

English Translation of a Report and Financial Statements Originally Issued in Chinese

**SYNCOMM TECHNOLOGY CORPORATION**

**INDIVIDUAL FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED  
DECEMBER 31, 2025 AND 2024**

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Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

## **Independent Auditors' Report Translated from Chinese**

To Syncomm Technology Corporation

### **Opinion**

We have audited the accompanying balance sheets of Syncomm Technology Corporation (the "Company") as of December 31, 2025, and the related statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2025, and notes to the financial statements, including the summary of material accounting policies (together "the financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and its financial performance and cash flows for the year ended December 31, 2025 in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2025 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Allowance for inventory valuation losses

The Company is primarily engaged in the development, design, and sale of wireless audio control chips and modules. The timing and volume of product sales are influenced by customers' product development progress and changes in market demand. Management is required to assess whether the products have become obsolete, which may result in inventory valuation losses. The assessment of the allowance for inventory valuation losses involves management's subjective judgment and estimation uncertainty. As a result, we determined this matter as a key audit matter.

Our audit procedures included, but were not limited to, evaluating and testing the effectiveness of the design and operating effectiveness of internal controls related to the allowance for inventory valuation losses; testing the appropriateness of the provision for the allowance for inventory valuation losses, including evaluating the appropriateness of management's inventory aging categories and the loss rates applied; testing the accuracy of inventory aging calculations and recalculating the related allowance amounts; and testing the basis of market value used in determining the net realizable value of individual inventory items and recalculating the accuracy of such calculations.

We also considered the appropriateness of the disclosures of inventory. Please refer to Note 4(8), Note 5 and Note 6(6) in notes to the financial statements.

### **Other Matter – Previous Period Audit by Other Auditors**

The financial statements of the Company for the year ended December 31, 2024 were audited by other auditors and an unqualified audit opinion was issued on March 6, 2025.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the accompanying notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 financial statements 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.

Yang, Yu-Ni

Huang, Ming-Ju

Ernst & Young, Taiwan

March 9, 2026

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with 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 financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

**SYNCOMM TECHNOLOGY CORPORATION**

**BALANCE SHEETS**

**As of December 31, 2025 and 2024**

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2025	%	December 31, 2024	%
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$100,225	15	\$67,545	9
Financial assets at fair value through profit or loss, current	6(2)	80,381	12	151,883	20
Financial assets at amortised cost, current	6(4)	196,480	30	266,480	35
Accounts receivable, net	6(5), 6(15)	10,063	2	23,356	3
Other receivables		1,488	-	1,057	-
Inventory	5, 6(6)	42,929	7	64,017	9
Other current assets	7	6,988	1	6,954	1
<b>Total current assets</b>		<b>438,554</b>	<b>67</b>	<b>581,292</b>	<b>77</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income, noncurrent	6(3), 7	41,863	6	-	-
Property, plant and equipment	6(7), 7	21,408	3	24,702	3
Right-of-use assets	6(16), 7	2,682	-	5,878	1
Intangible assets	6(8), 7	80,314	12	90,441	12
Deferred income tax assets	6(20)	10,465	2	8,714	1
Other non-current assets	6(4), 6(9), 6(11), 7, 8	64,542	10	45,086	6
<b>Total non-current assets</b>		<b>221,274</b>	<b>33</b>	<b>174,821</b>	<b>23</b>
<b>Total assets</b>		<b>\$659,828</b>	<b>100</b>	<b>\$756,113</b>	<b>100</b>

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

(continued)

English Translation of Financial Statements Originally Issued in Chinese

**SYNCOMM TECHNOLOGY CORPORATION**

**BALANCE SHEETS**

**As of December 31, 2025 and 2024**

(Amounts in thousands of New Taiwan Dollars)

<b>LIABILITIES AND EQUITY</b>	Notes	December 31, 2025	%	December 31, 2024	%
<b>Current liabilities</b>					
Accounts payable		\$18,707	3	\$17,915	2
Other payables	6(10)	28,413	5	29,300	4
Other payables - related parties	7	535	-	126	-
Current income tax liabilities	6(20)	827	-	-	-
Lease liabilities, current	6(16), 7	1,183	-	5,983	1
Other current liabilities		286	-	257	-
<b>Total current liabilities</b>		<b>49,951</b>	<b>8</b>	<b>53,581</b>	<b>7</b>
<b>Non-current liabilities</b>					
Deferred income tax liabilities	6(20)	69	-	160	-
Lease liabilities, noncurrent	6(16), 7	1,512	-	-	-
<b>Total non-current liabilities</b>		<b>1,581</b>	<b>-</b>	<b>160</b>	<b>-</b>
<b>Total liabilities</b>		<b>51,532</b>	<b>8</b>	<b>53,741</b>	<b>7</b>
<b>Equity</b>					
Share capital					
Common stock	6(12)	443,770	67	443,980	59
Capital surplus	6(12), 6(13)	186,735	28	212,149	28
Retained earnings	6(12)				
Legal reserve		16,952	3	13,819	2
Undistributed earnings		3,354	-	33,692	4
<b>Total retained earnings</b>		<b>20,306</b>	<b>3</b>	<b>47,511</b>	<b>6</b>
Other equity		(42,515)	(6)	(1,268)	-
<b>Total equity</b>		<b>608,296</b>	<b>92</b>	<b>702,372</b>	<b>93</b>
<b>Total liabilities and equity</b>		<b>\$659,828</b>	<b>100</b>	<b>\$756,113</b>	<b>100</b>

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

**SYNCOMM TECHNOLOGY CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**

**For the years ended December 31, 2025 and 2024**

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2025	%	2024	%
<b>Operating revenue</b>	6(14)	\$301,815	100	\$345,263	100
<b>Operating costs</b>	6(6), 7	(167,205)	(55)	(180,878)	(52)
<b>Gross profit</b>		134,610	45	164,385	48
<b>Operating expenses</b>	6(8), 6(11), 6(15), 6(17), 7				
Selling expenses	6(13)	(24,294)	(8)	(28,888)	(8)
Administrative expenses	6(13)	(34,885)	(12)	(36,285)	(11)
Research and development expenses	6(13)	(92,116)	(30)	(79,993)	(23)
Expected credit gains (losses)		4	-	(2)	-
Total operating expenses		(151,291)	(50)	(145,168)	(42)
<b>Operating (loss) income</b>		(16,681)	(5)	19,217	6
<b>Non-operating income and expenses</b>					
Interest income	6(18), 7	4,935	2	4,916	1
Other income		626	-	549	-
Other gains and losses	6(18)	1,344	-	5,285	2
Finance costs	6(18), 7	(78)	-	(157)	-
Total non-operating income and expenses		6,827	2	10,593	3
<b>Net (loss) income before income tax</b>		(9,854)	(3)	29,810	9
<b>Income tax (expense) benefit</b>	6(20)	(79)	-	961	-
<b>Net (loss) income</b>		(9,933)	(3)	30,771	9
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plan	6(11)	479	-	563	-
Unrealized losses from equity instrument investments measured at fair value through other comprehensive income	6(19), 6(20)	(44,097)	(15)	-	-
Income tax related to items that will not be reclassified to profit or loss	6(19), 6(20)	1,641	1	-	-
<b>Other comprehensive (loss) income, net of tax</b>		(41,977)	(14)	563	-
<b>Total comprehensive (loss) income</b>		\$(51,910)	(17)	\$31,334	9
<b>(Loss) earnings per share (NT\$)</b>					
Basic (loss) earnings per share	6(21)	\$(0.22)		\$0.72	
Diluted (loss) earnings per share	6(21)	\$(0.22)		\$0.71	

