

Hitron Technologies Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2025 and 2024

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of material accounting policies	11~27
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	27~28
(6) Explanation of significant accounts	28~62
(7) Related-party transactions	63~68
(8) Pledged assets	68
(9) Commitments and contingencies	68
(10) Losses due to major disasters	68
(11) Subsequent events	68
(12) Other	69
(13) Other disclosures	
(a) Information on significant transactions	69、73~75
(b) Information on investees	69、76
(c) Information on investment in Mainland China	70、77~78
(14) Segment information	70~72

Representation Letter

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

Hereby declare

Company name: Hitron Technologies Inc.

Chairman: Wen-Feng Huang

Date: February 24, 2026



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

To the Board of Directors of Hitron Technologies Inc.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to Note 4(16) and Note 6(25) for accounting policies and detailed disclosure of revenue, respectively.

Description of key audit matter:

The Group is mainly engaged in the research, development, manufacturing and sale of network communication equipment, with its principal products being cable modems and cable routers. The Group enters into contracts with customers that contain different terms and conditions. In accordance with the relevant accounting guidance, the Group evaluates these contractual terms to determine whether control of the goods or services has been transferred to customers. In addition, the Group's major subsidiaries provide system integration services in the fields of telecommunications, broadband networking, wireless transmission, digital media, cloud information, and geographic information. Revenue recognition often requires management's judgment on a contract-by-contract basis to determine the appropriate timing of recognition. Accordingly, we considered the appropriateness of the timing of revenue recognition to be a key audit matter.

How the matter was addressed in our audit:

Understanding the Group's accounting policies on revenue recognition and comparing them with both the terms of sales and the criteria for revenue recognition, so as to assess the appropriateness of the policies adopted; field observation of the design of the internal control system for sales revenue, as well as test of the effectiveness of execution on a sample basis; sampling individual revenue transaction and comparing them with sales contracts, customer orders, as well as vouchers for delivery, payment, installation and acceptance; and sampling sales transactions during a period before and after the reporting date to review the sales terms, delivery documents and customer confirmation documents, so as to assess sales transactions at year end or to identify whether the transfer of control of goods or services for the fulfillment of performance obligations was recognized in the appropriate period.

2. Inventory valuation

Please refer to the Note 4(8) for the accounting policy, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(6) for summary of inventory.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value as of the reporting date. The net realizable value of the inventories is determined by the Group based on the assumptions regarding the estimated selling prices of the products. Rapid technological developments and the introduction of new products may significantly change market demand and cause fluctuations in market prices, which may result in product obsolescence and cause the cost of inventories to exceed their net realizable value. Accordingly, the valuation of inventories was considered to be one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit described above, our principal audit procedures included reviewing the inventory aging reports and analyzing fluctuations in inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging reports prepared by the Group; evaluating whether the valuation of inventories was accounted for in accordance with the Group's accounting policies; and assessing the historical reasonableness of the management's estimates on inventory provisions.

Other Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that 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 Group's internal control.

3. Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and assess whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2026

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

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

Hitron Technologies Inc. and Subsidiaries**Consolidated Balance Sheets****December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2025		December 31, 2024				December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%		
Current assets:											
1100	Cash and cash equivalents (note 6(1))	\$ 3,506,737	32	2,352,742	23	2100	Short-term borrowings (note 6(14))	\$ 1,473,073	14	365,695	4
1110	Current financial assets at fair value through profit or loss (note 6(2))	4,400	-	4,902	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))	-	-	1,436	-
1136	Current financial assets at amortised cost (note 6(4))	3,362	-	3,372	-	2130	Current contract liabilities (notes 6(25) and 7)	267,076	3	479,844	5
1170	Notes and accounts receivable, net (note 6(5))	2,438,070	22	2,081,705	21	2170	Notes and accounts payable	945,033	9	655,768	7
1180	Accounts receivable from related parties, net (notes 6(5) and 7)	9,166	-	118,096	1	2180	Accounts payable to related parties (note 7)	878,346	8	1,019,418	10
1200	Other receivables	483,203	4	454,644	5	2200	Other payables (note 6(15))	394,739	4	372,772	4
1210	Other receivables from related parties (note 7)	410	-	34,578	-	2220	Other payables to related parties (note 7)	29,763	-	22,424	-
1220	Current tax assets	33,153	-	47,998	-	2230	Current tax liabilities	40,238	-	83,084	1
130x	Inventories (note 6(6))	2,234,061	21	2,456,281	25	2250	Current provisions (note 6(19))	47,001	-	52,767	-
1470	Other current assets (notes 6(13), 7 and 8)	154,056	2	150,140	2	2280	Current lease liabilities (note 6(18))	19,690	-	21,116	-
		<u>8,866,618</u>	<u>81</u>	<u>7,704,458</u>	<u>77</u>	2300	Other current liabilities (note 7)	11,551	-	2,809	-
						2320	Current portion of long-term borrowings (note 6(16))	380,000	3	80,000	1
								<u>4,486,510</u>	<u>41</u>	<u>3,157,133</u>	<u>32</u>
Non-current assets:											
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	-	-	34,142	-		Non-Current liabilities:				
1550	Investments accounted for using equity method (note 6(7))	88,639	1	95,818	1	2540	Long-term borrowings (note 6(16))	240,000	3	375,000	4
1600	Property, plant and equipment (notes 6(9) and 7)	962,809	8	1,533,531	15	2550	Non-current provisions (note 6(19))	34,569	-	45,541	-
1755	Right-of use assets (note 6(10))	119,982	1	254,278	2	2570	Deferred tax liabilities (note 6(22))	18,957	-	33,306	-
1760	Investment property, net (notes 6(11) and (20))	559,955	5	-	-	2580	Non-current lease liabilities (note 6(18))	90,602	1	104,723	1
1780	Intangible assets (notes 6(12) and 7)	39,149	-	66,710	1	2600	Other non-current liabilities	14,813	-	906	-
1840	Deferred tax assets (note 6(22))	190,999	2	170,642	2			<u>398,941</u>	<u>4</u>	<u>559,476</u>	<u>5</u>
1900	Other non-current assets (notes 6(13) and 8)	165,896	2	183,271	2		Total liabilities	<u>4,885,451</u>	<u>45</u>	<u>3,716,609</u>	<u>37</u>
		<u>2,127,429</u>	<u>19</u>	<u>2,338,392</u>	<u>23</u>		Equity (note 6(23)):				
							Equity attributable to owners of parent:				
						3110	Ordinary share	3,213,172	29	3,213,172	32
						3200	Capital surplus	1,153,471	10	1,153,005	11
							Retained earnings:				
						3310	Legal reserve	290,043	3	340,989	3
						3350	Accumulated deficits	(105,490)	(1)	(50,946)	-
								<u>184,553</u>	<u>2</u>	<u>290,043</u>	<u>3</u>
						3400	Other equity interest	190,586	2	303,733	3
							Total equity attributable to owners of parent	<u>4,741,782</u>	<u>43</u>	<u>4,959,953</u>	<u>49</u>
						36XX	Non-controlling interests (note 6(8))	1,366,814	12	1,366,288	14
							Total equity	<u>6,108,596</u>	<u>55</u>	<u>6,326,241</u>	<u>63</u>
							Total liabilities and equity	<u>\$ 10,994,047</u>	<u>100</u>	<u>10,042,850</u>	<u>100</u>
	Total assets	<u>\$ 10,994,047</u>	<u>100</u>	<u>10,042,850</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars, except for Earnings per share)**

		For the years ended December 31,			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(25) and 7)	\$ 8,880,244	100	9,088,215	100
5000	Operating costs (notes 6(6), (21), (26) and 7)	<u>7,209,861</u>	<u>81</u>	<u>7,323,415</u>	<u>80</u>
	Gross profit from operations	<u>1,670,383</u>	<u>19</u>	<u>1,764,800</u>	<u>20</u>
	Operating expenses (notes 6(21), (26) and 7):				
6100	Selling expenses	682,715	8	633,510	7
6200	Administrative expenses	371,889	4	436,536	5
6300	Research and development expenses	415,911	5	442,793	5
6450	Expected credit loss (note 6(5))	<u>66,674</u>	<u>1</u>	<u>1,458</u>	<u>-</u>
	Total operating expenses	<u>1,537,189</u>	<u>18</u>	<u>1,514,297</u>	<u>17</u>
	Net operating income	<u>133,194</u>	<u>1</u>	<u>250,503</u>	<u>3</u>
	Non-operating income and expenses:				
7010	Other income (notes 6(28) and 7)	65,944	1	22,557	-
7020	Other gains and losses, net (note 6(29))	(69,015)	-	(12,778)	-
7050	Finance costs (note 6(30))	(73,819)	(1)	(75,622)	(1)
7060	Share of (loss) profit of associates accounted for using equity method (note 6(7))	(3,734)	-	1,588	-
7100	Interest income (note 6(27))	<u>34,446</u>	<u>-</u>	<u>34,187</u>	<u>-</u>
	Total non-operating income and expenses	<u>(46,178)</u>	<u>-</u>	<u>(30,068)</u>	<u>(1)</u>
7900	Profit before tax	87,016	1	220,435	2
7950	Less: income tax expense (note 6(22))	<u>3,360</u>	<u>-</u>	<u>83,250</u>	<u>1</u>
8200	Profit	<u>83,656</u>	<u>1</u>	<u>137,185</u>	<u>1</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	464	-	810	-
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	(7,499)	-	(17,010)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(22))	<u>83</u>	<u>-</u>	<u>162</u>	<u>-</u>
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	<u>(7,118)</u>	<u>-</u>	<u>(16,362)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	<u>(94,905)</u>	<u>(1)</u>	<u>179,449</u>	<u>2</u>
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	<u>(94,905)</u>	<u>(1)</u>	<u>179,449</u>	<u>2</u>
8300	Other comprehensive income (loss), net of income tax	<u>(102,023)</u>	<u>(1)</u>	<u>163,087</u>	<u>2</u>
8500	Total comprehensive income (loss)	<u>\$ (18,367)</u>	<u>-</u>	<u>300,272</u>	<u>3</u>
	Profit (Loss) attributable to:				
8610	Owners of parent	\$ (116,632)	(1)	(52,139)	(1)
8620	Non-controlling interests	<u>200,288</u>	<u>2</u>	<u>189,324</u>	<u>2</u>
		<u>\$ 83,656</u>	<u>1</u>	<u>137,185</u>	<u>1</u>
8700	Comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ (218,637)	(2)	110,653	1
8720	Non-controlling interests	<u>200,270</u>	<u>2</u>	<u>189,619</u>	<u>2</u>
		<u>\$ (18,367)</u>	<u>-</u>	<u>300,272</u>	<u>3</u>
	Loss per share (New Taiwan Dollars) (note 6(24))				
	Basic loss per share	<u>\$ (0.36)</u>		<u>(0.16)</u>	
	Diluted loss per share	<u>\$ (0.36)</u>		<u>(0.16)</u>	

