

Hitron Technologies Inc. and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Review Report
For the Three Months Ended March 31, 2026 and 2025

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

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Independent Auditors' Review Report

To the Board of Directors
Hitron Technologies Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Hitron Technologies Inc. and its subsidiaries as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, and notes to the consolidated financial statements, including a summary of material accounting policies. 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 International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Hitron Technologies Inc. and its subsidiaries as of March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
April 30, 2026

Notes to Readers

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

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

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

Hitron Technologies Inc. and Subsidiaries**Consolidated Balance Sheets****March 31, 2026, December 31 and March 31, 2025****(Expressed in Thousands of New Taiwan Dollars)**

Assets		March 31, 2026		December 31, 2025		March 31, 2025		Liabilities and Equity		March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$ 3,560,478	32	3,506,737	32	3,337,260	34	2100	Short-term borrowings (note 6(14))	\$ 1,442,576	13	1,473,073	14	996,796	10
1110	Current financial assets at fair value through profit or loss (note 6(2))	4,416	-	4,400	-	5,100	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))	-	-	-	-	136	-
1136	Current financial assets at amortised cost (note 6(4))	3,452	-	3,362	-	3,450	-	2130	Current contract liabilities (notes 6(24) and 7)	247,458	2	267,076	3	388,466	4
1170	Notes and accounts receivable, net (note 6(5))	2,071,207	19	2,438,070	22	1,475,568	15	2170	Notes and accounts payable	719,009	7	945,033	9	418,677	4
1180	Accounts receivable from related parties, net (notes 6(5) and 7)	41,531	-	9,166	-	41,072	-	2180	Accounts payable to related parties (note 7)	1,268,510	12	878,346	8	762,507	8
1200	Other receivables	469,549	4	483,203	4	303,396	3	2200	Other payables (note 6(15))	459,986	4	394,739	4	433,411	4
1210	Other receivables from related parties (note 7)	-	-	410	-	4,397	-	2220	Other payables to related parties (note 7)	47,554	-	29,763	-	33,360	-
1220	Current tax assets	34,524	-	33,153	-	49,805	-	2230	Current tax liabilities	81,153	1	40,238	-	57,440	1
130x	Inventories (note 6(6))	2,585,932	24	2,234,061	21	2,305,123	23	2250	Current provisions (note 6(18))	41,551	-	47,001	-	53,889	-
1470	Other current assets (notes 6(13), 7 and 8)	176,612	2	154,056	2	158,869	2	2280	Current lease liabilities (note 6(17))	19,460	-	19,690	-	21,217	-
		<u>8,947,701</u>	<u>81</u>	<u>8,866,618</u>	<u>81</u>	<u>7,684,040</u>	<u>77</u>	2300	Other current liabilities (note 7)	24,599	-	11,551	-	5,827	-
								2320	Current portion of long-term borrowings (note 6(16))	<u>380,000</u>	<u>4</u>	<u>380,000</u>	<u>3</u>	<u>80,000</u>	<u>1</u>
Non-current assets:										<u>4,731,856</u>	<u>43</u>	<u>4,486,510</u>	<u>41</u>	<u>3,251,726</u>	<u>32</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	-	-	-	-	33,218	-	Non-Current liabilities:							
1550	Investments accounted for using equity method (note 6(7))	85,410	1	88,639	1	95,201	1	2540	Long-term borrowings (note 6(16))	240,000	2	240,000	3	369,184	4
1600	Property, plant and equipment (notes 6(9) and 7)	959,304	8	962,809	8	1,511,854	15	2550	Non-current provisions (note 6(18))	33,721	-	34,569	-	30,300	-
1755	Right-of-use assets (note 6(10))	117,193	1	119,982	1	251,178	3	2570	Deferred tax liabilities	1,986	-	18,957	-	11,084	-
1760	Investment property, net (notes 6(11) and (19))	555,838	5	559,955	5	-	-	2580	Non-current lease liabilities (note 6(17))	88,179	1	90,602	1	101,664	1
1780	Intangible assets (notes 6(12) and 7)	36,502	-	39,149	-	60,270	1	2600	Other non-current liabilities	18,518	-	14,813	-	906	-
1840	Deferred tax assets	196,197	2	190,999	2	146,897	1		Total liabilities	<u>5,114,260</u>	<u>46</u>	<u>4,885,451</u>	<u>45</u>	<u>3,764,864</u>	<u>37</u>
1900	Other non-current assets (notes 6(13) and 8)	193,601	2	165,896	2	166,129	2	Equity (note 6(22)):							
		<u>2,144,045</u>	<u>19</u>	<u>2,127,429</u>	<u>19</u>	<u>2,264,747</u>	<u>23</u>	Equity attributable to owners of parent:							
								3110	Ordinary share	<u>3,213,172</u>	<u>29</u>	<u>3,213,172</u>	<u>29</u>	<u>3,213,172</u>	<u>33</u>
								3200	Capital surplus	<u>1,153,545</u>	<u>10</u>	<u>1,153,471</u>	<u>10</u>	<u>1,153,191</u>	<u>12</u>
								Retained earnings:							
								3310	Legal reserve	290,043	3	290,043	3	340,989	3
								3350	Accumulated deficits	(82,994)	(1)	(105,490)	(1)	(68,216)	-
										<u>207,049</u>	<u>2</u>	<u>184,553</u>	<u>2</u>	<u>272,773</u>	<u>3</u>
								3400	Other equity interest	222,855	2	190,586	2	342,615	3
									Total equity attributable to owners of parent	<u>4,796,621</u>	<u>43</u>	<u>4,741,782</u>	<u>43</u>	<u>4,981,751</u>	<u>51</u>
								36XX	Non-controlling interests (note 6(8))	1,180,865	11	1,366,814	12	1,202,172	12
									Total equity	<u>5,977,486</u>	<u>54</u>	<u>6,108,596</u>	<u>55</u>	<u>6,183,923</u>	<u>63</u>
Total assets		<u>\$ 11,091,746</u>	<u>100</u>	<u>10,994,047</u>	<u>100</u>	<u>9,948,787</u>	<u>100</u>	Total liabilities and equity		<u>\$ 11,091,746</u>	<u>100</u>	<u>10,994,047</u>	<u>100</u>	<u>9,948,787</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars, except for Earnings per share)**