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

SYNCOMM TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2025 and 2024

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings		Other equity		Total Equity
			Legal reserve	Undistributed earnings	Unearned employee compensation	Unrealized gains /losses on financial assets at fair value through other comprehensive income	
Balance as of January 1, 2024	\$418,980	\$174,146	\$13,819	\$6,548	\$(5,793)	\$-	\$607,700
Appropriation and distribution of 2023 earnings:							
Cash dividends	-	-	-	(4,190)	-	-	(4,190)
Capital surplus used to issue cash to shareholders	-	(29,329)	-	-	-	-	(29,329)
Net income for the year ended December 31, 2024	-	-	-	30,771	-	-	30,771
Other comprehensive income	-	-	-	563	-	-	563
Total comprehensive income	-	-	-	31,334	-	-	31,334
Cash capital increase	25,000	66,617	-	-	-	-	91,617
Share-based payment transactions	-	715	-	-	4,525	-	5,240
Balance as of December 31, 2024	<u>\$443,980</u>	<u>\$212,149</u>	<u>\$13,819</u>	<u>\$33,692</u>	<u>\$(1,268)</u>	<u>\$-</u>	<u>\$702,372</u>
Balance as of January 1, 2025	\$443,980	\$212,149	\$13,819	\$33,692	\$(1,268)	\$-	\$702,372
Appropriation and distribution of 2024 earnings:							
Legal reserve	-	-	3,133	(3,133)	-	-	-
Cash dividends	-	-	-	(17,751)	-	-	(17,751)
Capital surplus used to issue cash to shareholders	-	(26,626)	-	-	-	-	(26,626)
Net loss for the year ended December 31, 2025	-	-	-	(9,933)	-	-	(9,933)
Other comprehensive income	-	-	-	479	-	(42,456)	(41,977)
Total comprehensive income	-	-	-	(9,454)	-	(42,456)	(51,910)
Share-based payment transactions	(210)	1,212	-	-	1,209	-	2,211
Balance as of December 31, 2025	<u>\$443,770</u>	<u>\$186,735</u>	<u>\$16,952</u>	<u>\$3,354</u>	<u>\$(59)</u>	<u>\$(42,456)</u>	<u>\$608,296</u>

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

## SYNCOMM TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2025 and 2024

(Amounts in thousands of New Taiwan Dollars)

Description	2025	2024
<b>Cash flows from operating activities:</b>		
Net (loss) income before income tax	\$(9,854)	\$29,810
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	10,431	8,234
Amortization	10,758	2,723
Expected credit (gains) losses	(4)	2
Net gains on financial assets at fair value through profit or loss	(1,776)	(2,318)
Interest expense	78	157
Interest income	(4,935)	(4,916)
Share-based payment expenses	2,211	5,240
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	73,138	30,000
Accounts receivable	13,297	(7,350)
Other receivables	(421)	(1,168)
Inventory	21,088	23,641
Other current assets	(34)	8,308
Accounts payable	792	(798)
Accounts payable - related parties	-	(4,111)
Other payables	854	(4,778)
Other payables - related parties	409	116
Other current liabilities	856	13
Net defined benefit assets	(101)	(68)
Cash generated from operating activities	116,787	82,737
Interest received	4,925	4,916
Interest paid	(78)	(157)
Income tax paid	(280)	(10)
Net cash provided by operating activities	121,354	87,486
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(40,037)	-
Acquisition of financial assets measured at amortized cost	-	(159,980)
Proceeds from disposal of financial assets at amortized cost	70,000	-
Acquisition of financial assets at fair value through profit or loss	(45,783)	-
Acquisition of property, plant and equipment	(826)	(37,282)
Increase in refundable deposits	-	(50)
Acquisition of intangible assets	(21,085)	(98,973)
Net cash used in investing activities	(37,731)	(296,285)
<b>Cash flows from financing activities:</b>		
Cash payments for the principal portion of the lease liabilities	(6,566)	(6,187)
Cash dividends	(17,751)	(4,190)
Capital surplus used to issue cash to shareholders	(26,626)	(29,329)
Capital increase by cash	-	91,617
Net cash (used in) provided by financing activities	(50,943)	51,911
Net increase (decrease) in cash and cash equivalents	32,680	(156,888)
Cash and cash equivalents at the beginning of the year	67,545	224,433
Cash and cash equivalents at the end of the year	\$100,225	\$67,545

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

English Translation of Financial Statements Originally Issued in Chinese

SYNCOMM TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

**1. Organization and Operation**

Syncomm Technology Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in January 1998. The Company was listed on the Taiwan Innovation Board of the Taiwan Stock Exchange on June 27, 2024. The Company is primarily engaged in the research, development, design, manufacture and sales of wireless audio control chips and modules.

**2. Date and Procedures of Authorization of Financial Statements for Issue**

The financial statements of the Company were authorized for issue in accordance with a resolution of the Board of Directors on March 9, 2026.

**3. Newly Issued or Revised Standards and Interpretations**

- (1) Change in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2025. The adoption of these new standards and amendments had no material effect on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which were endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 1, 2026
B	Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
C	Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	January 1, 2026

English Translation of Financial Statements Originally Issued in Chinese

SYNCOMM TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The abovementioned amendments are applicable for annual periods beginning on or after January 1, 2026 and have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
A	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
B	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

Note: On September 25, 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

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

#### 4. Summary of Material Accounting Policies

- (1) Statement of Compliance

The financial statements of the Company for the years ended December 31, 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

- (2) Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(3) Foreign currency transactions

The financial statements of the Company are presented in NT\$, which is also the functional currency of the Company.

Transactions in foreign currencies are initially recorded by the functional currency rates of the Company prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Current and non-current distinction

An asset is classified as current when:

- A. the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. the Company holds the asset primarily for the purpose of trading.
- C. the Company expects to realize the asset within twelve months after the reporting period.
- D. the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

All other assets are classified as non-current.

A liability is classified as current when:

- A. the Company expects to settle the liability in its normal operating cycle.
- B. the Company holds the liability primarily for the purpose of trading.
- C. the liability is due to be settled within twelve months after the reporting period.
- D. the Company does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and petty cash, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments” are recognized initially at fair value plus or minus, in the case of financial assets or financial liabilities not a fair value through profit or loss, transaction costs that directly attributable to the acquisition or issuance of the financial assets or financial liabilities.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- a. the Company’s business model for managing the financial assets and
- b. the contractual cash flow characteristics of the financial asset.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as accounts receivable, financial assets measured at amortized cost and other receivables, etc., on balance sheet as at the reporting date:

- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment profit or loss.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described as below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment profit or loss and foreign exchange profit or loss, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets are measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the profit or loss resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. the time value of money; and
- c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- a. at an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. at an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- c. for trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

#### C. Derecognition of financial assets

A financial asset is derecognized when:

- a. the rights to receive cash flows from the asset have expired.
- b. the Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- c. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

#### D. Financial liabilities

##### Financial liabilities

Financial liabilities within the scope of IFRS 9 “Financial Instruments” are classified as financial liabilities measured at amortized cost upon initial recognition.

##### Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost comprise accounts payable and are subsequently measured using the effective interest rate method after initial recognition. When financial liabilities are derecognized or amortized using the effective interest rate method, the related profit or loss and amortization amount are recognized in profit or loss.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

*Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability, or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Inventory

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - The weighted average method is adopted, based on actual purchase cost.

Finished goods and work in progress – Includes cost of direct materials and manufacturing overheads, but excludes borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(9) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, Plant and Equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Office equipment	3-5 years
Testing equipment	2-5 years
Other equipment	3-10 years

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plants, and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(10) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset;  
and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

The Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of consolidated comprehensive income statement.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

#### (11) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

#### Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1-5 years).

#### Acquired special technology

The cost of acquired special technology is amortized on a straight-line basis over the estimated useful life (10 years).

### (12) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(13) Revenue recognition

The Company manufactures and sells the products related to wireless audio control chips and modules. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The credit period of the Company's sale of goods is from 15 to 25 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The period between transfer the goods to customers and the receipt of payment is usually short, resulting in no significant financing component in the contract.

(14) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes restructuring-related costs or termination benefits

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

#### (15) Share-based payment transactions

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

##### *Restricted shares for employees*

- A. Restricted shares issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- B. For restricted shares where employees acquire those shares at no consideration, if employees resign during the vesting period, they must return the shares to the Company and the Company will redeem at no consideration and retire those shares.

(16) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for unappropriated earnings is recognized as income tax expense in the subsequent year when distribution proposal is approved by the shareholders' meeting.

Deferred income tax

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- A. where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary difference.
- B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred income tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred income tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## **5. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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SYNCOMM TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimates to determine the net realizable value of inventories at the end of each reporting period. Since the net realizable values used in the valuation of inventories and the basis for assessing the losses for obsolete and slow-moving inventories involve subjective judgment and estimation uncertainty, inventories and the related allowance for inventory valuation losses are significant to the financial statements, and material changes may arise. Please refer to Note 6(6) for more detailed information.

**6. Contents of Significant Accounts**

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and petty cash	\$217	\$160
Demand and checking deposits	33,608	49,353
Time deposits	66,400	18,032
Total	<u>\$100,225</u>	<u>\$67,545</u>

The above time deposits with original maturity within three months are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents were not pledged as collateral.

