LIGHTEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS 2025 AND 2024
(STOCK CODE: 7717)

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Lightel Corporation and subsidiaries
Consolidated Financial Statements for the Years 2025 and 2024 and Independent Auditors' Report
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Independent Auditors' Report

(26) Financial Audit Report No. 25004112

To: Lightel Corporation (incorporated in the Cayman Islands)

Opinion

The consolidated balance sheets of Lightel Corporation and its subsidiaries (hereinafter referred to as the "Lightel Group") as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the years from January 1 to December 31, 2025 and 2024, as well as the notes to the consolidated financial statements (including a summary of significant accounting policies), have been audited by us.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Lightel Group as of December 31, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the years from January 1 to December 31, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Bulletins as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the section of the auditor's report titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." Personnel of the firm to which we belong who are subject to independence requirements have maintained independence from the Lightel Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and have fulfilled other responsibilities under that code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Lightel Group for the year 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion, and we do not express a separate opinion on these matters.

The key audit matters for the Lightel Group's 2025 consolidated financial statements are as follows:

Occurrence of Operating Revenue

Description

For the accounting policies on revenue recognition, please refer to Note 4(27) to the consolidated financial statements. For descriptions of accounting items related to revenue, please refer to Note 6(16) to the consolidated financial statements.

The Lightel Group's operating revenue is mainly derived from the manufacture and sale of fiber optic communication passive components, fiber end-face inspection instruments and fiber component manufacturing equipment, satellite laser communication passive components, fiber laser passive components, and smart lighting. As the consolidated operating revenue for 2025 increased significantly compared with 2024, which is material to the overall consolidated financial statements, and the sales counterparties are located across regions including the Americas, Asia, and Europe, with a large volume of operating revenue transactions, we have identified the occurrence of operating revenue as one of the most significant matters in our audit.

How our audit addressed the matter:

The audit procedures we performed are summarized as follows:

1. Evaluated and tested the internal control system for sales transactions and the execution of actual processes;
2. Reviewed publicly available information and official website content of the top ten new customers added during the current period to assess the reasonableness of major sales counterparties;
3. Obtained detailed sales records from customers, performed sampling of sales orders, delivery notes, invoices, and other relevant original supporting documents, and conducted substantive testing on revenue transactions to confirm that sales revenue

transactions have actually occurred.

Valuation of Inventories

Description

For the accounting policies on inventory valuation of the Lightel Group, please refer to Note 4(11) to the consolidated financial statements; for the uncertainties in accounting estimates and assumptions used in inventory valuation, please refer to Note 5(2) to the consolidated financial statements; for the description of inventory allowance for losses, please refer to Note 6(4) to the consolidated financial statements.

The Lightel Group's principal business is the manufacture and sale of fiber optic communication passive components, fiber end-face inspection instruments and fiber component manufacturing equipment, satellite laser communication passive components, fiber laser passive components, and smart lighting. Due to rapid technological changes and intense market competition, there is a relatively high risk of inventory write-downs or obsolescence losses. The Lightel Group recognizes losses based on net realizable value for inventories exceeding a certain aging period and for individually identified obsolete inventories. The identification of obsolete and slow-moving inventories and the determination of net realizable value involve a certain degree of subjective judgment. Considering the large number of inventory items of the Lightel Group and the significant impact of inventory valuation allowances on the financial statements, we have identified the valuation of inventories as one of the most significant matters in our audit.

How our audit addressed the matter:

The audit procedures we performed are summarized as follows:

1. Obtained an understanding of and evaluated the policies and procedures for recognizing inventory valuation allowances during the financial reporting period;
2. Verified the appropriateness of the inventory aging reports used by management for valuation to confirm that the report information is consistent with its policies;
3. Obtained the inventory net realizable value estimation prepared by management, performed sampling of individual inventory items and traced them to the most recent purchase or sales documents, tested the accuracy of calculations, and further assessed the reasonableness of changes in inventory valuation allowances.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Bulletins as endorsed and issued into effect by the Financial Supervisory Commission, and for maintaining such internal control as is necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the audit of the consolidated financial statements

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

In conducting our audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism. We also perform the following work:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. Because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, the risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error.

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

The matters we communicate with those charged with governance include the planned scope and timing of the audit, as well as significant audit findings (including significant deficiencies in internal control identified during the audit process).

We also provide those charged with governance with a statement that the personnel of our firm subject to independence requirements have complied with the independence requirements in the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and communicate with those charged with governance all relationships and other matters that may reasonably be thought to bear on the auditors' independence (including related safeguards).

From the matters communicated with those charged with governance, we determine the key audit matters for the audit of the Lightel Group's consolidated

financial statements for the year 2025. We describe these matters in our auditor's report unless laws or regulations preclude public disclosure of specific matters, or, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Wendy Liang

Certified Public Accountant

Gregory Kuo

Approval reference number for attestation issued by the former Financial Supervisory Commission, Executive Yuan: Jin-Guan-Zheng-Shen No. 0990001654

Approval reference number for attestation issued by the Financial Supervisory Commission: Jin-Guan-Zheng-Shen No. 1110349013

March 10, 2026

English Translation of Consolidated Financial Statement Originally Issued in Chinese

Lightel Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2025 and 2024

Unit: NTD thousand

	Assets	Notes	December 31 , 2025 Amount	%	December 31 , 2024 Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	6 (1)	$ 716,602	52	$ 448,455	50
1136	Financial assets at amortized cost – current	6 (2)	168,409	12	19,205	2
1150	Notes receivable, net	6 (3)	5,454	-	1,344	-
1170	Accounts receivable, net	6 (3)	146,894	11	114,905	13
1180	Accounts receivable due from related parties, net	7 (2)	5,315	-	3,951	1
1200	Other receivables		121	-	525	-
1220	Current tax assets		16,786	1	1,988	-
130x	Inventories, net	6 (4)	86,156	7	55,586	6
1410	Prepayment		9,303	1	7,033	1
11xx	**Total current assets**		1,155,040	84	652,992	73
	NON-CURRENT ASSETS					
1550	Investments accounted for using the equity method	6 (5)	42,027	3	55,914	6
1600	Property, Plant and Equipment	6 (6) and 7 (2)	48,298	3	42,355	5
1755	Right-of-use assets	6 (7)	72,727	5	65,269	7
1780	Intangible assets		2,770	-	4,579	1
1840	Deferred tax assets	6 (22)	56,197	5	65,966	7
1900	Other non-current assets		3,527	-	9,558	1
15xx	**Total non-current assets**		225,546	16	243,641	27
1xxx	**TOTAL ASSETS**		$ 1,380,586	100	$ 896,633	100

(Continued)

English Translation of Consolidated Financial Statement Originally Issued in Chinese

Lightel Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2025 and 2024

Unit: NTD thousand

	Liabilities And Equity	Notes	December 31 , 2025 Amount	%	December 31 , 2024 Amount	%
	CURRENT LIABILITIES					
2120	Financial liabilities at fair value through profit or loss – current	6 (8)	$ 26,997	2	$ 29,049	3
2130	Contract liabilities – current	6 (16)	1,630	-	2,192	-
2150	Notes payable		3,219	-	5,174	1
2170	Accounts payable		37,595	3	23,351	3
2180	Accounts payables to related parties	7 (2)	7,528	1	2,024	-
2200	Other payables	6 (9)	151,161	11	143,325	16
2220	Other payables to related parties	7 (2)	-	-	820	-
2230	Current income tax liabilities		3,426	-	406	-
2250	Provision for liabilities		926	-	989	-
2280	Lease liabilities – current		19,332	1	16,914	2
21xx	**Total current liabilities**		251,814	18	224,244	25
	NON-CURRENT LIABILITIES					
2527	Contract liabilities – non-current	6 (16)	425	-	571	-
2550	Provision for liabilities – non-current		1,686	-	1,609	-
2570	Deferred tax liabilities	6 (22)	48,781	4	35,158	4
2580	Lease liabilities – non-current		72,483	5	69,618	8
25xx	**Total non-current liabilities**		123,375	9	106,956	12
2xxx	**Total liabilities**		375,189	27	331,200	37
	Equity					
	Equity attributable to owners of the parent company					
	Share capital	6 (12)				
3110	Common stock capital		247,777	18	215,818	24
	Capital surplus	6 (13)				
3200	Capital surplus		551,038	40	249,608	28
	Retained earnings	6 (14)				
3350	Unappropriated retained earnings		207,527	15	93,747	11
	Other equity	6 (15)				
3400	Other equity		(7,620)	(1)	1,855	-
31xx	**Total equity attributable to owners of the parent company**		998,722	72	561,028	63
36xx	**Non-controlling interests**		6,675	1	4,405	-
3xxx	**Total equity**		1,005,397	73	565,433	63
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant subsequent events	11				
3x2x	**TOTAL LIABILITIES AND EQUITY**		$ 1,380,586	100	$ 896,633	100

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

English Translation of Consolidated Financial Statement Originally Issued in Chinese

Lightel Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2025 and 2024

Unit: NTD thousand

(Except for earnings per share in NTD)

	Item	Note	2025 Amount	2025 %	2024 Amount	2024 %
4000	OPERATING REVENUE	6 (16) and 7 (2)	$ 862,292	100	$ 692,805	100
5000	OPERATING COSTS	6 (4) (20) (2I) and 7 (2)	(332,649)	(39)	(272,837)	(39)
5950	OPERATING GROSS PROFIT		529,643	61	419,968	61
	OPERATING EXPENSES	6 (20) (21)				
6100	Selling expense		(61,009)	(7)	(62,681)	(9)
6200	Administrative expenses		(176,120)	(20)	(178,064)	(26)
6300	Research and developmen expenses		(99,516)	(12)	(88,989)	(13)
6450	Expected credit impairment loss (gain)	12(2)	(234)	-	2,611	1
6000	TOTAL OPERATING EXPENSES		(336,879)	(39)	(327,123)	(47)
6900	INCOME FROM OPERATIONS		192,764	22	92,845	14
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	6 (2) (17)	15,538	2	12,982	2
7010	Other income	6 (18)	696	-	8,184	1
7020	Other gains and losses	6 (19)	(6,360)	(1)	5,720	1
7050	Financial cost	6 (7)	(4,710)	-	(5,072)	(1)
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	6 (5)	(12,986)	(2)	(14,296)	(2)
7000	Total non-operating income and expenses		(7,822)	(1)	7,518	1
7900	**NET INCOME BEFORE INCOME TAX**		184,942	21	100,363	15
7950	Income tax expense	6 (22)	(47,283)	(5)	(26,897)	(4)
8200	**NET INCOME**		137,659	16	73,466	11
	OTHER COMPREHENSIVE INCOME (NET)					
	ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS					
8361	Exchange differences arising from translation of financial statements of foreign operations		($ 7,426)	(1)	$ 26,596	4
8399	Income tax related to items that may be reclassified	6 (22)	(2,534)	-	(2,374)	(1)
8360	Total amount of items that may be subsequently reclassified to profit or loss		(9,960)	(1)	24,222	3
8500	**TOTAL COMPREHENSIVE INCOME(LOSS)**		$ 127,699	15	$ 97,688	14
	NET INCOME ATTRIBUTABLE TO:					
8610	Owners of the parent		$ 135,362	16	$ 72,209	11
8620	Non-controlling interests		2,297	-	1,257	-
	Total		$ 137,659	16	$ 73,466	11
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
8710	Owners of the parent		$ 125,528	16	$ 96,026	14
8720	Non-controlling interests		2,171	-	1,662	-
	Total		$ 127,699	16	$ 97,688	14
	BASIC EARNINGS PER SHARE					
9750	Basic earnings per share (in dollars)	6 (23)	$	6.13	$	3.35
	DILUTED EARNINGS PER SHARE					
9850	Diluted earnings per share (in dollars)	6 (23)	$	6.06	$	3.23

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

English Translation of Consolidated Financial Statement Originally Issued in Chinese