		For the three months ended March 31,			
		2026		2025	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(24) and 7)	\$ 2,075,187	100	1,895,778	100
5000	Operating costs (notes 6(6), (20), (25) and 7)	<u>1,677,560</u>	<u>81</u>	<u>1,529,220</u>	<u>81</u>
	Gross profit from operations	<u>397,627</u>	<u>19</u>	<u>366,558</u>	<u>19</u>
	Operating expenses (notes 6(20), (25) and 7):				
6100	Selling expenses	186,723	9	164,739	9
6200	Administrative expenses	78,252	4	90,535	5
6300	Research and development expenses	105,450	5	100,367	5
6450	Expected credit loss (note 6(5))	<u>(387)</u>	<u>-</u>	<u>(56)</u>	<u>(1)</u>
	Total operating expenses	<u>370,038</u>	<u>18</u>	<u>355,585</u>	<u>18</u>
	Net operating income	<u>27,589</u>	<u>1</u>	<u>10,973</u>	<u>1</u>
	Non-operating income and expenses:				
7010	Other income (notes 6(19), (27) and 7)	24,661	1	7,641	-
7020	Other gains and losses, net (note 6(28))	12,546	1	(3,451)	-
7050	Finance costs (note 6(29))	(20,028)	(1)	(11,730)	-
7060	Share of (loss) profit of associates accounted for using equity method (note 6(7))	(3,453)	-	(1,183)	-
7100	Interest income (note 6(26))	<u>19,519</u>	<u>1</u>	<u>9,029</u>	<u>-</u>
	Total non-operating income and expenses	<u>33,245</u>	<u>2</u>	<u>306</u>	<u>-</u>
7900	Profit before tax	60,834	3	11,279	1
7950	Less: income tax expense (benefit) (note 6(21))	<u>19,669</u>	<u>1</u>	<u>(7,189)</u>	<u>-</u>
8200	Profit	<u>41,165</u>	<u>2</u>	<u>18,468</u>	<u>1</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	230	-	413	-
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	-	-	(924)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>46</u>	<u>-</u>	<u>83</u>	<u>-</u>
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	<u>184</u>	<u>-</u>	<u>(594)</u>	<u>-</u>
8360	Components of other comprehensive income that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	<u>32,461</u>	<u>2</u>	<u>39,941</u>	<u>2</u>
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	<u>32,461</u>	<u>2</u>	<u>39,941</u>	<u>2</u>
8300	Other comprehensive income, net of income tax	<u>32,645</u>	<u>2</u>	<u>39,347</u>	<u>2</u>
8500	Total comprehensive income	<u>\$ 73,810</u>	<u>4</u>	<u>57,815</u>	<u>3</u>
	Profit (Loss) attributable to:				
8610	Owners of parent	\$ 22,312	1	(17,600)	(1)
8620	Non-controlling interests	<u>18,853</u>	<u>1</u>	<u>36,068</u>	<u>2</u>
		<u>\$ 41,165</u>	<u>2</u>	<u>18,468</u>	<u>1</u>
8700	Comprehensive income attributable to:				
8710	Owners of parent	\$ 54,765	3	21,612	1
8720	Non-controlling interests	<u>19,045</u>	<u>1</u>	<u>36,203</u>	<u>2</u>
		<u>\$ 73,810</u>	<u>4</u>	<u>57,815</u>	<u>3</u>
	Earnings (loss) per share (New Taiwan Dollars) (note 6(23))				
	Basic earnings (loss) per share	<u>\$ 0.07</u>		<u>(0.05)</u>	
	Diluted earnings (loss) per share	<u>\$ 0.07</u>		<u>(0.05)</u>	

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings		Exchange differences on translation of foreign financial statements	Other equity interest		Total equity attributable to owners of parent company	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings (Accumulated deficits)		Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				Total other equity interest
Balance at January 1, 2025	\$ 3,213,172	1,153,005	340,989	(50,946)	290,043	285,439	18,294	303,733	4,959,953	1,366,288	6,326,241
Profit (Loss)	-	-	-	(17,600)	(17,600)	-	-	-	(17,600)	36,068	18,468
Other comprehensive income (loss)	-	-	-	330	330	39,806	(924)	38,882	39,212	135	39,347
Total comprehensive income (loss)	-	-	-	(17,270)	(17,270)	39,806	(924)	38,882	21,612	36,203	57,815
Changes in equity of associates and joint ventures accounted for using equity method	-	186	-	-	-	-	-	-	186	380	566
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(200,699)	(200,699)
Balance at March 31, 2025	\$ 3,213,172	1,153,191	340,989	(68,216)	272,773	325,245	17,370	342,615	4,981,751	1,202,172	6,183,923
Balance at January 1, 2026	\$ 3,213,172	1,153,471	290,043	(105,490)	184,553	190,586	-	190,586	4,741,782	1,366,814	6,108,596
Profit	-	-	-	22,312	22,312	-	-	-	22,312	18,853	41,165
Other comprehensive income	-	-	-	184	184	32,269	-	32,269	32,453	192	32,645
Total comprehensive income	-	-	-	22,496	22,496	32,269	-	32,269	54,765	19,045	73,810
Changes in equity of associates and joint ventures accounted for using equity method	-	74	-	-	-	-	-	-	74	150	224
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(205,144)	(205,144)
Balance at March 31, 2026	\$ 3,213,172	1,153,545	290,043	(82,994)	207,049	222,855	-	222,855	4,796,621	1,180,865	5,977,486

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2026	2025
Cash flows from operating activities:		
Profit before tax	\$ 60,834	11,279
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	19,146	36,233
Amortization expense	8,103	9,121
Expected credit reversal gain	(387)	(56)
Net gain on financial assets or liabilities at fair value through profit or loss	(16)	(198)
Finance costs	20,028	11,730
Interest income	(19,519)	(9,029)
Loss (gain) on disposal of property, plant and equipment	(857)	956
Provisions for inventory obsolescence and devaluation loss	11,361	4,130
Share of loss of associates accounted for using equity method	3,453	1,183
Adjustment for other non-cash-related losses, net	12,770	-
Total adjustments to reconcile profit	<u>54,082</u>	<u>54,070</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	386,333	610,084
Accounts receivables from related parties	(32,365)	77,024
Other receivables	17,629	151,102
Other receivables from related parties	410	30,181
Inventories	(346,934)	206,205
Other operating assets	(22,556)	(8,729)
Contract liabilities	(19,618)	(91,378)
Notes and accounts payable	(226,293)	(237,091)
Accounts payable to related parties	390,164	(256,911)
Other payables	(118,709)	(125,797)
Other payables to related parties	2,341	(4,179)
Provisions	(6,481)	(14,119)
Other current liabilities	13,048	1,718
Total changes in operating assets and liabilities	<u>36,969</u>	<u>338,110</u>
Total adjustments	<u>91,051</u>	<u>392,180</u>

(Continued)

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the three months ended March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2026	2025
Cash flows generated from operations	151,885	403,459
Interest received	15,544	9,175
Interest paid	(25,766)	(10,878)
Income taxes paid	(1,524)	(15,700)
Net cash flows from operating activities	140,139	386,056
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	-	(78)
Acquisition of property, plant and equipment	(5,573)	(2,947)
Proceeds from disposal of property, plant and equipment	857	3,570
Acquisition of intangible assets	(1,591)	(2,595)
Decrease (increase) in refundable deposits	(29,602)	17,004
Increase in other non-current assets	(3,214)	(292)
Net cash flows from (used in) investing activities	(39,123)	14,662
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(16,279)	624,198
Repayments of long-term borrowings	-	(5,816)
Increase in guarantee deposits received	3,378	-
Payments of lease liabilities	(4,588)	(7,786)
Net cash flows from (used in) financing activities	(17,489)	610,596
Effect of exchange rate changes on cash and cash equivalents	(29,786)	(26,796)
Increase in cash and cash equivalents	53,741	984,518
Cash and cash equivalents at beginning of period	3,506,737	2,352,742
Cash and cash equivalents at end of period	\$ 3,560,478	3,337,260

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history:

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on April 30, 2026.

3. New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

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

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

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

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

(Continued)

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

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

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

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

4. Summary of material accounting policies:

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

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by the FSC. The consolidated financial statements do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to “IFRS Accounting Standards” endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2025. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2025.

(2) Basis of consolidation

A. List of subsidiaries in the consolidated financial statements was as follows:

Name of Investor	Name of Subsidiary	Main Activities	Shareholding		
			March 31, 2026	December 31, 2025	March 31, 2025
The Company	Hitron Technologies (Samoa) Inc. (Hitron Samoa)	International trade	100.00%	100.00%	100.00%
The Company	Interactive Digital Technologies Inc. (Interactive Digital) (note 1)	Telecommunication and broadband network system services	32.82%	32.82%	32.82%

(Continued)

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

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Main Activities</u>	<u>Shareholding</u>		
			<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
The Company	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%	100.00%
The Company	Hitron Technologies (America) Inc. (Hitron America)	International trade	100.00%	100.00%	100.00%
The Company	Innoauto Technologies Inc. (Innoauto Technologies)(note 2)	Investment and automotive electronics products	-	-	100.00%
The Company	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Factory, warehouse and office leases	100.00%	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc. (Hitron Suzhou)	Research and development of broadband telecommunication products	100.00%	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%	100.00%
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sales service	100.00%	100.00%	100.00%
Interactive Digital	Transnet Co., Ltd (Transnet)	Integrated supply of network communication products, system services, and import and export of network equipment	80.00%	80.00%	80.00%

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

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

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

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

(3) Employee benefits

The defined benefit pension cost for an interim period is calculated on a year to date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time, as well as significant curtailments settlement, or other significant one-time events.