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings		Exchange differences on translation of foreign financial statements	Other equity interest		Total equity attributable to owners of parent company	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings (Accumulated deficits)		Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				Total other equity interest
Balance on January 1, 2024	\$ 3,213,172	1,185,304	340,501	38,936	379,437	106,285	35,304	141,589	4,919,502	1,102,675	6,022,177
Profit (Loss)	-	-	-	(52,139)	(52,139)	-	-	-	(52,139)	189,324	137,185
Other comprehensive income (loss)	-	-	-	648	648	179,154	(17,010)	162,144	162,792	295	163,087
Total comprehensive income (loss)	-	-	-	(51,491)	(51,491)	179,154	(17,010)	162,144	110,653	189,619	300,272
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	488	(488)	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(37,903)	(37,903)	-	-	-	(37,903)	-	(37,903)
Cash dividends from capital surplus	-	(58,492)	-	-	-	-	-	-	(58,492)	-	(58,492)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(175,179)	(175,179)
Changes in conversion of convertible bonds in subsidiaries	-	25,777	-	-	-	-	-	-	25,777	241,031	266,808
Changes in non-controlling interests	-	416	-	-	-	-	-	-	416	8,142	8,558
Balance on December 31, 2024	<u>3,213,172</u>	<u>1,153,005</u>	<u>340,989</u>	<u>(50,946)</u>	<u>290,043</u>	<u>285,439</u>	<u>18,294</u>	<u>303,733</u>	<u>4,959,953</u>	<u>1,366,288</u>	<u>6,326,241</u>
Profit (Loss)	-	-	-	(116,632)	(116,632)	-	-	-	(116,632)	200,288	83,656
Other comprehensive income (loss)	-	-	-	347	347	(94,853)	(7,499)	(102,352)	(102,005)	(18)	(102,023)
Total comprehensive income (loss)	-	-	-	(116,285)	(116,285)	(94,853)	(7,499)	(102,352)	(218,637)	200,270	(18,367)
Appropriation and distribution of retained earnings:											
Legal reserve used to offset accumulated deficits	-	-	(50,946)	50,946	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	10,795	10,795	-	(10,795)	(10,795)	-	-	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(200,699)	(200,699)
Changes in the share of associates accounted for using the equity method	-	466	-	-	-	-	-	-	466	955	1,421
Balance on December 31, 2025	<u>\$ 3,213,172</u>	<u>1,153,471</u>	<u>290,043</u>	<u>(105,490)</u>	<u>184,553</u>	<u>190,586</u>	<u>-</u>	<u>190,586</u>	<u>4,741,782</u>	<u>1,366,814</u>	<u>6,108,596</u>

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries**Consolidated Statements of Cash Flows****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the years ended December 31,	
	2025	2024
Cash flows from operating activities:		
Profit before tax	\$ 87,016	220,435
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	105,847	200,829
Amortization expense	34,679	39,075
Expected credit loss	66,674	1,458
Net loss on financial assets or liabilities at fair value through profit or loss	502	1,120
Finance costs	73,819	75,622
Interest income	(34,446)	(34,187)
Dividend income	(251)	(1,306)
Share of loss (profit) of associates accounted for using equity method	3,734	(1,588)
Loss on disposal of property, plant and equipment	924	3,578
Provisions for inventory obsolescence and devaluation loss (reversed)	27,165	(24,342)
Gain on disposal of investments accounted for using equity method	(537)	-
Adjustment for other non-cash-related losses, net	28,513	(15)
Total adjustments to reconcile profit	<u>306,623</u>	<u>260,244</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	(471,835)	(141,861)
Accounts receivables from related parties	108,930	(114,556)
Other receivables	(30,304)	(124,549)
Other receivables from related parties	34,168	(3,027)
Inventories	143,649	1,073,839
Other operating assets	(3,916)	(40,662)
Contract liabilities	(212,768)	(82,996)
Notes and accounts payable	289,112	(927,208)
Accounts payable to related parties	(141,072)	987,771
Other payables	14,261	(30,037)
Other payables to related parties	7,339	21,490
Provisions	(16,738)	(40,959)
Other current liabilities	7,306	(1,283)
Total changes in operating assets and liabilities	<u>(271,868)</u>	<u>575,962</u>
Total adjustments	<u>34,755</u>	<u>836,206</u>

(Continued)

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2025	2024
Cash flows generated from operations	121,771	1,056,641
Interest received	36,191	34,101
Dividends received	1,547	4,006
Interest paid	(66,113)	(74,879)
Income taxes paid	(75,858)	(24,276)
Net cash flows from operating activities	17,538	995,593
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	26,643	-
Proceeds from disposal of financial assets at amortized cost	-	37,628
Acquisition of investments accounted for using equity method	-	(96,930)
Proceeds from disposal of investments accounted for using equity method	4,158	-
Acquisition of property, plant and equipment	(13,496)	(33,297)
Proceeds from disposal of property, plant and equipment	7,268	232,545
Decrease (increase) in refundable deposits	16,999	(41,841)
Acquisition of intangible assets	(7,795)	(3,192)
Proceeds from disposal of intangible assets	-	34
Increase in other non-current assets	(1,673)	(8,471)
Net cash flows from investing activities	32,104	86,476
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	1,152,398	(50,297)
Proceeds from long-term borrowings	165,000	-
Repayments of long-term borrowings	-	(245,000)
Increase in guarantee deposits received	13,724	497
Payments of lease liabilities	(24,196)	(21,293)
Cash dividends paid to shareholders	-	(96,395)
Cash dividends paid to non-controlling interests	(200,699)	(175,179)
Changes in non-controlling interests	-	8,558
Net cash flows from (used in) financing activities	1,106,227	(579,109)
Effect of exchange rate changes on cash and cash equivalents	(1,874)	(130,855)
Increase in cash and cash equivalents	1,153,995	372,105
Cash and cash equivalents at beginning of period	2,352,742	1,980,637
Cash and cash equivalents at end of period	\$ 3,506,737	2,352,742

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history:

Hitron Technologies Inc. (the “Company”) was incorporated on March 24, 1986 as a company limited by shares under the Company Act of the Republic of China (R.O.C). The Company and its subsidiaries (Hereinafter referred to as the “Group”) are mainly engaged in system integration for communication products as well as the production and sale of telecommunication products. Alpha Networks Inc. (“Alpha”) is the parent company after the acquisition. Qisda Corporation (“Qisda”) is the ultimate parent of the Company.

2. Approval date and procedures of the consolidated financial statements:

These consolidated financial statements for the years ended December 31, 2025 and 2024 were authorized for issuance by the Board of Directors on February 24, 2026.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRS Accounting Standards”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

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

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

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

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

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

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

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

4. Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

- (a) Financial assets and liabilities at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value;
- (c) The net defined benefit liability is measured at fair value of the plan assets less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All inter-company transactions, balance, and any unrealized income and expenses are eliminated in the consolidated financial statements. Total comprehensive income (loss) in a subsidiary is allocated to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries’ financial statements are adjusted to align the accounting policies with those of the Group.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements was as follow:

Name of Investor	Name of Subsidiary	Main Activities	Shareholding	
			December 31, 2025	December 31, 2024
The Company	Hitron Technologies (Samoa) Inc. (Hitron Samoa)	International trade	100.00%	100.00%
The Company	Interactive Digital Technologies Inc. (Interactive Digital) (note 1)	Telecommunication and broadband network system services	32.82%	32.82%
The Company	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%
The Company	Hitron Technologies (America) Inc. (Hitron America)	International trade	100.00%	100.00%
The Company	Innoauto Technologies Inc. (Innoauto Technologies)(note 2)	Investment and automotive electronics products	- %	100.00%
The Company	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunication products	100.00%	100.00%

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities	Shareholding	
			December 31, 2025	December 31, 2024
Hitron Samoa	Hitron Technologies (SIP) Inc. (Hitron Suzhou)	Research and development of broadband telecommunication products	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sales service	100.00%	100.00%
Interactive Digital	Transnet Co., Ltd (Transnet)	Integrated supply of network communication products, system services, and import and export of network equipment	80.00%	80.00%

Note 1: The Group did not own more than half of the ownership of the entity. As the Group has the power to control the management and operating policies of the entity, the entity has been included in the Group's consolidated entities.

Note 2: Innoauto Technologies has completed the liquidation process as of the reporting day.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Foreign operations

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

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

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

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- A. It is expected to be settled in its normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is due to be settled within twelve months after the reporting period; or
- D. The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

(b) Fair value through other comprehensive income (FVOCI)

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

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

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established (usually the ex-dividend date).

(c) Fair value through profit or loss (FVTPL)

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

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets) and contract assets.

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

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

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

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

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

The Group considers a financial asset is breached of contract when the financial asset is more than 360 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

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

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

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

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as customer credit conditions default or overdue for more than the grace period for each category;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group granted to the borrower a concession that the Group would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Based on past experience, it will not be possible to recover the overdue amount from the company account after 360 days.

(e) Derecognition of financial assets

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

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

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

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

(d) Derecognition of financial liabilities

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

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

(e) Offsetting of financial assets and liabilities

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

C. Derivative financial instruments and hedge accounting

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

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

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(9) Investment in associates

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

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

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

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

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

(10) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently accounted for using the cost model. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Rental income from investment property is recognized as non-operating income on a straight-line basis over the term of the lease.

(11) Property, plant and equipment

A. Recognition and measurement

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

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

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

B. Subsequent expenditure

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

C. Depreciation

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

Land is not depreciated.

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

(a) Buildings and improvements	2~56 years
(b) Machinery and equipment	3~10 years
(c) Transportation facilities	2.5~6 years
(d) Office and other facilities	2~10 years

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

(12) Lessee

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

A. As a lessee

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

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

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

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

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

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

- (a) there is a change in future lease payments arising from the change in an index or rate;
- (b) there is a change in the Group's estimate of amounts expected to be payable under a residual value guarantee;
- (c) there is a change in the lease term resulting from a change of its assessment of whether it is reasonably certain to exercise a purchase option
- (d) there is a change in its assessment of whether it is reasonably certain to exercise an extension option or termination option; or
- (e) there is any lease modification.

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

When the lease liability is remeasured to reflect the partial or full termination of a lease resulting from a lease modification that decreases the scope of the lease, the Group decreases the carrying amount of the right-of-use asset accordingly. Any resulting gain or loss arising from the partial or full termination is recognized in profit or loss.

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of offices, warehouses, parking spaces, staff dormitories, and printers that have a lease term of 12 months or less, as well as for leases of low-value assets. Lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Group acts as a lessor, it determines at the commencement date whether each lease is a finance lease or an operating lease. In making this classification, the Group assesses whether substantially all of the risks and rewards incidental to ownership of the underlying asset are transferred to the lessee. If so, the lease is classified as a finance lease; otherwise, it is classified as an operating lease. As part of this assessment, the Group considers indicators such as whether the lease term covers the major part of the asset's economic life.

(13) Intangible assets

A. Recognition and measurement

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

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

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

B. Subsequent expenditure

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

C. Amortization

Amortization is calculated on the cost of assets, less their residual value, and is recognized in profit or loss on a straight-line basis over their estimated useful lives of 3 to 5 years, starting from the date on which the assets are available for use.

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

(14) Impairment of non-financial assets

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

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is determined by estimating the future cash flows, cash flows expected to be generated from the asset or CGU and discounting them to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to any goodwill allocated to the CGU and then to the other assets of the CGU on a pro rata basis.

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

(15) Provisions

A provision is recognized when, as a result of a past event, the Group has a present obligation that can be estimated reliably, and when it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A. Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and on a probability-weighted assessment of all possible outcomes.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be obtained by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(16) Revenue for contracts with customers

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

A. Sale of goods

The Group researches, develops, designs and manufactures wireless broadband network products. Revenue is recognized when control of the products is transferred to the customer. Control is deemed to have transferred when the customer has the ability to direct the use of the products and obtain substantially all of their remaining benefits, and when no remaining performance obligation exists that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have passed to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all acceptance criteria have been satisfied.

The Group is obliged to provide refunds for defective wireless broadband products under its standard warranty terms and has recognized a provision for such warranty obligations; please refer to Note 6(19) for details.

B. Project contracts for system development and integration

Revenue is recognized when the control of a product or project system is transferred to the customer. Control is considered to have transferred when the products or project systems have been delivered to the customer and no remaining performance obligation exists that could affect the customer's acceptance of the products. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have passed to the customer, and the Group has objective evidence that all acceptance criteria have been met.

A receivable is recognized when the goods are delivered, as this is the point in time at which the Group obtains an unconditional right to consideration. Advance receipts are recognized as contract liabilities, and are subsequently recognized as revenue when the related performance obligations are satisfied. A provision for onerous contracts is recognized when the Group expects the unavoidable costs of fulfilling a construction contract will exceed the economic benefits expected to be received under the contract.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

C. Service revenue

The Company provides maintenance services over the contract period and recognizes revenue over the reporting period in which the services are rendered.

D. Financing components

The Group does not expect to have any contracts in which the period between the transfer of the promised goods or services to the customer and the customer's payment exceeds one year. Accordingly, the Group does not adjust transaction prices for the time value of money.

(17) Government grants

The Group recognizes an unconditional government grant related to research and development as other income in profit or loss when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis over the periods in which the related expenses or losses are recognized.

(18) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense when the related services are provided.

B. Defined benefit plans

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

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

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

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

C. Short-term employee benefits

Short-term employee benefits are recognized as an expense when the related services are provided. A liability is recognized for the amount expected to be paid when the Group has a present legal or constructive obligation to make such payments as a result of services provided by employees in the past and the amount can be measured reliably.

