.

Note 6 : For information related to investments in subsidiaries and affiliated companies, please refer to Tables 3 and 5.

Tai Tung Communication Co., Ltd.  
The name, location... and other information on the investee  
2025

Table 3

Unit: In NT\$ thousand unless otherwise specified

Investor name	Investee	Location	Principal business	Original investment amount		Held at the end of the year			Profit and loss for the year of the invested company	Investment gain or loss recognized for the year	Remarks
				At the end of this year	At the end of the previous year	Shares (thousands of shares)	Ratio	Carrying amount			
Tai Tung Communication	Qiong Lian	Taiwan	Sale of communication equipment and wire rods	\$ 33,050	\$ 33,050	2,000	100	\$ 23,640	\$ 14	\$ 14	Note 2
	AgrandTech	Samoa	International investment business	168,153	168,153	4,978	100	71,026	( RMB 742 thousand)	( 3,285)	Note 2
	Taifo	Taiwan	Telecommunications business	2,412,952	2,412,952	124,913	68.22	1,384,899	142,783	108,322	Note 1
	King Tung Resources	Taiwan	International trade	305,000	305,000	30,500	89.71	( 12,827)	9,353	8,390	Note 1
	SING TUNG	Singapore	Telecommunication network related equipment and telecommunication construction	14,946	14,946	631	97	11,081	( SGD 172 thousand)	( 4,059)	Note 2
AgrandTech	Datong Construction	Taiwan	Construction industry	5,100	5,100	510	51	3,413	123	188	Note 2
	Chien Tung	Taiwan	Warehousing industry	168,200	168,200	16,820	24.03	210,518	136,648	32,835	Note 1
	Tonghua Optoelectronics	Mainland China	Engaged in the production of communication equipment and wire rods	USD 5,675 thousand	USD 5,675 thousand	-	97	RMB 15,942 thousand	( RMB 765 thousand)	( RMB 742 thousand)	Note 2
Taifo	D.F. Technologies	Taiwan	Telecommunications business	-	35,000	-	-	-	7,281	176	Note 11

Note 1 : The calculation is made based on the invested company's 2025 financial statements that have been audited by CPAs.

Note 2 : The calculation is made based on the invested company's 2025 financial statements that have not been audited by CPAs.

Tai Tung Communication Co., Ltd.  
Information on investments in the Mainland Area  
2025

Table 4

Unit: In NT\$ thousand unless otherwise specified

Investees in mainland China Name	Principal business	Paid-in capital	Type of investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted out or recovered during the current year		Accumulated investment amount remitted from Taiwan at the end of the year	Investee Profit or loss for the year	The shareholding ratio of the Company's direct or indirect investment	Investment gain (loss) recognized for the current year	Carrying amount of the investment at the end of the period	Repatriated investment gains up to the current year
					Outward remittance	Inflow						
Tonghua Optoelectronics	Engaged in the production of communication equipment and wire rods	USD 6,000 thousand	Note 1	USD 6,000 thousand	\$ -	\$ -	USD 5,675 thousand	(RMB 765 thousand)	97%	(RMB 742 thousand)	RMB 5,942 thousand	\$ -

Accumulated investment amount remitted from Taiwan to the Mainland China at the end of the year	Amount of investment approved by the Investment Commission, MOEA	Investment quota for Mainland China as stipulated by the Investment Commission, MOEA
USD 7,077 thousand (Note 2)	USD 7,077 thousand (Note 2)	\$ 2,369,731 (Note 3)

Note 1 : Investing a company in the Mainland Area through investing in an existing company in a third area.

Note 2 : Including USD1,402 thousand to Shanghai Qiantong Photoelectric Equipment Co., Ltd., which was deregistered on December 10, 2009.

Note 3 : The limit is 60% of the net value or the consolidated net value, whichever is higher according to the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" released by the Ministry of Economic Affairs.

Tai Tung Communication Co., Ltd.

Statement of notes receivables

December 31, 2025

Statement 1

Unit: Thousands of NT\$

<u>Name of customer</u>	<u>Amount</u>
PRIMESOURCE TELECOM LIMITED	\$ 309
SMILE ELECTRIC CO., LTD.	<u>20</u>
Total	<u>\$ 329</u>

Note 1: The balance of each customer does not exceed 5% of the balance of the account item.