Lightel Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2025 and 2024

Unit: NTD thousand

	Notes	Equity Attributable to Owners of the Parent Company					Non-controlling interests	Total
		Common Stock Capital	Capital Reserve	Unappropriated Earnings	Other Equity	Total		
2024								
Balance at January 1		$ 212,749	$ 245,911	$ 27,920	($ 21,603)	$ 464,977	$ 2,661	$ 467,638
Net income for the period		-	-	72,209	-	72,209	1,257	73,466
Other comprehensive income	6 (15)	-	-	-	23,817	23,817	405	24,222
Total comprehensive income		-	-	72,209	23,817	96,026	1,662	97,688
Issuance of restricted stock awards	6 (12) (13) (15)	2,800	3,330	-	(6,130)	-	-	-
The remuneration cost of restricted stock awards	6 (11) (15)	-	-	-	5,771	5,771	82	5,853
Earning distribution for 2023								
Payment of cash dividends	6(14)	-	-	(6,382)	-	(6,382)	-	(6,382)
Remuneration cost of employee stock options	6 (11) (13)	-	440	-	-	440	-	440
Exercise of employee stock options	6 (12) (13)	269	(73)	-	-	196	-	196
Balance at December 31		$ 215,818	$ 249,608	$ 93,747	$ 1,855	$ 561,028	$ 4,405	$ 565,433
2025								
Balance at January 1		$ 215,818	$ 249,608	$ 93,747	$ 1,855	$ 561,028	$ 4,405	$ 565,433
Net income for the period		-	-	135,362	-	135,362	2,297	137,659
Other comprehensive income	6 (15)	-	-	-	(9,834)	(9,834)	(126)	(9,960)
Total comprehensive income		-	-	135,362	(9,834)	125,528	2,171	127,699
The remuneration cost of restricted stock awards	6 (11) (15)	-	-	-	359	359	7	366
Earning distribution for 2024								
Payment of cash dividends	6(14)	-	-	(21,582)	-	(21,582)		(21,582)
Capital increase in cash	6 (12) (13)	29,220	296,406	-	-	325,626	-	325,626
Remuneration cost of employee stock options	6 (11) (13)	-	5,556			5,556	92	5,648
Exercise of employee stock options	6 (12) (13)	3,299	(1,092)	-	-	2,207	-	2,207
awards	6 (12) (13)	(560)	560	-	-	-	-	-
Balance at December 31		$ 247,777	$ 551,038	$ 207,527	($ 7,620)	$ 998,722	$ 6,675	$ 1,005,397

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

English Translation of Consolidated Financial Statement Originally Issued in Chinese

Lightel Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2025 and 2024

Unit: NTD thousand

	Note	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES			
Net income before tax for the period		$ 184,942	$ 100,363
Adjustment items			
Income and expenses items			
Depreciation expenses	6 (6) (7) (20)	27,517	25,640
Amortization expenses	6 (20)	2,014	1,997
Expected credit impairment reversal loss (gain)	12 (2)	234	(2,611)
Net (gain) loss on financial assets and liabilities measured at fair value through profit or loss	6 (8) (19)	(857)	1,383
Interest expense	6 (7)	4,710	5,072
Interest income	6 (2) (17)	(15,538)	(12,982)
Share-based payment	6 (11) (21)	6,014	6,293
Share of loss of associates and joint ventures accounted for using equity method	6 (5)	12,986	14,296
Gain on reversal of inventories write-down	6 (4)	(7,873)	(13,331)
Loss from disposal of property, plant and equipment	6 (19)	18	206
Gain on lease modification	6 (7)	-	(29)
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets		-	(87)
Notes receivable, net		(4,110)	611
Accounts receivable, net		(32,207)	(17,376)
Accounts receivable due from related parties, net		(1,364)	(3,941)
Other receivables		(77)	277
Inventories, net		(21,846)	45,405
Prepayment		(2,270)	(641)
Net changes in operating liabilities			
Contract liabilities		(708)	(190)
Notes payable		(1,955)	2,096
Accounts payable		14,244	4,636
Accounts payables to related parties		5,504	1,647
Other payables		8,138	39,330
Other payables to related parties		(820)	(100)
Provision		14	(1,778)
Cash inflow from operations		176,710	196,186
Interest received		16,019	13,045
Interest paid		(4,710)	(5,072)
Income tax paid		(35,669)	(40,003)
Net cash inflow from operating activities		152,350	164,156
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		(149,204)	-
Proceeds from disposal of financial assets at amortized cost		-	11,955
Proceeds from disposal of financial assets at fair value through profit or loss		-	45,700
Acquisition of property, plant and equipment	6 (24)	(9,911)	(23,289)
Disposal of property, plant and equipment		-	87
Increase in refundable deposits		(245)	(689)
Acquisition of intangible assets		(364)	(383)
Net cashinflow (outflow) from investing activities		(159,724)	33,381
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liabilities	6 (25)	(18,062)	(16,321)
Payment of cash dividends	6 (24)	(21,713)	(6,251)
Capital increase in cash	6 (12)	325,965	-
Employee exercise of stock options		2,207	196
Net cash inflow (outflow) from financing activities		288,397	(22,376)
NET EFFECT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES		(12,876)	1,060
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		268,147	176,221
BALANCE OF CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		448,455	272,234
BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		$ 716,602	$ 448,455

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

Lightel Corporation and subsidiaries
Notes to the consolidated financial statements
For the years 2025 and 2024

Unit: NTD thousand
(unless otherwise specified)

1. Company history

Lightel Corporation (the "Company") was established in the British Cayman Islands on August 8, 2014. On September 28, 2023, the Company acquired 100% of the shares of Lightel Technologies, Inc. through a 1:1 share exchange ratio, and subsequently changed its name to Lightel Corporation. The Group's principal business activities are the manufacture and sale of fiber optic communication passive components, fiber end-face inspection instruments and fiber component manufacturing equipment, satellite laser communication passive components, fiber laser passive components, and smart lighting.

The Company's shares have been listed for trading on the Taipei Exchange (TPEx) since November 17, 2025.

2. Date and procedures for financial report approval

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

3. Application of the newly issued and revised standards and interpretations

(1). The impact of the newly adopted and amended International Financial Reporting Standards ("IFRS") endorsed by the Financial Supervisory Commission ("FSC") is included.

The following table lists the new standards and interpretations of IFRS endorsed by the FSC and became effective from 2025:

The newly issued and revised standards and interpretations	Effective date by International Accounting Standards Board ("IASB")
Amendment to IAS 21 - Lack of Exchangeability	January 01, 2025

The Group has assessed that the above standards and interpretations do not have a significant impact on its financial position and financial performance.

(2). The impact of not yet adopting newly issued or amended IFRSs endorsed by the FSC

The following table lists the newly issued, amended, and revised IFRS endorsed by the FSC effective from 2026:

The newly issued and revised standards and interpretations	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS 9 and IFRS 7 - "Amendments to the Classification and Measurement of Financial Instruments"	January 01, 2026
Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	January 01, 2026
IFRS 17 "Insurance Contracts"	January 01, 2023
Amendment to IFRS 17 – Insurance Contracts	January 01, 2023
Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 01, 2023
Annual Improvements to IFRS Accounting Standards — Volume 11	January 01, 2026

The Group has assessed that the above standards and interpretations do not have a significant impact on its financial position and financial performance.

(3). The impact of IFRSs issued by the IASB but not yet endorsed by the FSC

The following table lists the newly issued, amended, and revised IFRS that have been issued by the IASB but are not yet endorsed by the FSC:

The newly issued and revised standards and interpretations	Effective date by International Accounting Standards Board ("IASB")
Amendment to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the International Accounting Standards Board
IFRS 18 - Presentation and Disclosure in Financial Statements	January 1, 2027 (Note)
IFRS 19 "Subsidiaries without Public Accountability:	January 01, 2027

Disclosures"	
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 01, 2027

Note: In a press release dated September 25, 2025, the Financial Supervisory Commission announced that publicly listed companies will apply IFRS 18 starting from 2028. Enterprises that wish to early adopt IFRS 18 may also choose to do so after IFRS 18 has been endorsed by the Financial Supervisory Commission.

Except for what is stated below, the Group evaluates that the above standards and interpretations have no significant impact on its financial position and financial performance.

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements" replaces IAS 1 and updates the structure of the statement of comprehensive income, adds disclosures of management-defined performance measures, and strengthens the principles for aggregation and disaggregation in the primary financial statements and notes.

4. Summary of Significant Accounting Policies

The main accounting policies adopted for the preparation of these consolidated financial statements are as follows. Unless otherwise stated, these policies apply consistently throughout the reporting period.

(1) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Bulletins (hereinafter referred to as IFRSs) as endorsed and issued into effect by the Financial Supervisory Commission.

(2) Basis of preparation

A. Except for financial assets and liabilities measured at fair value through profit or loss, these consolidated financial statements have been prepared on the historical cost basis.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the consolidated financial statements, are described in Note 5.

(3) Basis of merger

A. Principles of Preparation of Consolidated Financial Statements

(a.) The Group includes all subsidiaries within the entities to be consolidated in the preparation of the consolidated financial statements. Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control and are deconsolidated from the date on which control ceases.

(b.) Transactions, balances, and unrealized gains and losses between companies within the Group have been eliminated. The accounting policies of subsidiaries have been adjusted as necessary to ensure consistency with the policies adopted by the Group.

(c.) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to non-controlling interests; total comprehensive income is also attributed to the owners of the parent and to non-controlling interests, even if this results in a deficit balance in non-controlling interests.

(d.) Changes in ownership interests in a subsidiary that do not result in a loss of control (transactions with non-controlling interests) are accounted for as equity transactions, that is, as transactions with owners. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e.) When the Group loses control of a subsidiary, any remaining investment in the former subsidiary is remeasured at fair value and treated as the fair value at initial recognition of a financial asset or as the cost at initial recognition of an investment in an associate or a joint venture. The difference between the fair value and the carrying amount is recognized in profit or loss for the period. For all amounts previously recognized in other comprehensive income relating to that subsidiary, the accounting treatment is the same as if the Group had directly disposed of the related assets or liabilities. That is, if gains or losses previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the

related assets or liabilities, such gains or losses are reclassified from equity to profit or loss when control of the subsidiary is lost.

B. Subsidiaries included in the consolidated financial statements:

Name of the investment company	Name of the subsidiary	Nature of business	Percentage of ownership held		Description
			December 31, 2025	December 31, 2024	
the Company	Lightel Technologies, Inc.	Production and sales of optical communication products and electronic devices	100%	100%	
the Company	Lightel Corporation, Taiwan Branch	Management services for the Group's business units	100%	100%	Note (1)
Lightel Technologies, Inc.	Tobillion Corporation	Holding company	100%	100%	
Lightel Technologies, Inc.	Lightel Technologies (Hong Kong) Co., Ltd.	Holding company	100%	100%	
Lightel Technologies, Inc.	Aleddra Inc.	Sales of LED lighting products	87.35%	87.35%	Note (2)
Tobillion Corporation	American Light Co., Ltd.	Sales of LED lighting products	--	-	Note (3)
Lightel Technologies (Hong Kong) Co., Ltd.	Lightel Technologies (Shenzhen) Co., Ltd.	Production and sales of optical communication products and electronic devices	100%	100%	
Lightel Technologies (Hong Kong) Co., Ltd.	Lightel Technologies (Hong Kong), Taiwan Branch	Management services for the Group's business units	-	100%	Note (4)
Aleddra Inc.	Aleddra Taiwan Co.,Ltd.	R&D of LED lighting products	100%	100%	

Note (1): Registration of establishment was completed on March 13, 2024.

Note (2): Each share of convertible preferred stock issued by Aleddra Inc. entitles its holder to the same voting rights and rights to profit distribution as each share of common stock. As of December 31, 2025 and 2024, Lightel Technologies, Inc. held 87.35% of the voting rights and rights to profit distribution in Aleddra Inc., and has substantive control over Aleddra Inc. According to IAS 32 "Financial Instruments: Presentation", the issued preferred stock do not meet the criteria of equity instruments and are therefore classified as liabilities.

Note (3): The liquidation procedure was completed on October 10, 2024.

Note (4): Liquidation procedures were completed on December 2, 2025.

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

D. Adjustments and treatment for subsidiaries with different accounting periods: None.

E. Significant restrictions: None.

F. Subsidiaries with non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Each item included in the financial statements of each entity within the Group is measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The functional currency of the Company is the "U.S. dollar." However, due to regulatory requirements for financial reporting, these consolidated financial statements are presented in "New Taiwan dollars" as the presentation currency.

A. Foreign currency transactions and balances

(a.) Foreign currency transactions are translated into the functional currency using the spot exchange rate at the transaction date or the measurement date, and the exchange differences arising from the translation of such transactions are recognized in profit or loss for the period.

(b.) Foreign currency monetary assets and liabilities are translated at the spot exchange rate prevailing at the balance sheet date, and the exchange differences arising from such translation are recognized in profit or loss for the period.

(c.) Foreign currency non-monetary assets and liabilities measured at fair value through profit or loss are translated at the spot exchange rate at the balance sheet date, and the exchange differences arising from such translation are recognized in profit or loss for the period; those measured at fair value through other comprehensive income are translated at the spot exchange rate at the balance sheet date, and the exchange differences arising from such translation are recognized in other comprehensive income; those not measured at fair value are translated at the historical exchange rate at the date of the initial transaction.

(d.) All exchange gains and losses are presented in "Other gains and losses" in the statement of profit or loss.

B. Translation of foreign operations

For all entities within the Group whose functional currency differs from the presentation currency, their results of operations and financial position are translated into the presentation currency as follows:

(a.) Assets and liabilities presented in each balance sheet are translated at the closing

exchange rate at the date of that balance sheet;

(b.) Income and expenses presented in each statement of comprehensive income are translated at the average exchange rate for the period; and

(c.) All exchange differences arising from translation are recognized in other comprehensive income.