(2) Financial assets at fair value through profit or loss, current

	December 31, 2025	December 31, 2024
Mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$80,381</u>	<u>\$151,833</u>

Financial assets at fair value through profit or loss were not pledged as collateral.

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NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

	December 31, 2025	December 31, 2024
Equity instrument investments measured at fair value through other comprehensive income		
Unlisted company stocks	\$41,863	\$-

The Company has elected to designate strategic equity investments as financial assets measured at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income were not pledged as collateral.

(4) Financial assets at amortized cost

	December 31, 2025	December 31, 2024
Time deposits (with original maturity over three months)	\$196,480	\$266,480
Pledged time deposits (Note)	1,000	1,000
Total	\$197,480	\$267,480
Current	\$196,480	\$266,480
Non-current	1,000	1,000
Total	\$197,480	\$267,480

Note: Shown as other non-current assets.

The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote. Please refer to Note 12 for more details on credit risk management.

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NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Please refer to Note 8 for more details of the Company's financial assets at amortized cost pledged as collateral.

(5) Accounts receivable, net

	December 31, 2025	December 31, 2024
Accounts receivable	\$10,066	\$23,363
Less: loss allowance	(3)	(7)
Total	<u>\$10,063</u>	<u>\$23,356</u>

Accounts receivable were not pledged as collateral.

The receivables are generally on 15 to 25 days terms. The total carrying amounts as of December 31, 2025 and 2024 were NT\$10,066 thousand and NT\$23,363 thousand, respectively. Please refer to Note 6 (15) for more details on loss allowance of accounts receivable for the years ended December 31, 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

(6) Inventory

	December 31, 2025	December 31, 2024
Raw materials	\$7,114	\$20,671
Work in progress	24,530	29,967
Finished goods	11,285	12,881
Inventory in transit	-	498
Total	<u>\$42,929</u>	<u>\$64,017</u>

The cost of inventories recognized as expenses for the years ended December 31, 2025 and 2024 amounted to NT\$167,205 thousand and NT\$180,878 thousand, respectively, which included inventory write-downs (reversals of inventory write-downs) of NT\$4,324 thousand and NT\$(289) thousand, respectively. The reversal of inventory write-downs in 2024 was due to the disposal of obsolete inventories.

Inventories were not pledged as collateral.

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NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Property, plant and equipment

Owner occupied property, plant and equipment

	<u>Office equipment</u>	<u>Testing equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
As of January 1, 2025	\$2,502	\$3,579	\$21,725	\$27,806
Additions	219	444	-	663
Disposals	(559)	(965)	-	(1,524)
As of December 31, 2025	<u>\$2,162</u>	<u>\$3,058</u>	<u>\$21,725</u>	<u>\$26,945</u>
As of January 1, 2024	\$2,011	\$3,125	\$251	\$5,387
Additions	1,101	802	21,672	23,575
Disposals	(610)	(348)	(198)	(1,156)
As of December 31, 2024	<u>\$2,502</u>	<u>\$3,579</u>	<u>\$21,725</u>	<u>\$27,806</u>
Accumulated depreciations and impairment:				
As of January 1, 2025	\$1,040	\$1,658	\$406	\$3,104
Depreciation	615	1,138	2,204	3,957
Disposals	(559)	(965)	-	(1,524)
As of December 31, 2025	<u>\$1,096</u>	<u>\$1,831</u>	<u>2,610</u>	<u>\$5,537</u>
As of January 1, 2024	\$1,030	\$1,018	\$162	\$2,210
Depreciation	620	988	442	2,050
Disposals	(610)	(348)	(198)	(1,156)
As of December 31, 2024	<u>\$1,040</u>	<u>\$1,658</u>	<u>\$406</u>	<u>\$3,104</u>
Net carrying amount as of:				
December 31, 2025	<u>\$1,066</u>	<u>\$1,227</u>	<u>\$19,115</u>	<u>\$21,408</u>
December 31, 2024	<u>\$1,462</u>	<u>\$1,921</u>	<u>\$21,319</u>	<u>\$24,702</u>

Property, plant and equipment were not pledged as collateral.

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NOTES TO FINANCIAL STATEMENTS (Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Intangible assets

	Computer Software	Acquired special Technology	Total
Cost:			
As of January 1, 2025	\$8,792	\$86,793	\$95,585
Additions	631	-	631
Disposals	(978)	-	(978)
As of December 31, 2025	<u>\$8,445</u>	<u>\$86,793</u>	<u>\$95,238</u>
As of January 1, 2024	\$8,702	\$-	\$8,702
Additions	907	86,793	87,700
Disposals	(817)	-	(817)
As of December 31, 2024	<u>\$8,792</u>	<u>\$86,793</u>	<u>\$95,585</u>
Amortization and impairment:			
As of January 1, 2025	\$5,099	\$45	\$5,144
Amortization	2,769	7,989	10,758
Disposals	(978)	-	(978)
As of December 31, 2025	<u>\$6,890</u>	<u>\$8,034</u>	<u>\$14,924</u>
As of January 1, 2024	\$3,238	\$-	\$3,238
Amortization	2,678	45	2,723
Disposals	(817)	-	(817)
As of December 31, 2024	<u>\$5,099</u>	<u>\$45</u>	<u>\$5,144</u>
Net carrying amounts as of:			
December 31, 2025	<u>\$1,555</u>	<u>\$78,759</u>	<u>\$80,134</u>
December 31, 2024	<u>\$3,693</u>	<u>\$86,748</u>	<u>\$90,441</u>

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Amortization expenses of intangible assets recognized are as follows:

	For the years ended December 31,	
	2025	2024
Selling expenses	\$6	\$-
Administrative expenses	359	291
Research and development expenses	10,393	2,432
Total	<u>\$10,758</u>	<u>\$2,723</u>

(9) Other non-current assets

	December 31, 2025	December 31, 2024
Prepayments for intangible assets	\$35,035	\$16,159
Prepayments for machinery and equipment	13,951	13,951
Net defined benefit asset	6,859	6,279
Other prepayments	5,625	5,625
Refundable deposits	2,072	2,072
Pledged time deposits	1,000	1,000
Total	<u>\$64,542</u>	<u>\$45,086</u>

(10) Other payables

	December 31, 2025	December 31, 2024
Salary and bonus payable	\$22,169	\$19,428
Service fees payable	3,519	3,175
Insurance expense payable	1,194	1,119
Payable on machinery and equipment	56	219
Payable on intangible assets	1	1,580
Employees' compensation and directors' remuneration payable	-	2,591
Others	1,474	1,188
	<u>\$28,413</u>	<u>\$29,300</u>

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(11) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. The Company has made monthly contribution of 6% of each individual employee's salaries or wages to employee's pension accounts.

Pension expenses under the defined contribution plan for the years ended December 31, 2025 and 2024 were NT\$3,289 thousand and NT\$3,229 thousand, respectively.

Defined benefits plan

The Company adopted a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. Pension benefits are calculated based on years of service and the average monthly salary of the six months prior to retirement. The Company contributes monthly an amount equal to 2% of total salaries to the retirement fund, which is deposited in a dedicated account under the name of the Labor Pension Reserve Supervisory Committee at Bank of Taiwan. Additionally, the Company estimates the balance of the labor pension reserve account at the end of each year. If the balance is insufficient to cover the pension payments calculated for employees expected to qualify for retirement in the following year, the Company will make a one-time contribution to cover the shortfall by the end of March of the following year.

The fund is managed by the Ministry of Labor in accordance with the Labor Pension Fund Income, Custody and Utilization Regulations. The fund's investments are conducted through self-management and entrusted management, employing a combination of active and passive mid- to long-term investment strategies. Considering market, credit, and liquidity risks, the Ministry of Labor sets risk limits and control plans to maintain sufficient flexibility to achieve target returns without excessive risk exposure. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19.

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The Company discontinued making contributions to the pension fund starting from the year ended December 31, 2015, due to the sufficiency of the pension fund. No expense was recognized for the defined benefit plan for the years ended December 31, 2025 and 2024.

As of December 31, 2025, the weighted average duration of the retirement plan is 8 years.