(4) Income tax

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the period is best estimated by multiplying pretax income for the reporting period by the effective annual tax rate as forecasted by the management. This is recognized fully as income tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases are measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as income tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments and estimates about the future, including climate-related risks and opportunities that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimations.

In the preparation of the consolidated financial statements, the major sources of accounting judgments, estimation uncertainty and assumptions have been applied consistently with Note 5 of the consolidated financial statements for the year ended December 31, 2025.

6. Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2025 consolidated financial statements. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2025.

(1) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	\$ 845	839	901
Checking and savings accounts	2,300,460	2,291,554	1,982,439
Time deposits	859,173	834,344	1,353,920
Cash equivalents – Repurchase agreements	400,000	380,000	-
	\$ 3,560,478	3,506,737	3,337,260

(Continued)

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

Please refer to Note 6(30) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of March 31, 2026, December 31, 2025, and March 31, 2025, deposits with original maturities of more than three months amounted to \$3,452 thousand, 3,362 thousand and \$3,450 thousand, respectively, and were included in financial assets measured at amortized cost. Please refer to Note 6(4).

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Financial assets at fair value through profit or loss-current:			
Non-derivative financial assets			
Stocks listed on domestic markets	\$ <u>4,416</u>	<u>4,400</u>	<u>5,100</u>
Financial liabilities held for trading-current:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>-</u>	<u>-</u>	<u>136</u>

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

	<u>March 31, 2025</u>		
	<u>Nominal principal (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	USD 750	USD to RMB	2025.04.28~2025.05.28

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Equity instruments:			
Stock unlisted on domestic markets– Chao Long Motor Parts Corp.	\$ <u>-</u>	<u>-</u>	<u>33,218</u>

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

(Continued)

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

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

As of March 31, 2026, December 31, 2025, and March 31, 2025, the above-mentioned financial assets were not pledged.

(4) Current financial assets at amortized cost

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Current:			
Time deposits	\$ <u>3,452</u>	<u>3,362</u>	<u>3,450</u>

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

On March 31, 2026, December 31, 2025, and March 31, 2025, the Group held domestic time deposits, with the interest rates of 1.59% to 4.75%, 1.225% to 4.65% and 1.28% to 4.20% respectively.

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Notes receivable – from operating activities	\$ -	1,166	-
Accounts receivable – measured at amortized cost	2,183,874	2,517,593	1,528,636
Less: loss allowances	<u>(71,136)</u>	<u>(71,523)</u>	<u>(11,996)</u>
	<u>\$ 2,112,738</u>	<u>2,447,236</u>	<u>1,516,640</u>

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

(Continued)

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

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

	March 31, 2026		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,845,616	- %	-
Less than 90 days past due	28,598	0.49%	141
91 to 180 days past due	399	100.00%	399
181 to 364 days past due	294,272	22.14%	65,140
More than 365 days past due	<u>14,989</u>	36.40%	<u>5,456</u>
	<u>\$ 2,183,874</u>		<u>71,136</u>
	December 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,819,573	- %	-
Less than 90 days past due	104,928	0.49%	511
91 to 180 days past due	361,109	5.95%	21,493
181 to 364 days past due	230,130	20.21%	46,500
More than 365 days past due	<u>3,019</u>	100.00%	<u>3,019</u>
	<u>\$ 2,518,759</u>		<u>71,523</u>
	March 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,463,606	- %	-
Less than 90 days past due	31,153	4.35%	1,357
91 to 180 days past due	458	-	-
More than 181 days past due	<u>33,419</u>	31.84%	<u>10,639</u>
	<u>\$ 1,528,636</u>		<u>11,996</u>

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

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

	For the three months ended March 31,	
	2026	2025
Balance on January 1	\$ 71,523	12,037
Gain on reversal of impairment loss	(387)	(56)
Effect of changes in exchange rates	-	15
Balance on December 31	<u>\$ 71,136</u>	<u>11,996</u>

(6) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	\$ 405,594	417,395	442,004
Work in progress and semi-finished products	820	818	4,846
Finished goods and merchandises	1,416,230	1,291,223	1,212,552
Consigned goods and project inventory	763,288	524,625	645,721
	<u>\$ 2,585,932</u>	<u>2,234,061</u>	<u>2,305,123</u>

Consigned goods and project inventories refer to the labor costs and related materials invested in projects by the Group's subsidiary, Interactive Digital, for which revenue has not yet been recognized.

The components of operating costs were as below:

	For the three months ended March 31,	
	2026	2025
Cost of goods sold	\$ 1,666,199	1,525,090
Losses on inventory write-downs, obsolescence, and write-offs	11,361	4,130
	<u>\$ 1,677,560</u>	<u>1,529,220</u>

As of March 31, 2026, December 31, 2025, and March 31, 2025, the Group's inventories were not pledged.

(7) Investments accounted for using equity method

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

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount of individually insignificant associates' equity	<u>\$ 85,410</u>	<u>88,639</u>	<u>95,201</u>

(Continued)

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Notes to the Consolidated Financial Statements

	For the three months ended March 31,	
	2026	2025
Attributable to the Group:		
Loss	\$ (3,453)	(1,183)
Other comprehensive income (loss)	-	-
Comprehensive loss	\$ (3,453)	(1,183)

The Group's investments accounted for equity method were not pledged.

(8) Material non-controlling interests of subsidiaries

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

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		March 31, 2026	December 31, 2025	March 31, 2025
Interactive Digital	Taiwan	67.18%	67.18%	67.18%

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

Interactive Digital's and subsidiaries' collective financial information:

	March 31, 2026	December 31, 2025	March 31, 2025
Current assets	\$ 2,449,100	2,574,607	2,155,034
Non-current assets	1,010,912	987,272	999,442
Current liabilities	(1,663,570)	(1,488,779)	(1,316,228)
Non-current liabilities	(42,359)	(42,910)	(51,715)
Net assets	\$ 1,754,083	2,030,190	1,786,533
Equity attributable to non-controlling interests	\$ 1,182,478	1,368,422	1,204,078
Equity attributable to shareholders	\$ 571,605	661,768	582,455

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

	For the three months ended	
	March 31,	
	2026	2025
Operating revenue	\$ <u>464,554</u>	<u>413,947</u>
Net profit	28,743	53,177
Other comprehensive income	285	201
Total comprehensive income	\$ <u>29,028</u>	<u>53,378</u>
Total comprehensive income attributable to non-controlling interests	\$ <u>19,045</u>	<u>35,900</u>
Comprehensive income attributable to shareholders	\$ <u>9,983</u>	<u>17,478</u>
	For the three months ended	
	March 31,	
	2026	2025
Net cash flows from (used in) operating activities	\$ (118,193)	149,264
Net cash flows from (used in) investing activities	(31,148)	14,546
Net cash flows used in financing activities	(1,548)	(7,247)
Effect of exchange rate changes on cash and cash equivalents	285	199
Net increase (decrease) in cash and cash equivalents	\$ <u>(150,604)</u>	<u>156,762</u>

(9) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost:					
Balance on January 1, 2026	\$ 641,026	608,946	115,486	210,142	1,575,600
Additions	-	118	893	4,562	5,573
Disposals	-	-	(413)	(4,078)	(4,491)
Effect of changes in exchange rates	-	4,796	2,335	2,061	9,192
Balance on March 31, 2026	\$ <u>641,026</u>	<u>613,860</u>	<u>118,301</u>	<u>212,687</u>	<u>1,585,874</u>
Balance on January 1, 2025	\$ 641,026	1,325,226	160,843	207,158	2,334,253
Additions	-	167	198	2,582	2,947
Disposals	-	-	(27,615)	(2,509)	(30,124)
Effect of changes in exchange rates and others	-	12,241	1,904	471	14,616
Balance on March 31, 2025	\$ <u>641,026</u>	<u>1,337,634</u>	<u>135,330</u>	<u>207,702</u>	<u>2,321,692</u>