(5) Classification of Current and Non-current Assets and Liabilities

A. Assets that meet any of the following conditions are classified as current assets:

(1) Expected to be realized in, or intended to be sold or consumed within, the normal operating cycle.
(2) Held primarily for trading purposes.
(3) Expected to be realized within twelve months after the balance sheet date.
(4) Cash or cash equivalents, except for those that are restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

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

B. Liabilities that meet any of the following conditions are classified as current liabilities:

(a.) Expected to be realized in, or intended to be sold or consumed within, the normal operating cycle.
(b.) Held primarily for trading purposes.
(c.) Due to be settled within twelve months after the reporting period.
(d.) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

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

(6) Cash Equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value (including time deposits with a maturity of three months or less). Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortized cost

A. Refers to financial assets that meet both of the following conditions:

(a.) The financial asset is held within a business model whose objective is to collect contractual cash flows.
(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.

B. For financial assets measured at amortized cost that are traded under normal market conventions, the Group applies trade date accounting.

C. At initial recognition, the Group measures such financial assets at fair value plus transaction costs, and subsequently recognizes interest income using the effective interest method over the holding period, recognizes impairment losses, and recognizes gains or losses upon derecognition in profit or loss.

D. Time deposits held by the Group that do not meet the definition of cash equivalents are measured at the amount of investment, as the effect of discounting is not material due to the short holding period.

(8) Accounts and Notes Receivable

A. These refer to receivables and notes for which the Group has an unconditional right, under contractual terms, to receive consideration in exchange for the transfer of goods or services.

B. For short-term accounts and notes receivable that do not bear interest, as the effect of discounting is not material, the Group measures them at the original invoice amount.

(9) Impairment of Financial Assets

At each balance sheet date, for financial assets measured at amortized cost and for accounts receivable and contract assets that contain a significant financing component, the Group considers all reasonable and supportable information (including forward-looking information). For those whose credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses; for those whose credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime expected credit losses; for accounts receivable and contract assets that do not contain a significant financing component, the loss allowance is measured at an amount equal to lifetime expected credit losses.

(10) Derecognition of Financial Assets

When the Group's contractual rights to receive cash flows from a financial asset expire, the financial asset is derecognized.

(11) Inventories, net

Inventories are measured at the lower of cost and net realizable value, and cost is determined using the weighted-average method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs, and manufacturing overhead related to production (allocated based on normal capacity), but excludes borrowing costs. When comparing cost and net realizable value, the item-by-item method is used. Net realizable value refers to the estimated selling price in the ordinary course of business less the estimated

costs of completion and the estimated variable selling expenses necessary to make the sale.

(12) Investments Accounted for Using the Equity Method – Associates

A. Associates are all entities over which the Group has significant influence but not control, generally holding directly or indirectly 20% or more of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of post-acquisition profit or loss of associates is recognized in profit or loss for the period, and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. If the Group's share of losses of an associate equal or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognize further losses, unless the Group has incurred legal or constructive obligations or has made payments on behalf of the associate.

C. When an associate has changes in equity that are not related to profit or loss or other comprehensive income and do not affect the Group's ownership interest in the associate, the Group recognizes its share of such equity changes, based on its ownership percentage, as "capital surplus."

D. Unrealized gains and losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless there is evidence that the transferred asset is impaired. The accounting policies of associates are consistent with those adopted by the Group.

E. When an associate issues new shares and the Group does not subscribe or acquire them proportionately, resulting in a change in its ownership interest while still retaining significant influence, the increase or decrease in the net equity of the associate is adjusted to "capital surplus" and "investments accounted for using the equity method." If the ownership interest decreases, in addition to the above adjustments, gains or losses previously recognized in other comprehensive income related to that ownership interest that would be reclassified to profit or loss upon disposal of the related assets or liabilities are reclassified to profit or loss in proportion to the decrease.

F. When the Group loses significant influence over an associate, any remaining investment in the former associate is remeasured at fair value, and the difference between the fair value and the carrying amount is recognized in profit or loss for the period.

G. When the Group disposes of an associate and loses significant influence over it, the accounting treatment for all amounts previously recognized in other comprehensive income related to that associate is the same as if the Group had directly disposed of the related assets or liabilities. That is, if gains or losses previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the related assets or liabilities, such gains or losses are reclassified from equity to profit or loss when

significant influence over the associate is lost. If the Group still retains significant influence over the associate, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified in the above manner.

H. When the Group disposes of an associate and loses significant influence over it, the capital surplus related to that associate is reclassified to profit or loss; if significant influence is retained, it is reclassified to profit or loss in proportion to the disposal.

I. At each balance sheet date, the Group performs impairment testing on associates for which there are indications of impairment. The entire carrying amount of the investment (including goodwill) is treated as a single asset and compared with its recoverable amount (the higher of value in use and fair value less costs of disposal), and any impairment loss recognized is included in the carrying amount of the investment. Reversal of impairment losses is recognized to the extent that the recoverable amount of the investment subsequently increases.

(13) Property, Plant and Equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in profit or loss for the period in which they are incurred.

C. Subsequent measurement of property, plant and equipment is based on the cost model, and depreciation is provided using the straight-line method over the estimated useful lives. Each significant component of property, plant and equipment is depreciated separately.

D. At the end of each financial year, the Group reviews the residual value, useful life, and depreciation method of each asset. If the expected residual value and useful life differ from previous estimates, or if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the changes are accounted for as changes in accounting estimates in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” from the date of the change. The useful lives of the respective assets are as follows:

Machinery and equipment	3 - 8 years
Office equipment	3 - 7 years
Other equipment	3 - 8 years

(14) Leases as Lessee – Right-of-Use Assets / Lease Liabilities

A. At the date when a leased asset is available for use by the Group, it is recognized as a right-of-use asset and a lease liability. When a lease contract is a short-term lease or a lease of a low-value underlying asset, lease payments are recognized as expenses on a straight-line basis over the lease term.

B. At the commencement date, the lease liability is recognized at the present value of the lease payments not yet paid, discounted using the Group's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives receivable, and variable lease payments that depend on an index or a rate. Subsequently, the lease liability is measured at amortized cost using the effective interest method, and interest expense is recognized over the lease term. When changes in the lease term or lease payments arise that are not due to contract modifications, the lease liability is remeasured, and the remeasurement amount is used to adjust the right-of-use asset.

C. The right-of-use asset is recognized at cost at the commencement date, and the cost includes:

(a.) the initial measurement amount of the lease liability; and

(b.) any lease payments made at or before the commencement date.

Subsequently, it is measured using the cost model, and depreciation expense is recognized over the shorter of the useful life of the right-of-use asset or the lease term. When the lease liability is remeasured, the right-of-use asset is adjusted for any remeasurement of the lease liability.

(15) Intangible assets

Computer software is recognized at cost and amortized using the straight-line method over an estimated useful life of 1 to 10 years.

(16) Impairment of Non-financial Assets

At each balance sheet date, the Group assesses whether there is any indication that assets within the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, and an impairment loss is recognized when the recoverable amount is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. When the conditions that gave rise to an impairment loss recognized in prior periods no longer exist or have decreased, the impairment loss is reversed. However, the increase in the carrying amount of the asset resulting from the reversal shall not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset.

(17) Accounts and Notes Payable

A. These refer to liabilities arising from the purchase of raw materials, goods, or services on credit, and notes payable arising from both operating and non-operating activities.

B. For short-term accounts and notes payable that do not bear interest, as the effect of discounting is not material, the Group measures them at the original invoice amount.

(18) Financial liabilities at fair value through profit or loss

A. Refers to financial liabilities that are designated at fair value through profit or loss at initial recognition. The convertible preferred stock issued by the Group are mainly designated at fair value through profit or loss at initial recognition when the financial liability meets one of the following conditions:

(a.) It is a hybrid (combined) contract; or

(b.) It eliminates or significantly reduces a measurement or recognition inconsistency; or

(c.) It is a financial instrument that is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management policy.

B. The Group measures such financial liabilities at fair value at initial recognition, with related transaction costs recognized in profit or loss. Subsequently, they are measured at fair value, and gains or losses are recognized in profit or loss.

C. For financial liabilities designated at fair value through profit or loss, the portion of the change in fair value attributable to changes in credit risk is recognized in other comprehensive income, except when such recognition would create or enlarge an accounting mismatch or when it relates to loan commitments or financial guarantee contracts, in which case it is recognized in profit or loss.

(19) Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when the obligation specified in the contract is discharged, cancelled, or expires.

(20) Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and presented on a net basis in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(21) Provision

Provisions (primarily warranty provisions) are recognized when the Group has a present legal

or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The measurement of provisions is based on the present value of the best estimate of the expenditures required to settle the obligation at the balance sheet date. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense. Provisions shall not be recognized for future operating losses.

(22) Employee Benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amounts expected to be paid and are recognized as expenses when the related services are rendered.

B. Pensions – Defined Contribution Plans

Contributions to pension funds are recognized as pension costs in the current period on an accrual basis. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

C. Employees' Compensation and Directors' Remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities when there is a legal or constructive obligation and the amounts can be reasonably estimated. If the subsequently resolved actual distribution amounts differ from the estimated amounts, such differences are accounted for as changes in accounting estimates.

(23) Share-based Payment

A. Equity-settled share-based payment arrangements are measured at the fair value of the equity instruments granted at the grant date for the employee services received, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of equity instruments shall reflect the effects of market vesting conditions and non-vesting conditions. The compensation cost recognized is adjusted based on the number of awards expected to meet service conditions and non-market vesting conditions, so that the final amount recognized is based on the number of awards that ultimately vest at the vesting date.

B. Restricted shares for employees:

(a.) At the grant date, compensation cost is recognized over the vesting period based on the fair value of the equity instruments granted.

(b.) For dividends to which participation is not restricted and where employees who leave during the vesting period are not required to return dividends already received, the portion of dividends attributable to employees expected to leave during the vesting period is recognized as compensation cost at the fair value of the dividends on the dividend declaration date.

(c.) Employees are not required to pay consideration to obtain restricted shares, and if employees leave during the vesting period, the Company is not required to repurchase the shares.

(24) Income tax

A. Income tax expense comprises current and deferred income tax. Except for income tax related to items recognized in other comprehensive income or directly in equity, which is recognized in other comprehensive income or directly in equity, income tax is recognized in profit or loss.

B. The Group calculates current income tax based on the tax rates enacted or substantively enacted at the balance sheet date in the countries in which it operates and generates taxable income. Management periodically evaluates the status of income tax filings in accordance with applicable income tax regulations and, where appropriate, estimates income tax liabilities based on the amount expected to be paid to the tax authorities.

C. Deferred income tax is recognized using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax liabilities arising from the initial recognition of goodwill are not recognized. Deferred income tax arising from the initial recognition of an asset or liability in a transaction (other than a business combination) is not recognized if, at the time of the transaction, it affects neither accounting profit nor taxable income (tax loss) and does not give rise to equal taxable and deductible temporary differences. For temporary differences arising from investments in subsidiaries, deferred income tax is not recognized when the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is measured using the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized,

and are reassessed at each balance sheet date.

E. Current income tax assets and current income tax liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities where there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

F. Unused income tax credits arising from the acquisition of equipment or technology, research and development expenditures, and other items that are carried forward to subsequent periods are recognized as deferred income tax assets to the extent that it is probable that future taxable income will be available against which the unused income tax credits can be utilized.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options are recognized, net of tax, in equity as a deduction from the proceeds.

(26) Dividend Distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the shareholders' meeting of the Company resolves to distribute dividends. Cash dividends are recognized as liabilities.

(27) Revenue Recognition

A. The Group manufactures and sells fiber optic communication passive components, fiber end-face inspection instruments and fiber component manufacturing equipment, satellite laser communication passive components, fiber laser passive components, and smart lighting. Revenue represents the fair value of the consideration received or receivable for the sale of goods to external customers in the ordinary course of the Group's activities, presented net of value-added tax and sales returns. Revenue from the sale of goods is recognized when the goods are delivered to the buyer, the sales amount can be reliably measured, and it is probable that future economic benefits will flow to the entity. Delivery of goods is deemed to have occurred when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement nor effective control over the goods, and the customer has

accepted the goods in accordance with the sales contract, or when there is objective evidence that all acceptance conditions have been satisfied.

B. Warranty services provided by the Group over the contract period enable customers to obtain benefits during the contract period and constitute performance obligations satisfied over time; therefore, revenue is recognized on a straight-line basis over time.

C. Customers pay contract consideration in accordance with agreed payment schedules. When the services provided by the Group exceed the customer's payments, a contract asset is recognized; when the customer's payments exceed the services provided by the Group, a contract liability is recognized.

(28) Government Grants

Government grants are recognized at fair value when there is reasonable assurance that the entity will comply with the conditions attached to the grants and that the grants will be received. When the nature of a government grant is to compensate the Group for expenses incurred, the grant is recognized in profit or loss on a systematic basis over the periods in which the related expenses are incurred.