The reconciliation of the present value of defined benefit obligations and the fair value of plan assets is as follows:

	December 31, 2025	December 31, 2024	January 1, 2024
Present value of defined benefit obligations	\$1,518	\$1,442	\$1,369
Fair value of plan assets	(8,377)	(7,721)	(7,017)
Non-current assets-net defined benefit asset	\$6,859	\$6,279	\$5,648

The reconciliation of the net defined benefit asset is as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (liability) asset
January 1, 2024	\$(1,369)	\$7,017	\$5,648
Interest (expense) income	(16)	84	68
Subtotal	(1,385)	7,101	5,716
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses	-	620	620
Change in financial assumptions	50	-	50
Experience adjustments	(107)	-	(107)
December 31, 2024	\$(1,442)	\$7,721	\$6,279
Interest (expense) income	(23)	124	101
Subtotal	(1,465)	7,845	6,380
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains and losses	-	532	532
Change in financial assumptions	(33)	-	(33)
Experience adjustments	(20)	-	(20)
December 31, 2025	\$(1,518)	\$8,377	\$6,859

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The following key assumptions are used to determine the Company's defined benefit plan:

	December 31, 2025	December 31, 2024
Discount rate	1.30%	1.60%
Future salary increases	4.50%	4.50%

Sensitivity analysis for each significant actuarial assumption:

	For the years ended December 31			
	2025		2024	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases 0.25%	\$-	\$(28)	\$-	\$(30)
Discount rate decreases 0.25%	29	-	31	-
Future salary increases 0.25%	24	-	26	-
Future salary decreases 0.25%	-	(24)	-	(26)

The sensitivity analysis described above assumes that other assumptions remain unchanged while a single actuarial assumption (e.g., discount rate or future salary) undergoes a reasonably possible change, and analyzes the potential impact on the defined benefit obligation. Since some actuarial assumptions are interrelated, in practice it is rare for only one assumption to change at a time; therefore, this analysis has its limitations.

The methods and assumptions used in the sensitivity analysis for the current period are consistent with those of the prior period.

(12) Equity

A. Share capital - common stock

As of December 31, 2025 and 2024, the Company's authorized share capital was NT\$1,000,000 thousand for both years. The issued share capital was NT\$443,770 thousand and NT\$443,980 thousand as of December 31, 2025 and 2024, respectively, and was divided into 44,377 thousand shares and 44,398 thousand shares, respectively, each with a par value of NT\$10 per share. Each share has one voting right and a right to receive dividends.

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On April 23, 2024, the Board of Directors of the Company resolved to increase its capital by issuing 2,500 thousand ordinary shares with a par value of NT\$10 per share in order to cooperate with the public underwriting before the Company's initial listing on the Taiwan Innovation Board. The capital increase was set effective on June 25, 2024, and the registration for the change has been completed.

In 2025, the Company repurchased and cancelled 21 thousand issued but unvested employee restricted shares in accordance with the issuance regulations. The aforementioned share cancellation and capital reduction were approved by the competent authority, and the registration procedures were completed. For further details, please refer to Note 6(13).

B. Capital surplus

	December 31, 2025	December 31, 2024
Share premium	\$185,542	\$206,597
Restricted shares for employees	1,193	5,552
Total	\$186,735	\$212,149

According to the Company Act, the capital surplus shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the current year's net profit after tax, if any, shall first be used to pay all taxes and offset accumulated deficit and then 10% of the remaining amount shall be set aside as legal reserve until the accumulated legal reserve equals the total paid-in capital. A special reserve is set aside or reversed in accordance with regulations or the competent authority. The remainder, if any, along with the beginning unappropriated earnings, shall be proposed by the Board of Directors and be resolved by the shareholders.

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The Company's dividend policy is summarized below: Based on the Company's future capital requirements and long-term operating plan, the total amount of shareholders' dividends should not exceed 90% of the total distributable earnings. The shareholders' dividends shall be preferably distributed in the form of cash dividends, and can be distributed in the form of stock dividends. However, stock dividends shall be distributed no higher than 50% of total dividends.

The Board of Directors is authorized by the Company to resolve the distribution of dividends and bonuses or legal reserve and capital surplus, in whole or in part, in the form of cash by the resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, and then reported to the shareholders.

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The appropriations of 2024 and 2023 earnings and the distribution of cash dividends from capital surplus as resolved by the Board of Directors of the Company on March 6, 2025 and March 5, 2024, respectively, are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Legal reserve	\$3,133	\$-		
Cash dividends	17,751	4,190	\$0.40	\$0.10
			<u>Cash distributed per share</u>	
	<u>Capital surplus distributed</u>		<u>(NT\$)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Capital surplus used to issue cash to shareholders	\$26,626	\$29,329	\$0.60	\$0.70

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The Company, in accordance with the Articles of Incorporation, authorizes the Board of Directors by special resolution to distribute cash dividends and bonuses. The above appropriations of 2024 and 2023 earnings and the distribution of cash dividends from capital surplus had been reported to the shareholders on May 23, 2025 and April 17, 2024, respectively. The appropriation to the legal reserve for 2024 has been resolved by the shareholders on May 23, 2025.

The appropriations of 2025 earnings and the distribution of cash dividends from capital surplus as resolved by the Board of Directors of the Company on March 9, 2026 are as follows:

	<u>Appropriation of earnings</u>	<u>Dividend per share (NT\$)</u>
Cash dividends	\$2,219	\$0.05
		<u>Cash distributed per share</u>
	<u>Capital surplus distributed</u>	<u>(NT\$)</u>
Capital surplus used to issue cash to shareholders	\$19,970	\$0.45

As of March 9, 2026, the aforementioned appropriations of 2025 earnings and the distribution of cash dividends from capital surplus have not yet been reported to the shareholders.

Please refer to Note 6(17) for information regarding the employees' compensation and directors' remuneration.

(13) Share-based payment

Certain employees of the Company are entitled to share-based payment awards as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Restricted shares for employees

To attract and retain professionals as well as create high profit for the Company and shareholders, on February 14, 2022, the Company's shareholders resolved to issue a total of 1,000 thousand restricted shares to employees at no consideration. The grant dates were March 17, 2022, and February 1, 2023, with 700 thousand shares and 300 thousand shares issued respectively.

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The vesting conditions for the restricted shares require the employees to meet the standards set for seniority and annual performance appraisal. For the employees whose services have reached 1 year, 2 years and 3 years since the allocation of restricted stocks and who achieved the target performance, the shares will become vested at the ratio of 30%, 35% and 35%, respectively. If employees do not meet the vesting condition, the Company has the right to repurchase and cancel their stocks at no consideration.

The dividend right is not restricted on the restricted stocks issued by the Company before reaching the vesting conditions. However, the voting right on these stocks is entrusted to a trust custodial institution to be exercised on behalf of the employees, and there is no right to participate in the distribution of stock dividends and the subscription of stocks. Furthermore, the shares cannot be sold, pledged, transferred, donated, collateralized, or disposed in any other method.

Details of the abovementioned restricted shares to employees are as follows:

	For the years ended December 31,	
	2025	2024
	Quantity (in thousand units)	Quantity (in thousand units)
Employee restricted shares at January 1	455	790
Number of shares vested during the year	(340)	(335)
Number of shares forfeited during the year	(21)	-
Employee restricted shares at December 31	94	455

The assumption relating to the fair value of restricted shares to employees granted by the Company is as follows:

Grant date	Stock price (NT\$)	Exercise price (NT\$)	Contract period	Fair value per unit (NT\$)
2023.02.01	\$22.62	\$-	3 years	\$22.62
2022.03.17	\$25.49	\$-	3 years	\$25.49

Cash capital increase reserved for employee preemption

On April 23, 2024, the Board of Directors of the Company resolved to increase its capital by issuing 2,500 thousand ordinary shares in accordance with the Company Act, of which 80 thousand new shares were reserved for subscription by employees. For certain employees, 50% of the shares vest after six months of service starting from the effective date of capital increase, and the remaining 50% vest after one year of service starting from the effective date of capital increase. The capital increase was set effective on June 25, 2024.

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The information relating to the fair value of the reserved shares for employee subscription in the capital increase granted by the Company is as follows:

Grant date	Stock price (NT\$)	Exercise price (NT\$)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (NT\$)
2024.06.18	\$42.43	\$33.50	32.64%	0.02 years	0%	1.32%	\$8.94

The compensation costs recognized for the above share-based payment transactions for the years ended December 31, 2025 and 2024 were NT\$2,211 thousand and NT\$5,240 thousand, respectively.

(14) Operating revenue

	For the years ended December 31,	
	2025	2024
Revenue from contracts with customers		
Sale of goods	\$301,815	\$345,263

Relevant information of revenue from contracts with customers are as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2025	2024
Chips	\$127,664	\$146,973
Modules	174,087	198,185
Others	64	105
Total	\$301,815	\$345,263

Timing of revenue recognition

At a point in time	\$301,815	\$345,263
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B. As of December 31, 2024, December 31, 2023 and January 1, 2023, the Company did not have contract revenue-related contract liabilities.