(19) Income tax

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and are therefore accounted for under IAS 37.

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

Current tax comprises the expected tax payable or receivable on taxable profit (loss) for the year and any adjustments to tax payable or receivable in respect of prior years. The amount of tax payable or refundable is the best estimate, measured using the statutory tax rates enacted or substantively enacted as at the reporting date.

Deferred taxes arises from temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes is recognized for all temporary differences except for the following:

- A. Assets or liabilities arising from the initial recognition of a transaction that is not a business combination, which at the time of the transaction affects neither accounting profit nor taxable profit (loss), and does not give rise to taxable or deductible temporary differences of equal amounts;
- B. temporary differences arising from investments in subsidiaries, associates and joint ventures when the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates that are expected to apply when the temporary differences reverse, based on the statutory tax rates enacted or substantively enacted as at the reporting date, and reflects uncertainty related to income taxes.

The Group offsets deferred tax assets and deferred tax liabilities only when all of the following conditions are met:

- A. the Group has a legally enforceable right to offset current tax assets against current tax liabilities; and

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either of the following taxable entities:

- (a) The same taxable entity; or
- (b) Different taxable entities, provided that each entity intends to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets are expected to be recovered and deferred tax liabilities are expected to be settled.

Deferred tax assets arising from unused tax losses, unused tax credits carried forward, and deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized. These deferred tax assets are reassessed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized, or increased to the extent that it becomes probable that sufficient taxable profit will be available in the future.

(20) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares, such as employee remuneration settled in shares and unvested restricted stock awards.

(21) Operating segment

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

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

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

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Information about the judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(1) Revenue recognition

Revenue from the sale of goods and the rendering of services is recognized when the control of goods or services is transferred to customers and the performance obligations have been satisfied. The related accounting policies are described in Note 4(16).

(2) The loss allowance for trade receivables

The Group estimates the loss allowance for trade receivables based on the probability of default and the expected credit loss rate. In determining the assumptions used in calculating the impairment and the related inputs, the Group considers historical experience, current economic conditions, and forward-looking information available as at the reporting date. For the relevant assumptions and input values, please refer to Note 6(5).

(3) Valuation of inventories

As inventories are measured at the lower of cost and net realizable value, the Group assesses the amount of inventories that are subject to normal wear and tear, obsolescence, or lack of marketability at the reporting date, and writes down the carrying amount of inventories to net realizable value when necessary. The valuation of inventories is primarily based on assumptions regarding future demand within a specified period; therefore, significant changes may arise due to rapid industry developments. For details on the valuation of inventories, please refer to Note 6(6).

The Group strives to use market observable inputs when measuring assets and liabilities. The different levels of the fair value hierarchy used in determining the fair value of financial instruments are as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data.

For the assumption adopted in fair value measurement, please refer to Note 6(31) "Financial instruments".

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 839	924
Checking and savings accounts	2,291,554	938,432
Time deposits	834,344	1,183,386
Cash equivalents – Repurchase agreements	380,000	230,000
	\$ 3,506,737	2,352,742

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Please refer to Note 6(31) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of December 31, 2025 and 2024, deposits with original maturities of more than three months amounted to \$3,362 thousand and \$3,372 thousand, respectively, and were included in financial assets measured at amortized cost. Please refer to Note 6(4).

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

	December 31, 2025	December 31, 2024
Financial assets at fair value through profit or loss-current:		
Non-derivative financial assets		
Stocks listed on domestic markets	\$ <u>4,400</u>	<u>4,902</u>
Financial liabilities held for trading-current:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ <u>-</u>	<u>1,436</u>

The Group uses derivative financial instruments to hedge the certain currency risk arising from its operating activities. The following derivative instruments, held by the Group did not qualify for hedge accounting and were recognized as financial assets at fair value through profit or loss or as financial liabilities held for trading:

	December 31, 2024		
	Nominal principal (in thousands)	Currency	Maturity date
Forward exchange contracts	USD 2,000	USD to RMB	2025.01.21~2025.03.27

(3) Non-current financial assets at fair value through other comprehensive income

	December 31, 2025	December 31, 2024
Equity instruments:		
Stock unlisted on domestic markets–Chao Long Motor Parts Corp.	\$ <u>-</u>	<u>34,142</u>

The Group designated the investments as equity instruments at fair value through other comprehensive income because these equity instruments represent investments that the Group intends to hold for long-term strategic purposes.

On August 7, 2025, the Group has sold its entire shareholding in Chao Long Motor Parts Corp. for \$26,643 thousand, resulting in the accumulated valuation gains of \$10,795 thousand being reclassified from other comprehensive income to retained earnings.

As of December 31, 2025 and 2024, the above-mentioned financial assets were not pledged.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(4) Current financial assets at amortized cost

	December 31, 2025	December 31, 2024
Current:		
Time deposits	\$ 3,362	3,372

The Group has assessed that these financial assets are held in order to collect contractual cash flows, which consist solely of payments of principal and interest on the outstanding principal amount. Accordingly, these investments are classified as financial assets measured at amortized cost.

On December 31, 2025 and 2024, the Group held domestic time deposits, with the interest rates of 1.225% to 4.65% and 1.23% to 4.61% respectively.

(5) Notes and accounts receivable, net (including related parties)

	December 31, 2025	December 31, 2024
Notes receivable – from operating activities	\$ 1,166	4,500
Accounts receivable – measured at amortized cost	2,517,593	2,207,338
Less: loss allowances	(71,523)	(12,037)
	\$ 2,447,236	2,199,801

The Group applies the simplified approach to measure expected credit losses, i.e., recognizing a lifetime expected credit loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable are grouped based on shared credit risk characteristics and days past due, and forward-looking information – including macroeconomic and relevant industry data – is incorporated into the assessment.

The analysis of expected credit loss on notes and accounts receivable, (including receivable from related parties) was as follows:

	December 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,819,573	- %	-
Less than 90 days past due	104,928	0.49%	511
91 to 180 days past due	361,109	5.95%	21,493
181 to 364 days past due	230,130	20.21%	46,500
More than 365 days past due	3,019	100.00%	3,019
	\$ 2,518,759		71,523

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,092,340	- %	-
Less than 90 days past due	86,079	1.62%	1,398
More than 181 days past due	33,419	31.84%	10,639
	\$ 2,211,838		12,037

The movements in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2025	2024
Balance on January 1	\$ 12,037	10,427
Impairment losses recognized	66,674	1,458
Amount written off	(7,229)	-
Effect of changes in exchange rates	41	152
Balance on December 31	\$ 71,523	12,037

(6) Inventories

	December 31, 2025	December 31, 2024
Raw materials	\$ 417,395	422,650
Work in progress and semi-finished products	818	6,313
Finished goods and merchandises	1,291,223	1,386,060
Consigned goods and project inventory	524,625	641,258
	\$ 2,234,061	2,456,281

Consigned goods and project inventory refer to the labor costs and related materials invested in projects by the Group's subsidiary, Interactive Digital, that have not yet been recognized as revenue.

The components of operating costs were as below:

	For the years ended December 31,	
	2025	2024
Cost of goods sold	\$ 7,182,696	7,347,757
Losses on (Reversal of) inventory write-downs, obsolescence, and write-offs	27,165	(24,342)
	\$ 7,209,861	7,323,415

As of December 31, 2025 and 2024, the Group's inventories were not pledged.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(7) Investments accounted for using equity method

The Group's financial information for investments accounted for using the equity method that are individually insignificant is as follows:

	December 31, 2025	December 31, 2024
Carrying amount of individually insignificant associates' equity	\$ 88,639	95,818
	For the years ended December 31, 2025	2024
Attributable to the Group:		
Loss (Profit)	\$ (3,734)	1,588
Other comprehensive income (loss)	-	-
Comprehensive income (loss)	\$ (3,734)	1,588

As of December 31, 2025, the Group's investments accounted for equity method were not pledged.

In 2024, Interactive Digital invested \$96,930 thousand in cash in Fiber Logic Communications, Inc. ("Fiber Logic") for a 6% equity interest. Interactive Digital also holds one of the five seats in Fiber Logic's board of directors therefore, it is considered to have significant influence over Fiber Logic and accounts for the investment using the equity method.

In the third quarter of 2025, Interactive Digital received \$4,158 thousand from disposing of a portion of its equity-method investment, resulting in a disposal gain of \$537 thousand, which was recognized under "Other gains and losses".

(8) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Percentage of non-controlling interests	
Subsidiaries	Main operation place	December 31, 2025	December 31, 2024
Interactive Digital	Taiwan	67.18%	67.18%

The following information for the aforementioned subsidiaries have been prepared in accordance with the IFRS Accounting Standards endorsed by the FSC. Intragroup transactions have not been eliminated in this information.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Interactive Digital's and subsidiaries' collective financial information:

	December 31, 2025	December 31, 2024
Current assets	\$ 2,574,607	2,435,128
Non-current assets	987,272	1,019,579
Current liabilities	(1,488,779)	(1,351,005)
Non-current liabilities	(42,910)	(72,369)
Net assets	\$ 2,030,190	2,031,333
Equity attributable to non-controlling interests	\$ 1,368,422	1,368,494
Equity attributable to shareholders	\$ 661,768	662,839
	For the years ended December 31,	
	2025	2024
Operating revenue	\$ 2,686,097	2,531,238
Net profit	296,207	285,985
Other comprehensive income (loss)	(27)	440
Total comprehensive income	\$ 296,180	286,425
Total comprehensive income attributable to non-controlling interests	\$ 199,669	188,324
Comprehensive income attributable to shareholders	\$ 96,510	98,101
	For the years ended December 31,	
	2025	2024
Net cash flows from operating activities	\$ 11,225	517,954
Net cash flows from (used in) investing activities	13,281	(103,477)
Net cash flows used in financing activities	(329,715)	(274,481)
Effect of exchange rate changes on cash and cash equivalents	(71)	434
Net increase (decrease) in cash and cash equivalents	\$ (305,280)	140,430
Net cash dividends paid to non-controlling interests	\$ 200,699	175,179

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(9) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost:					
Balance on January 1, 2025	\$ 641,026	1,325,226	160,843	207,158	2,334,253
Additions	-	721	4,143	8,632	13,496
Disposals	-	(1,973)	(60,181)	(5,631)	(67,785)
Reclassification to investment property	-	(654,521)	-	-	(654,521)
Effect of changes in exchange rates	-	(60,507)	10,681	(17)	(49,843)
Balance on December 31, 2025	<u>\$ 641,026</u>	<u>608,946</u>	<u>115,486</u>	<u>210,142</u>	<u>1,575,600</u>
Balance on January 1, 2024	\$ 641,026	1,274,552	645,545	239,370	2,800,493
Additions	-	2,766	9,175	21,356	33,297
Disposals	-	(2,855)	(521,057)	(54,890)	(578,802)
Effect of changes in exchange rates and others	-	50,763	27,180	1,322	79,265
Balance on December 31, 2024	<u>\$ 641,026</u>	<u>1,325,226</u>	<u>160,843</u>	<u>207,158</u>	<u>2,334,253</u>
Depreciation:					
Balance on January 1, 2025	\$ 8,984	504,103	127,054	160,581	800,722
Depreciation	-	42,873	10,464	23,712	77,049
Disposals	-	(1,973)	(52,070)	(5,550)	(59,593)
Reclassification to investment property	-	(197,882)	-	-	(197,882)
Effect of changes in exchange rates and others	-	(18,392)	10,902	(15)	(7,505)
Balance on December 31, 2025	<u>\$ 8,984</u>	<u>328,729</u>	<u>96,350</u>	<u>178,728</u>	<u>612,791</u>
Balance on January 1, 2024	\$ 8,984	422,028	345,581	168,079	944,672
Depreciation	-	71,884	65,980	31,751	169,615
Disposals	-	(2,581)	(299,912)	(40,186)	(342,679)
Effect of changes in exchange rates and others	-	12,772	15,405	937	29,114
Balance on December 31, 2024	<u>\$ 8,984</u>	<u>504,103</u>	<u>127,054</u>	<u>160,581</u>	<u>800,722</u>
Carrying amounts:					
Balance on December 31, 2025	<u>\$ 632,042</u>	<u>280,217</u>	<u>19,136</u>	<u>31,414</u>	<u>962,809</u>
Balance on January 1, 2024	<u>\$ 632,042</u>	<u>852,524</u>	<u>299,964</u>	<u>71,291</u>	<u>1,855,821</u>
Balance on December 31, 2024	<u>\$ 632,042</u>	<u>821,123</u>	<u>33,789</u>	<u>46,577</u>	<u>1,533,531</u>

In June 2025, the Group resolved to lease property and right-of-use assets in Vietnam to a third party, and the property was reclassified as investment property at its carrying amount as of the date of the change in use.