(29) Operating Segments

The Group's operating segment information is reported in a manner consistent with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to operating segments and assessing their performance. The chief operating decision maker of the Group has been identified as the Board of Directors.

5. Key Sources of Uncertainty in Significant Accounting Judgments, Assumptions, and Estimates

In preparing these consolidated financial statements, management has exercised its judgment in determining the accounting policies adopted and has made accounting estimates and assumptions based on reasonable expectations of future events as of the balance sheet date. The significant accounting estimates and assumptions made may differ from actual results and will be continuously evaluated and adjusted based on historical experience and other factors. Such estimates and assumptions carry a risk of causing material adjustments to the carrying amounts of assets and liabilities in the next financial year. Please refer to the following descriptions of significant accounting judgments, estimates, and assumptions:

(1) Significant Judgments in Applying Accounting Policies

Convertible preferred stock

The classification of preferred stock is determined based on the contractual terms of the shareholders' agreement and the related rights and obligations. When preferred stock are convertible into a variable number of the entity's own equity instruments or when there is a

contractual obligation for the entity to deliver cash or another financial asset, such preferred stock shall be classified as financial liabilities. For the convertible preferred stock issued by the Group, the conversion price may be adjusted in accordance with the terms of the agreement, and the Group has or may have a contractual obligation to deliver a variable number of equity instruments to preferred shareholders. Accordingly, the Group determines that the issued convertible preferred stock shall be classified as financial liabilities.

(2) Critical Accounting Estimates and Assumptions

A. Valuation of Inventories

As inventories are required to be stated at the lower of cost and net realizable value, the Group must exercise judgment and estimates to determine the net realizable value of inventories at the balance sheet date. Due to rapid technological changes, the Group assesses the amount of inventories at the balance sheet date that may be affected by normal loss, obsolescence, or lack of market sales value, and writes down the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand over a specific future period and may therefore result in significant changes.

As of December 31, 2025, the carrying amount of the Group's inventories was $86,156.

B. Fair Value Measurement of Convertible Preferred Stock

The convertible preferred stock issued by the Group are hybrid instruments and are designated and classified at initial recognition under "financial liabilities designated at fair value through profit or loss." The fair value of the convertible preferred stock is determined by considering the Company's recent financing activities and technological developments, market conditions, and other economic indicators existing at the balance sheet date. Any changes in these judgments and estimates will affect the fair value measurement of the convertible preferred stock. For information on the fair value of financial instruments, please refer to Note 12(3).

As of December 31, 2025, the carrying amount of the Group's convertible preferred share liabilities was $26,997.

6. Description of significant accounting items

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Petty cash	$ 200	$ 276
Checking deposits	11,116	23,661
Demand deposits	673,839	367,777

Time deposits	31,447	56,741
Total	$ 716,602	$ 448,455

A. The financial institutions with which the Group has transactions are of good credit quality, and the Group maintains relationships with multiple financial institutions to diversify credit risk; therefore, the likelihood of default is expected to be very low. The maximum credit risk exposure amount on the balance sheet date was the book value of cash.

B. The Group did not pledge any cash.

(2) Financial assets at amortized cost

Items	December 31, 2025	December 31, 2024
Current items:		
Time deposits with original maturities ranging from three months to one year	$ 168,409	$ 19,205

A. Details of the financial assets at amortized cost recognized in profit or loss are as follows:

	2025	2024
Interest income	$ 5,059	$ 1,024

B. Without taking into account any collateral held or other credit enhancements, the amounts that best represent the Group's maximum exposure to credit risk for financial assets measured at amortized cost as of December 31, 2025 and 2024 were $168,409 and $19,205, respectively.

C. The counterparties of the Group's investment in time deposits are financial institutions with good credit quality and the possibility of default is expected to be very low.

(3) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	$ 5,454	$ 1,344
Accounts receivable	147,599	$ 115,446
Less: Allowance for doubtful debts	(705)	(541)
Total	$ 146,894	$ 114,905

A. The aging analysis of notes and accounts receivable is as follows:

December 31, 2025	December 31, 2024

	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 97,326	$ 5,454	$ 71,215	$ 1,344
Within 30 days	22,805	-	32,355	-
31 - 90 days	26,762	-	7,816	-
91 - 180 days	521	-	4,060	-
Over 181 days	185	-	-	-
Total	$ 147,599	$ 5,454	$ 115,446	$ 1,344

The above aging analysis is based on number of days past due.

B. As of December 31, 2025 and 2024, the balances of notes and accounts receivable all arose from contracts with customers. In addition, as of January 1, 2024, the balance of receivables from contracts with customers was $102,451.

C. For related credit risk information on notes and accounts receivable, please refer to Note 12(2).

(4) Inventories, net

	December 31, 2025		
	Cost	Allowance for price decline of inventories	Book value
Raw materials	$ 25,701	($ 11,543)	$ 14,158
Work in progress	20,992	(205)	20,787
Finished goods	13,637	(937)	12,700
Merchandise inventories	41,522	(8,788)	32,734
Inventories in transit	5,777	-	5,777
Total	$ 107,629	($ 21,473)	$ 86,156

	December 31, 2024		
	Cost	Allowance for price decline of inventories	Book value
Raw materials	$ 24,366	($ 14,182)	$ 10,184
Work in progress	12,580	(494)	12,086
Finished goods	16,072	(2,543)	13,529
Merchandise inventories	32,765	(12,978)	19,787
Total	$ 85,783	($ 30,197)	$ 55,586

The Group recognized cost of goods sold of $330,996 and $272,837 for the years 2025 and 2024, respectively, which included reversal of inventory write-down gains of $7,873 and $13,331, respectively.

In 2025 and 2024, due to the Group's active efforts to reduce inventory and the scrapping of certain inventories, the allowance for inventory valuation losses decreased.

(5) Investments accounted for using the equity method

	2025	2024
January 1	$ 55,914	$ 69,956
Share of loss from associates and joint ventures accounted for using equity method	(12,986)	(14,296)
Net effect of changes in foreign currency exchange rates	(901)	254
December 31	$ 42,027	$ 55,914

	December 31, 2025	December 31, 2024
Associate	$ 42,027	$ 55,914

A. Basic information of the Group's major associates is as follows:

Company name	Main business location	Shareholding ratio		Nature of relationship	Measurement method
		December 31, 2025	December 31, 2024		
PhotoniCore Technologies Co., Ltd. (hereinafter referred to as "PhotoniCore")	Republic of China	19.61%	19.61%	Note	Equity method

Note: As of December 31, 2025 and 2024, the Group held a 19.61% equity interest in Photonicore Technologies Co., Ltd. As other major shareholders (non-related parties) held more shares than the Group, and pursuant to the provisions of the shareholders' agreement, the Group does not have the practical ability to direct the relevant activities; therefore, it is determined that the Group does not have control over the company. However, as the Company holds one of the three board seats, it still has significant influence and therefore accounts for its investment using the equity method.

B. The summarized financial information of the Group's major associates is as follows:

Balance sheet

	PhotoniCore	
	December 31, 2025	December 31, 2024
Current assets	$ 201,235	$ 254,376
Non-current assets	32,229	39,742
Current liabilities	(17,468)	(16,931)
Non-current liabilities	(1,139)	(1,915)
Total net assets	$ 214,857	$ 275,272
Book value of associates	$ 42,027	$ 55,914

Statement of comprehensive income

	PhotoniCore	
	2025	2024
Revenue	$ 22,709	$ 9,054
Net loss from continuing operations for the current period	($ 60,415)	($ 70,451)
Total comprehensive income	($ 60,415)	($ 70,451)

(6) Property, Plant and Equipment

	Machinery and equipment	Office equipment	Other equipment	Total
January 01, 2025				
Cost	$ 79,730	$ 6,953	$ 19,383	$ 106,066
Accumulated depreciation	(48,331)	(4,884)	(10,496)	(63,711)
Total	$ 31,399	$ 2,069	$ 8,887	$ 42,355
2025				
January 1	$ 31,399	$ 2,069	$ 8,887	$ 42,355
Increase	11,339	2,796	1,881	16,016
Disposal	(3)	(9)	(6)	(18)
Depreciation expenses	(7,269)	(596)	(2,936)	(10,801)
Net effect of changes in foreign currency exchange rates	716	93	(63)	746
December 31	$ 36,182	$ 4,353	$ 7,763	$ 48,298
December 31, 2025				
Cost	$ 91,677	$ 9,741	$ 21,223	$ 122,641

	Machinery and equipment	Office equipment	Other equipment	Total
Accumulated depreciation	(55,495)	(5,388)	(13,460)	(74,343)
Total	$ 36,182	$ 4,353	$ 7,763	$ 48,298

	Machinery and equipment	Office equipment	Other equipment	Total
January 01, 2024				
Cost	$ 70,291	$ 6,259	$ 11,906	$ 88,456
Accumulated depreciation	(41,963)	(4,521)	(7,460)	(53,944)
Total	$ 28,328	$ 1,738	$ 4,446	$ 34,512
2024				
January 1	$ 28,328	$ 1,738	$ 4,446	$ 34,512
Increase	8,386	681	7,795	16,862
Disposal	(122)	(75)	(96)	(293)
Depreciation expenses	(6,436)	(340)	(3,462)	(10,238)
Net effect of changes in foreign currency exchange rates	1,243	65	204	1,512
December 31	$ 31,399	$ 2,069	$ 8,887	$ 42,355
December 31, 2024				
Cost	$ 79,730	$ 6,953	$ 19,383	$ 106,066
Accumulated depreciation	(48,331)	(4,884)	(10,496)	(63,711)
Total	$ 31,399	$ 2,069	$ 8,887	$ 42,355

(7) Lease transactions - Lessee

A. The Group's leased assets are buildings, and the lease terms of the lease contracts generally range from 1 to 11 years. Lease contracts are negotiated individually and contain various terms and conditions. Except that the leased assets may not be used as collateral for borrowings, no other restrictions are imposed.

B. Information on the carrying amount of right-of-use assets and the depreciation expense recognized is as follows:

Book value of right-of-use assets:

	December 31, 2025	December 31, 2024

Houses	$ 72,727	$ 65,269

Depreciation expense of right-of-use assets:

	2025	2024
Depreciation expenses	$ 16,716	$ 15,402

C. The additions to right-of-use assets for the Group for the years 2025 and 2024 were $25,360 and $19,012, respectively.

D. Information on profit or loss items related to lease contracts is as follows:

	2025	2024
Items affecting current profit or loss		
Interest expense on lease liabilities	$ 4,710	$ 5,072
Expenses of short-term lease contracts	$ 1,302	$ 698
Expenses of low-value asset leases	$ 211	$ 636
Gain on lease modification	$ -	$ 29

E. The total cash outflow for leases of the Group for the years 2025 and 2024 was $24,285 and $22,727, respectively.

(8) Financial liabilities at fair value through profit or loss

Items	December 31, 2025	December 31, 2024
Current items:		
Financial liabilities designated at fair value through profit or loss		
Convertible preferred stock - Series B	$ 26,997	$ 29,049

A. In March 2018, the Group's subsidiary, Aleddra Inc., issued 2,500,000 Series B convertible preferred shares to specific investors at a price of US$0.4 per share, with a total amount of US$1,000 thousand.

B. The main features of the convertible preferred stock are as follows:

(a.) Preferred shareholders are entitled to dividends prior to those of common shareholders.

(b.) The following events shall be deemed as liquidation, unless a majority of shareholders provide written notice to the Company at least 10 days prior to the occurrence of such events:

a. Any merger, consolidation, or share exchange of the Company.

b. The sale, lease, transfer, or other disposition of all or substantially all of the

Company's assets resulting in the members not holding a majority of the outstanding shares of the surviving entity.

(c.) Preferred shareholders have the same voting rights as common shareholders.

(d.) Preferred shareholders may not require the Company to redeem the preferred stock.

C. As of December 31, 2025 and 2024, the Group recognized "financial liabilities designated at fair value through profit or loss at initial recognition" of $26,997 and $29,049, respectively, which relate to the convertible preferred stock issued by the Company's subsidiary, Aleddra Inc. As these are hybrid instruments, the Group designated the entire convertible preferred stock as financial liabilities at fair value through profit or loss at initial recognition. For the years 2025 and 2024, the Group recognized gains (losses) on financial liabilities measured at fair value of $857 and ($1,383), respectively.

D. In accordance with IAS 32 "Financial Instruments: Presentation," a contract that will or may be settled in the entity's own equity instruments, and that is a derivative which will not or may not be settled by exchanging a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments, does not meet the definition of an equity instrument and is therefore classified as a financial liability. The Company has used preferred stock as financial liabilities measured at fair value through profit or loss, with changes in their fair value recognized in profit or loss.