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(15) Expected credit losses (gains)

	For the years ended December 31,	
	2025	2024
Operating expenses—expected credit (gains) losses		
Accounts receivable	\$(4)	\$2

The Company measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2025 and 2024 are as follows:

The Company considers counterparties' credit ratings and forward-looking information, adjusted for historical and current conditions, to assess the default possibility of accounts receivable. The Company analyzes accounts receivable based on aging categories to assess the collection risk of receivables in each category. The total carrying amount of the Company's accounts receivable as of December 31, 2025 and 2024 was NT\$10,066 thousand and NT\$23,363 thousand, respectively, all of which were not past due.

The information on the changes in the allowance of accounts receivable for the years ended December 31, 2025 and 2024 of the Company is presented below:

	Accounts receivable
As of January 1, 2025	\$7
Reversal	(4)
As of December 31, 2025	\$3
As of January 1, 2024	\$5
Addition	2
As of December 31, 2024	\$7

(16) Leases

A. The Company as a lessee

The Company leases various assets including offices and parking spaces. Lease contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease contracts do not impose covenants, but leased assets may not be used as security for borrowing purposes.

Short-term leases with a lease term of 12 months or less comprise certain offices and parking spaces.

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The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2025	December 31, 2024
Offices	\$2,682	\$5,823
Parking spaces	-	55
Total	\$2,682	\$5,878

During the years ended December 31, 2025 and 2024, the Company's additions to right-of-use assets were NT\$3,278 thousand and nil, respectively.

(b) Lease liabilities

	December 31, 2025	December 31, 2024
Current	\$1,183	\$5,983
Non-current	1,512	-
Total	\$2,695	\$5,983

Please refer to Note 6(18) C for the interest on lease liabilities recognized during the years ended December 31, 2025 and 2024, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2025 and 2024.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2025	2024
Offices	\$6,419	\$6,129
Parking spaces	55	55
Total	\$6,474	\$6,184

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c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2025	2024
The expenses relating to short-term leases	\$1,770	\$2,198

d. Cash outflows relating to leasing activities

During the years ended December 31, 2025 and 2024, the Company's total cash outflows for leases were NT\$8,414 thousand and NT\$8,542 thousand, respectively.

(17) Summary statement of employee benefits, depreciation and amortization expenses by function

	For the years ended December 31,					
	2025			2024		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$-	\$76,733	\$76,733	\$-	\$70,516	\$70,516
Share-based payment	-	2,211	2,211	-	5,240	5,240
Labor and health insurance	-	5,990	5,990	-	5,687	5,687
Pension	-	3,289	3,289	-	3,229	3,229
Remuneration of directors	-	4,634	4,634	-	7,629	7,629
Other employee benefits expense	-	2,805	2,805	-	2,477	2,477
Depreciation	\$-	\$10,431	\$10,431	\$-	\$8,234	\$8,234
Amortization	\$-	\$10,758	\$10,758	\$-	\$2,723	\$2,723

The average number of employees for the years ended December 31, 2025 and 2024 was 62 and 61, respectively, including 8 non-employee directors for both years.

For the years ended December 31, 2025 and 2024, the average employee benefit expense and the average employees' salaries were NT\$1,686 thousand, NT\$1,644 thousand, NT\$1,462 thousand and NT\$1,429 thousand, respectively, and the adjustment of average employees' salaries was 2.3%.

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The Company has no supervisors' emolument as it has set up the audit committee.

The Company has set up a remuneration committee. Salary and remuneration of the directors and managers were determined as approved by the remuneration committee and resolved by the Board of Directors after taking into consideration their participation frequency and contribution to the Company's operations as well as annual goal achievement and performance contribution.

Remuneration of employees includes monthly salaries, bonuses and employees' compensation. The salary standard of the employees is determined based on the position, education and experience background, professional knowledge and market value. Starting salary and rewards do not vary according to gender, religion, political affiliation, marital status, etc. The average budget for salary increases is about 3-5% based on the Company's operating performance every year. The employee salary adjustment and compensation distribution were determined according to the employees' position, contribution and performance to ensure that the employees' salary is in line with the market condition and fairness, and to encourage the employees to focus on long-term contribution to, and build mutual benefit and prosperity with, the Company.

In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 3% for directors' remuneration. Of the aforementioned employees' compensation, 20% shall be allocated to non-managerial employees. However, when there are accumulated losses, an amount shall be reserved in advance to cover such losses.

In accordance with the Articles of Incorporation of the Company and base on the profitability for the year, employees' compensation and directors' remuneration have been accrued and recognized as salary expenses, as follows:

	For the years ended December 31,	
	2025	2024
Employees' compensation	\$-	\$1,621
Directors' remuneration	-	970

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For the year ended December 31, 2025, the Company incurred losses before tax and, accordingly, did not accrue employees' compensation and directors' remuneration.

At the Board of Directors' meeting held on March 6, 2025, a resolution was passed to distribute NT\$1,621 thousand and NT\$970 thousand in cash as employees' compensation and directors' remuneration for the year ended December 31, 2024. There was no difference between the aforementioned resolved distribution amount and the amounts accrued as expenses for the year ended December 31, 2024.

Information on the Board of Directors' resolution regarding the employees' compensation and directors' remuneration can be obtained from the "Market Observation Post System" on the website of the Taiwan Stock Exchange Corporation.

(18) Non-operating income and expenses

A. Interest income

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest on bank deposits	\$998	\$1,212
Financial assets measured at amortized cost	3,849	3,672
Others	88	32
Total	<u>\$4,935</u>	<u>\$4,916</u>

B. Other gains and losses

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Net gains on financial assets at fair value through profit or loss	\$1,776	\$2,318
Foreign exchange (losses) gains, net	(432)	2,967
Total	<u>\$1,344</u>	<u>\$5,285</u>

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C. Finance costs

	For the years ended December 31,	
	2025	2024
Interest expenses on lease liabilities	\$78	\$157

(19) Components of other comprehensive income

For the year ended December 31, 2025

	Arising during the period	Other comprehensive income	Income tax expenses	Other comprehensive income, net of tax
Not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plan	\$479	\$479	\$-	\$479
Unrealized losses from equity instrument investments measured at fair value through other comprehensive income	(44,097)	(44,097)	1,641	(42,456)
Total of other comprehensive income	<u>\$(43,618)</u>	<u>\$(43,618)</u>	<u>\$1,641</u>	<u>\$(41,977)</u>

For the year ended December 31, 2024

	Arising during the period	Other comprehensive income	Income tax expenses	Other comprehensive income, net of tax
Not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plan	\$563	\$563	\$-	\$563

(20) Income tax

The major components of income tax expense (benefit) are as follows:

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Income tax expense recognized in profit or loss

	For the years ended December 31,	
	2025	2024
Current income tax expense:		
Current income tax payable	\$304	\$-
Undistributed retained earnings tax	523	-
Adjustments in income tax of prior periods	(547)	10
Deferred income tax expense:		
The origination and reversal of temporary differences	(933)	127
The origination and reversal of tax losses	732	(1,098)
Income tax expense (benefit)	\$79	\$(961)

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2025	2024
Deferred income tax expense (benefit):		
Unrealized gains/losses from equity instrument investments measured at fair value through other comprehensive income	\$(1,641)	\$-

Reconciliation between income tax (benefit) expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2025	2024
Net (loss) income before income tax	\$(9,854)	\$29,810
At statutory income tax rate	\$(1,970)	\$5,962
Tax effect of expenses not deductible for tax purposes	300	(357)
Tax effect of deferred tax assets (liabilities)	1,469	(6,576)
Adjustments in income tax of prior periods	(547)	10
Undistributed retained earnings tax	523	-
Alternative Minimum Tax	304	-
Total income tax expense recognized in profit or loss	\$79	\$(961)

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Deferred income tax assets (liabilities) relate to the following:

For the year ended December 31, 2025

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized exchange gains and losses	\$ (160)	\$ 91	\$ -	\$ (69)
Allowance for inventory valuation losses	3,085	865	-	3,950
Valuation gains/losses on financial assets	-	-	1,641	1,641
Others	132	(23)	-	109
Tax losses	5,497	(732)	-	4,765
Deferred income tax (expense)/benefit		\$ 201	\$ 1,641	
Net deferred income tax assets	\$ 8,554			\$ 10,396
Presented in balance sheet as follows:				
Deferred income tax assets	\$ 8,714			\$ 10,465
Deferred income tax liabilities	\$ (160)			\$ (69)