As of December 31, 2025 and 2024, the Group's property, plant and equipment were not pledged.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(10) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost:					
Balance on January 1, 2025	\$ 191,502	136,300	10,452	224	338,478
Additions	-	9,391	3,610	-	13,001
Disposals	-	(3,572)	(6,254)	(224)	(10,050)
Reclassification to investment property	(122,810)	-	-	-	(122,810)
Effect of changes in exchange rates and others	(11,800)	(4,539)	-	-	(16,339)
Balance on December 31, 2025	<u>\$ 56,892</u>	<u>137,580</u>	<u>7,808</u>	<u>-</u>	<u>202,280</u>
Balance on January 1, 2024	\$ 185,088	126,251	9,728	224	321,291
Additions	-	5,448	2,816	-	8,264
Disposals	(3,262)	(2,139)	(1,451)	-	(6,852)
Effect of changes in exchange rates and others	9,676	6,740	(641)	-	15,775
Balance on December 31, 2024	<u>\$ 191,502</u>	<u>136,300</u>	<u>10,452</u>	<u>224</u>	<u>338,478</u>
Depreciation:					
Balance on January 1, 2025	\$ 33,101	43,275	7,639	185	84,200
Depreciation	3,530	22,757	2,472	39	28,798
Disposals	-	(3,333)	(6,254)	(224)	(9,811)
Reclassification to investment property	(18,396)	-	-	-	(18,396)
Effect of changes in exchange rates	(1,703)	(790)	-	-	(2,493)
Balance on December 31, 2025	<u>\$ 16,532</u>	<u>61,909</u>	<u>3,857</u>	<u>-</u>	<u>82,298</u>
Balance on January 1, 2024	\$ 26,585	21,364	6,123	106	54,178
Depreciation	5,525	22,643	2,967	79	31,214
Disposals	(406)	(2,139)	(1,451)	-	(3,996)
Effect of changes in exchange rates	1,397	1,407	-	-	2,804
Balance on December 31, 2024	<u>\$ 33,101</u>	<u>43,275</u>	<u>7,639</u>	<u>185</u>	<u>84,200</u>
Carrying amount :					
Balance on December 31, 2025	<u>\$ 40,360</u>	<u>75,671</u>	<u>3,951</u>	<u>-</u>	<u>119,982</u>
Balance on January 1, 2024	<u>\$ 158,503</u>	<u>104,887</u>	<u>3,605</u>	<u>118</u>	<u>267,113</u>
Balance on December 31, 2024	<u>\$ 158,401</u>	<u>93,025</u>	<u>2,813</u>	<u>39</u>	<u>254,278</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(11) Investment Property

	<u>Owned property</u>	<u>Right-of-use</u>	
	<u>Building</u>	<u>assets</u>	
		<u>Land</u>	<u>Total</u>
Cost :			
Balance on January 1, 2025	\$ -	-	-
Reclassification from property, plant and equipment	654,521	-	654,521
Reclassification from right-of-use assets	-	122,810	122,810
Effect of changes in exchange rates	20,481	6,263	26,744
Balance on December 31, 2025	<u>\$ 675,002</u>	<u>129,073</u>	<u>804,075</u>
Depreciation :			
Balance on January 1, 2025	\$ -	-	-
Reclassification from property, plant and equipment	197,882	-	197,882
Reclassification from right-of-use assets	-	18,396	18,396
Depreciation	26,685	1,831	28,516
Effect of changes in exchange rates	(1,687)	1,013	(674)
Balance on December 31, 2025	<u>\$ 222,880</u>	<u>21,240</u>	<u>244,120</u>
Carrying amount:			
Balance on December 31, 2025	<u>\$ 452,122</u>	<u>107,833</u>	<u>559,955</u>
Fair value:			
Balance on December 31, 2025			<u>\$ 805,551</u>

Investment properties include owned assets held by the Group as well as right-of-use assets representing leased rights, that are leased to third parties under operating leases. These assets are reclassified as investment properties at their carrying amounts when there is a change in use. The lease agreements stipulate that the lessee has the option to extend the lease upon expiration. Please refer to Note 6(20).

The fair value of investment properties is determined based on valuations conducted by independent appraisers who possess recognized professional qualifications and have recent experience in the location and type of the investment properties being valued. The valuations are performed on a market value basis.

As of December 31, 2025, the Group's investment properties were not pledged.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(12) Intangible asset

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2025 and 2024, were as follow:

	<u>Software cost</u>	<u>Other intangible assets</u>	<u>Total</u>
Costs or deemed costs :			
Balance on January 1, 2025	\$ 137,531	67,467	204,998
Additions	228	7,567	7,795
Disposals	(5,853)	-	(5,853)
Effect of changes in exchange rates and others	(2,350)	-	(2,350)
Balance on December 31, 2025	<u>\$ 129,556</u>	<u>75,034</u>	<u>204,590</u>
Balance on January 1, 2024	\$ 141,848	64,498	206,346
Additions	223	2,969	3,192
Disposals	(7,540)	-	(7,540)
Effect of changes in exchange rates and others	3,000	-	3,000
Balance on December 31, 2024	<u>\$ 137,531</u>	<u>67,467</u>	<u>204,998</u>
Depreciation :			
Balance on January 1, 2025	\$ 86,886	51,402	138,288
Amortization	23,590	11,089	34,679
Disposals	(5,853)	-	(5,853)
Effect of changes in exchange rates and others	(1,673)	-	(1,673)
Balance on December 31, 2025	<u>\$ 102,950</u>	<u>62,491</u>	<u>165,441</u>
Balance on January 1, 2024	\$ 63,845	41,382	105,227
Amortization	29,055	10,020	39,075
Disposals	(7,506)	-	(7,506)
Effect of changes in exchange rates and others	1,492	-	1,492
Balance on December 31, 2024	<u>\$ 86,886</u>	<u>51,402</u>	<u>138,288</u>
Carrying amount :			
Balance on December 31, 2025	<u>\$ 26,606</u>	<u>12,543</u>	<u>39,149</u>
Balance on January 1, 2024	<u>\$ 78,003</u>	<u>23,116</u>	<u>101,119</u>
Balance on December 31, 2024	<u>\$ 50,645</u>	<u>16,065</u>	<u>66,710</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

A. Amortization expense

The amortization of intangible assets is included in the following items of statement of comprehensive income:

	For the years ended December 31,	
	2025	2024
Operating cost	\$ 576	3,065
Operating expense	<u>34,103</u>	<u>36,010</u>
	<u>\$ 34,679</u>	<u>39,075</u>

B. Collateral

As of December 31, 2025 and 2024, the Group's intangible assets were not pledged.

(13) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

	December 31, 2025	December 31, 2024
Guarantee deposits paid (Note 8)	\$ 142,182	159,204
Business taxes refundable	44,122	43,556
Advance payment	13,864	508
Prepayments for equipment	11,518	11,434
Restricted bank deposits (Note 8)	4,521	5,197
Prepaid insurance premiums	11,539	14,490
Prepaid pension cost (Note 6(21))	3,026	2,749
Others	<u>89,180</u>	<u>96,273</u>
	<u>\$ 319,952</u>	<u>333,411</u>
Other current assets	\$ 154,056	150,140
Other non-current assets	<u>165,896</u>	<u>183,271</u>
	<u>\$ 319,952</u>	<u>333,411</u>

(14) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured bank loans	<u>\$ 1,473,073</u>	<u>365,695</u>
Unused short-term credit lines	<u>\$ 7,375,374</u>	<u>7,394,191</u>
Range of interest rates	<u>3.15%~5.00%</u>	<u>3.90%~5.35%</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Issuance and repayment of loans

For the years ended December 31, 2025 and 2024, the newly added amounts were \$5,403,470 thousand and \$5,203,561 thousand, respectively. The maturity dates ranged from January 2026 to June 2026 and from January 2025 to March 2025, respectively. The repaid amounts were \$4,251,072 thousand and \$5,253,858 thousand, respectively.

(15) Other payables

	December 31, 2025	December 31, 2024
Payroll and bonus payable	\$ 268,403	257,613
Business taxes payable	25,856	29,031
Payables on equipment	3,911	346
Others	96,569	85,782
	\$ 394,739	372,772

(16) Long-term borrowings and current portion of long-term liabilities

	December 31, 2025			
	Currency	Rate	Maturity year	Amount
Unsecured bank borrowings	NTD	1.88%~2.09%	2026 (note)	380,000
	NTD	1.88%	2027 (note)	240,000
Subtotal				620,000
Less: current portion				(380,000)
Total				\$ 240,000
Unused long-term credit lines				\$ -
	December 31, 2024			
	Currency	Rate	Maturity year	Amount
Unsecured bank borrowings	NTD	2.06%	2026 (note)	\$ 400,000
	NTD	1.88%	2027 (note)	30,000
	NTD	0.50%	2029 (note)	25,000
Subtotal				455,000
Less: current portion				(80,000)
Total				\$ 375,000
Unused long-term credit lines				\$ 10,000

Note : The first repayment is due 24 months after the initial loan drawdown, with subsequent installments payable every six months. The principal shall be repaid in three equal installments. Twenty percent of the outstanding principal shall be repaid in each of the first and second installments, and the remaining outstanding principal balance shall be repaid in full in the third installment. Interest is charged on a monthly basis.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

In 2023, long-term loan agreements were entered into with the Export-Import Bank of China and KGI Bank. The financial commitments for the loan with KGI Bank were as follows (i.e., after the initial drawdown, the following financial ratios shall be maintained for the duration of the facility):

- A. Current ratio (Current assets/current liabilities): was no less than 100%.
- B. Debt ratio (total liabilities/net value): was no more than 150%
- C. (Cash and cash equivalents + yearly EBITDA)/(short-term borrowings + medium or long-term borrowings mature within 1 year) was no less than one.

The above financial commitment ratios are examined semi-annually based on the consolidated annual and semi-annual financial statements audited or reviewed by independent auditors. Any breach of the above-mentioned financial commitments during the loan period will result in immediate and full repayment. As of the balance sheet date of this report, there was no risk of breach.

(17) Bonds payable

Secured convertible bonds of Interactive Digital, were as follows:

	December 31, 2024
Total amount of convertible bonds issued	\$ 600,000
Cumulative converted amount	(600,000)
Total bonds payable at the end of the period	\$ -

On October 24, 2022, the Board of Directors of Interactive Digital, the Company's subsidiary, resolved to issue the second domestic secured convertible corporate bonds to supplement the working capital. This issue was approved by the FSC on December 19, 2022, and issued from January 11, 2023 to January 11, 2026 with a period of three years, with a total face value of \$600,000 thousand and a coupon rate of 0%. The conversion price was \$60.7 per share. On July 23, 2024, Interactive Digital adjusted the conversion price of its corporate bonds from \$60.7 to \$53.3. Except in the cases of conversion of the bond into ordinary shares issued by Interactive Digital pursuant to Article 10 of the Regulations Governing the Issue of this Corporate Bond, or early redemption by Interactive Digital pursuant to Article 18, or cancellation by Interactive Digital through repurchase from the securities dealer, Interactive Digital shall make a repayment in the full amount of the bond's par value in cash within 10 business days after the maturity date.

The convertible bond is guaranteed by First Commercial Bank Co., Ltd. The guarantee period extends from the date of full receipt of the bond amount to the date of full repayment. The guarantee covers the balance of the corporate bond and the burden subordinate to the primary liability.