(Continued)

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Total</u>
Depreciation:					
Balance on January 1, 2026	\$ 8,984	328,729	96,350	178,728	612,791
Depreciation	-	5,690	2,010	5,004	12,704
Disposals	-	-	(413)	(4,078)	(4,491)
Effect of changes in exchange rates and others	-	2,737	2,170	659	5,566
Balance on March 31, 2026	<u>\$ 8,984</u>	<u>337,156</u>	<u>100,117</u>	<u>180,313</u>	<u>626,570</u>
Balance on January 1, 2025	\$ 8,984	504,103	127,054	160,581	800,722
Depreciation	-	18,124	3,459	6,805	28,388
Disposals	-	-	(23,168)	(2,430)	(25,598)
Effect of changes in exchange rates and others	-	4,245	1,667	414	6,326
Balance on March 31, 2025	<u>\$ 8,984</u>	<u>526,472</u>	<u>109,012</u>	<u>165,370</u>	<u>809,838</u>
Carrying amounts:					
Balance at January 1, 2026	<u>\$ 632,042</u>	<u>280,217</u>	<u>19,136</u>	<u>31,414</u>	<u>962,809</u>
Balance on March 31, 2026	<u>\$ 632,042</u>	<u>276,704</u>	<u>18,184</u>	<u>32,374</u>	<u>959,304</u>
Balance on January 1, 2025	<u>\$ 632,042</u>	<u>821,123</u>	<u>33,789</u>	<u>46,577</u>	<u>1,533,531</u>
Balance on March 31, 2025	<u>\$ 632,042</u>	<u>811,162</u>	<u>26,318</u>	<u>42,332</u>	<u>1,511,854</u>

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

As of March 31, 2026, December 31, 2025, and March 31, 2025, the Group's property, plant and equipment were not pledged.

(10) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other facilities</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2026	<u>\$ 40,360</u>	<u>75,671</u>	<u>3,951</u>	<u>-</u>	<u>119,982</u>
Balance at March 31, 2026	<u>\$ 40,477</u>	<u>71,561</u>	<u>5,155</u>	<u>-</u>	<u>117,193</u>
Balance at January 1, 2025	<u>\$ 158,401</u>	<u>93,025</u>	<u>2,813</u>	<u>39</u>	<u>254,278</u>
Balance at March 31, 2025	<u>\$ 158,919</u>	<u>88,392</u>	<u>3,848</u>	<u>19</u>	<u>251,178</u>

The right-of-use assets recognized by the Group for leased land, buildings, machinery and equipment, and transportation equipment did not have any significant additions, impairments recognized, or reversals for the three months ended March 31, 2026 and 2025. Please refer to Note 6(10) of the consolidated financial statements for the year ended December 31, 2025 for other related information.

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Hitron Technologies Inc. and Subsidiaries
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(11) Investment Property

Investment properties include owned assets held by the Group as well as right-of-use assets representing leased rights that are leased to third parties under operating leases. These assets are reclassified as investment properties at their carrying amounts when there is a change in use. The lease agreements stipulate that the lessee has the option to extend the lease upon expiration. Please refer to Note 6(19).

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

The movements of investment property of the Group were as follows:

	<u>Owned property</u>	<u>Right-of-use</u>	
	<u>Building</u>	<u>assets</u>	
		<u>Land</u>	<u>Total</u>
Carrying amount:			
Balance at January 1, 2026	\$ <u>452,122</u>	<u>107,833</u>	<u>559,955</u>
Balance on March 31, 2026	\$ <u>447,146</u>	<u>108,692</u>	<u>555,838</u>

There were no significant additions, disposal or recognition and reversal of impairment losses of the investment property for the three months ended March 31, 2026 and 2025. Please refer to Note 12 for current period depreciation. Please refer to Note 6(11) of the consolidated financial statements for the year ended December 31, 2025 for other related information.

The fair value of investment property of the Group does not differ materially from the information disclosed in Note 6(11) to the consolidated financial statements for the year ended December 31, 2025.

(12) Intangible asset

	<u>Software cost</u>	<u>Other</u>	
		<u>intangible</u>	
		<u>assets</u>	<u>Total</u>
Carrying amount:			
Balance at January 1, 2026	\$ <u>26,606</u>	<u>12,543</u>	<u>39,149</u>
Balance at March 31, 2026	\$ <u>21,879</u>	<u>14,623</u>	<u>36,502</u>
Balance at January 1, 2025	\$ <u>50,645</u>	<u>16,065</u>	<u>66,710</u>
Balance at March 31, 2025	\$ <u>44,234</u>	<u>16,036</u>	<u>60,270</u>

There were no significant additions, disposal or recognition and reversal of impairment losses of the intangible assets for the three months ended March 31, 2026 and 2025. Please refer to Note 12 for current period amortization. Please refer to Note 6(12) of the consolidated financial statements for the year ended December 31, 2025 for other related information.

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Notes to the Consolidated Financial Statements

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

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

	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits paid (Note 8)	\$ 160,476	142,182	142,960
Business taxes refundable	61,015	44,122	50,886
Advance payment	17,068	13,864	1,586
Restricted bank deposits (Note 8)	16,486	4,521	4,425
Prepaid insurance premiums	9,791	11,539	12,876
Prepayments for equipment	8,620	11,518	11,351
Prepaid pension cost	3,026	3,026	2,749
Others	93,731	89,180	98,165
	\$ 370,213	319,952	324,998
Other current assets	\$ 176,612	154,056	158,869
Other non-current assets	193,601	165,896	166,129
	\$ 370,213	319,952	324,998

(14) Short-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured bank loans	\$ 1,442,576	1,473,073	996,796
Unused short-term credit lines	\$ 7,116,371	7,375,374	6,917,236
Range of interest rates	3.25%~4.62%	3.15%~5.00%	3.45%~5.75%

Issuance and repayment of loans

For the years ended March 31, 2026 and 2025, the newly added amounts were \$1,149,954 thousand and \$1,563,853 thousand, respectively. The maturity dates ranged from June 2026 to July 2026 and from April 2025 to June 2025, respectively. The repaid amounts were \$1,166,233 thousand and \$939,655 thousand, respectively.

(15) Other payables

	March 31, 2026	December 31, 2025	March 31, 2025
Dividends payable	\$ 189,694	-	185,584
Payroll and bonus payable	176,397	268,403	171,300
Business taxes payable	17,029	25,856	4,571
Payables on equipment	4,080	3,911	2,793
Others	72,786	96,569	69,163
	\$ 459,986	394,739	433,411

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

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

March 31, 2026				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.88%	2026 (note)	\$ 60,000
	NTD	2.09%	2026 (note)	320,000
	NTD	1.88%	2027 (note)	240,000
Subtotal				620,000
Less: current portion				(380,000)
Total				\$ 240,000
Unused long-term credit lines				\$ -

December 31, 2025				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.88%	2026 (note)	\$ 60,000
	NTD	2.09%	2026 (note)	320,000
	NTD	1.88%	2027 (note)	240,000
Subtotal				620,000
Less: current portion				(380,000)
Total				\$ 240,000
Unused long-term credit lines				\$ -

March 31, 2025				
	Currency	Rate	Maturity year	Amount
Unsecured bank borrowings	NTD	2.09%	2026 (note)	\$ 400,000
	NTD	1.88%	2027 (note)	30,000
	NTD	0.50%	2029	19,184
Subtotal				449,184
Less: current portion				(80,000)
Total				\$ 369,184
Unused long-term credit lines				\$ -

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

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

- A. Current ratio (Current assets/current liabilities): was no less than 100%.
- B. Debt ratio (total liabilities/net value): was no more than 150%

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- C. (Cash and cash equivalents + yearly EBITDA)/(short-term borrowings + medium or long-term borrowings mature within 1 year) was no less than one.