Tai Tung Communication Co., Ltd.

Statement of accounts receivable

December 31, 2025

Statement 2

Unit: Thousands of NT\$

<u>Name of customer</u>	<u>Amount</u>
Accounts receivable - non-related parties	
National Chung-Shan Institute of Science and Technology	\$ 165,000
Chunghwa Telecom Co., Ltd.	27,350
Southern Region Branch Office, Freeway Bureau, Ministry of Transportation and Communications	19,089
Others (Note)	<u>74,070</u>
	285,509
Less: Allowance for losses	<u>-</u>
	285,509
Accounts receivable - related parties	<u>53,843</u>
	<u><u>\$ 339,352</u></u>

Note 1: The balance of each customer does not exceed 5% of the balance of the account item.

Tai Tung Communication Co., Ltd.  
Statement of changes in investment accounted for using the equity method  
2025

Statement 3

Unit: In NT\$ thousand unless otherwise specified

	Balance, beginning of the year		Increase for the year		Decrease for the year		for the period	Cumulative translation adjustments	Balance, end of year (Note 6)				Remarks
	Shares (thousands of shares)	Amount	Shares (thousands of shares)	Amount	Shares (thousands of shares)	Amount			Shares (thousands of shares)	Shareholding %	Amount	Net equity	
Taifo	124,913	\$ 1,268,995	-	\$ 11,282	-	\$ 3,673	\$ 108,322	(\$ 27)	124,913	68.22	\$ 1,384,899	\$ 1,460,159	Note 1 and Note 3
Qiong Lian	2,000	23,626	-	-	-	-	14	-	2,000	100.00	23,640	23,640	Note 2
AgrandTech	4,978	74,040	-	-	-	-	( 3,285)	271	4,978	100.00	71,026	71,424	Note 2
King Tung Resources	30,500	( 21,217)	-	-	-	-	8,390	-	30,500	89.71	( 12,827)	22,773	Note 1
SING TUNG	631	14,504	-	2,114	-	1,684	( 4,059)	206	631	97.00	11,081	13,555	Note 2 and Note 4
Datong Construction	510	3,225	-	-	-	-	188	-	510	51.00	3,413	8,085	Note 2
Chien Tung	16,820	<u>194,503</u>	-	<u>-</u>	-	<u>16,820</u>	<u>32,835</u>	<u>-</u>	16,820	24.03	<u>210,518</u>	<u>210,518</u>	Note 1 and Note 5
Total		<u>\$ 1,557,676</u>		<u>\$ 13,396</u>		<u>\$ 22,177</u>	<u>\$ 142,405</u>	<u>\$ 450</u>			<u>\$ 1,691,750</u>	<u>\$ 1,810,154</u>	

Note 1: The equity is calculated based on the invested company's 2025 financial statements that have been audited by CPAs.

Note 2: Net equity is calculated based on the invested company's 2025 financial statements that have not been audited by CPAs.

Note 3: The increase for the year is due to adjustments for realized and unrealized intercompany transactions and the decrease for the year is due to changes in associates recognized under the equity method.

Note 4: The increase for the year is due to adjustments for realized intercompany transactions and the decrease for the year is due to adjustments for unrealized intercompany transactions.

Note 5: The decrease for the year is due to the receipt of cash dividends.

Note 6: None of the above-mentioned investments accounted for using the equity method had been provided as guarantee or pledge.

Tai Tung Communication Co., Ltd.  
Statement of changes in right-of-use assets  
2025

Statement 4

Unit: Thousands of NT\$

Item	Balance, beginning of the year	Increase for the year	Decrease for the year	Balance, end of the year	Remarks
Land	\$ 158,982	\$ 36,720	\$ -	\$ 195,702	
Building	48,531	-	-	48,531	
Office equipment	1,130	-	-	1,130	
Transportation equipment	<u>4,109</u>	<u>-</u>	<u>2,208</u>	<u>1,901</u>	
	<u>\$ 212,752</u>	<u>\$ 36,720</u>	<u>\$ 2,208</u>	<u>\$ 247,264</u>	

Tai Tung Communication Co., Ltd.