As of December 31, 2024, the second convertible corporate bonds issued by Interactive Digital Technologies Inc., had both been converted into 10,640 thousand ordinary shares.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(18) Lease liabilities

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Current	\$ <u>19,690</u>	<u>21,116</u>
Non-current	\$ <u>90,602</u>	<u>104,723</u>

For the maturity analysis, please refer to Note 6(31).

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31,</u> <u>2025</u>	<u>2024</u>
Interest expense on lease liabilities	\$ <u>7,452</u>	<u>8,593</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>18,463</u>	<u>20,932</u>

The amounts recognized in the statement of cash flows were as follows:

	<u>For the years ended December 31,</u> <u>2025</u>	<u>2024</u>
Total cash outflow for leases	\$ <u>50,111</u>	<u>50,818</u>

The Group's leased assets comprise land, buildings and structures, transportation equipment, and other equipment, with lease terms ranging from 2 to 39 years. The lease contracts do not impose covenants, however, leased assets may not be used as security for borrowings.

(19) Provisions

	<u>Warranties</u>	<u>Onerous contracts</u>	<u>Total</u>
Balance on January 1, 2025	\$ 98,308	-	98,308
Provisions made during the period	42,824	-	42,824
Provisions used during the period	(59,226)	-	(59,226)
Effect of changes in foreign exchange rates	(336)	-	(336)
Balance on December 31, 2025	\$ <u>81,570</u>	<u>-</u>	<u>81,570</u>
Balance on January 1, 2024	\$ 128,035	11,232	139,267
Provisions made (reversed) during the year	9,240	(11,232)	(1,992)
Provisions used during the year	(39,648)	-	(39,648)
Effect of changes in foreign exchange rates	681	-	681
Balance on December 31, 2024	\$ <u>98,308</u>	<u>-</u>	<u>98,308</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The carrying amounts of the Group's provisions were as follows:

	December 31, 2025	December 31, 2024
Current	\$ 47,001	52,767
Non-current	34,569	45,541
	\$ 81,570	98,308

The provision for warranties relates mainly to network products sold and professional services provided during the years ended December 31, 2025 and 2024. The provision is based on estimates derived from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability within the next year.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a non-cancellable contract signed with supplier are lower than the unavoidable cost of meeting its obligations under the contract.

(20) Operating lease

The Group leases out its investment properties. As substantially all the risks and rewards incidental to ownership of the underlying assets have not been transferred, the lease agreements are classified as operating leases. Please refer to Note 6(11).

The maturity analysis of lease payments is presented in the following table, based on the total undiscounted lease payments to be received after the reporting date:

	December 31, 2025
Less than one year	\$ 87,831
One to two years	91,784
Above two years	46,902
Total undiscounted lease payments	\$ 226,517

For the year ended December 31, 2025, the rental income generated from investment properties was amounted to \$42,459 thousand.

(21) Employee benefits

A. Defined benefit plans

The recognized assets of the defined benefit obligations were consisted of as follows:

	December 31, 2025	December 31, 2024
Present value of the defined benefit obligations	\$ (1,531)	(1,449)
Fair value of plan assets	4,557	4,198
Net defined benefit assets (Note 6(13))	\$ 3,026	2,749

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The Group makes contributions under a defined benefit plan to the pension fund account with the bank of Taiwan, which provides retirement benefits for employees upon retirement. The plans, which are governed by the Labor Standards Law, entitle retired employees to receive retirement benefits based on years of service and the average monthly salary for the six months preceding retirement.

(a) Composition of plan assets

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

In January 2023, the Group applied to the competent authority for the suspension of contribution to the pension reserve. As of the reporting date, the balance of the Group's labor pension reserve account with the Bank of Taiwan amounted to \$4,557 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligation of the Group were as follows:

	For the years ended December 31,	
	2025	2024
Defined benefit obligations at January 1	\$ (1,449)	(1,505)
Interest expenses	(25)	(20)
Remeasurements of net defined benefit liabilities (assets):		
- Actuarial (loss) gain arising from changes in financial assumptions	(41)	87
- Actuarial loss arising from experience adjustments	(16)	(11)
Defined benefit obligation at December 31	<u>\$ (1,531)</u>	<u>(1,449)</u>

(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Group were as follows:

	For the years ended December 31,	
	2025	2024
Fair value of plan assets at January 1	\$ 4,198	3,812
Interest income	72	50
Return on plan assets	287	336
Fair value of plan assets at December 31	<u>\$ 4,557</u>	<u>4,198</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(d) Expenses recognized in profit or loss

The expenses (gains) recognized in profit or loss for the Group were as follows:

	For the years ended December 31,	
	2025	2024
Net interest on net defined benefit liabilities	\$ <u>(47)</u>	<u>(30)</u>
Research and development expenses	\$ <u>(47)</u>	<u>(30)</u>
Return on plan assets	\$ <u>358</u>	<u>387</u>

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.50 %	1.70 %
Future salary growth rate	3.00 %	3.00 %

The weighted average duration of the defined benefit plans is 13.6 years.

(f) Sensitivity analysis

If the actuarial assumptions were to change, the impact on the present value of the defined benefit obligation would be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2025		
Discount rate	\$ <u>(51)</u>	<u>53</u>
Future salary growth rate	\$ <u>48</u>	<u>(47)</u>
December 31, 2024		
Discount rate	\$ <u>(52)</u>	<u>54</u>
Future salary growth rate	\$ <u>49</u>	<u>(48)</u>

Assuming that all other assumptions remain constant, the above-mentioned sensitivity analysis focuses on the impact of changes in a single assumption. In practice, many assumptions are interrelated. The method used in the sensitivity analysis is consistent with that used in the calculation of pension liabilities presented in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Defined contribution plans

The domestic entities of the Group contribute 6% of each employee's monthly wages to the labor pension personal accounts with the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group makes a fixed contributions to the Bureau of Labor Insurance and has no additional legal or constructive obligations.

The Group's overseas subsidiaries establish their respective defined contribution plans, and contributions are made in accordance with local regulations.

Pension costs under defined contribution plans amounted to \$40,157 thousand and \$46,522 thousand for the years ended December 31, 2025 and 2024, respectively.

(22) Income taxes

A. The Group's income tax expenses (benefit) were as follows:

	For the years ended December 31,	
	2025	2024
Current tax expenses		
Current period	\$ 60,713	58,687
Adjustment for prior periods	(19,093)	9,619
	<u>41,620</u>	<u>68,306</u>
Deferred tax expenses		
Origination and reversal of temporary differences	(38,260)	14,944
Income tax expenses	<u>\$ 3,360</u>	<u>83,250</u>

The amount of income tax expense recognized in other comprehensive income for the years ended December 31, 2025 and 2024, was as follows:

	For the years ended December 31,	
	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	\$ <u>83</u>	<u>162</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Reconciliations of income tax and profit before tax for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Profit before income tax	<u>\$ 87,016</u>	<u>220,435</u>
Income tax using the Company's domestic tax rate	\$ 17,403	44,087
Effect of tax rate variances in foreign jurisdictions	6,516	539
Permanent differences	(7,429)	578
Recognition of previously unrecognized tax losses (Underestimate) overestimate for the prior periods and others	(1,614) (11,516)	- 15,555
Investment tax credits reclassified as expenses	-	22,491
Income tax expense	<u>\$ 3,360</u>	<u>83,250</u>

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax asset

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Tax effect of deductible temporary differences	<u>\$ -</u>	<u>6,156</u>

Under the Income Tax Act of the Republic of China (R.O.C.), net operating losses, as assessed by the tax authorities, may be carried forward to offset taxable income for a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilize the related benefits.

(b) Unrecognized deferred tax liabilities

Deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Temporary differences related to investments in subsidiaries	<u>\$ 147,024</u>	<u>168,495</u>

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. In addition, management considers it probable that these temporary differences will not reverse in the foreseeable future. Accordingly, no deferred tax liabilities have been recognized in respect of such temporary differences.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2025 and 2024 were as follows:

Deferred tax assets :

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2025
Unrealized foreign exchange losses	\$ 11,978	(2,140)	-	-	9,838	(7,609)	-	-	2,229
Unrealized profit (loss) from sales	52,322	(18,619)	-	-	33,703	(24,564)	-	-	9,139
Provision for inventory devaluation	12,231	(10,706)	-	22,618	24,143	(11,345)	-	(938)	11,860
Provisions	27,888	(10,439)	-	887	18,336	(2,093)	-	(104)	16,139
Investment tax credits	22,491	(22,491)	-	-	-	-	-	-	-
Tax losses carried forward	178,550	(135,533)	-	2,072	45,089	82,486	-	(1,864)	125,711
Losses on equity-accounted investments	3,312	-	-	-	3,312	(3,312)	-	-	-
Lease liabilities	27,377	(4,360)	-	1,774	24,791	(3,834)	-	(1,025)	19,932
Others	29,913	2,120	-	(20,603)	11,430	(4,969)	-	(472)	5,989
	<u>\$ 366,062</u>	<u>(202,168)</u>	<u>-</u>	<u>6,748</u>	<u>170,642</u>	<u>24,760</u>	<u>-</u>	<u>(4,403)</u>	<u>190,999</u>

Deferred tax liabilities :

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2025
Unrealized foreign exchange losses	\$ (16,939)	7,835	-	(136)	(9,240)	9,144	-	-	(96)
Repatriation of dividends from subsidiaries	(174,056)	174,056	-	-	-	-	-	-	-
Defined benefit plans	(1,736)	-	(162)	136	(1,762)	-	(83)	-	(1,845)
Right-of-use assets	(25,965)	5,333	-	(1,672)	(22,304)	4,356	-	932	(17,016)
	<u>\$ (218,696)</u>	<u>187,224</u>	<u>(162)</u>	<u>(1,672)</u>	<u>(33,306)</u>	<u>13,500</u>	<u>(83)</u>	<u>932</u>	<u>(18,957)</u>

As of December 31, 2025, the Company's income tax returns for the years up to 2023 were assessed by the Tax Administration.

(23) Capital and other equity

Reconciliation of shares outstanding for 2025 and 2024 were as follows (in thousands of shares):

	Ordinary share capital	
	2025	2024
Balance on December 31 (Balance on January 1)	<u><u>321,317</u></u>	<u><u>321,317</u></u>

A. Issue of ordinary shares

As of December 31, 2025 and 2024, the Company's authorized share capital amounted to 4,000,000 thousand (including 300,000 thousand reserved for employee stock option plan and conversion of convertible bond into shares); the issued capital as of December 31, 2025 and 2024 amounted to 3,213,172 thousand shares for both years.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Capital surplus—premium	\$ 742,718	742,718
Convertible bonds payable—premium	221,176	221,176
Changes in ownership interests in subsidiaries	186,861	186,395
Employee share options	2,480	2,480
Others	236	236
	<u>\$ 1,153,471</u>	<u>1,153,005</u>

According to the Company Act of the Republic of China (R.O.C.), capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premiums on the issuance of capital stock and gains from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company's Articles of Incorporation stipulate that the Company's net earnings shall first be used to offset prior years' losses, if any, before any income taxes are paid. Of the remaining portion, 10% shall be appropriated as legal reserve, unless the accumulated legal reserve has already reached the Company's paid-in capital. In addition, a special reserve shall be appropriated in accordance with applicable laws and regulations as well as the Company's operating needs.

After the above appropriations, the remaining earnings, together with undistributed earnings from prior periods, shall be proposed for distribution by the Board of Directors and submitted to the shareholders' meeting for approval. Any distribution of earnings in the form of cash dividends shall be approved by the Board of Directors and reported to the shareholders' meeting.

(a) Legal reserve

In accordance with the Company Act of the Republic of China (R.O.C.), 10% of a company's net profit after tax shall be appropriated as legal reserve until the accumulated legal reserve equals the total paid-in capital. When a company incurs no loss, it may, pursuant to a resolution approved by the shareholders' meeting, distribute the portion of the legal reserve in excess of 25% of the paid-in capital by issuing new shares or distributing cash.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(b) Special reserve

In accordance with the requirements of the Financial Supervisory Commission, when distributing distributable earnings, the Company shall appropriate a special reserve equal to the net amount of the decrease in other shareholders' equity recognized during the current year from current-period profit or loss and prior-period undistributed earnings. For amounts relating to cumulative decreases in other shareholders' equity arising in prior periods, a special reserve of an equivalent amount shall be appropriated from prior-period undistributed earnings and shall not be available for distribution. Subsequently, when the amounts of decreases in other shareholders' equity are reversed, the reversed amounts may be distributed as earnings.