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

(17) Lease liabilities

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Current	\$ <u>19,460</u>	<u>19,690</u>	<u>21,217</u>
Non-current	\$ <u>88,179</u>	<u>90,602</u>	<u>101,664</u>

For the maturity analysis, please refer to Note 6(30).

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended</u> <u>March 31,</u>	
	<u>2026</u>	<u>2025</u>
Interest expense on lease liabilities	\$ <u>1,720</u>	<u>2,025</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>4,532</u>	<u>5,332</u>

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

	<u>For the three months ended</u> <u>March 31,</u>	
	<u>2026</u>	<u>2025</u>
Total cash outflow for leases	\$ <u>10,840</u>	<u>15,143</u>

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

(18) Provisions

	<u>Warranties</u>
Balance on January 1, 2026	\$ 81,570
Provisions made during the period	3,312
Provisions used during the period	(9,793)
Effect of changes in foreign exchange rates	183
Balance on March 31, 2026	\$ <u>75,272</u>

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	Warranties
Balance on January 1, 2025	\$ 98,308
Provisions made during the year	2,485
Provisions used during the year	(16,729)
Effect of changes in foreign exchange rates	125
Balance on March 31, 2025	\$ 84,189

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

	March 31, 2026	December 31, 2025	March 31, 2025
Current	\$ 41,551	47,001	53,889
Non-current	33,721	34,569	30,300
	\$ 75,272	81,570	84,189

The Group's warranty provisions are primarily related to product sales and the rendering of services. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects the majority of the liability will arise within one year after sale.

(19) Operating lease

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

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

	March 31, 2026	December 31, 2025
Less than one year	\$ 88,798	87,831
One to two years	92,794	91,784
Above two years	23,451	46,902
Total undiscounted lease payments	\$ 205,043	226,517

For the three months ended March 31, 2026, the rental income generated from investment properties amounted to \$22,521 thousand.

(20) Employee benefits

A. Defined benefit plans

Given the absence of significant market fluctuations, as well as any significant curtailments, settlements, or other material one-off events during the prior fiscal year, pension costs in the financial statements were measured and disclosed based on the actuarial valuations as of December 31, 2025 and 2024.

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B. Defined contribution plans

Pension costs under defined contribution plans amounted to \$11,069 thousand and \$9,637 thousand for the three months ended March 31, 2026 and 2025, respectively.

(21) Income taxes

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

	For the three months ended March 31,	
	2026	2025
Current tax expenses (benefit)	\$ 19,669	(7,189)

As of March 31, 2026, the Company's income tax returns for the years up to 2024 were assessed by the Tax Administration.

(22) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interests for the three months ended March 31, 2026 and 2025. For related information about the equity, please refer to Note 6(21) of the consolidated financial statements for the year ended December 31, 2025.

A. Issue of ordinary shares

As of March 31, 2026, December 31, 2025, and March 31, 2025, the Company's authorized share capital amounted to \$4,000,000 thousand (including \$300,000 thousand reserved for the employee stock option plan and the conversion of convertible bond into shares). As of those dates, the Company's issued and outstanding capital remained unchanged at \$3,213,172 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Capital surplus – premium	\$ 742,718	742,718	742,718
Convertible bonds payable – premium	221,176	221,176	221,176
Changes in ownership interests in subsidiaries	186,935	186,861	186,581
Employee share options	2,480	2,480	2,480
Others	236	236	236
	\$ 1,153,545	1,153,471	1,153,191

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C. Retained earnings

According to the Company's Articles of Incorporation, current year's net income shall first be used to offset prior years' accumulated deficits, if any. Ten percent of the remaining balance shall be appropriated as the legal reserve, until the accumulated legal reserve equals the Company's paid-in capital. Any further appropriation to the special reserve shall be made pursuant to applicable laws and regulations or for the Company's operational requirements.

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

(a) Legal reserve

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

(b) Special reserve

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

D. Earnings distribution / deficit compensation

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

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

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E. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non- controlling interests	Total
Balance on January 1, 2026	\$ 190,586	-	1,366,814	1,557,400
Exchange differences on translation of foreign financial statements	32,269	-	192	32,461
Cash dividends paid by subsidiaries	-	-	(205,144)	(205,144)
Changes in the share of associates accounted for using the equity method	-	-	150	150
Changes in non-controlling interest	-	-	18,853	18,853
Balance on March 31, 2026	<u>\$ 222,855</u>	<u>-</u>	<u>1,180,865</u>	<u>1,403,720</u>
Balance on January 1, 2025	\$ 285,439	18,294	1,366,288	1,670,021
Exchange differences on translation of foreign financial statements	39,806	-	135	39,941
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(924)	-	(924)
Cash dividends paid by subsidiaries	-	-	(200,699)	(200,699)
Changes in the share of associates accounted for using the equity method	-	-	380	380
Changes in non-controlling interests	-	-	36,068	36,068
Balance on March 31, 2025	<u>\$ 325,245</u>	<u>17,370</u>	<u>1,202,172</u>	<u>1,544,787</u>

(23) Earnings (Loss) per share

A. Basic earnings (loss) per share

	For the three months ended March 31,	
	2026	2025
Profit (Loss) attributable to shareholders of the Company	\$ <u>22,312</u>	<u>(17,600)</u>
Weighted-average number of shares outstanding (in thousands of shares) (basic)	<u>321,317</u>	<u>321,317</u>
Basic earnings (loss) per share (in dollars)	\$ <u>0.07</u>	<u>(0.05)</u>

B. Diluted earnings (loss) per share

	For the three months ended March 31,	
	2026	2025
Profit (Loss) attributable to shareholders of the Company	\$ <u>22,312</u>	<u>(17,600)</u>
Weighted-average number of shares outstanding (in thousands of shares)(diluted)	<u>321,317</u>	<u>321,317</u>
Diluted earnings (loss) per share (in dollars)	\$ <u>0.07</u>	<u>(0.05)</u>

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Since the Company has accumulated deficits as of March 31, 2026 and 2025, there were no dilutive potential ordinary shares for those periods.

(24) Revenue from contracts with customers

A. Details of revenues

	For the three months ended	
	March 31,	
	<u>2026</u>	<u>2025</u>
Primary geographical markets:		
America	\$ 1,250,620	943,993
Taiwan	530,966	571,368
Others	<u>293,601</u>	<u>380,417</u>
	<u>\$ 2,075,187</u>	<u>1,895,778</u>
Main products:		
Wireless broadband network products	\$ 1,614,521	1,490,668
Other network-related products	<u>460,666</u>	<u>405,110</u>
	<u>\$ 2,075,187</u>	<u>1,895,778</u>

B. Contract balances

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2026</u>	<u>2025</u>	<u>2025</u>
Notes and accounts receivable (including related parties), net	<u>\$ 2,112,738</u>	<u>2,447,236</u>	<u>1,516,640</u>
Contract liabilities	<u>\$ 247,458</u>	<u>267,076</u>	<u>388,466</u>

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

Revenue recognized for the three months ended March 31, 2026 and 2025 that was included in the contract liability balance at the beginning of the respective periods amounted to \$49,408 thousand and \$140,159 thousand, respectively.

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

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

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(25) Remuneration to employees and directors

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

The estimated amounts mentioned above are calculated based on the pre-tax net income before deducting employee compensation and directors' remuneration, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations are recorded under operating costs or operating expenses. Because the Company has accumulated deficits as of March 31, 2026 and 2025, no such remunerations were accrued for those periods. Any differences between the actual amounts and the estimated amounts recognized in the financial statement are accounted for as changes in accounting estimates and reflected in profit or loss in the subsequent year. If employee compensation is resolved to be distributed in shares, the number of shares is determined based on the closing price of the day preceding the Board of Directors' meeting. Relevant information can be accessed on the Market Observation Post System website.