(9) Other payables

	December 31, 2025	December 31, 2024
Salaries and awards	$ 70,238	$ 77,818
Insurance and housing fund	32,469	26,126
Employee' bonuses	17,642	14,558
Directors' remuneration	7,924	4,863
Labor cost	5,079	10,246
Equipment	204	375
Dividend	-	131
Others	17,605	9,208
Total	$ 151,161	$ 143,325

(10) Pension fund

A. The Group's Taiwan subsidiaries (branches) have established a defined contribution pension plan in accordance with the Labor Pension Act, which is applicable to employees with Taiwanese nationality. For employees who elect to apply the pension system under the Labor Pension Act, the subsidiaries (branches) contribute 6% of employees' monthly salaries to the employees' individual pension accounts at the Bureau of Labor Insurance each month. Pension payments are made based on the balances in the employees' individual pension accounts and accumulated returns, and

may be received either as monthly pensions or as lump-sum payments.

B. The Group's China subsidiaries, Lightel Technologies (Shenzhen) Inc. and American Light Co., Ltd., contribute pension insurance premiums monthly in accordance with the pension insurance system stipulated by the government of the People's Republic of China, based on a certain percentage of the total salaries of local employees. For the years 2025 and 2024, the contribution rates were 16%–17% and 14%–16%, respectively. The pension of each employee is managed and arranged centrally by the government. In addition to monthly contributions, the Group has no further obligations.

C. For the years 2025 and 2024, the pension costs recognized by the Group in accordance with the aforementioned pension plans are disclosed in Note 6(20).

(11) Share-based payment

Share-based payment of the Company

A. As of December 31, 2025, the Company's share-based payment arrangements are as follows:

Type of agreement	Grant date	Granted quantity	Contract period	Vested conditions	Description
Employee share option plan	2016.12.29	333,000	10	Starting from the first anniversary of employment, 25% of the stock options become vested, with an additional 6/48 of the options vesting every six months thereafter.	Note 1
Employee share option plan	April 3, 2018 and August 6, 2018	115,000	10 years	Starting from the first anniversary of employment, 25% of the stock options become vested, with an additional 6/48 of the options vesting every six months thereafter.	Note 1
Employee share option plan	2022.3.29	205,000	5	For certificate holders, 25% of the stock options become vested starting from the first anniversary of employment, with an additional 6/48 of the options vesting every six months thereafter.	Note 1
Employee restricted stock awards	2024.2.22	280,000	1	For certificate holders, 50% of the stock options become vested after six months of employment, and 100% become vested upon completion of one year of service.	Note 2
Shares reserved for employee subscription in cash capital increase	2025.11.13	438,000	Not applicable	Immediately vested	

The above share-based payment arrangements are settled by equity transfer.

Note 1: Due to the Group's decision in 2023 to designate the Company as the primary entity for the future listing, the Company issued stock options to employees in September 2023, replacing the previously issued stock options of its subsidiaries.

Note 2: For the restricted stock awards issued by the Company, the RSAs not yet vested for employees who leave, are discharged, laid off, or retire during the vesting period will be deemed to have lost their eligibility for vesting as of the date of occurrence. The Company will fully repurchase and cancel these shares in accordance with applicable laws, but employees will not be required to return any dividends already received.

B. Detailed information on the employee stock option plan is as follows:

	2025		2024	
	Number of share options	Weighted-average exercise price (US$)	Number of share options	Weighted-average exercise price (US$)
Outstanding share options at the beginning of the period	400,000	$ 0.23	430,000	$ 0.23
Options granted during the period	-	-	-	-
Exercise of share options in this period	(329,930)	0.22	(26,875)	0.26
Options forfeited during the period	-	-	(3,125)	0.32
Outstanding share options at the end of the period	70,070	$ 0.30	400,000	$ 0.23
Exercise of share options at the end of the period	62,570	$ 0.30	345,625	$ 0.22

C. As of December 31, 2025 and 2024, the outstanding stock options had exercise price ranges of US$0.16 to US$0.32, and the weighted average remaining contractual lives were 1.30 years and 2.29 years, respectively.

D. The Group estimates the fair value of stock options granted at the grant date using the Black-Scholes option pricing model. Relevant information is as follows:

Type of agreement	Grant date	Share price (US$)	Exercise price (USD)	Expected volatility (Note)	Expected duration	Expected dividends	Risk-free rate	Fair value per unit (US$)
Employee share option plan	2016.12.29	0.15	0.16	56.87%	6.5	-	5.29%	0.0910
"	2018.4.3	0.26	0.26	52.97%	6.5	-	5.07%	0.1536
"	2918.8.6	0.23	0.26	53.29%	6.5	-	5.03%	0.1297

“	2022.3.29	0.32	0.32	49.99%	5	-	4.72%	0.1794
Shares reserved for employee subscription in cash capital increase	2025.11.13	NT$ 89.51	NT$ 77	71.62%	0.01	-	1.215%	NT$ 12.5574

Note: The expected volatility is based on the stock price within the most recent period comparable to the option’s expected term, and is estimated using the standard deviation of stock returns during that period.

E. Expenses arising from share-based payment transactions are as follows:

	2025	2024
Equity settlement	$ 6,014	$ 6,293

F. On September 28, 2023, the Group adjusted the underlying shares of employee stock options issued between 2013 and 2022 under the employee stock option agreements, changing them from the shares of the Company’s subsidiary, Lightel Technologies, Inc., to the Company’s common shares. The incremental fair values arising from this modification were US$0.2783, US$0.2770, US$0.2697, US$0.2690, and US$0.2608, respectively, totaling $2,703. The incremental fair value is recognized over the period from the modification date to the vesting date.

G. The incremental fair value estimated by the Group using the Black-Scholes option pricing model is as follows.

Type of agreement	Grant date	Stock price (USD)	Exercise price (USD)	Expected volatility (Note)	Expected duration	Expected dividends	Risk-free rate	Fair value per unit (US$)
Before modification	2016.12.29	0.6197	0.16	56.87%	1.63	-	5.29%	0.4747
“	2018.4.3	0.6197	0.26	52.97%	2.26	-	5.07%	0.4027
“	2918.8.6	0.6197	0.26	53.29%	2.43	-	5.03%	0.4064
“	2022.3.29	0.6197	0.32	49.99%	4.72	-	4.72%	0.4100
After modification	2016.12.29	0.8980	0.16	56.87%	1.63	-	5.29%	0.7517
“	2018.4.3	0.8980	0.26	52.97%	2.26	-	5.07%	0.6724
“	2918.8.6	0.8980	0.26	53.29%	2.43	-	5.03%	0.6754
“	2022.3.29	0.8980	0.32	49.99%	4.72	-	4.72%	0.6708

Note: The expected volatility is based on the stock price within the most recent period comparable to the option’s expected term, and is estimated using the standard deviation of stock returns during that period.

The share-based payment to the subsidiary Aleddra Inc. (hereinafter referred to as "Aleddra")

A. As of December 31, 2025, the share-based payment arrangements of the Group's subsidiary, Aleddra Inc., are as follows:

Type of agreement	Grant date	Granted quantity	Contract period	Vested conditions
Employee share option plan	2017.3.1	4,505,000	10	Starting from the first anniversary of employment, 25% of the stock options become vested, with an additional 6/48 of the options vesting every six months thereafter.
Restricted stock units to employees	2021.6.22	3,379,800	4	Performance criteria.

B. Detailed information on the employee stock option plan is as follows:

	2025		2024	
	Number of share options	Weighted-average exercise price (US$)	Number of share options	Weighted-average exercise price (US$)
Outstanding share options at the beginning of the period	4,376,480	$ 0.055	4,505,000	$ 0.055
Options forfeited during the period	-	-	(128,520)	0.055
Outstanding share options at the end of the period	4,376,480	$ 0.055	4,376,480	$ 0.055
Exercise of share options at the end of the period	4,376,480	$ 0.055	4,376,480	$ 0.055

C. As of December 31, 2025 and 2024, the outstanding stock options had an exercise price of US$0.055, and the weighted average remaining contractual lives were 1.16 years and 2.16 years, respectively.

D. The employee stock option plan uses the Black-Scholes option pricing model to estimate the fair value of stock options, and the relevant information is as follows:

Type of agreement	Grant date	Share price (US$)	Exercise price (USD)	Expected volatility (Note)	Expected duration	Expected dividends	Risk-free rate	Fair value per unit (US$)

Employee share option plan	2017.3.1	0.05	0.055	79.45%	6.5年	-	2.24%	0.0348

Note: The expected volatility is based on the stock price within the most recent period comparable to the option's expected term, and is estimated using the standard deviation of stock returns during that period.

E. Restricted shares for employees are equity-settled and employees obtain shares of Aleddra Inc. upon achieving the agreed performance conditions, without the need to exercise conversion rights. Measured based on the stock price on the grant date, the fair value was US$0.09 per share, and the related expense is amortized over the vesting period. As of December 31, 2025, the restricted shares of Aleddra Inc. that lapsed during the current period amounted to 2,562,889 shares.

(12) Common stock capital

A. As of December 31, 2025, the Company's authorized capital was $1,000,000, divided into 100,000 thousand shares, and the paid-in capital was $215,818 thousand, with a par value of $10 per share. All proceeds from issued shares have been collected.

Reconciliation of the number of shares outstanding of the Company's common stock at the beginning and end of the period was as follows:

	2025	2024
January 1	21,581,768	21,274,893
Issuance of restricted stock awards	-	280,000
Employee share options exercised	329,930	26,875
Shares repurchased	(56,000)	-
Capital increase in cash	2,922,000	-
December 31	24,777,698	21,581,768

B. On December 21, 2023, the Board of Directors of the Company resolved to issue 280,000 restricted stock awards, with a par value of NT$10 per share. The issuance of the aforementioned restricted stock awards for employees was approved and became effective by resolution of the extraordinary shareholders' meeting held on February 22, 2024. The initial issuance date of new shares was set as February 22, 2024, with a total of 280,000 common shares issued.

The rights and obligations associated with the issuance of these common shares are subject to the following restrictions before employees fulfill the vesting conditions:

(a.) Prior to vesting, employees are prohibited from selling, pledging, transferring, gifting, or otherwise disposing of the restricted shares, except in cases of inheritance.

(b.) Shareholders' rights related to attendance, proposals, speaking, and voting at shareholders' meetings shall be exercised in accordance with the custodial trust agreement.

(c.) Aside from the aforementioned restrictions, the restricted shares allocated to employees under the issuance plan shall carry the same rights as the Company's issued common shares before vesting is achieved, including but not limited to: the rights to receive dividends, bonuses, and capital surplus distributions, rights to subscribe in cash capital increases, and voting rights. These rights shall be exercised by the designated trust custodian in accordance with the trust agreement.

C. In November 2025, the Company conducted a cash capital increase for the initial listing on the OTC market and issued new shares totaling 2,922 thousand shares. Based on the weighted average price from competitive bidding of NT$132.35 per share and the public subscription underwriting price of NT$77 per share, total funds raised amounted to NT$334,965 thousand. The proceeds from this cash capital increase have been fully received. The underwriting fee for the issuance of new shares, amounting to NT$9,000 thousand, was recorded as a deduction from capital surplus arising from share premium. The capital increase record date was November 13, 2025. The Company's shares were listed on the Taipei Exchange (TPEx) on November 17, 2025.

(13) Capital surplus

Unless otherwise stipulated by Cayman Islands law, listing regulations, or the Company's Articles of Incorporation, statutory surplus reserves and capital surplus may not be used for purposes other than offsetting losses. When the special surplus reserve allocated is not specifically intended for offsetting losses and is still insufficient to offset such losses, capital surplus may not be used to make up the shortfall.

The details of capital surplus are as follows:

	2025					
	Common stock premium	Recognition of changes in equity of subsidiaries and affiliates	Recognition of changes in equity of subsidiaries and affiliates	Employee stock options	Restricted stock awards	Total
January 1	$ -	$ 19,121	$ 221,481	$ 5,676	$ 3,330	$ 249,608
Issuance of	-	-	-	148	-	148

employee share options						
Exercise of employee stock options	-	-	-	(1,092)	-	(1,092)
Cancellation of restricted stock awards	3,890	-	-	-	(3,330)	560
Capital increase in cash	300,650	-	-	1,164	-	301,814
December 31	$ 304,540	$ 19,121	$ 221,481	$ 5,896	$ -	$ 551,038

	2024				
	Recognition of changes in equity of subsidiaries and affiliates	Recogniti on of changes in equity of subsidiari es and affiliates	Employee stock options	Restricted stock awards	Total
January 1	$ 19,121	$ 221,220	$ 5,570	$ -	$ 245,911
Issuance of restricted stock awards	-	-	-	3,330	3,330
Issuance of employee share options	-	-	440	-	440
Exercise of employee stock options	-	261	(334)	-	(73)
December 31	$ 19,121	$ 221,481	$ 5,676	$ 3,330	$ 249,608

(14) Retained earnings

A. In accordance with the Company's Articles of Incorporation, ten percent of distributable dividends or bonuses or other amounts may be capitalized, or distributed in cash from the legal reserve retained in accordance with applicable listing rules, the share premium account, or donations received by the Company.