D. Earnings distribution / deficit compensation

The amounts of cash dividends on the 2023 earnings distribution were approved at the meeting of the Board of Directors on February 26, 2024. The amounts of cash dividends and other earnings distribution for 2023, as approved by the shareholders' meeting held on May 27, 2024 were as follows:

	2023
Dividends distributed to ordinary shareholders:	
Appropriation of legal reserve	\$ 488
Dividends distributed to ordinary shareholders:	
Cash dividends distributed from retained earnings (dividends were \$0.12 per share)	\$ 37,903
Cash dividends distributed from capital surplus (dividends were \$0.18 per share)	58,492
	\$ 96,395

The appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

The deficit compensation for 2024 was submitted for resolution at the meeting of the Board of Directors held on February 26, 2025, and was subsequently approved by the shareholders' meeting held on May 26, 2025. An aggregate amount of \$50,946 thousand was offset against the deficit through the use of the legal reserve. The actual deficit compensation was consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

The deficit compensation for 2025 was submitted for resolution at the meeting of the Board of Directors held on February 24, 2026, and is subject to approval at the annual shareholders' meeting. The related information will be available on the Market Observation Post System website.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

E. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non-controlling interests	Total
Balance on January 1, 2025	\$ 285,439	18,294	1,366,288	1,670,021
Exchange differences on translation of foreign financial statements	(94,853)	-	(52)	(94,905)
Remeasurements of defined benefit plans	-	-	34	34
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(7,499)	-	(7,499)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(10,795)	-	(10,795)
Cash dividends paid by subsidiaries	-	-	(200,699)	(200,699)
Changes in the share of associates accounted for using the equity method	-	-	955	955
Changes in non-controlling interest	-	-	200,288	200,288
Balance on December 31, 2025	<u>\$ 190,586</u>	<u>-</u>	<u>1,366,814</u>	<u>1,557,400</u>
Balance on January 1, 2024	\$ 106,285	35,304	1,102,675	1,244,264
Exchange differences on translation of foreign financial statements	179,154	-	295	179,449
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(17,010)	-	(17,010)
Conversion of subsidiary's convertible bonds	-	-	241,031	241,031
Cash dividends paid by subsidiaries	-	-	(175,179)	(175,179)
Changes in non-controlling interests	-	-	197,466	197,466
Balance on December 31, 2024	<u>\$ 285,439</u>	<u>18,294</u>	<u>1,366,288</u>	<u>1,670,021</u>

(24) Earnings (Loss) per share

A. Basic earnings (loss) per share

	For the years ended December 31,	
	2025	2024
Loss attributable to shareholders of the Company	<u>\$ (116,632)</u>	<u>(52,139)</u>
Weighted-average number of shares outstanding (in thousands of shares) (basic)	<u>321,317</u>	<u>321,317</u>
Basic loss per share (in dollars)	<u>\$ (0.36)</u>	<u>(0.16)</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Diluted earnings (loss) per share

	For the years ended December 31,	
	2025	2024
Loss attributable to shareholders of the Company	<u>\$ (116,632)</u>	<u>(52,139)</u>
Weighted-average number of shares outstanding (in thousands of shares)(diluted)	<u>321,317</u>	<u>321,317</u>
Diluted loss per share (in dollars)	<u>\$ (0.36)</u>	<u>(0.16)</u>

Since the Company incurred net losses for the years 2025 and 2024, there were no dilutive potential ordinary shares for both periods.

(25) Revenue from contracts with customers

A. Details of revenues

	For the years ended December 31,	
	2025	2024
Primary geographical markets:		
America	\$ 3,681,069	4,247,125
Taiwan	3,356,130	3,124,459
Others	<u>1,843,045</u>	<u>1,716,631</u>
	<u>\$ 8,880,244</u>	<u>9,088,215</u>
	For the years ended December 31,	
	2025	2024
Main products:		
Wireless broadband network products	\$ 6,236,907	6,602,073
Other network-related products	<u>2,643,337</u>	<u>2,486,142</u>
	<u>\$ 8,880,244</u>	<u>9,088,215</u>

B. Contract balances

	December 31,	December 31,	January 1,
	2025	2024	2024
Notes and accounts receivable (including related parties), net	<u>\$ 2,447,236</u>	<u>2,199,801</u>	<u>1,860,839</u>
Contract liabilities	<u>\$ 267,076</u>	<u>479,844</u>	<u>562,840</u>

For details on notes and accounts receivable, and loss allowances, please refer to Note 6(5).

For details on onerous contracts as of December 31, 2025 and 2024, please refer to Note 6(19).

The amount of revenue recognized for the years ended December 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the respective periods were \$361,824 thousand and \$424,535 thousand, respectively.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Contract liabilities related to products primarily arise from advance payments received by the Group under product sales contracts. The Group recognizes these amounts as revenue when the products are delivered to the customers.

Contract liabilities related to services primarily arise from advance payments received by the Group under product development service contracts. The Group recognizes these amounts as revenue based on the proportion of actual services provided relative to the total services to be rendered.

(26) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company shall appropriate 5% to 20% of the profit as employee compensation and no more than 1% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit shall first be used to offset such deficits. The compensation allocated to grassroots employees shall not be less than 10% of the total employee compensation mentioned above. Employees who are entitled to receive the aforementioned employee compensation, whether in shares or cash, may include employees of the Company's subsidiaries who meet certain specific requirements.

The estimated amounts mentioned above are calculated based on the net profit before tax for each period, deduction of the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations are recorded under operating costs or operating expenses. The Company incurred losses for the year ended December 31, 2025 and 2024, compensation to employees and directors were not accrued. The differences between the actual amounts and the estimations recognized in the financial statement, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year. If the Board of Directors approve to distribute employee remuneration in the form of stock, the number of the shares of the employee remuneration is determined based on the closing price of the day before the Board of Directors' meeting. Related information would be available at the Market Observation Post System website.

For the year ended 2025 and 2024, the remunerations to employees and directors amounted to \$0 thousand. The appropriation of remunerations is consistent with the resolutions approved by the Board of Directors.

(27) Interest income

The details of the Group's interest income of 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Bank deposits	<u>\$ 34,446</u>	<u>34,187</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(28) Other income

The details of the Group's other income of 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Rental income	\$ 48,305	3,577
Other income	17,639	18,980
	<u>\$ 65,944</u>	<u>22,557</u>

(29) Other gains and losses

The details of the Group's other gains and losses of 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Foreign exchange gain (loss), net	\$ (24,485)	6,250
Loss on disposals of property, plant and equipment	(924)	(3,578)
Loss on financial assets (liabilities) at fair value through profit or loss, net	(502)	(1,120)
Other gains or losses, net	(43,104)	(14,330)
	<u>\$ (69,015)</u>	<u>(12,778)</u>

(30) Finance costs

The details of the Group's finance costs of 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Interest expense of borrowings, etc.	\$ 66,367	67,029
Interest expense of lease liabilities	7,452	8,593
	<u>\$ 73,819</u>	<u>75,622</u>

(31) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(b) Concentration of credit risk

The Group's major customers are concentrated in the networking-related industries. The Group generally sets credit limits for its customers based on their credit evaluations. Accordingly, the Group's credit risk is mainly influenced by the networking industry. As of December 31, 2025 and 2024, 64% of the Group's accounts receivable (including related parties) were attributable to the top five customers. Although there is a potential concentration of credit risk, the Group routinely assesses the collectability of its accounts receivable and recognizes a corresponding allowance for doubtful accounts.

(c) Credit risk associated with receivables

Risk exposure information for notes receivable and accounts receivable, please refer to Note 6(5).

Other financial assets measured at amortized cost include time deposits with maturities of more than three months and restricted bank deposits, please refer to Note 6(4) for details of relevant investments.

All of these financial assets were considered to have low credit risk, therefore, the impairment provision recognized during the period was limited to 12-month expected credit losses. For information on how the financial instruments are assessed as having low credit risk, please refer to Note 4(7).

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>More than 5 years</u>
December 31, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,473,073	(1,494,267)	(1,494,267)	-	-
Notes and accounts payables (including related parties)	1,823,379	(1,823,379)	(1,823,379)	-	-
Other payables (including related parties)	424,502	(424,502)	(424,502)	-	-
Lease liabilities (current and non-current)	110,292	(129,322)	(26,034)	(88,178)	(15,110)
Long-term borrowings (including maturity within 1 year)	<u>620,000</u>	<u>(634,227)</u>	<u>(390,858)</u>	<u>(243,369)</u>	<u>-</u>
	<u>\$ 4,451,246</u>	<u>(4,505,697)</u>	<u>(4,159,040)</u>	<u>(331,547)</u>	<u>(15,110)</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>More than 5 years</u>
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 365,695	(368,730)	(368,730)	-	-
Notes and accounts payables (including related parties)	1,675,186	(1,675,186)	(1,675,186)	-	-
Other payables (including related parties)	395,196	(395,196)	(395,196)	-	-
Lease liabilities (current and non-current)	125,839	(152,802)	(28,778)	(94,351)	(29,673)
Long-term borrowings (including maturity within 1 year)	455,000	(471,373)	(88,807)	(382,566)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	1,436	(65,570)	(65,570)	-	-
Inflow	-	64,134	64,134	-	-
	<u>\$ 3,018,352</u>	<u>(3,064,723)</u>	<u>(2,558,133)</u>	<u>(476,917)</u>	<u>(29,673)</u>

C. Currency risk

(a) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2025</u>			<u>December 31, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 126,455	31.43	3,974,480	84,618	32.785	2,774,190
EUR	81	36.896	2,979	558	34.132	19,049
CAD	662	22.933	15,190	717	22.809	16,362
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	81,304	31.43	2,555,389	84,122	32.785	2,757,948
VND	4,420	0.0012	5	863,855	0.0013	1,111

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from foreign exchange gains and losses resulting from the translation of cash and cash equivalents, accounts receivables, other receivables, short-term borrowings, accounts payables, and other payables denominated in foreign currencies. A 5% strengthening (weakening) of the New Taiwan Dollar (NTD) against the USD, EUR, CAD, and VND as of December 31, 2025 and 2024 would have increased or decreased profit before tax by \$71,863 thousand and \$2,527 thousand, respectively. This analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(c) Exchange gains and losses on monetary items

As the Group has different functional currencies, foreign exchange gains and losses on monetary items are disclosed on an aggregated basis. For the years ended December 31, 2025 and 2024, foreign exchange gain (loss), including both realized and unrealized portions, amounted to \$(24,485) thousand and \$6,250 thousand, respectively.

D. Interest rate analysis

Please refer to the notes on the Group's liquidity risk management and interest rate exposure relating to its financial assets and liabilities. The following sensitivity analysis is based on the Group's exposure to the interest rate risk. For liabilities bearing variable interest rates, the analysis assumes that the amounts outstanding as of the reporting date remained outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Group's profit before tax would have increased or decreased by \$3,543 thousand and \$3,839 thousand, for the years ended December 31, 2025 and 2024, respectively, with all other variable remaining constant. Such movements were mainly attributable to the Group's cash and cash equivalents, current financial assets at amortized cost, as well as short-term and long-term borrowings with variable interest rates.