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

(26) Interest income

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

	For the three months ended	
	March 31,	
	2026	2025
Bank deposits	\$ 19,519	9,029

(27) Other income

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

	For the three months ended	
	March 31,	
	2026	2025
Rental income	\$ 23,982	1,442
Other income	679	6,199
	\$ 24,661	7,641

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(28) Other gains and losses

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

	For the three months ended March 31,	
	2026	2025
Foreign exchange gain (loss), net	\$ 26,464	(399)
Depreciation expense on investment property	(12,770)	-
Gain (loss) on disposals of property, plant and equipment	857	(956)
Net gain on financial assets at fair value through profit or loss, net	16	198
Other gains or losses, net	(2,021)	(2,294)
	\$ 12,546	(3,451)

(29) Finance costs

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

	For the three months ended March 31,	
	2026	2025
Interest expense of borrowings, etc.	\$ 18,308	9,705
Interest expense of lease liabilities	1,720	2,025
	\$ 20,028	11,730

(30) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk and market risk. For related information about the fair value on financial instruments, please refer to Note 6(31) of the consolidated financial statements for the year ended December 31, 2025.

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The Group's major customers are concentrated in the networking-related industries. The Group generally sets credit limits for its customers based on their credit evaluations. Accordingly, the Group's credit risk is mainly influenced by the networking industry.

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As of March 31, 2026, December 31, 2025, and March 31, 2025, 61%, 64% and 55%, respectively, of the Group's accounts receivable (including related parties) were attributable to the top five customers. Although there is a potential concentration of credit risk, the Group routinely assesses the collectability of its accounts receivable and recognizes a corresponding allowance for doubtful accounts.

(c) Credit risk associated with receivables

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

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

B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>More than 5 years</u>
March 31, 2026					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,442,576	(1,459,938)	(1,459,938)	-	-
Notes and accounts payables (including related parties)	1,987,519	(1,987,519)	(1,987,519)	-	-
Other payables (including related parties)	507,540	(507,540)	(507,540)	-	-
Lease liabilities (current and non-current)	107,639	(125,267)	(25,613)	(84,887)	(14,767)
Long-term borrowings (including maturity within 1 year)	<u>620,000</u>	<u>(631,187)</u>	<u>(388,930)</u>	<u>(242,257)</u>	<u>-</u>
	<u>\$ 4,665,274</u>	<u>(4,711,451)</u>	<u>(4,369,540)</u>	<u>(327,144)</u>	<u>(14,767)</u>
December 31, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,473,073	(1,494,267)	(1,494,267)	-	-
Notes and accounts payables (including related parties)	1,823,379	(1,823,379)	(1,823,379)	-	-
Other payables (including related parties)	424,502	(424,502)	(424,502)	-	-
Lease liabilities (current and non-current)	110,292	(129,322)	(26,034)	(88,178)	(15,110)
Long-term borrowings (including maturity within 1 year)	<u>620,000</u>	<u>(634,227)</u>	<u>(390,858)</u>	<u>(243,369)</u>	<u>-</u>
	<u>\$ 4,451,246</u>	<u>(4,505,697)</u>	<u>(4,159,040)</u>	<u>(331,547)</u>	<u>(15,110)</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>More than 5 years</u>
March 31, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 996,796	(1,005,355)	(1,005,355)	-	-
Notes and accounts payables (including related parties)	1,181,184	(1,181,184)	(1,181,184)	-	-
Other payables (including related parties)	466,771	(466,771)	(466,771)	-	-
Lease liabilities (current and non-current)	122,881	(148,136)	(28,687)	(103,309)	(16,140)
Long-term borrowings (including maturity within 1 year)	449,184	(463,406)	(88,485)	(374,921)	-
Forward exchange contracts:					
Outflow	136	(24,904)	(24,904)	-	-
Inflow	-	24,768	24,768	-	-
	<u>\$ 3,216,952</u>	<u>(3,264,988)</u>	<u>(2,770,618)</u>	<u>(478,230)</u>	<u>(16,140)</u>

C. Currency risk

(a) Exposure to currency risk

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

	<u>March 31, 2026</u>			<u>December 31, 2025</u>			<u>March 31, 2025</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 128,175	31.995	4,100,946	126,455	31.43	3,974,480	70,874	33.205	2,353,387
EUR	278	36.705	10,207	81	36.896	2,979	532	35.96	19,136
CAD	674	22.962	15,485	662	22.933	15,190	600	23.16	13,894
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	85,050	31.995	2,721,177	81,304	31.430	2,555,389	63,448	33.205	2,106,802
VND	-	-	-	4,420	0.0012	5	867,731	0.0013	1,128

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from foreign exchange gains and losses resulting from the translation of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable, and other payables denominated in foreign currencies. A 5% strengthening (weakening) of the New Taiwan Dollar (NTD) against the USD, EUR, CAD, and VND as of March 31, 2026 and 2025 would have increased (decreased) profit before tax by \$70,273 thousand and \$13,924 thousand, respectively. This analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

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(c) Exchange gains and losses on monetary items

As the Group has different functional currencies, foreign exchange gain (loss) on monetary items are disclosed on an aggregated basis. For the three months ended March 31, 2026 and 2025, the net foreign exchange gain (loss), including both realized and unrealized portions, amounted to \$26,464 thousand and \$(399) thousand, respectively.

D. Interest rate analysis

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

If the interest rate had increased (decreased) by 0.25%, the Group's profit before tax would have increased (decreased) by \$938 thousand and \$1,184 thousand, for the three months ended March 31, 2026 and 2025, respectively, with all other variable remaining constant. Such movements were mainly attributable to the Group's cash and cash equivalents, financial assets at amortized cost (current), as well as variable-rate short-term and long-term borrowings including current portion of long-term borrowings.

E. Other market price risk

For the three months ended March 31, 2026 and 2025, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

<u>Securities price on the reporting date</u>	<u>For the three months ended</u> <u>March 31,</u>	
	<u>2026</u>	<u>2025</u>
Financial assets at fair value through profit or loss		
Increasing 5%	\$ <u>221</u>	<u>255</u>
Decreasing 5%	\$ <u>(221)</u>	<u>(255)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ <u>-</u>	<u>1,661</u>
Decreasing 5%	\$ <u>-</u>	<u>(1,661)</u>

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F. Fair value of financial instruments

(a) Fair value hierarchy

The Group's management believes that the carrying amounts of financial assets and liabilities carried at amortized cost in the consolidated financial statements reasonably approximate their fair values. Financial assets and liabilities measured at fair value through profit or loss, as well as financial assets measured at fair value through other comprehensive income, are measured at fair value on a recurring basis. No fair value disclosures are required for lease liabilities. The following table analyzes financial instruments measured at fair value subsequent to initial recognition, classified by the fair value hierarchy:

	March 31, 2026				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value under repetitive basis					
Financial assets at fair value through profit or loss – stocks	\$ <u>4,416</u>	<u>4,416</u>	<u>-</u>	<u>-</u>	<u>4,416</u>
	December 31, 2025				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value under repetitive basis					
Financial assets at fair value through profit or loss – stocks	\$ <u>4,400</u>	<u>4,400</u>	<u>-</u>	<u>-</u>	<u>4,400</u>
	March 31, 2025				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value under repetitive basis					
Financial assets at fair value through profit or loss – stocks	\$ 5,100	5,100	-	-	5,100
Non-current financial assets at fair value through other comprehensive income- stocks	<u>33,218</u>	<u>-</u>	<u>-</u>	<u>33,218</u>	<u>33,218</u>
Total	<u>\$ 38,318</u>	<u>5,100</u>	<u>-</u>	<u>33,218</u>	<u>38,318</u>

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	March 31, 2025				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss—					
derivative financial liabilities \$	<u>136</u>	<u>-</u>	<u>136</u>	<u>-</u>	<u>136</u>

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

i. Non-derivative financial instruments

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

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

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

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

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

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

Equity instruments without publicly quoted prices: The fair value is estimated using the comparable company method. The principal assumptions are measured based on the earnings multiples derived from the investee's net asset value per share and EV/EBIT market quotes of comparable listed companies. The estimates have been adjusted for the impact of marketability discounts on the equity securities.