Statement of changes in the accumulated depreciation of right-of-use assets

2025

Statement 5

Unit: Thousands of NT\$

Item	Balance, beginning of the year	Increase for the year	Decrease for the year	Balance, end of the year	Remarks
Land	\$ 1,472	\$ 13,633	\$ -	\$ 15,105	
Building	18,603	9,706	-	28,309	
Office equipment	791	226	-	1,017	
Transportation equipment	<u>1,539</u>	<u>1,778</u>	<u>2,208</u>	<u>1,109</u>	
	<u>\$ 22,405</u>	<u>\$ 25,343</u>	<u>\$ 2,208</u>	<u>\$ 45,540</u>	

Tai Tung Communication Co., Ltd.  
Statement of short-term borrowings  
December 31, 2025

Statement 6

Unit: Thousands of NT\$

<u>Creditor bank</u>	<u>Period and repayment method</u>	<u>Annual interest rate (%)</u>	<u>Balance, end of the year</u>	<u>Financing facilities</u>	<u>Remarks</u>
Secured loans					
Shin Kong Bank	October 9, 2025 ~ January 9, 2026, principal repayable upon maturity	2.07	\$ 290,000	\$ 290,000	Property
Shin Kong Bank	November 23, 2025 ~ February 3, 2026, principal repayable upon maturity	2.07	<u>100,000</u>	<u>170,000</u>	Property
			<u>\$ 390,000</u>	<u>\$ 460,000</u>	

Tai Tung Communication Co., Ltd.  
Statement of long-term borrowings  
December 31, 2025

Statement 7

Unit: Thousands of NT\$

Creditor bank	Period and repayment method	Annual interest rate (%)	Amount			Mortgage or guarantee	Remarks
			Due in one year	Due in one year	Total		
Secured loans							
Chang Hwa Bank	July 8, 2022~ July 8, 2026, principal repayable upon maturity	2.165	\$ 505,000	\$ -	\$ 505,000	Refer to Note 31 for details	Real estate No. 3 and No. 4
Chang Hwa Bank	July 8, 2022~ July 8, 2026, principal repayable upon maturity	2.165	80,510	-	80,510	Refer to Note 31 for details	Real estate No. 3 and No. 4
Chang Hwa Bank	November 7, 2022 ~ July 8, 2026, principal repayable upon maturity	2.225	100,000	-	100,000	Refer to Note 31 for details	Real estate No. 3 and No. 4
Chang Hwa Bank	May 29, 2024 ~ July 8, 2026, principal repayable upon maturity	2.165	50,000	-	50,000	Refer to Note 31 for details	Real estate No. 3 and No. 4
Chang Hwa Bank	July 8, 2025 ~ July 8, 2026, principal repayable upon maturity	2.165	100,000	-	100,000	Refer to Note 31 for details	Real estate No. 3 and No. 4
Chang Hwa Bank	November 3, 2025 ~ November 3, 2029, principal repayable upon maturity	2.165	-	88,000	88,000	Refer to Note 31 for details	Real estate No. 3 and No. 4
SUNNY BANK	November 19, 2025 ~ November 19, 2030, principal repayable upon maturity	2.24	-	360,000	360,000	Refer to Note 31 for details	Real estate / Luchu
			<u>\$ 835,510</u>	<u>\$ 448,000</u>	<u>\$ 1,283,510</u>		

Tai Tung Communication Co., Ltd.  
Statement of accounts payable  
December 31, 2025

Statement 8

Unit: Thousands of NT\$

Name of supplier	Amount
Accounts payable - non-related parties	
Tatung Co., Ltd.	\$ 13,022
United Fiber Optic Communication Inc.	11,423
JIN WEI ELECTRIC WIRE & CABLE CO., LTD.	8,831
You Ming Huei Co., Ltd.	8,753
Wei-Pin technology CO., LTD.	8,091
Others (Note)	84,131
Accounts payable - related parties	
Taiwan Intelligent Fiber Optic Network Co., Ltd.	<u>22,870</u>
	<u>\$ 157,121</u>

Note 1: The balance of each supplier does not exceed 5% of the balance of the account item.

Tai Tung Communication Co., Ltd.