E. Other market price risk

For the years ended December 31, 2025 and 2024, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Securities price on the reporting date</u>	<u>For the years ended</u> <u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Financial assets at fair value through profit or loss		
Increasing 5%	\$ <u>220</u>	<u>245</u>
Decreasing 5%	\$ <u>(220)</u>	<u>(245)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ <u>-</u>	<u>1,707</u>
Decreasing 5%	\$ <u>-</u>	<u>(1,707)</u>

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities measured at fair value through profit or loss, as well as financial assets measured at fair value through other comprehensive income, is determined on a recurring basis. The carrying amounts and fair values of the Group's financial assets and liabilities, together with information on the fair value hierarchy, are set out below. However, except as described in the following paragraphs, fair value disclosures are not required for financial instruments not measured at fair value whose carrying amounts reasonably approximate their fair values, nor for lease liabilities:

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

		December 31, 2025				
		Fair Value				
		Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis						
Financial assets at fair value through profit or loss – stocks						
	\$	<u>4,400</u>	<u>4,400</u>	<u>-</u>	<u>-</u>	<u>4,400</u>
		December 31, 2024				
		Fair Value				
		Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis						
Financial assets at fair value through profit or loss – stocks						
	\$	4,902	4,902	-	-	4,902
Non-current financial assets at fair value through other comprehensive income- stocks						
		<u>34,142</u>	<u>-</u>	<u>-</u>	<u>34,142</u>	<u>34,142</u>
	\$	<u>39,044</u>	<u>4,902</u>	<u>-</u>	<u>34,142</u>	<u>39,044</u>
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss – derivative financial liabilities						
	\$	<u>1,436</u>	<u>-</u>	<u>1,436</u>	<u>-</u>	<u>1,436</u>

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

Fair values of financial instruments were measured based on quoted market prices when such prices were available in active markets. Prices of financial instruments quoted on major exchanges, as well as commonly traded bonds quoted on the Taipei Exchange, were used as benchmarks to determine the fair values of equity instruments issued by listed entities and quoted debt instruments in active markets.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions conducted on an arm's-length basis. Otherwise, the market is deemed to be inactive. Indicators of an inactive market include only small volumes being traded or very wide bid-ask spreads. Determining whether a market is active requires the use of judgment.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The categories and nature of the fair value for the Group's financial instruments that have active market are presented as follows:

Shares in listed companies are financial assets and financial liabilities with standard terms and conditions that are traded in active markets, and their fair values are determined with reference to quoted market prices.

Measurements of fair values of financial instruments without an active markets are based on a valuation techniques or quoted prices from a competitors. Fair values measured using valuation techniques may be derived from prices of similar financial instruments, the discounted cash flow method, or other valuation techniques, including models that use observable market data as of the reporting date.

The fair values of the Group's financial instruments without active markets are presented according to their categories and attributes as follows:

The fair values of equity instruments without publicly quoted prices are measured based on net asset values of comparable companies. The principal assumptions are based on the market multiples derived from investees' net asset value per share and the quoted prices of comparable listed companies using EV/EBIT's multiples. The estimates are adjusted for discounts on equity securities arising from a lack of liquidity.

ii. Derivative financial instruments

Fair value of forward currency is usually determined by the forward currency exchange rate.

- (c) There was no transfer between the different levels of fair value hierarchy for both the years ended December 31, 2025 and 2024.
- (d) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
Balance on January 1, 2025	\$ 34,142
Disposal of investments	(26,643)
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	<u>(7,499)</u>
Balance on December 31, 2025	<u>\$ -</u>
Balance on January 1, 2024	\$ 51,152
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	<u>(17,010)</u>
Balance on December 31, 2024	<u><u>\$ 34,142</u></u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

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

The Group's financial instruments that use Level 3 inputs to measure fair value include investments in financial assets measured at fair value through other comprehensive income.

As of December 31, 2024, quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through other comprehensive income – equity investment without an active market	P/B and P/E ratio method	P/B ratios of industry peers as of December 31, 2024 was 1.50.	The higher the P/B ratio, the higher the fair value.
		P/E ratio of industry peers as of December 31, 2024: 16.31.	The higher the P/E ratio, the higher the fair value.
		Market liquidity discount rate as of December 31, 2024: 17.4%.	The higher the discount for lack of marketability, the lower the fair value.

(32) Financial risk management

A. Overview

The Group have exposures to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following also discusses the Group's objectives, policies, and processes for measuring and managing the above-mentioned risks. For further quantitative disclosures on the effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported regularly to the Board of Directors.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(a) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group did not have any collateral in respect of accounts receivable and other receivable.

(b) Investment

The credit risk of bank deposits, fixed income investments, and other financial instruments is measured and monitored the Group's finance department. There is no significant credit risk as the Group transacts only with counterparties that have good credit ratings, including financial institutions, corporate organizations, and government agencies.

(c) Guarantee

The Group's policy provides financial guarantees only to wholly owned subsidiaries. As of December 31, 2025 and 2024, except for such subsidiaries, the Group did not provide any endorsement guarantee.

D. Liquidity risk

The Group manages liquidity by maintaining sufficient cash and cash equivalents to meet the Group's operational requirements and to mitigate the effects of fluctuations in cash flows. Group management monitors the utilization of bank credit facilities and ensures compliance with the terms and conditions of borrowing agreements.

Bank borrowings is an important source of liquidity for the Group. Please refer to Note 6(14) and (16) for the Group's unused credit facilities for short-term and long-term borrowings as of December 31, 2025 and 2024.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Group's income or the value of the financial instruments held by the Group. The objective of market risk management is to control the market risk exposures within acceptable parameters while optimizing returns.

The Group trades derivative instruments, and also incurs financial liabilities, in order to manage market risks. All transactions are executed in accordance with guidelines approved by the Board of Directors.

(a) Foreign currency risk

The Group is exposed to foreign exchange risk arising from sales, purchases, and borrowings denominated in currencies other than its functional currency. These transactions are primarily denominated in NTD, USD, and RMB.

The derivative financial products traded by the Group are used for economic hedging to mitigate the foreign exchange risk of foreign currency-denominated assets or liabilities held by the Group. Gains and losses arising from exchange rate changes are expected to offset the hedged items, therefore, the Group's exposure to market risk is usually low.

(b) Other market price risk

The Group is exposed to equity price risk arising from its investments in listed equity securities. These equity investments are not held for trading purposes but are classified as strategic investments. As the Group does not actively trade these investments, it is exposed to the risk of market price fluctuations in such equity securities..

(33) Capital management

The Group's objectives for managing its capital are to safeguard its ability to continue as a going concern, to provide returns on shareholders and benefits to other stakeholders, and to maintain an optimal capital structure so as to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or dispose of assets to repay liabilities.

The Group, consistent with industry practice, manages its capital using the debt-to-equity ratio. This ratio is calculated as net debt divided by total equity.

The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The Group's debt-to-equity ratio at the end of the reporting period was as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total liabilities	\$ 4,885,451	3,716,609
Less: Cash and cash equivalents	<u>(3,506,737)</u>	<u>(2,352,742)</u>
Net debt	<u>\$ 1,378,714</u>	<u>1,363,867</u>
Total equity	<u>\$ 6,108,596</u>	<u>6,326,241</u>
Debt-to-equity ratio	<u>22.57%</u>	<u>21.56%</u>

(34) Non-cash investing and financing activities

The Group's investing and financing activities which did not affect the current cash flow were as follows:

A. For right-of-use assets obtained due to lease, please refer to Note 6(10).

B. Reconciliations of liabilities arising from financing activities were as follows:

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Exchange rate movements and others</u>	<u>December 31, 2025</u>
Short-term borrowings	\$ 365,695	1,152,398	(45,020)	1,473,073
Long-term borrowings (Including maturity within 1 year)	455,000	165,000	-	620,000
Lease liabilities	<u>125,839</u>	<u>(24,196)</u>	<u>8,649</u>	<u>110,292</u>
Total liabilities from financing activities	<u>\$ 946,534</u>	<u>1,293,202</u>	<u>(36,371)</u>	<u>2,203,365</u>

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Exchange rate movements and others</u>	<u>December 31, 2024</u>
Short-term borrowings	\$ 396,227	(50,297)	19,765	365,695
Long-term borrowings (including maturity within 1 year)	700,000	(245,000)	-	455,000
Bonds payable	264,612	-	(264,612)	-
Lease liabilities	<u>135,189</u>	<u>(21,293)</u>	<u>11,943</u>	<u>125,839</u>
Total liabilities from financing activities	<u>\$ 1,496,028</u>	<u>(316,590)</u>	<u>(232,904)</u>	<u>946,534</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Alpha is the Group's parent company and Qisda is the Group's ultimate controlling party. Alpha held 62.24% of the Group's outstanding shares and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statement:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda	Ultimate parent company
Alpha	Parent company
Alpha Networks (Hong Kong) Limited	Parent's subsidiary
Alpha Networks Vietnam Company Limited (Alpha VN)	Parent's subsidiary
Fiber Logic Communications Inc. (Fiber Logic)	Parent's subsidiary
Metaage Corporation (Metaage)	Qisda's subsidiary
Qisda Optronics (Suzhou) Co., Ltd. (QCOS)	Qisda's subsidiary
Qisda Vietnam Co., Ltd (QVH)	Qisda's subsidiary
AdvancedTEK International Corp. (AdvancedTEK)	Qisda's subsidiary
BenQ Asia Pacific Corp (BQP)	Qisda's subsidiary
Golden Spirit CO., LTD. (Golden)	Qisda's subsidiary
BenQ Healthcare Corporation (BHC)	Qisda's subsidiary
BenQ Material Corporation (BMC)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
Concord Medical CO., LTD. (Concord)	Qisda's subsidiary
ACE Energy Co., Ltd. (AEG)	Qisda's subsidiary
Topview Optronics Corporation (Topview)	Qisda's associate
Unictron Technologies Corporation (UTC)	Qisda's associate
Darfon Electronics Corp. (DFN)	Qisda's associate
Darwin Precisions Corporation (DARWIN)	Qisda's associate
AUO Education Service Co., (AUES)	Qisda's associate

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(3) Significant related-party transactions

A. Operating revenue

The amounts of sales to related parties were as follows:

	For the years ended December 31,	
	2025	2024
Parent company	\$ 36,808	21,014
Other related parties	4,917	15,949
	<u>\$ 41,725</u>	<u>36,963</u>

The prices for sales to the above related parties were determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

For the years ended December 31, 2025 and 2024, the collection terms for related parties ranged from 30 to 120 days, which were the same as those offered to other customers.

Beginning in the third quarter of 2024, the Group has a new transaction pattern with the parent company and other related parties. The Group supplies raw materials to the parent company and other related parties for processing and repurchases the processed goods upon completion of processing. For the years ended December 31, 2025 and 2024, the Group's sales to the parent company and other related parties amounted to \$213,733 thousand and \$740,475 thousand respectively. Such transactions were not recognized as sales revenue or cost of goods sold; instead, the differences were recorded as deferred credits. The related gains or losses are recognized when the processed goods are resold to the Group's customers. As of 2025 and 2024, the cumulative balance of deferred credits amounted to \$130 thousand and \$2,305 thousand, respectively, and were recorded as other current liabilities.

B. Purchases

The amounts of purchases by the Group from related parties were as follows:

	For the years ended December 31,	
	2025	2024
Parent company	\$ 5,237,142	1,854,414
Other related parties	140,981	117,354
	<u>\$ 5,378,123</u>	<u>1,971,768</u>

Purchase prices for transactions with the above related parties were determined by general market conditions and adjusted by considering the geographic purchase area and purchase volumes. Such prices for purchase with related parties were not materially different from those with third parties. Payment terms for purchase from related parties range from 30 to 120 days .

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

C. Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable from related parties	Parent company	\$ 76	29,315
	Other related parties	9,090	88,781
		<u>\$ 9,166</u>	<u>118,096</u>

D. Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable to related parties	Parent company	\$ 830,364	984,599
	Other related parties	47,982	34,819
		<u>\$ 878,346</u>	<u>1,019,418</u>

E. Prepayments

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayments (recorded in other current assets)	Parent company	\$ 24	14
	Other related parties	9,721	241
		<u>\$ 9,745</u>	<u>255</u>

F. Property transactions

(a) Acquisition of property, plant and equipment

	<u>Acquisition price</u>	
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Ultimate parent company	\$ -	4,180
Parent company	1,914	8,457
Other related parties	107	2,567
	<u>\$ 2,021</u>	<u>15,204</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(b) Disposal of property, plant, and equipment

	Disposal price	
	For the years ended December 31,	
	2025	2024
Parent company	\$ -	23,420
Other related parties	4,453	178,981
	\$ 4,453	202,401

As a result of the aforementioned transaction, the outstanding balance amounted to \$34,215 thousand as of December 31, 2024, and was recorded as other receivables from related parties.