For the year ended December 31, 2024

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized exchange gains and losses	\$ (193)	\$ 33	\$ -	\$ (160)
Allowance for inventory valuation losses	3,377	(292)	-	3,085
Others	-	132	-	132
Tax losses	4,399	1,098	-	5,497
Deferred income tax (expense)/benefit		\$ 971	\$ -	
Net deferred income tax assets	\$ 7,583			\$ 8,554
Presented in balance sheet as follows:				
Deferred income tax assets	\$ 7,776			\$ 8,714
Deferred income tax liabilities	\$ (193)			\$ (160)

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The following table contains information of the unused tax losses of the Company:

Year	Accumulated losses	Unutilized accumulated loss		Expiration year
		As of December 31,		
		2025	2024	
2015	\$53,220	\$-	\$17,790	2025
2016	70,801	70,801	70,801	2026
2017	16,143	16,143	16,143	2027
2023	23,168	23,168	23,168	2033
2025	3,689	3,689	-	2035
	<u>\$167,021</u>	<u>\$113,801</u>	<u>\$127,902</u>	

Unrecognized deferred tax assets

As of December 31, 2025 and 2024, the total amount of deferred tax assets not recognized by the Company amounted to NT\$89,976 thousand and NT\$105,816 thousand, respectively.

The assessment of income tax returns

As of December 31, 2025, the income tax returns of the Company have been assessed and approved up to 2023.

(21) Earnings (loss) per share

	For the years ended December 31,	
	2025	2024
A. Basic (loss) earnings per share		
Net (loss) income (in thousands)	<u>\$(9,933)</u>	<u>\$30,771</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand share)	<u>44,377</u>	<u>42,682</u>
Basic (loss) earnings per share (NT\$)	<u>\$(0.22)</u>	<u>\$0.72</u>

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	For the years ended December 31,	
	2025	2024
B. Diluted (loss) earnings per share		
Net (loss) income after dilution (in thousands)	\$(9,933)	\$30,771
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	44,377	42,682
Effect of dilution:		
Employee compensation (thousands share)	(Note)	46
Restricted shares for employee (in thousands)	(Note)	442
Weighted average number of ordinary shares outstanding after dilution (thousands share)	44,377	43,170
Diluted (loss) earnings per share (NT\$)	\$(0.22)	\$0.71

Note: For the year ended December 31, 2025, the Company incurred a loss; therefore all potential ordinary shares were anti-dilutive, and diluted loss per share was the same as basic loss per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were issued.

(22) Supplemental cash flow information

Investing activities with partial cash payments

	For the years ended December 31,	
	2025	2024
Purchase of property, plant and equipment	\$663	\$23,575
Add: Opening balance of payables	219	-
Add: Ending balance of prepayments	13,951	13,951
Less: Ending balance of payables	(56)	(219)
Less: Opening balance of prepayments	(13,951)	(25)
Cash paid during the year	\$826	\$37,282

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	For the years ended December 31,	
	2025	2024
Purchase of intangible assets	\$631	\$87,700
Add: Opening balance of payables	1,579	3,159
Add: Ending balance of prepayments	35,035	16,159
Less: Ending balance of payables	(1)	(1,580)
Less: Opening balance of prepayments	(16,159)	(6,465)
Cash paid during the year	<u>\$21,085</u>	<u>\$98,973</u>

## 7. Related Party Transactions

### A. Parent and ultimate controlling party

The Company is controlled by Alcor Micro, Corp., which directly and indirectly holds 29.30% of the Company's shares. The ultimate parent and ultimate controlling party of the Company is Egis Technology Inc.

### B. Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Egis Technology Inc.	Ultimate parent entity
Alcor Micro, Corp.	Parent company
Transducer Star Technology Inc.	Same ultimate parent company
Taurus Wireless Inc.	Same ultimate parent company
Gear Radio Electronics Corp.	Other related party
GEAR RADIO LIMITED	Other related party

### C. Significant transactions with related parties

#### (a) Purchases

	For the years ended December 31,	
	2025	2024
Egis Technology Inc.	<u>\$514</u>	<u>\$257</u>

The prices in relation to the purchases made through Egis Technology Inc. on behalf of the Company are determined in accordance with mutual agreement, and the payment terms are 30 days after monthly billings.

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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(b) Other payables - related parties

	December 31, 2025	December 31, 2024
Gear Radio Electronics Corp.	\$405	\$-
Alcor Micro, Corp.	130	126
Total	<u>\$535</u>	<u>\$126</u>

The other payables to related parties arise mainly from payments for expenses.

(c) Prepayments (shown as other current assets and other non-current assets)

	December 31, 2025	December 31, 2024
Gear Radio Electronics Corp.	\$37,410	\$16,159
Alcor Micro, Corp.	102	100
Egis Technology Inc.	-	514
Total	<u>\$37,512</u>	<u>\$16,773</u>

The prepayments arise mainly from prepaid trail production expenses and prepayments for intangible assets.

(d) Leases - Lessee

Counterparty	Item	December 31, 2025	December 31, 2024
Alcor Micro, Corp.	Right-of-use assets	\$2,682	\$-
Alcor Micro, Corp.	Lease liability	2,695	-
Alcor Micro, Corp.	Refundable deposits	200	-
		<u>For the years ended December 31,</u>	
Counterparty	Item	2025	2024
Alcor Micro, Corp.	Interest expense	\$29	\$-
Alcor Micro, Corp.	Rental expense	606	600

The Company leases offices from Alcor Micro, Corp. The rental prices are determined with reference to the market standards, and the rentals are payable on a monthly basis.

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(e) Property transaction - Acquisition of property, plant and equipment

	For the years ended December 31,	
	2025	2024
Egis Technology Inc.	\$-	\$21,589

(f) Property transaction - Acquisition of intangible assets

	For the years ended December 31,	
	2025	2024
Alcor Micro, Corp.	\$-	\$650

(g) Property transaction - Acquisition of financial assets

Counterparty	Accounts	Transaction subjects	For the years ended December 31,			
			Number of shares (in thousands)	Consideration	Number of shares (in thousands)	Consideration
	Financial assets at fair value through other comprehensive income, noncurrent	Ordinary shares				
Transducer Star Technology Inc.		Ordinary shares	1,000	\$25,000	-	\$-
	Financial assets at fair value through other comprehensive income, noncurrent	Ordinary shares				
Taurus Wireless Inc.		Ordinary shares	1,367	\$15,037	-	\$-
	Financial assets at fair value through other comprehensive income, noncurrent	Ordinary shares				
GEAR RADIO LIMITED		Ordinary shares	973	\$14,894	-	\$-
	Financial assets at fair value through other comprehensive income, noncurrent	Preferred shares				
GEAR RADIO LIMITED		Preferred shares	2,027	\$31,029	-	\$-

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On August 25, 2025, the Company acquired a convertible note from GEAR RADIO for USD 1,500 thousand, which was converted on September 1, 2025 at a conversion price of USD 0.5 per share into 973 thousand ordinary shares and 2,027 thousand preferred shares, resulting in the Company holding a 6.39% equity interest in GRAR RADIO.

(h) Other expenses

Counterparty	Description	For the years ended December 31,	
		2025	2024
Alcor Micro, Corp.	Service fees	\$120	\$120
Alcor Micro, Corp.	Miscellaneous purchases	100	1
Gear Radio Electronics Corp.	Research and development expenses	-	967

(i) Unrecognised contractual commitments

The Company signed an intangible assets development contract with Gear Radio Electronics Corp. As of December 31, 2025, the amount contracted but not yet paid was USD \$1,100 thousand.

(j) Key management personnel compensation

	For the years ended December 31,	
	2025	2024
Short-term employee benefits	\$15,370	\$17,898
Post-employment benefits	251	303
Share-based payment	933	1,674
Total	\$16,554	\$19,875

**8. Assets Pledged as Security**

The following table lists assets of the Company pledged as security:

Name of the asset	December 31, 2025	December 31, 2024	Purpose of pledge
Time deposits (recognized as other non-current assets)	\$1,000	\$1,000	Customs import guarantee

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## 9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Refer to Note 7 for details of the Company's unrecognised contractual commitments with related parties.

## 10. Losses due to Major Disasters

None.