B. In accordance with the Company's Articles of Incorporation, the Board of Directors may resolve to distribute dividends and bonuses from profits, retained earnings, reserves, or unappropriated retained earnings of prior years to the extent deemed unnecessary to retain; dividends and bonuses may also be distributed from the share premium account or other funds or accounts permitted under the Cayman Islands Companies Act.

C. In accordance with the Company's Articles of Incorporation, the Company may, by an ordinary resolution, declare dividends and other distributions on issued shares and authorize payment of such dividends and other distributions out of funds legally available for such purposes, subject to any rights and restrictions attached to the shares at the time.

If the Company's shares are traded on the Emerging Stock Market, the Taipei Exchange, or the Taiwan Stock Exchange, no dividends or bonuses may be distributed if the following circumstances occur: (1) The Company has no earnings; and (2) Accumulated losses from previous years have not been fully offset.

D. In accordance with the Company's Articles of Incorporation, and without violating the Cayman Islands Companies Act, when distributing annual earnings, the Company shall first pay or set aside all taxes payable and make up for prior years' losses, and then set aside earnings reserves in accordance with applicable listing rules or requirements of the competent authority. The Board of Directors may further allocate a portion of the earnings as a special reserve, to be used for business purposes or other investments deemed appropriate by the board. If there are remaining earnings, the Board shall allocate them in accordance with the following guidelines: (1) Allocate no more than 5% of the pre-tax profit of the current year as directors' remuneration; (2) Allocate no more than 15% of the pre-tax profit of the current year as employee bonuses for the Company and its subsidiaries; and (3) Allocate no less than 10% of the after-tax profit of the current year in the form of cash or stock dividends to shareholders, taking into account applicable listing rules and considering financial, business, and operational factors.

E. As the Company is in a growth stage, after considering the current and future investment environment, funding needs, domestic and international competitive conditions, and capital budgeting, and taking into account shareholders' interests, dividend balance, and the Company's long-term financial planning, any remaining profits shall be distributed as cash or stock dividends in accordance with laws and applicable listing rules.

F. On May 30, 2024, the shareholders' meeting approved the appropriation of earnings for 2023, with a dividend of NT$0.3 per common share, totaling $6,382.

G. On June 27, 2025, the shareholders' meeting approved the appropriation of earnings for 2024, with a dividend of NT$1 per common share, totaling $21,582.

H. On March 10, 2026, the Board of Directors proposed the appropriation of earnings for 2025, with a dividend of NT$3.3 per common share, totaling $81,766. The above proposal for the appropriation of 2025 earnings had not yet been approved by the shareholders' meeting as of the date of this report.

(15) Other equity

	2025		
Foreign currency translation	Unrealized valuation gains and losses on financial assets measured at fair value	Unearned employee compensation	Total

		through other comprehensive income		
January 1	$ 2,200	$ 14	($ 359)	$ 1,855
The Group's foreign currency translation differences:				
- Group	(7,300)	-	-	(7,300)
- Group tax	(2,534)	-	-	(2,534)
Restricted stock awards:				
- Remuneration cost	-	-	359	359
December 31	($ 7,633)	$ 14	$ -	($ 7,620)

	2024			
	Foreign currency translation	Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total
January 1	($ 21,617)	$ 14	$ -	($ 21,603)
The Group's foreign currency translation differences:				
- Group	26,191	-	-	26,191
- Group tax	(2,374)	-	-	(2,374)
Restricted stock awards:				
- Restricted stock awards	-	-	(6,130)	(6,130)
- Remuneration cost	-	-	5,771	5,771
December 31	$ 2,200	$ 14	($ 359)	$ 1,855

(16) Operating revenue

	2025	2024
Revenue from customer contracts	$ 862,292	$ 692,805

A. Breakdown of revenue from customer contracts

The Group's revenue is derived from the provision of goods and services that are transferred gradually over time and at a certain point in time. Revenue can be divided into the following major product lines:

2025	Fiber laser and optical applications	Light-emitting diode (LED) tubes	Others	Total

Revenue recognized at a certain point in time	$ 775,725	$ 75,155	$ 11,233	$ 862,113
Revenue recognized gradually over time	-	-	179	179
	$ 775,725	$ 75,155	$ 11,412	$ 862,292

2024	Fiber laser and optical applications	Light-emitting diode (LED) tubes	Others	Total
Revenue recognized at a certain point in time	$ 577,115	$ 96,910	$ 18,465	$ 692,490
Revenue recognized gradually over time	-	-	315	315
	$ 577,115	$ 96,910	$ 18,780	$ 692,805

B. Contract assets and contract liabilities

The Group recognized contract assets and contract liabilities related to revenue from contracts with customers as follows:

	December 31, 2025	December 31, 2024	January 01, 2024
Contract assets	$ -	$ -	$ 403
Contract liabilities – current	$ 1,630	$ 2,192	$ 1,573
Contract liabilities – non-current	425	571	1,380
Total	$ 2,055	$ 2,763	$ 2,953

Changes in contract assets and contract liabilities arise primarily from difference between the point in time when performance obligations are satisfied and the point in time when customers make payments.

	2025	2024
The beginning balance of contract liabilities was recognized as income in the current period	$ 2,153	$ 1,571

(17) Interest income

	2025	2024
Interest income from bank deposits	$ 10,479	$ 10,115
Interest income from financial assets at amortized cost	5,059	1,024

Interest income from financial assets at fair value through profit or loss	-	1,843
	$ 15,538	$ 12,982

(18) Other income

	2025	2024
Government grant income	$ 506	$ 2,575
Others	190	5,609
Total	$ 696	$ 8,184

(19) Other gains and losses

	2025	2024
Gains (losses) on financial liabilities measured at fair value through profit or loss	$ 857	($ 1,383)
Loss from disposal of property, plant and equipment	(18)	(206)
Net foreign exchange (losses) gains	(7,378)	5,880
Others	179	1,429
Total	($ 6,360)	$ 5,720

(20) Additional information on the nature of expense

	2025	2024
Consumption of raw materials	$ 213,635	$ 157,388
Employee benefit expenses	$ 347,824	$ 323,096
Depreciation expenses (Note)	$ 27,517	$ 25,640
Amortization expense of intangible assets	$ 2,014	$ 1,997

Note: Including depreciation expense on property, plant and equipment and right-of-use assets.

(21) Employee benefit expenses

	2025	2024
Wages and salaries	$ 284,755	$ 278,747
Pension costs	14,477	10,412
Labor and health insurance fees	12,094	12,538
Employee stock options	6,014	6,293

Other personnel expenses	30,484	15,106
Total	$ 347,824	$ 323,096

A. In accordance with the Company's Articles of Incorporation, after deducting accumulated losses from the profits of the current year, if there is any remaining balance, the Company shall allocate 5% to 15% as employees' compensation, and directors' and supervisors' remuneration shall not exceed 5%.

B. The estimated amounts of employees' compensation for the years 2025 and 2024 were $17,529 and $14,307, respectively; the estimated amounts of directors' remuneration were $7,830 and $4,769, respectively. The aforementioned amounts are recorded under salary expenses.

For the year 2025, employees' compensation and directors' remuneration were estimated at 9.48% and 4.23%, respectively, based on the profit for the period up to that date. The actual amounts approved by the Board of Directors were $17,529 and $7,830, respectively, of which employees' compensation was paid in cash.

The amounts of employees' compensation and directors' remuneration for the year 2024 approved by the Board of Directors were $14,307 and $4,769, respectively, which were consistent with the amounts recognized as expenses in the 2024 financial statements.

The amounts of employees' compensation and directors' remuneration for the year 2023 approved by the Board of Directors were $3,744 and $1,248, respectively. The difference between these amounts and the amounts recognized in the 2023 financial statements, being employees' compensation of $3,041 and directors' remuneration of $1,000, amounted to $951, which has been adjusted in profit or loss for the year 2024.

C. Information on employees' compensation and directors' and supervisors' remuneration approved by the Company's Board of Directors is available on the Market Observation Post System.

(22) Income tax

A. Income tax expense

(a.) Components of income tax expense:

	2025	2024
Current income tax:		
Income tax generated from current income	$ 28,528	$ 29,013
Under (over) provision of income tax in prior years	(561)	2,896
Total current income tax	27,967	31,909

Deferred income tax:		
Initial recognition and reversal of temporary differences	19,316	(5,010)
Effect of changes in tax rates	-	(2)
Total deferred income tax	19,316	(5,012)
Income tax expense	$ 47,283	$ 26,897

(b.) Income tax amounts related to other comprehensive income:

	2025	2024
Exchange differences resulting from translation the financial statement of foreign operations.	$ 2,534	$ 2,374

B. Reconciliation between income tax expense and accounting profit

	2025	2024
Income tax calculated at statutory tax rate on profit before tax (Note)	$ 39,627	$ 21,435
Income tax effects of items excluded under tax regulations	15,210	12,534
Unrecognized deferred income tax assets on temporary differences	(288)	471)
Unrecognized deferred income tax assets on tax losses	-	(2,058)
Changes in the realizability assessment of deferred income tax assets	48	337
(Over) under provision of income tax in prior years	(561)	2,896
Research and development tax credits	(5,592)	(4,921)
FDII special deduction	(1,163)	(2,846)
Net effect of changes in foreign currency exchange rates	2	(9)
Income tax expense	$ 47,283	$ 26,897

Note: The applicable tax rate is based on the tax rates applicable to income in the relevant countries.

C. The amounts of deferred tax assets or liabilities arising from temporary differences, loss carry forwards, and investment tax credits are as follows:

	2025

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred tax assets:					
Temporary differences					
Allowance for doubtful debts	$ 103	$ 22	$ -	($ 4)	$ 121
Allowance for price decline of inventories	3,934	(1,234)	-	(172)	2,528
Estimated number of unrealized employee vacation benefits	737	169	-	(29)	877
Tax difference from amortization of intangible assets	172	(48)	-	(8)	116
The compensation cost of unrealized employee share options	867	228	-	(34)	1,061
Lease liabilities	18,113	296	-	(509)	17,900
Others	12,962	539	(1,994)	(543)	10,964
R&D expense credit	29,078	(5,210)	-	(1,238)	22,630
Subtotal	65,966	(5,238)	(1,994)	(2,537)	56,197
Deferred tax liabilities:					
Temporary differences					
Tax difference on fixed asset depreciation	(795)	119	-	34	(642)
Foreign investments accounted using the equity method	(20,559)	(13,266)	-	716	(33,109)
Right-of-use assets	(13,732)	(512)	-	335	(13,909)
Others	(72)	(419)	(540)	(90)	(1,121)
	($ 35,158)	($ 14,078)	($ 540)	($ 995)	($ 48,781)

	2024				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred tax assets:					
Temporary differences					
Allowance for doubtful debts	$ 726	($ 660)	$ -	$ 37	$ 103
Allowance for price	5,935	(2,363)	-	362	3,934

decline of inventories					
Estimated number of unrealized employee vacation benefits	696	(6)	-	47	737
Tax difference from amortization of intangible assets	212	(53)	-	13	172
The compensation cost of unrealized employee share options	(107)	962	-	12	867
Lease liabilities	6,307	11,231	-	575	18,113
Others	2,048	8,507	2,058	349	12,962
R&D expense credit	19,346	8,238	-	1,494	29,078
Subtotal	$ 35,163	$ 25,856	$ 2,058	$ 2,889	$ 65,966
Deferred tax liabilities:					
Temporary differences					
Tax difference on fixed asset depreciation	(895)	158	-	(588)	(795)
Foreign investments accounted using the equity method	(10,295)	(9,371)	-	(893)	(20,559)
Right-of-use assets	(1,846)	(11,593)	-	(293)	(13,732)
Others	(302)	(40)	316	(46)	(72)
	($ 13,338)	($ 20,846)	$ 316	($ 1,290)	($ 35,158)

D. Status of income tax return authorization

The income tax returns of the Group's Taiwan branches and subsidiaries have been examined and assessed by the tax authorities as follows:

	Status of income tax return authorization
Lightel Technologies (Hong Kong), Taiwan Branch	Assessed and approved up to the year 2025, except for the year 2024
Lightel Corporation, Taiwan Branch	Not approved
Aleddra Taiwan Co.,Ltd	Approved up to 2023

E. The Group’s exposure to Pillar Two income taxes arising from the Pillar Two legislation is described as follows:

The Group is not within the scope of the Pillar Two Model Rules issued by the OECD. As of December 31, 2025, the Group has assessed that there is no significant current income tax exposure, and the Group will continue to evaluate its future related income tax impacts.