(c) Acquisition of intangible assets

	Acquisition price	
	For the years ended December 31,	
	2025	2024
Parent company	\$ 110	1,093
Other related parties	743	830
	\$ 853	1,923

(d) Disposal of intangible assets

	Disposal price	
	For the years ended December 31,	
	2025	2024
Other related parties	\$ -	34

G. Other operating costs

	For the years ended December 31,	
	2025	2024
	Parent company	\$ 24,256

H. Operating expenses

	For the years ended December 31,	
	2025	2024
	Ultimate parent company	\$ 194
Parent company	81,284	68,882
Other related parties	1,238	157
	\$ 82,716	69,308

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

I. Other receivables

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables	Other related parties	\$ <u>410</u>	<u>363</u>

Beginning in the second quarter of 2024, the Company adopted a transaction arrangement with its parent company under which the Company purchases raw materials from its parent company and sends them to Hitron Vietnam for processing. Subsequently, the Company sells the finished goods back to its parent company. These transactions are recorded on a net basis. Unsold raw materials at the end of the period are recorded as other receivables from related parties.

J. Other payables

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other payables	Ultimate parent company	\$ 187	271
	Parent company	29,505	21,806
	Other related parties	<u>71</u>	<u>347</u>
		<u>\$ 29,763</u>	<u>22,424</u>

K. Contract liabilities

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Contract liabilities	Parent company	\$ -	<u>28,168</u>

L. Leases

<u>Account</u>	<u>Relationship</u>	<u>For the years ended December 31,</u>	
		<u>2025</u>	<u>2024</u>
Rental expense	Parent company	\$ <u>77</u>	<u>57</u>
Rental revenue	Other related parties	<u>\$ 3,960</u>	<u>330</u>

M. Other revenue

<u>Account</u>	<u>Relationship</u>	<u>For the years ended December 31,</u>	
		<u>2025</u>	<u>2024</u>
Other revenue	Other related parties	\$ <u>1,516</u>	<u>659</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(4) Key management personnel compensation

	For the years ended December 31,	
	2025	2024
Short-term employee benefits	\$ 56,196	58,393
Retirement benefits	1,188	1,188
	<u>\$ 57,384</u>	<u>59,581</u>

8. Pledged assets:

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

Pledged assets	Object	December 31, 2025	December 31, 2024
Restricted time deposits (recorded in other non-current assets)	Guarantees for land lease and import customs clearance	\$ 2,382	2,382
Refundable deposit (recorded in other non-current assets)	Guarantee to local authority for sales to abroad customers	11,409	11,347
Refundable deposit (recorded in other non-current assets)	Guarantee for customer contracts	117,788	123,231
		<u>\$ 131,579</u>	<u>136,960</u>

9. Commitments and contingencies:

(1) As of December 31, 2025 and 2024, the Group's deposited notes and guarantees in the bank amounting to \$9,468,447 thousand and \$8,224,886 thousand, respectively.

(2) Others:

	December 31, 2025	December 31, 2024
Guaranteed notes payable for tender contract	<u>\$ 10,168</u>	<u>8,456</u>
Guarantee for construction projects	<u>\$ 230,941</u>	<u>107,799</u>

10. Losses due to major disasters: None

11. Subsequent events: None

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, was as follows:

By item	By function	For the years ended December 31,					
		2025			2024		
		Cost of sales	Operation expenses	Total	Cost of sales	Operation expenses	Total
Employee benefits							
Salary		70,835	782,182	853,017	110,746	802,322	913,068
Labor and health insurance		6,138	48,325	54,463	7,339	53,357	60,696
Pension		3,891	36,219	40,110	1,313	45,179	46,492
Remuneration of directors		-	20,785	20,785	-	19,778	19,778
Others		2,826	24,380	27,206	6,797	24,449	31,246
Depreciation		15,251	90,596	105,847	83,943	116,886	200,829
Amortization		576	34,103	34,679	3,065	36,010	39,075

Note: For the years ended December 31, 2025 and 2024, the total depreciation expenses recognized for assets leased to others under operating leases amounted to \$28,516 thousand, and \$0 thousand, respectively.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Loans to other parties: None
- B. Guarantees and endorsements for other parties: None
- C. Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): None
- D. Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock: Please refer to Table 1.
- E. Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock: Please refer to Table 2.
- F. Business relationships and significant intercompany transactions: Please refer to Table 3.

(2) Information on investees: Please refer to Table 4.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(3) Information on investment in Mainland China:

- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 5.
- B. Limitation on investment in Mainland China: Please refer to Table 5.
- C. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

14. Segment information:

(1) General information

The Group has two reportable segments, both of which were the Group's strategic business units (SBU). As the strategic business units provide different products and services, they are managed separately because they require different technology and marketing strategies. The Group's chief operating decision maker reviews the internal management reports submitted by each SBU on a quarterly basis. The businesses of Group's reportable segments are as follows:

A. System integration:

Telecoms and broadband network system, wireless transmission, digital media system, cloud information system, geographic information system, etc.

B. Manufacturing:

Design, research, development, production and sale of broadband products, wireless network products, computer network system, and related components.

(2) Information on reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation were as follows:

	For the year ended December 31, 2025			Total
	System integration	Manufacturing	Reconciliation and elimination	
Revenue:				
Revenue from external customers	\$ 2,643,337	6,236,907	-	8,880,244
Intersegment revenue	42,760	-	(42,760)	-
Total revenue	<u>\$ 2,686,097</u>	<u>6,236,907</u>	<u>(42,760)</u>	<u>8,880,244</u>
Interest expenses	<u>\$ 593</u>	<u>73,232</u>	<u>(6)</u>	<u>73,819</u>
Depreciation and amortization	<u>\$ 27,246</u>	<u>142,407</u>	<u>(611)</u>	<u>169,042</u>
Reportable segment profit or loss	<u>\$ 296,207</u>	<u>(116,632)</u>	<u>(95,919)</u>	<u>83,656</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2025				
	System integration	Manufacturing	Reconciliation and elimination	Total
Reportable segment assets	\$ 3,561,879	8,101,311	(669,143)	10,994,047
Reportable segment liabilities	\$ 1,531,689	3,359,529	(5,767)	4,885,451
For the year ended December 31, 2024				
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 2,486,142	6,602,073	-	9,088,215
Intersegment revenue	45,096	-	(45,096)	-
Total revenue	\$ 2,531,238	6,602,073	(45,096)	9,088,215
Interest expenses	\$ 2,782	72,846	(6)	75,622
Depreciation and amortization	\$ 26,801	213,968	(865)	239,904
Reportable segment profit or loss	\$ 285,985	(52,139)	(96,661)	137,185
December 31, 2024				
	System integration	Manufacturing	Reconciliation and elimination	Total
Reportable segment assets	\$ 3,454,707	7,262,092	(673,949)	10,042,850
Reportable segment liabilities	\$ 1,423,374	2,302,139	(8,904)	3,716,609

(3) Products and services information

Details of customers contract revenue for 2025 and 2024, please refer to Note 6(25).

(4) Geographic information

In presenting information on a geographical basis, segment revenue is based on the geographical location of customers, while segment assets are based on the geographical location of the assets.

Please refer to Note 6(25) for revenue from contracts with customers for 2025 and 2024.

	December 31, 2025	December 31, 2024
Non-current assets:		
Taiwan	\$ 963,588	1,008,233
Asia	657,701	767,925
America	72,543	92,077
Europe	329	2,563
	\$ 1,694,161	1,870,798

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Non-current assets include property, plant, and equipment, right-of-use assets, intangible asset and other assets, not including financial instruments and deferred tax assets.

(5) Major customer information

Sales to individual customers representing greater than 10% of consolidated revenue were as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
C Company	\$ 1,880,063	2,377,460
D Company	<u>1,032,864</u>	<u>720,016</u>
	<u>\$ 2,912,927</u>	<u>3,097,476</u>

Hitron Technologies Inc. and Subsidiaries
Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock
For the year ended December 31, 2025

Table 1

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Hitron America	Parent and subsidiary	(Sales)	(3,787,404)	71.14%	120 days	Agreed by both parties	Same	1,363,036	67.50%	Note
The Company	Hitron Europe	Parent and subsidiary	(Sales)	(147,091)	2.76%	90 days	Agreed by both parties	Same	17	-%	Note
The Company	Alpha	Parent and subsidiary	Purchase	5,236,528	95.25%	60 days	Agreed by both parties	Same	(830,364)	95.80%	Note

Note : The relevant transactions and ending balance have been eliminated in the consolidated financial statements.

Hitron Technologies Inc. and Subsidiaries
Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock
December 31, 2025

Table 2

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Loss Allowance	Note
					Amount	Action taken			
The Company	Hitron America	Parent and subsidiary	1,363,036	2.14	-	-	569,758	-	Note 2
The Company	Hitron Vietnam	Parent and subsidiary	1,021,475	note 3	-	-	1,021,475	-	Note 2

Note 1: The amount recovered as of February 13, 2026.

Note 2: The relevant transactions and ending balance have been eliminated in the consolidated financial statements.

Note 3: It is not applicable for the calculation of turnover days for other receivables not generated from sales.

Hitron Technologies Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2025

Table 3

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets
0	The Company	Hitron America	Parent to subsidiary	Sales	3,787,404	-	42.65%
0	The Company	Hitron America	Parent to subsidiary	Accounts receivable	1,363,036	120 days	12.40%
0	The Company	Hitron Europe	Parent to subsidiary	Sales	147,091	-	1.66%
0	The Company	Alpha	Subsidiary to Parent	Purchases	5,236,528	-	58.97%
0	The Company	Alpha	Subsidiary to Parent	Accounts payable	830,364	60 days	7.55%
0	The Company	Hitron Vietnam	Parent to subsidiary	Other receivables	1,021,475	-	9.29%

Note: The significant transaction listed in this table reach 1% of consolidated revenue or total assets ratio.

Hitron Technologies Inc. and Subsidiaries
Information on investees (excluding information on investees in China)
For the year ended December 31, 2025

Table 4

(In Thousands of New Taiwan Dollars/In Thousands of shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	242,510	100.00 %	28,586	31,581	
The Company	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	668,031	35.03 %	294,086	97,018	
The Company	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	492,373	1,511,735	-	100.00 %	957,073	100.00 %	(24,534)	(24,763)	
The Company	Hitron America	USA	International trade	90,082	90,082	300	100.00 %	431,166	100.00 %	76,159	33,556	
The Company	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	63,623	100.00 %	(11,363)	(12,937)	
The Company	Innoauto Technologies	Taiwan	Investments	-	20,000	-	- %	-	100.00 %	(21)	(21)	
Interactive Digital	Transnet	Taiwan	Engaging in the integrated supply of system services for network communication products and the import and export trading of network equipment	36,236	36,236	4,000	80.00 %	55,341	80.00 %	10,603	note 1	
Interactive Digital	Fiber Logic	Taiwan	Production and sales of broadband transmission equipment and service routers	93,053	96,930	1,296	5.76 %	88,639	6.00 %	(32,132)	note 1	

Note 1: Recognized through subsidiaries.

Hitron Technologies Inc. and Subsidiaries
The names of investees in Mainland China, the main businesses and products, and other information
For the year ended December 31, 2025

Table 5

(In Thousands of New Taiwan Dollars)

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Hitron Suzhou	Broadband telecommunications product research and development	171,245 (RMB34,800)	(2) note 1	171,245	-	-	171,245	28,597	100.00%	100.00%	28,597	239,385	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (RMB5,425)	(2) note 1	31,139	-	-	31,139	(12)	100.00%	100.00%	(12)	3,787	-
Hwa Chi Technologies	Technical consulting, researching, maintenance and after service regarding electronic communication products	2,907 (USD100)	(3) note 2	8,854	-	-	8,854	589	32.82%	32.82%	193	2,897	31,155

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
Hitron Technologies Inc.	211,238	214,528	2,845,070

Note 1: Through investing in an existing company in the third area, which is Hitron Samoa.

Note 2: Hwa Chi Technologies was originally a mainland China company invested through the subsidiary, Hitron Samoa. However, in 2012, the Board of Directors resolved to adjust the investment structure, changing it to an indirect investment through the subsidiary, Interactive Digital.

Note 3: Investment profits (losses) are recognized based on reviewed financial statements audited by independent auditors.

Note 4: Calculated as 60% (the upper limit on investment) of the Group's net worth on December 31, 2025, in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, amended on August 29, 2008.