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ii. Derivative financial instruments

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

(c) There was no transfer between the different levels of fair value hierarchy for both the three months ended March 31, 2026 and 2025.

(d) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
Balance on January 1, 2025	\$ 34,142
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	<u>(924)</u>
Balance on March 31, 2025	<u><u>\$ 33,218</u></u>

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

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

As of March 31, 2025, quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income – equity investment without an active market	P/B and P/E ratio method	P/B ratios of industry peers as of March 31, 2025 was 0.9.	The higher the P/B ratio, the higher the fair value.
		P/E ratio of industry peers as of March 31, 2025: 19.84.	The higher the P/E ratio, the higher the fair value.
		Market liquidity discount rate as of March 31, 2025: 17.41%.	The higher the discount for lack of marketability, the lower the fair value.

(Continued)

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

(31) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management from those in the consolidated financial statement for the year ended December 31, 2025. For related information about the financial risk management, please refer to Note 6(32) of the consolidated financial statements for the year ended December 31, 2025.

(32) Capital management

The Group's objectives, policies and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2025. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2025. For related information about the capital management, please refer to Note 6(33) of the consolidated financial statements for the year ended December 31, 2025.

(33) Non-cash investing and financing activities

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

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

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

	January 1, 2026	Cash flows	Exchange rate movements and others	March 31, 2026
Short-term borrowings	\$ 1,473,073	(16,279)	(14,218)	1,442,576
Long-term borrowings (Including maturity within 1 year)	620,000	-	-	620,000
Lease liabilities	110,292	(4,588)	1,935	107,639
Total liabilities from financing activities	<u>\$ 2,203,365</u>	<u>(20,867)</u>	<u>(12,283)</u>	<u>2,170,215</u>
			Exchange rate movements and others	
	January 1, 2025	Cash flows	March 31, 2025	
Short-term borrowings	\$ 365,695	624,198	6,903	996,796
Long-term borrowings (including maturity within 1 year)	455,000	(5,816)	-	449,184
Lease liabilities	125,839	(7,786)	4,828	122,881
Total liabilities from financing activities	<u>\$ 946,534</u>	<u>610,596</u>	<u>11,731</u>	<u>1,568,861</u>

(Continued)

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

7. Related-party transactions:

(1) Parent company and ultimate controlling company

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

(2) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda	Ultimate parent company
Alpha	Parent company
Alpha Networks (Hong Kong) Limited	Parent's subsidiary
Alpha Networks Vietnam Company Limited (Alpha VN)	Parent's subsidiary
Fiber Logic Communications Inc. (Fiber Logic)	Parent's subsidiary
Enrich Investment Corporation (Enrich Investment)	Parent's subsidiary
Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu)	Parent's subsidiary
Metaage Corporation (Metaage)	Qisda's subsidiary
Qisda Vietnam Co., Ltd (QVH)	Qisda's subsidiary
BenQ Asia Pacific Corp (BQP)	Qisda's subsidiary
Golden Spirit CO., LTD. (Golden)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
Concord Medical CO., LTD. (Concord)	Qisda's subsidiary
Unictron Technologies Corporation (UTC)	Qisda's associate
Darwin Precisions Corporation (DARWIN)	Qisda's associate

(3) Significant related-party transactions

A. Operating revenue

The amounts of sales to related parties were as follows:

	For the three months ended	
	March 31,	
	2026	2025
Parent company	\$ 156	5,858
Other related parties	2,834	597
	\$ 2,990	6,455

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

(Continued)

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

For the three months ended March 31, 2026 and 2025, the collection terms for related parties ranged from 30 to 120 days, which were the same as those offered to other customers.

The Company engages in processing transactions with its parent company and other related parties. The Group supplies raw materials to the parent company and other related parties for processing and repurchases the processed goods upon completion of processing. For the three months ended March 31, 2026 and 2025, the Group's sales to the parent company and other related parties amounted to \$45,205 thousand and \$21,304 thousand, respectively. Such transactions are not recognized as sales revenue or cost of goods sold; instead, the differences are recorded as deferred credits. The related gains or losses are recognized when the processed goods are resold to the Group's customers. As of March 31, 2026, December 31, 2025, and March 31, 2025, the cumulative balance of deferred credits amounted to \$7,258 thousand, \$130 thousand, and \$613 thousand, respectively, and was recorded as other current liabilities.

B. Purchases

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

	For the three months ended March 31,	
	2026	2025
Parent company	\$ 1,290,317	1,076,630
Other related parties	234,995	24,966
	<u>\$ 1,525,312</u>	<u>1,101,596</u>

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

C. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	March 31, 2026	December 31, 2025	March 31, 2025
Accounts receivable from related parties	Parent company	\$ 163	76	25,357
	Other related parties	41,368	9,090	15,715
		<u>\$ 41,531</u>	<u>9,166</u>	<u>41,072</u>

(Continued)

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

D. Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts payable to related parties	Parent company	\$ 1,035,193	830,364	741,415
	Other related parties	233,317	47,982	21,092
		<u>\$ 1,268,510</u>	<u>878,346</u>	<u>762,507</u>

E. Prepayments

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Prepayments (recorded in other current assets)	Parent company	\$ -	24	-
	Other related parties	5,962	9,721	444
		<u>\$ 5,962</u>	<u>9,745</u>	<u>444</u>

F. Property transactions

(a) Acquisition of property, plant and equipment

	<u>Acquisition price</u>	
	<u>For the three months ended</u>	
	<u>March 31,</u>	
	<u>2026</u>	<u>2025</u>
Parent company	\$ 60	-
Other related parties	7	87
	<u>\$ 67</u>	<u>87</u>

(b) Disposal of property, plant, and equipment

	<u>Disposal price</u>	
	<u>For the three months ended</u>	
	<u>March 31,</u>	
	<u>2026</u>	<u>2025</u>
Other related parties	\$ -	787

(Continued)

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

(c) Acquisition of intangible assets

	Acquisition price	
	For the three months ended	
	March 31,	
	2026	2025
Other related parties	\$ 378	314

G. Other operating costs

	For the three months ended	
	March 31,	
	2026	2025
Parent company	\$ 9,969	26,138

H. Operating expenses

	For the three months ended	
	March 31,	
	2026	2025
Ultimate parent company	\$ 3	3
Parent company	20,375	16,782
Other related parties	121	226
	\$ 20,499	17,011

I. Other receivables

		March 31,	December 31,	March 31,
Account	Relationship	2026	2025	2025
Other receivables	Other related parties	\$ -	410	4,397

J. Other payables

		March 31,	December 31,	March 31,
Account	Relationship	2026	2025	2025
Other payables	Ultimate parent company	\$ 3	187	2
	Parent company	31,739	29,505	17,913
	Other related parties	362	71	330
		\$ 32,104	29,763	18,245
Dividends payable	Other related parties	\$ 15,450	-	15,115

(Continued)

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

K. Contract liabilities

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Contract liabilities	Parent company	\$ -	-	<u>22,310</u>

L. Leases

<u>Account</u>	<u>Relationship</u>	<u>For the three months ended March 31,</u>	
		<u>2026</u>	<u>2025</u>
Rental expense	Parent company	\$ <u>21</u>	<u>14</u>
Rental revenue	Other related parties	\$ <u>990</u>	<u>990</u>

(4) Key management personnel compensation

	<u>For the three months ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Short-term employee benefits	\$ 23,987	24,795
Retirement benefits	297	297
	<u>\$ 24,284</u>	<u>25,092</u>

8. Pledged assets:

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

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Restricted time deposit (recorded in other non-current assets)	Guarantees for land lease and import customs clearance	\$ 2,382	2,382	2,382
Restricted time deposit (recorded in other non-current assets)	Guarantee to local authority for sales to abroad customers	11,424	11,409	11,520
Refundable deposit (recorded in other non-current assets)	Guarantee for customer contracts	142,425	117,788	112,373
		<u>\$ 156,231</u>	<u>131,579</u>	<u>126,275</u>

(Continued)

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

9. Commitments and contingencies:

(1) As of March 31, 2026, December 31, 2025, and March 31, 2025, the Group's deposited notes and guarantees in the bank amounting to \$9,178,947 thousand, \$9,468,447 thousand and \$8,363,216 thousand, respectively.