(23) Earnings per share

	2025		
	After-tax amount	Weighted average number of outstanding shares (in thousands)	Earnings per share (NTD)
Basic earnings per share (in dollars)			
Net income attributable to shareholders of the parent company	$ 135,362	22,096	$ 6.13
Diluted earnings per share (in dollars)			
Net income attributable to shareholders of the parent company	$ 135,362	22,096	
Effect of dilutive potential ordinary shares			
- Employee compensation	-	49	
- Employee share options	-	193	
Net income attributable to ordinary shareholders of the parent company for the period, plus the effect of potential ordinary shares.	$ 135,362	22,338	$ 6.06

	2024		
	After-tax amount	Weighted average number of outstanding shares (in thousands)	Earnings per share (NTD)
Basic earnings per share (in dollars)			
Net income attributable to shareholders of the parent company	$ 72,209	21,535	$ 3.35
Diluted earnings per share (in dollars)			
Net income attributable to shareholders of the parent company	$ 72,209	$ 21,535	
Effect of dilutive potential ordinary shares			
- Employee compensation	-	508	
- Employee share options	-	299	
Net income attributable to ordinary shareholders of the parent company for the period, plus the effect of potential ordinary shares.	$ 72,209	22,342	$ 3.23

For restricted stock awards to employees, the calculation of basic earnings per share includes the shares in the weighted average number of ordinary shares outstanding only when the employees become vested in those shares. When calculating diluted earnings per share, potential ordinary shares with a dilutive effect are included in the weighted average number

of shares outstanding.

(24) Supplementary information on cash flow

A. Investment activities with partial cash payment:

	2025	2024
Purchase of property, plant, and equipment	$ 16,016	$ 16,862
Add: Beginning balance of payables for equipment	375	112
Less: Ending balance of payables for equipment	(204)	(375)
Less: Prepayments for equipment at the beginning of the period	(6,690)	-
Add: Prepayments for equipment at the end of the period	414	6,690
Paid in cash this period	$ 9,911	$ 23,289

B. Financing activities with partial cash payment:

	2025	2024
Declare dividends	$ 21,582	$ 6,362
Add: Beginning balance of payables for dividends	131	-
Less: Ending balance of payables for dividends	-	(131)
Paid in cash this period	$ 27,713	$ 6,251

(25) Changes in liabilities from financing activities

	2025		
	Lease liabilities	Financial liabilities at fair value through profit or loss	Total liabilities from financing activities
January 1	$ 86,532	$ 29,049	$ 115,581
Changes in cash flow from financing activities	(18,062)	-	(18,062)
Non-cash changes	25,360	-	25,360
Exchanges difference	(2,015)	(1,195)	(3,210)
Changes in fair value	-	(857)	(857)
December 31	$ 91,815	$ 26,997	$ 118,812

	2024		
	Lease liabilities	Financial liabilities at fair value through profit or loss	Total liabilities from financing activities
January 1	$ 79,309	$ 25,859	$ 105,168
Changes in cash flow from financing activities	(16,321)	-	(16,321)
Non-cash changes	18,551	-	18,551
Exchanges difference	4,993	1,807	6,800
Changes in fair value	-	1,383	1,383
December 31	$ 86,532	$ 29,049	$ 115,581

7. Transactions with related parties

(1) Name and relationship of related parties

Name of related party	Relations with the Group
Universal Microelectronics Co., Ltd. (UMEC)	Entities with joint control or significant influence over the Group
PhotoniCore Technologies Co., Ltd. (PCT)	Associate

(2) Major transactions with related parties

A. Operating revenue

	2025	2024
Sales of products:		
PhotoniCore Technologies Co., Ltd.	$ 2,694	$ 2,582
Sales of services:		
PhotoniCore Technologies Co., Ltd.	-	1,608
Total	$ 2,694	$ 4,190

There is no significant difference between the transaction prices of product sales and the payment terms offered to unrelated parties. Sales of services refer to the Company entering into a service consulting agreement with PCT, under which it provides technical consulting services for passive optical components such as fiber combiners, fiber gratings, and CPS, as well as accounting, finance, human resources, and information services.

B. Purchases

	2025	2024
Purchase of products:		
PhotoniCore Technologies Co., Ltd.	$ 7,572	$ 4,131
Universal Microelectronics Co., Ltd.	-	217

Purchase of labor services:		
PhotoniCore Technologies Co., Ltd.	3,115	3,314
Processing fees:		
PhotoniCore Technologies Co., Ltd.	2,383	-
Total	$ 13,070	$ 7,662

Purchases are made from related parties for merchandise inventories under normal commercial terms and conditions; purchases of services refer to the Company entering into a research and development service contract with PCT for the development engineering projects of specific product lines of the Company.

The Company entrusts PCT with processing, and the processing price is calculated at a fixed rate based on production volume.

C. Receivables from related parties

	December 31, 2025	December 31, 2024
PhotoniCore Technologies Co., Ltd.	$ 5,315	$ 3,951

The receivables from related parties are mainly from sales and labor service income. Sales receivables are due two months after the date of sale. The payment for labor service transactions is due 10 working days after the invoice is issued, as per the agreement between both parties. The receivables are not pledged and do not bear interest. Receivables from related parties have not been provided with any allowance for losses.

D. Payables to related parties

	December 31, 2025	December 31, 2024
Accounts payables to related parties		
PhotoniCore Technologies Co., Ltd.	$ 7,528	$ 2,024
Other payables to related parties		
PhotoniCore Technologies Co., Ltd.	$ -	$ 820

Payables to related parties mainly arise from purchases and service transactions and are due within 60 days after the purchase date. The payable amount carries no interest.

E. Property transactions

Acquisition of property, plant and equipment

		2024
	Account title	Acquisition price
PhotoniCore Technologies Co., Ltd.	Other equipment	$ 292

(3) Key management compensation

	2025	2024
Short-term employee benefits	$ 62,916	$ 50,207
Share-based payment	1,437	1,941
Total	$ 64,353	$ 52,148

8. Pledged assets

None.

9. Major contingent liabilities and unrecognized contractual commitments

None.

10. Significant disaster losses

None.

11. Significant subsequent events

The subsidiary Tobillion completed its dissolution procedures on January 30, 2026.

12. Others

(1) Capital management

The Group's capital management objective is to ensure the Group's continued operations, maintain an optimal capital structure to reduce the cost of capital, and provide returns to shareholders. In order to maintain or adjust its capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group controls its capital by using the debt-to-capital ratio, which is calculated as net debt divided by total capital.

(2) Financial instruments

A. Categories of Financial Instruments

For the relevant amounts and information of the Group’s financial assets (cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable (including related parties), and other receivables) and financial liabilities (financial liabilities measured at fair value through profit or loss, notes payable, accounts payable (including related parties), and other payables (including related parties)), please refer to the consolidated balance sheet and Note 6. As of December 31, 2025 and 2024, refundable deposits (recorded under other non-current assets) amounted to $3,113 and $2,868, respectively.

B. Risk Management Policies

The Group's daily operations are affected by several financial risks, including market exchange rate risk, credit risk, and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group’s financial condition and financial performance.

C. Nature and Extent of Significant Financial Risks

(a.) Market Risk

Exchange rate risk

i. The Group operates internationally and is therefore exposed to exchange rate risk arising from a variety of different currencies, primarily USD and RMB. The relevant exchange rate risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operating entities.

ii. The business activities of the Group involve a number of non-functional currencies (the functional currency of the Company is USD, and the functional currencies of some subsidiaries are NTD and RMB). As such, the Group is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities significantly impacted by exchange rate fluctuations is as follows:

	December 31, 2025		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Carrying amount (NT$ thousand)
Financial assets			
Monetary item:			
USD: NTD	USD 881	31.4465	27,697
USD: RMB	USD 3,839	6.9930	120,718
Total (US$: NT$)	USD 4,720	31.4465	148,415

	December 31, 2024		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Carrying amount (NT$ thousand)
Financial assets			
Monetary item:			
USD: NTD	USD 817	32.7850	26,783
USD: RMB	USD 1,736	7.3213	56,911

	December 31, 2024		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Carrying amount (NT$ thousand)
Total (US$: NT$)	USD 2,553	32.7850	83,694

iii. Due to exchange rate fluctuations, the Group's monetary items had a significant impact on total exchange (losses) gains (including realized and unrealized) for the years 2025 and 2024, amounting to ($7,378) and $5,880, respectively.

(b.) Credit Risk

i. The Group's credit risk represents the risk of financial loss to the Group arising from the failure of customers or counterparties of financial instruments to fulfill their contractual obligations, mainly resulting from counterparties' inability to settle accounts receivable in accordance with the agreed payment terms.

ii. In accordance with the Group's internally established credit policy, each operating entity within the Group is required to conduct management and credit risk analysis on each new customer before setting payment terms and delivery conditions. The internal risk control evaluates customers' credit quality by considering their financial position, past experience, and other factors. The limit of individual risks is determined by the Board of Directors based on internal or external ratings, and the use of credit limits is monitored regularly.

iii. The Group considers a default to have occurred when contractual payments are overdue for more than 360 days.

iv. The basis for the Group's determination of whether the credit risk of a financial instrument has increased significantly since initial recognition is as follows:
When the contract amount is overdue for more than 360 days according to the agreed payment terms, it is considered that the credit risk of the financial asset has increased significantly since initial recognition.

v. For accounts receivable from customers, the Group adopts the simplified approach and estimates expected credit losses based on a provision matrix.

vi. After undertaking recovery procedures, the Group writes off financial assets for which there is no reasonable expectation of recovery; however, the Group

will continue to pursue legal procedures to safeguard its creditor rights.

vii. The Group incorporates forward-looking considerations of commercial bank loan default rates to adjust the loss rates established based on historical and current information over a specific period, in order to estimate the allowance for losses on accounts receivable and contract assets. The loss rate method as of December 31, 2025 and 2024 is as follows:

	Not past due	1-30 days	31-90 days	91-180 days	Over 181 days
December 31, 2025					
Expected credit loss rate	0.00%	1.36%	1.37%	3.26%	5.41%
Total book value	$ 97,326	$ 22,805	$ 26,762	$ 521	$ 185
Allowance for losses	$ -	$ 311	$ 367	$ 17	$ 10

	Not past due	1-30 days	31-90 days	91-180 days	Over 181 days
December 31, 2024					
Expected credit loss rate	0.01%	1.11%	1.55%	1.26%	-%
Total book value	$ 71,215	$ 32,355	$ 7,816	$ 4,060	$ -
Allowance for losses	$ 9	$ 360	$ 121	$ 51	$ -

viii. The movement in the allowance for losses on accounts receivable under the simplified approach adopted by the Group is as follows:

	2025		
	Accounts receivable	Contract assets	Total
January 1	$ 541	$ -	$ 541
Reversal of provision	234	-	234
Write off	(54)	-	(54)
Net effect of changes in foreign currency exchange rates	(16)	-	(16)
December 31	$ 705	$ -	$ 705

	2024		
	Accounts receivable	Contract assets	Total
January 1	$ 5,822	$ 6	$ 5,828
Reversal (provision) of	(3,100)	489	(2,611)

impairment losses			
Write off	(2,426)	(496)	(2,922)
Net effect of changes in foreign currency exchange rates	(245	1	246
December 31	$ 541	$ -	$ 541

(c.) Liquidity Risk

i. Cash flow forecasting is performed by each operating entity within the Group and consolidated by the Group's finance department. The Group's Finance Department monitors the forecast of the Group's working capital needs to ensure sufficient funds are available to meet operational requirements.

ii. The following table presents the Group's non-derivative financial liabilities grouped by relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contract cash flows disclosed in the following table are undiscounted.

Non-derivative financial liabilities:	Less than 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2025				
Financial liabilities at fair value through profit or loss	$ 26,997	$ -	$ -	$ -
Notes payable	3,219	-	-	-
Accounts payable	37,595	-	-	-
Accounts payables to related parties	7,528	-	-	-
Other payables	151,161	-	-	-
Lease liabilities	23,660	24,099	54,747	-

Non-derivative financial liabilities:	Less than 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2024				
Financial liabilities at fair value through profit or loss	$ 29,049	$ -	$ -	$ -
Notes payable	5,174	-	-	-
Accounts payable	23,351	-	-	-
Accounts payables to related parties	2,024	-	-	-
Other payables	143,325	-	-	-

Non-derivative financial liabilities:	Less than 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2024				
Other payables to related parties	820	-	-	-
Lease liabilities	21,482	18,568	54,938	5,122

iv. The Group does not expect the timing of cash flows from the maturity date analysis to occur significantly earlier than anticipated, nor the actual amount to differ significantly.

(3) Information on fair value

A. The definitions of the levels of valuation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level 1: The quoted price (unadjusted) of the same assets or liabilities in an active market as of the measurement date. An active market is a market with sufficient frequency and volume of asset or liability transactions, providing pricing information on a continuous basis.

Level 2: Inputs that are observable, directly or indirectly, for the asset or liability, other than those included in Level 1 quoted prices.

Level 3: The input values of assets or liabilities that are unobservable. Certain derivative instruments in which the Group invests fall into this category.