Statement of lease liabilities

December 31, 2025

Statement 9

Unit: Thousands of NT\$

<u>Item</u>	<u>Summary</u>	<u>Lease period</u>	<u>Discounted rate</u>	<u>Balance, end of the year</u>	<u>Remarks</u>
Land		October 1, 2024 - November 30, 2044	2.19~2.29%	\$ 169,076	
Building		February 1, 2023 - January 31, 2028	2.04%	20,823	
Office equipment		July 1, 2021 - June 30, 2026	1.44%	117	
Transportation equipment		October 29, 2024 - October 28, 2026	2.29%	803	
Less: Due within one year				<u>31,336</u>	
				<u>\$ 159,483</u>	

Tai Tung Communication Co., Ltd.  
 Cost of Goods Sold Statement  
 From January 1 to December 31, 2025

Statement 10

Unit: Thousands of NT\$

Name	Amount
Cost of goods sold for self-owned products	
Raw materials, beginning of the year	\$ 344,469
Add: Purchase for the year	214,076
Processing for the year	1,358
Less: Raw materials, end of the year	( 284,488)
Raw materials sold	( 6,242)
Engineering expenses	( 1,378)
Others	( <u>632</u> )
Raw materials consumed	267,163
Direct labor	47,594
Manufacturing overheads	<u>155,088</u>
Manufacturing costs	469,845
Add: Work in process, beginning of the year	57,433
Less: Work in process, end of the year	( 30,900)
Others	( <u>150</u> )
Cost of finished goods	496,228
Add: Finished products, beginning of the year	235,183
Purchase for the year	266,500
Inventory in transit, beginning of the year	183
Less: Finished products, end of the year	( 262,989)
Engineering expenses	( 43,383)
Others	( <u>515</u> )
	691,207
Cost of raw materials sold	6,242
Reversal of inventory write-down loss	( 24,719)
Recognition of provisions for onerous contracts	2,553
Sale of scraps and other revenue	( 2,714)
Others	<u>26,451</u>
Total cost of goods sold	<u>\$ 699,020</u>

Tai Tung Communication Co., Ltd.  
Statement of Employee Benefits, Depreciation and Amortization Expenses  
January 1 to December 31, 2025 and 2024

Statement 11

Unit: In NT\$ thousand unless otherwise specified

	2025			2024		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expenses	\$ 142,648	\$ 49,629	\$ 192,277	\$ 150,013	\$ 54,919	\$ 204,932
Labor and health insurance expenses	14,291	4,406	18,697	14,404	3,877	18,281
Pension expenses	6,060	2,130	8,190	6,237	2,245	8,482
Director remuneration	-	6,125	6,125	-	7,830	7,830
Others	6,384	1,379	7,763	6,697	1,494	8,191
	<u>\$ 169,383</u>	<u>\$ 63,669</u>	<u>\$ 233,052</u>	<u>\$ 177,351</u>	<u>\$ 70,365</u>	<u>\$ 247,716</u>
Depreciation expenses	\$ 60,724	\$ 15,189	\$ 75,913	\$ 45,548	\$ 16,922	\$ 62,470
Amortization expenses	\$ -	\$ 686	\$ 686	\$ -	\$ 665	\$ 665

1. The Company's average numbers of employees in 2025 and 2024 were 273 and 279, respectively, and the number of directors who did not serve concurrently as employees were 5 in both years.
2. In 2025 and 2024, the average employee benefits expenses were NT\$847 thousand and NT\$875 thousand, respectively, and the average employee payroll expenses were NT\$717 thousand and NT\$748 thousand, respectively. In 2025, the change in the average employee payroll expense adjustments was (4.14)%.
3. The Company has established an audit committee; therefore the disclosure of supervisor remuneration information is not applicable.
4. The Company's remuneration policy: The board of directors is authorized to determine the remuneration to directors according to their participation in the Company's operation and the value of their contribution with reference to the pay level generally adopted by the enterprises of the same industry. Remuneration to managerial officers should be paid in accordance with the provisions of Article 5, Subparagraph 1 of the Company's Organizational Structure and Regulations for Managerial Officers, and the remuneration assessment of managerial officers should be conducted by the board of directors. Employee salaries are determined in accordance with Article 16 of the Company's Code of Conduct, agreed upon between the Company and the employees, provided that they shall not be lower than the minimum wage. Based on the Company's annual profit situation, if profitable, no less than one percent shall be allocated for employee compensation.