## 11. Significant Subsequent Events

To strengthen operating capital, the Board of Directors resolved on March 9, 2026 to conduct a private placement of ordinary shares for a cash capital increase. The total proceeds from the private placement shall not exceed NT\$30,000 thousand, and the maximum number of shares to be issued will be 3,000 thousand. The subscription price per share will be determined with reference to the pricing guidelines set forth in the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" and shall not be lower than 80% of the reference price. The private placement is planned to be completed in two tranches within one year from the date of the shareholders' meeting resolution. As of the date of issuance of this report, the proposal has not yet been submitted to the shareholders' meeting for approval.

## 12. Others

### (1) Categories of financial instruments

	December 31, 2025	December 31, 2024
<u>Financial assets</u>		
Financial assets at fair value through profit or loss:		
Mandatory financial assets at fair value through profit or loss	\$80,381	\$151,883
Financial assets at fair value through other comprehensive income	41,863	-
Financial assets measured at amortized cost (Note)	311,328	361,934
Total	\$433,572	\$513,817
<u>Financial liabilities</u>		
Financial liabilities at amortized cost:		
Accounts payables	\$18,707	\$17,915
Other payables (including related parties)	28,948	29,426
Lease liabilities	2,695	5,983
Total	\$50,350	\$53,324

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Note: Includes cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables, pledged time deposits and refundable deposits.

(2) Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. The Company treasury identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, and other price risk (such as equity securities).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency). Some receivables and payables are denominated in the same foreign currency, and it will result in economic hedging effect. Further, net investments in foreign operations are primarily for strategic purposes, and they are not hedged by the Company.

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The Company's sensitivity analysis of foreign exchange risk is based on fluctuations in the exchange rates of US\$, the Company's principal foreign currency, for the years ended 2025 and 2024. If NT\$ had appreciated/depreciated by 1% against US\$, with all other variables held constant, profit or loss would have decreased/increased by NT\$442 thousand and NT\$456 thousand, respectively. The impact on other comprehensive income would have decreased/increased by NT\$471 thousand and nil, respectively.

#### Equity price risk

The Company holds investments in unlisted equity securities, the prices of which are subject to changes due to uncertainties regarding the future value of the investees. The Company held equity securities are classified as financial assets at fair value through other comprehensive income. The Company manages equity price risk by setting investment limits for individual equity securities and for the equity securities portfolio as a whole. Information on the equity securities investment portfolio is reported to the Company's senior management on a regular basis, and the Board of Directors is responsible for reviewing and approving material equity investment decisions.

The Company's investments in equity securities comprise open-end funds. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, net income before tax for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$1,776 thousand and NT\$1,519 thousand, respectively.

Please refer to Note 12(7) for sensitivity analysis information of equity instruments fair value measured under Level 3.

#### (4) Credit risk management

Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows.

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The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The individual risk limit is set by the board of directors based on internal or external ratings and regularly monitors the use of credit limits.

The Company adopts the following assumptions to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

- A. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- B. The default occurs when the contract payments are past due over 180 days.

The Company classifies customer's accounts receivable in consideration of credit risk on trade. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

(5) Liquidity risk management

The Company maintained financial flexibility through the holding of cash and cash equivalents, investments in securities with high liquidity. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity, and the payment amount also includes the contractual interest.

Non-derivative financial instruments

	Less than 1 year	1 to 3 years	3 to 5 years	Total
<u>December 31, 2025</u>				
Payables	\$18,707	\$-	\$-	\$18,707
Other payables (including related parties)	28,948	-	-	28,948
Lease liabilities	1,224	1,530	-	2,754
<u>December 31, 2024</u>				
Payables	\$17,915	\$-	\$-	\$17,915
Other payables (including related parties)	29,426	-	-	29,426
Lease liabilities	6,031	-	-	6,031

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(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2025:

	<u>Lease liabilities</u>
As of January 1, 2025	\$5,983
Cash flows	(6,566)
Addition to leases	3,278
As of December 31, 2025	<u><u>\$2,695</u></u>

Reconciliation of liabilities for year ended December 31, 2024:

	<u>Lease liabilities</u>
As of January 1, 2024	\$12,170
Cash flows	(6,187)
As of December 31, 2024	<u><u>\$5,983</u></u>

(7) Fair value information

a. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Input other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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b. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables, refundable deposits, accounts payable and other payables (including related parties) are approximate to their fair values.

c. Fair value measurement hierarchy

The Company does not have assets measured at fair value on a non-recurring basis; the following table presents the fair value measurement hierarchy of the Company's assets and liabilities on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2025				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$80,381	\$-	\$-	\$80,381
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	41,863	41,863
December 31, 2024				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$151,883	\$-	\$-	\$151,883

d. The methods and assumptions the Company used to measure fair value are as follows:

The Company uses market quoted prices as the fair values (that is, Level 1), for example, the market quoted prices of open-end funds is based on the net value.

Except for financial instruments with active markets, the fair value of other financial instruments is measured by reference to counterparty quotes.

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If one or more of the significant inputs is not obtained based on observable market data, the instrument is included in level 3.

e. Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

f. The detail movement of recurring fair value measurements in Level 3

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

	<u>Assets</u>
	At fair value through other comprehensive income
	<u>Stocks</u>
As of January 1, 2025	\$-
Acquired in the current period	85,960
Amount recognized in other comprehensive income	(44,097)
As of December 31, 2025	<u>\$41,863</u>

g. Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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h. Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of interrelationship between inputs and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Unlisted company' stocks	Market comparable companies	Price to book ratio multiple	5.43-7.03	The higher the multiple, the higher the fair value.	If the multiple increase (decrease) by 10%, the Company's equity will increase (decrease) by NT\$4,186 thousand.

(8) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2025		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary items:			
US\$	\$1,708	31.43	\$53,689
CNY\$	20	4.496	88
Non-monetary items:			
US\$	1,500	31.43	47,145
<u>Financial liabilities</u>			
Monetary items:			
US\$	\$302	31.43	\$9,486
CNY\$	3	4.496	13

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	December 31, 2024		
	Foreign Currency		NT\$
Financial assets	(thousand)	Exchange rate	(thousand)
Monetary items:			
US\$	\$1,591	32.79	\$52,171
Financial liabilities			
Monetary items:			
US\$	\$202	32.79	\$6,629

The foreign exchange (losses) gains were NT\$(432) thousand and NT\$2,967 thousand for the years ended December 31, 2025 and 2024, respectively.

(9) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust to the optimal the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

**13. Additional Disclosures**

(1) Significant transactions information

A. Lending funds to others: None.

B. Providing endorsements or guarantees for others: None.

C. Material securities held as of December 31, 2025: Please refer to Attachment 1.

D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.

E. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.

F. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any material transactions between them: None.

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(2) Information on investees

Relevant information of the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company not in the Mainland Area: None.

(3) Investment in Mainland China

A. Investee company name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area: None.

B. Material direct or indirect transactions with the investee companies in Mainland Area: None

## 14. Segment Information

(1) General information

The Company operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Measurement of segment information

A. The Company's segment profit or loss is measured with the net income before income tax, which is used as a basis for the Company in assessing the performance of the operating segments. The accounting policies and accounting estimates of the operating segment are in agreement with the significant accounting policies and significant accounting estimates and assumptions summarised in Notes 4 and 5.

B. The revenue, profit or loss and financial information from external customers reported to the chief operating decision-maker is measured in a manner consistent with the revenue, profit or loss and financial information in the statement of comprehensive income.

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C. The segment profit or loss, total assets and total liabilities provided to the chief operating decision-maker are measured in a manner consistent with those in the financial statements.

(3) Geographical information

A. Revenue from external customers

	For the year ended December 31,	
	2025	2024
Taiwan	\$144,152	\$169,174
China	48,946	53,418
Korea	107,287	115,068
Others	1,430	7,613
Total	<u>\$301,815</u>	<u>\$345,263</u>

Revenue are classified by customers' geographic location.