B. Financial instruments not measured at fair value

The book value of the Group's financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, financial assets measured at amortized cost, other receivables, guarantee deposits paid, accounts payable, and other payables reasonably approximates their fair value.

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

(a.) The Group classifies assets and liabilities by their nature, and the related information is as follows:

December 31, 2025	Level I	Level II	Level III	Total
Liabilities				
Repetitive fair value				

December 31, 2025	Level I	Level II	Level III	Total
Financial liabilities at fair value through profit or loss				
Preferred stock	$ -	$ -	$ 26,997	$ 26,997

December 31, 2024	Level I	Level II	Level III	Total
Liabilities				
Repetitive fair value				
Financial liabilities measured at fair value through profit or loss				
Preferred stock	$ -	$ -	$ 29,049	$ 29,049

(b.) The methods and assumptions used by the Group to measure fair value are described as follows:

If the Group uses market quotations as the input value for fair value measurement (i.e., Level 1), the breakdown by instrument characteristics is as follows:

	Open-end funds	Government bonds
Market quotation	Net worth	Transaction price

D. There were no transfers between Level I and Level II for the years 2025 and 2024.

E. The following table presents the movements in Level III for the years 2025 and 2024:

	2025	2024
	Preferred shares	Preferred shares
January 1	$ 29,049	$ 25,859
Gains or losses recognized in profit or loss	(857)	1,383
Net effect of changes in foreign currency exchange rates	(1,195)	1,807
December 31	$ 26,997	$ 29,049

F. There were no transfers into or out of Level III for the years 2025 and 2024.

G. The Group's valuation process for fair value measurements categorized within Level 3 is carried out by the finance and accounting departments, which are responsible for independently verifying the fair value of financial instruments. Independent source data is used to ensure that valuation results are close to market conditions, and to confirm that

data sources are independent, reliable, consistent with other sources, and representative of executable prices. The Group also performs regular calibration of valuation models, back-testing, updates inputs and data required for valuation models, and makes any other necessary fair value adjustments to ensure that the valuation results are reasonable.

H. The quantitative information on significant unobservable inputs used in valuation models for Level 3 fair value measurements and the sensitivity analysis of changes in such significant unobservable inputs are as follows:

	December 31, 2025	Evaluation techniques	Major unobservable inputs	Relationship between input value and fair value
Mixed instruments:				
Convertible preferred stock	$ 26,997	Income approach	Weighted average cost of capital	The higher the weighted average cost of capital, the lower the fair value

	December 31, 2024	Evaluation techniques	Major unobservable inputs	Relationship between input value and fair value
Mixed instruments:				
Convertible preferred stock	$ 29,049	Income approach	Weighted average cost of capital	The higher the weighted average cost of capital, the lower the fair value

13. Notes to the financial statements

(1) Information on significant transactions

A. Lending funds to others: None.

B. Providing endorsements or guarantees for others: None.

C. Securities held at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): None.

D. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: Please refer to Table 1.

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

F. Business relationship between the parent and the subsidiaries, and the circumstances of any material transactions between them: Please refer to Table 2.

(2) Information on investees

The name and location of the investee company, along with other relevant information (excluding investee companies in mainland China): Please refer to Table 3.

(3) Information on investment in mainland China

A. Basic information: Please refer to Table 4.

B. Material transactions with investee companies in the Mainland Area, either directly or indirectly through a third area: None.

14. Segment information

(1) General information

The Group's management has identified reportable segments based on the reporting information used by the chief operating decision maker in making decisions.

The Group's business decisions are made based on geographical region and product category. Currently, the Group focuses its sales efforts on the Americas and Asia.

(2) Measurement of segment information

The Group's operating decision-maker evaluates the performance of operating segments based on the consolidated financial statements. The accounting policies of the operating segments are the same as those described in Note 4 - Summary of Significant Accounting Policies.

(3) Segment profit and loss, assets

The information on the segments to be reported to the chief operating decision maker is as follows:

	Fiber laser and optical applications	Light-emitting diode (LED) tubes	Others	Total
2025				
Segment income	$ 775,725	$ 75,155	$ 11,412	$ 862,292
Segment profit and loss	$ 124,126	$ 18,106	($ 4,573)	$ 137,659
Segment assets	$ 157,291	$ 7,990	$ 4,068	$ 169,349

	Fiber laser and optical applications	Light-emitting diode (LED) tubes	Others	Total
2024				
Segment	$ 577,115	$ 96,910	$ 18,780	$ 692,805

	Fiber laser and optical applications	Light-emitting diode (LED) tubes	Others	Total
2024				
income				
Segment profit and loss	$ 74,203	$ 5,950	($ 6,687)	$ 73,466
Segment assets	$ 162,114	$ 10,626	$ 4,935	$ 177,675

(4) Reconciliation of segment profit or loss

Sales between departments are conducted in accordance with the fair trade principle. The external income reported to the major operating decision-makers is consistent with the income in the income statement.

(5) Information by product category

Please refer to Note 6(16).

(6) Information by region

The Group's revenue by geographical area is classified based on the location of customers, while non-current assets are classified based on the location of the assets. Information by region for the years 2025 and 2024 is as follows:

	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
The Americas	$ 685,883	$ 82,120	$ 507,920	$ 111,565
Asia	133,672	87,229	140,462	66,110
Europe	40,490	-	41,932	-
Others	2,247	-	2,491	-
Total	$ 862,292	$ 169,349	$ 692,805	$ 177,675

(7) Information on key customers

The Group's key customer information for the years 2025 and 2024 is as follows:

	2025		2024	
	Revenue	Percentage	Revenue	Percentage
Company H	$ 229,219	27%	$ 185,505	27%
Group L	194,347	23%	41,212	6%
Group A	73,269	8%	67,255	10%
Total	$ 496,835	58%	$ 293,972	43%

Lightel Corporation and subsidiaries
PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
For the year ended December 31, 2025

Table 1

Unit: NTD thousand
(Unless otherwise specified)

			Transaction status				The Circumstances And Reasons For Terms And Conditions Differing From Those of A Typical Transaction		Notes Receivable (Payable)	
Purchasing (Selling) Companies	Name of trading counterparty	Relationship	Purchases (sales) of goods	Amount	Percentage of total purchases (sales) (Note)	Payment Terms	Unit price	Payment Terms	Balance	Percentage of Total Notes and Accounts Receivable/Payable (Note)
Lightel Technologies (Shenzhen) Co., Ltd.	Lightel Technologies, Inc.	Affiliates	Sales of goods	$ 308,098	35.73%	Note	Note	Note	$ 70,412	44.66%

Note: The above sales terms are determined by both parties based on product type, market competition conditions, and other transaction conditions. The collection period is 30 days from the end of the current month. The transactions with the above-mentioned related parties of the Group have been eliminated in the consolidated financial statements.

Lightel Corporation and Subsidiaries
SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIODS
For the year ended December 31, 2025

Table 2

Unit: NTD thousand
(Unless otherwise specified)

No. (Note 1)	Name of Trader	Trading Counterparty	Relationship with the Counterparty (Note 2)	Transaction details			
				Subject	Amount	Transaction Terms and Conditions	As a Percentage of ConsolidatedTotal Revenue or Total Assets (Note 3)
0	Lightel Corporation	Lightel Technologies, Inc.	1	Service income	$ 19,689	Note 4	2.28%
0	Lightel Corporation	Lightel Technologies, Inc.	1	Trade receivables from related parties	3,306	Note 4	0.24%
0	Lightel Corporation, Taiwan Branch	Lightel Technologies, Inc.	1	Service income	47,590	Note 4	5.52%
0	Lightel Corporation, Taiwan Branch	Lightel Technologies, Inc.	1	Trade receivables from related parties	12,011	Note 4	0.87%
1	Lightel Technologies, Inc.	Lightel Technologies (Shenzhen) Co., Ltd.	3	Sales income	8,256	Note 4	0.96%
1	Lightel Technologies, Inc.	Lightel Technologies (Shenzhen) Co., Ltd.	3	Cost of goods sold	308,098	Note 4	35.73%
1	Lightel Technologies, Inc.	Lightel Technologies (Shenzhen) Co., Ltd.	3	Trade receivables from related parties	3,162	Note 4	0.23%
1	Lightel Technologies, Inc.	Lightel Technologies (Shenzhen) Co., Ltd.	3	Accounts payables to related parties	70,412	Note 4	5.10%
2	Aleddra Inc.	Aleddra Taiwan Co.,Ltd.	3	Service income	3,274	Note 4	0.38%

Note1: Information on business transactions between the parent company and its subsidiaries is indicated separately in the numbering column. The numbering method is as follows:

1. The parent company is numbered 0.
2. Subsidiaries are numbered sequentially using Arabic numerals starting from 1 according to each company.

Note2: The relationships with the counterparty are categorized into the following three types, indicated as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note3: The calculation of the ratio of transaction amounts to consolidated total revenue or total assets is as follows: for balance sheet accounts, it is calculated based on the ending balance as a percentage of consolidated total assets; for income statement accounts, it is calculated based on the accumulated amount as a percentage of consolidated total revenue.

Note4: If there are no comparable transactions of the same type, transactions are conducted based on agreed prices and terms.

Lightel Corporation and Subsidiaries

NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (NOT INCLUDING INVESTEES IN MAINLAND CHINA)

For the year ended December 31, 2025

Table 3

Unit: NTD thousand

(Unless otherwise specified)

Name of Investment	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Holding At End Of Period			Profit (Loss) of The Investee Company's for Current Period	Investment Gain (Loss) Recognized In The Current Period	Note
				End of Period	End of Last Year	Number of Shares	Percentage	Book Value			
The Company	Lightel Technologies, Inc.	USA	Production and sales of optical communication	$422,987	$422,987	1	100%	$642,767	$139,656	$139,656	
Lightel Technologies, Inc.	Tobillion	Hong Kong	Holding company	11,186	11,186	370	100%	1	(1)	(1)	
Lightel Technologies, Inc.	Lightel Technologies (Hong Kong) Co., Ltd.	Hong Kong	Holding company	228,959	228,959	7,701	100%	237,744	75,308	75,308	Note 2
Lightel Technologies, Inc.	Aleddra Inc.	USA	Sales of LED lighting products	-	-	-	87.35%	25,310	18,160	15,863	
Lightel Technologies, Inc.	Photonicore Technologies Co., Ltd.	Taiwan	R&D of optical communication products and	90,000	90,000	9,000	19.61%	42,027	(60,415)	(12,986)	
Aleddra Inc.	Aleddra Taiwan Co.,Ltd.	Taiwan	Research and development of LED lighting products	10,000	10,000	1,000	100%	10,694	54	54	

Note1: The number of shares is expressed in thousands of shares.

Note2: The Company completed the liquidation procedures of Lightel Technologies (Hong Kong) Limited Taiwan Branch on December 2, 2025.

Lightel Corporation and Subsidiaries

INFORMATION ON INVESTMENT IN MAINLAND CHINA - BASIC INFORMATION

For the year ended December 31, 2025

Table 4

Unit: NTD thousand

(Unless otherwise specified)

Name of Investee In Mainland China	Main Business Activities	Paid-In Capital (Note 3)	Method of Investment (Note 1)	Accumulated Investment Amount Remitted From Taiwan at The Beginning of The Period	Amount of Investment Remitted or Recovered in The Current Period		Accumulated Investment Amount Remitted From Taiwan at the End of the Period	Profit (Loss) Of The Investee Company for Current Period	Shareholding Ratio Of The Company's Direct or Indirect Investments	Recognized Investment Gain (Loss) in the Current Period (Note 5)	Book Value of Investment at the End of the Period (Note 4) (Note 5)	Investment Income Repatriated to Taiwan as Of The End of This Period
					Remitted	Recovery						
Lightel Technologies (Shenzhen) Co., Ltd.	Production and sales of optical communication products and electronic devices	147,977	3	-	-	-	-	75,641	100%	75,641 (Note 2)	233,598	-

Accumulated Investment in Mainland China at the End of The Period.	Investment Of Amount Approved by the Department of Investment Review of the Ministry of Economic Affairs, MOEA	The Limit of Investment in Mainland China Set by the Department of Investment Review of the Ministry of Economic Affairs, MOEA
(Note 6)		

Note 1: Investment methods are classified into the following three types:

(1) Direct investment in Mainland China.

(2) Investment in Mainland China through a company in a third region (please specify the investing company in that third region).

(3) Other methods.

The Company directly invested in Lightel Technologies (Shenzhen) Inc. through its sub-subsidiary, Lightel Technologies Inc. (Hong Kong).

Note 2: The financial information has been audited and certified by the parent company's CPA.

Note 3: Converted at the exchange rate prevailing at the time of remittance.

Note 4: The original foreign currency exchange rate is based on the rate as of December 31, 2025.

Note 5: Eliminated in the preparation of the consolidated financial statements.

Note 6: The Company is an offshore company and is not subject to the "Regulations Governing Investment or Technical Cooperation in Mainland China."