(2) Others:

	March 31, 2026	December 31, 2025	March 31, 2025
Guaranteed notes payable for tender contract	\$ 20,065	10,168	9,412
Guarantee for construction projects	\$ 570,718	230,941	111,151

10. Losses due to major disasters: None

11. Subsequent events:

With the approval of its board on April 2, 2026, the Company entered into a Share Purchase Agreement with ELEKTROPHOENIX GESELLSCHAFT MIT BESCHR Ä NKTER HAFTUNG on the same date to acquire the entire shares of Perle Systems Limited, at a total maximum amount of US\$45 million, with the Chairman being authorized to fully handle all matters related to this investment.

12. Other:

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

By item	By function		For the three months ended March 31,			
	2026			2025		
	Cost of sales	Operation expenses	Total	Cost of sales	Operation expenses	Total
Employee benefits						
Salary	32,378	201,097	233,475	5,294	190,683	195,977
Labor and health insurance	3,337	12,695	16,032	318	12,292	12,610
Pension	1,661	9,408	11,069	135	9,502	9,637
Remuneration of directors	-	4,733	4,733	-	5,216	5,216
Others	1,352	6,022	7,374	162	5,680	5,842
Depreciation	46	19,100	19,146	9,411	26,822	36,233
Amortization	-	8,103	8,103	395	8,726	9,121

Note: For the three months ended March 31, 2026 and 2025, the total depreciation expenses recognized for assets leased to other loss under operating leases amounted to \$12,770 thousand and \$0 thousand, respectively.

(Continued)

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

13. Other disclosures:

(1) Information on significant transactions:

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

- A. Loans to other parties: None
- B. Guarantees and endorsements for other parties: None
- C. Material securities held as of March 31, 2026 (excluding investment in subsidiaries, associates and joint ventures): None
- D. Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock: Please refer to Table 1.
- E. Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock: Please refer to Table 2.
- F. Business relationships and significant intercompany transactions: Please refer to Table 3.

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

(3) Information on investment in Mainland China:

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

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

14. Segment information:

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

	For the three months ended March 31, 2026			
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 460,666	1,614,521	-	2,075,187
Intersegment revenue	3,888	-	(3,888)	-
Total revenue	<u>\$ 464,554</u>	<u>1,614,521</u>	<u>(3,888)</u>	<u>2,075,187</u>
Interest expenses	<u>\$ 68</u>	<u>19,962</u>	<u>(2)</u>	<u>20,028</u>
Depreciation and amortization	<u>\$ 6,992</u>	<u>33,140</u>	<u>(113)</u>	<u>40,019</u>
Reportable segment profit or loss	<u>\$ 28,743</u>	<u>22,312</u>	<u>(9,890)</u>	<u>41,165</u>

(Continued)

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

March 31, 2026				
	System integration	Manufacturing	Reconciliation and elimination	Total
Reportable segment assets	\$ <u>3,460,012</u>	<u>8,308,908</u>	<u>(677,174)</u>	<u>11,091,746</u>
Reportable segment liabilities	\$ <u>1,705,929</u>	<u>3,512,288</u>	<u>(103,957)</u>	<u>5,114,260</u>
For the three months ended March 31, 2025				
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 405,110	1,490,668	-	1,895,778
Intersegment revenue	<u>8,837</u>	<u>-</u>	<u>(8,837)</u>	<u>-</u>
Total revenue	<u>\$ 413,947</u>	<u>1,490,668</u>	<u>(8,837)</u>	<u>1,895,778</u>
Interest expenses	<u>\$ 53</u>	<u>11,679</u>	<u>(2)</u>	<u>11,730</u>
Depreciation and amortization	<u>\$ 6,671</u>	<u>38,836</u>	<u>(153)</u>	<u>45,354</u>
Reportable segment profit or loss	<u>\$ 53,177</u>	<u>(17,600)</u>	<u>(17,109)</u>	<u>18,468</u>
March 31, 2025				
	System integration	Manufacturing	Reconciliation and elimination	Total
Reportable segment assets	\$ <u>3,154,476</u>	<u>7,483,824</u>	<u>(689,513)</u>	<u>9,948,787</u>
Reportable segment liabilities	\$ <u>1,367,942</u>	<u>2,502,073</u>	<u>(105,151)</u>	<u>3,764,864</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock
For the three months ended March 31, 2026

Table 1

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Hitron America	Parent and subsidiary	(Sales)	(1,228,003)	92.95%	120 days	Agreed by both parties	Same	1,595,190	81.58%	Note
The Company	Alpha	Parent and subsidiary	Purchase	1,290,317	97.75%	60 days	Agreed by both parties	Same	(1,035,193)	97.34%	Note
Interactive Digital	Metaage	Other related parties	Purchase	112,885	16.35%	60 days	Agreed by both parties	Same	(102,494)	11.28%	

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

Hitron Technologies Inc. and Subsidiaries
Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock
March 31, 2026

Table 2

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Loss Allowance	Note
					Amount	Action taken			
The Company	Hitron America	Parent and subsidiary	1,595,190	3.32	-	-	276,409	-	Note 2

Note 1: The amount recovered as of April 23, 2026.

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

Hitron Technologies Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the three months ended March 31, 2026

Table 3

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets
0	The Company	Hitron America	Parent to subsidiary	Sales	1,228,003	-	59.18%
0	The Company	Hitron America	Parent to subsidiary	Accounts receivable	1,595,190	120 days	14.38%
0	The Company	Alpha	Subsidiary to Parent	Purchases	1,290,317	-	62.18%
0	The Company	Alpha	Subsidiary to Parent	Accounts payable	1,035,193	60 days	9.33%

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

Hitron Technologies Inc. and Subsidiaries
Information on investees (excluding information on investees in China)
For the three months ended March 31, 2026

Table 4

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2026			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2026	December 31, 2025	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	251,586	905	1,653	
The Company	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	577,872	30,132	9,889	
The Company	Hitron Vietnam	Vietnam	Factory, warehouse and office leases	492,373	492,373	-	100.00 %	981,594	8,680	8,680	
The Company	Hitron America	USA	International trade	90,082	90,082	300	100.00 %	479,936	113,106	112,072	
The Company	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	47,423	(13,170)	(12,855)	
Interactive Digital	Transnet	Taiwan	Engaging in the integrated supply of system services for network communication products and the import and export trading of network equipment	36,236	36,236	4,000	80.00 %	49,784	(6,946)	note 1	
Interactive Digital	Fiber Logic	Taiwan	Production and sales of broadband transmission equipment and service routers	93,053	93,053	1,296	5.76 %	85,410	(51,806)	note 1	

Note 1: Recognized through subsidiaries.

Hitron Technologies Inc. and Subsidiaries
The names of investees in Mainland China, the main businesses and products, and other information
For the three months ended March 31, 2026

Table 5

(In Thousands of New Taiwan Dollars)

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2026	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2026	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Hitron Suzhou	Broadband telecommunications product research and development	171,245 (RMB34,800)	(2) note 1	171,245	-	-	171,245	909	100.00%	909	247,599	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (RMB5,425)	(2) note 1	31,139	-	-	31,139	(4)	100.00%	(4)	3,899	-
Hwa Chi Technologies	Technical consulting, researching, maintenance and after service regarding electronic communication products	2,907 (USD100)	(3) note 2	8,854	-	-	8,854	655	32.82%	215	3,205	31,155

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of March 31, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
Hitron Technologies Inc.	211,238	214,528	2,877,972

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

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

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

Note 4: Calculated as 60% (the upper limit on investment) of the Group's net worth on March 31, 2026, in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, amended on August 29, 2008.