B. Non-current assets:

	For the year ended December 31,	
	2025	2024
Taiwan	<u>\$159,015</u>	<u>\$156,756</u>

(4) Major customer information

The information for individual customer accounting for more than 10% of revenue for the years ended December 31, 2025 and 2024 is as follows:

	For the year ended December 31			
	2025		2024	
	Amount	Percentage	Amount	Percentage
Customer A	\$104,905	35%	\$112,794	33%
Customer B	77,743	26%	97,210	28%
Customer C	58,195	19%	71,515	21%
Customer D	34,184	11%	52,069	15%

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Attachment 1: Material securities held as of December 31, 2025

in thousands of New Taiwan dollars

Securities held by	Securities Type	Securities Name	Relationship with the securities issuer	General ledger account	As of December 31, 2025				Note
					Number of shares (in thousand)/ Unit (in thousand)	Book Value	Ownership (%)	Fair Value	
Syncomm Technology Corporation	Fund	Fubon Money Market Fund	-	Financial assets at fair value through profit or loss, current	1,336	\$20,986	-	\$20,986	-
	Fund	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss, current	690	10,376	-	10,376	-
	Fund	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss, current	801	10,630	-	10,630	-
	Fund	PGIM Money Market Fund	-	Financial assets at fair value through profit or loss, current	2,294	38,389	-	38,389	-
	Ordinary shares	Transducer Star Technology Inc.	Same ultimate parent company	Financial assets at fair value through other comprehensive income, noncurrent	1,000	1,772	16.52%	1,772	-
	Ordinary shares	Taurus Wireless Inc.	Same ultimate parent company	Financial assets at fair value through other comprehensive income, noncurrent	1,367	2,375	15.24%	2,375	-
	Ordinary shares	GEAR RADIO LIMITED	Other related party	Financial assets at fair value through other comprehensive income, noncurrent	973	6,045	2.07%	6,045	-
	Preferred shares	GEAR RADIO LIMITED	Other related party	Financial assets at fair value through other comprehensive income, noncurrent	2,027	31,671	4.32%	31,671	-

SYNCOMM TECHNOLOGY CORPORATION  
CASH AND CASH EQUIVALENTS  
December 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and petty cash		
NTD		\$ 97
Foreign currency	USD 1 thousand Exchange rate 31.43	32
	RMB 20 thousand Exchange rate 4.496	88
Bank deposits		
Demand deposits		
NTD		21,447
Foreign currency	USD 387 thousand Exchange rate 31.43	12,161
Time deposits		
NTD (Note)		34,970
Foreign currency (Note)	USD 1,000 thousand Exchange rate 31.43	31,430
		<u>\$ 100,225</u>

Note: The term of time deposits is from November 3, 2025 to March 16, 2026, and the interest rate was 1.23%-3.59%.

SYNCOMM TECHNOLOGY CORPORATION  
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, CURRENT

December 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 2

Name	Description	Unit (in thousands)	Cost	Fair value		Collateral or endorsement provided
				Unit price (NT\$)	Total amount	
Beneficiary certificates						
PGIM Money Market Fund	Open-end fund	2,294	\$ 36,265	\$ 16.74	\$ 38,389	None
Mega Diamond Money Market Fund	Open-end fund	801	10,000	13.28	10,630	None
Fubon Money Market Fund	Open-end fund	1,336	20,000	15.71	20,986	None
Taishin Ta-Chong Money Market Fund	Open-end fund	690	10,000	15.05	10,376	None
Total			<u>\$ 76,265</u>		<u>\$ 80,381</u>	

SYNCOMM TECHNOLOGY CORPORATION  
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST, CURRENT  
December 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 3

Name	Range of Interest Rate	Amount	Note
Mega International Commercial Bank	1.555%-1.620%	\$ 100,000	
E.SUN Commercial Bank	1.685%-1.705%	73,000	
CTBC Bank	1.690%	23,480	
Total		<u>\$ 196,480</u>	

SYNCOMM TECHNOLOGY CORPORATION  
ACCOUNTS RECEIVABLE, NET  
December 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 4

Customer name	Amount	Note
Customer C	\$ 4,822	Following business practices, we do not disclose the full name of each client.
Customer B	3,829	"
Customer A	1,415	"
Subtotal	\$ 10,066	
Less:loss allowance	(3)	
	<u>\$ 10,063</u>	

SYNCOMM TECHNOLOGY CORPORATION  
INVENTORIES  
December 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Description	Amount		Note
		Cost	Net realizable value	
Raw materials		\$ 9,106	\$ 9,349	Note 1
Work in progress		30,337	36,930	Note 2
Finished goods		23,233	28,040	Note 2
Subtotal		<u>\$ 62,676</u>	<u>\$ 74,319</u>	
Less: Allowance for inventory valuation losses		<u>(19,747)</u>		
Total		<u>\$ 42,929</u>		

Note 1: The net realizable value is based on replacement cost.

Note 2: The net realizable value is the balance based on the selling price of the most recent period, less the costs and selling expenses required for completion.

SYNCOMM TECHNOLOGY CORPORATION  
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2025  
 (Expressed in thousands of New Taiwan dollars)

Statement 6

Securities Name	Opening balance		Additions		Deductions		Unrealized gain or loss on financial assets at fair value through other comprehensive income	Ending balance		Assets pledged as collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount		Shares	Fair value		
Transducer Star Technology Inc.	-	\$ -	1,000	\$ 25,000	-	\$ -	\$ (23,228)	1,000	\$ 1,772	None	
Taurus Wireless Inc.	-	-	1,367	15,037	-	-	(12,662)	1,367	2,375	None	
GEAR RADIO LIMITED - Ordinary shares	-	-	973	14,894	-	-	(8,849)	943	6,045	None	
GEAR RADIO LIMITED - Preferred shares	-	-	2,027	31,029	-	-	642	2,027	31,671	None	
Total		<u>\$ -</u>		<u>\$ 85,960</u>		<u>\$ -</u>	<u>\$ (44,097)</u>		<u>\$ 41,863</u>		

SYNCOMM TECHNOLOGY CORPORATION  
RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 7

Item	Opening balance	Additions	Deductions	Ending balance
Cost				
Offices	\$ 17,468	\$ 3,278	\$ (17,468)	\$ 3,278
Parking spaces	165	-	(165)	-
Subtotal	<u>\$ 17,633</u>	<u>\$ 3,278</u>	<u>\$ (17,633)</u>	<u>\$ 3,278</u>
Accumulated depreciation				
Offices	\$ (11,645)	\$ (6,419)	\$ 17,468	\$ (596)
Parking spaces	(110)	(55)	165	-
Subtotal	<u>\$ (11,755)</u>	<u>\$ (6,474)</u>	<u>\$ 17,633</u>	<u>\$ (596)</u>
Total	<u><u>\$ 5,878</u></u>			<u><u>\$ 2,682</u></u>

SYNCOMM TECHNOLOGY CORPORATION  
ACCOUNTS PAYABLE  
December 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 8

Supplier name	Amount	Note
Supplier A	\$ 3,531	Following business practices, we do not disclose the full name of each client.
Supplier B	2,697	"
Supplier C	1,827	"
Supplier D	1,785	"
Supplier E	1,078	"
Supplier F	1,001	"
Others	6,788	The balance of each supplier has not exceeded 5% of total account balance.
Total	<u>\$ 18,707</u>	

SYNCOMM TECHNOLOGY CORPORATION  
LEASE LIABILITY  
December 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 9

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate (%)</u>	<u>Ending balance</u>
Offices	For business use	33 months	2.00%	\$ 2,695
Less: Classified as current portion				(1,183)
Lease liability - non-current				<u>\$ 1,512</u>

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

Statement 10

Item	Quantity (in thousand units)	Amount	Note
Chips	2,797	\$ 127,664	
Modules	1,718	174,087	
Others	-	64	
Total		<u>\$ 301,815</u>	

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

Statement 11

Item	Amount	Note
Beginning raw materials	\$ 22,677	
Add: Raw materials purchased for the year	65,274	
Others	238	
Less: Ending balance of raw materials	(9,106)	
Others	(5)	
Direct raw materials	79,078	
Processing costs	48,120	
Manufacturing cost	127,198	
Add: Beginning work in progress	31,525	
Purchases	33,513	
Less: Ending work in progress	(30,337)	
Others	(926)	
Cost of finished goods	160,973	
Add: Beginning finished goods	25,238	
Purchases	79	
Others	43	
Less: Ending finished goods	(23,233)	
Transfers to other accounts	(225)	
Others	(104)	
Cost of products sold	162,771	
Add: Inventory write-downs	4,324	
Add: Others	110	
Operating costs	<u>\$ 167,205</u>	

SYNCOMM TECHNOLOGY CORPORATION  
OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 12

Item	Selling expenses	Administrative expenses	Research and development expenses	Total amount	Note
Wages and salaries	\$ 11,362	\$ 24,971	\$ 50,534	\$ 86,867	
Service fees	6,411	1,803	12,297	20,511	
Depreciation	853	1,970	7,608	10,431	
Other expenses	5,668	6,141	21,677	33,486	Note
	<u>\$ 24,294</u>	<u>\$ 34,885</u>	<u>\$ 92,116</u>	<u>\$ 151,295</u>	

Note: The balance of each expense account has not exceeded 5% of total account balance.