Stock Code:2419

Hitron Technologies Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Six Months Ended June 30, 2026 and 2025

Address: No. 1-8, Li-Hsin 1st Rd., Hsinchu Science Park, Hsinchu City, Taiwan (R.O.C.)
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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 June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2026 and 2025, as well as the changes in equity and cash flows for the six months ended June 30, 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 June 30, 2026 and 2025, and of its consolidated financial performance for the three months and six months ended June 30, 2026 and 2025, as well as its consolidated cash flows for the six months ended June 30, 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)
July 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

June 30, 2026, December 31 and June 30, 2025

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2026		December 31, 2025		June 30, 2025	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(1))	$ 3,578,608	30	3,506,737	32	3,257,467	31
1110	Current financial assets at fair value through profit or loss (note 6(2))	4,385	-	4,400	-	4,431	-
1136	Current financial assets at amortised cost (note 6(4))	3,466	-	3,362	-	3,076	-
1170	Notes and accounts receivable, net (note 6(5))	1,392,975	12	2,438,070	22	1,926,156	19
1180	Accounts receivable from related parties, net (notes 6(5) and 7)	197,410	2	9,166	-	44,159	-
1200	Other receivables	404,102	3	483,203	4	454,089	5
1210	Other receivables from related parties (note 7)	-	-	410	-	5,917	-
1220	Current tax assets	34,850	-	33,153	-	43,479	-
130x	Inventories (note 6(6))	3,886,602	33	2,234,061	21	2,444,709	23
1470	Other current assets (notes 6(13), 7 and 8)	206,756	2	154,056	2	172,516	2
		9,709,154	82	8,866,618	81	8,355,999	80
	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	-	-	-	-	34,835	-
1550	Investments accounted for using equity method (note 6(7))	84,377	1	88,639	1	91,518	1
1600	Property, plant and equipment (notes 6(9) and 7)	949,701	8	962,809	8	969,222	9
1755	Right-of use assets (note 6(10))	113,367	1	119,982	1	125,004	1
1760	Investment property, net (notes 6(11) and (19))	541,151	5	559,955	5	548,686	5
1780	Intangible assets (notes 6(12) and 7)	29,118	-	39,149	-	51,345	1
1840	Deferred tax assets	226,905	2	190,999	2	137,163	1
1900	Other non-current assets (notes 6(13) and 8)	149,524	1	165,896	2	167,368	2
		2,094,143	18	2,127,429	19	2,125,141	20
	Total assets	**$ 11,803,297**	**100**	**10,994,047**	**100**	**10,481,140**	**100**

		June 30, 2026		December 31, 2025		June 30, 2025	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(14))	$ 1,508,153	13	1,473,073	14	1,245,726	12
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	-	-	-	-	60	-
2130	Current contract liabilities (notes 6(24) and 7)	477,569	4	267,076	3	343,385	3
2170	Notes and accounts payable	1,001,747	8	945,033	9	471,459	5
2180	Accounts payable to related parties (note 7)	1,382,840	12	878,346	8	1,287,813	12
2200	Other payables (note 6(15))	481,274	4	394,739	4	457,980	4
2220	Other payables to related parties (note 7)	47,537	-	29,763	-	33,894	-
2230	Current tax liabilities	84,111	1	40,238	-	10,991	-
2250	Current provisions (note 6(18))	36,877	-	47,001	-	55,598	1
2280	Current lease liabilities (note 6(17))	19,929	-	19,690	-	20,081	-
2300	Other current liabilities (note 7)	72,490	1	11,551	-	5,069	-
2320	Current portion of long-term borrowings (note 6(16))	360,000	3	380,000	3	160,000	2
		5,472,527	46	4,486,510	41	4,092,056	39
	Non-Current liabilities:						
2540	Long-term borrowings (note 6(16))	180,000	2	240,000	3	420,000	4
2550	Non-current provisions (note 6(18))	33,158	-	34,569	-	28,873	-
2570	Deferred tax liabilities	1,986	-	18,957	-	11,084	-
2580	Non-current lease liabilities (note 6(17))	83,947	1	90,602	1	95,150	1
2600	Other non-current liabilities	18,459	-	14,813	-	906	-
		317,550	3	398,941	4	556,013	5
	Total liabilities	5,790,077	49	4,885,451	45	4,648,069	44
	Equity (note 6(22)):						
	Equity attributable to owners of parent:						
3110	Ordinary share	3,213,172	27	3,213,172	29	3,213,172	31
3200	Capital surplus	1,153,618	10	1,153,471	10	1,153,287	11
	Retained earnings:						
3310	Legal reserve	184,553	2	290,043	3	290,043	3
3350	Unappropriated retained earnings (Accumulated deficits)	45,625	-	(105,490)	(1)	(85,006)	(1)
		230,178	2	184,553	2	205,037	2
3400	Other equity interest	220,740	2	190,586	2	25,558	-
	Total equity attributable to owners of parent	4,817,708	41	4,741,782	43	4,597,054	44
36XX	Non-controlling interests (note 6(8))	1,195,512	10	1,366,814	12	1,236,017	12
	Total equity	6,013,220	51	6,108,596	55	5,833,071	56
	Total liabilities and equity	**$ 11,803,297**	**100**	**10,994,047**	**100**	**10,481,140**	**100**

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 and six months ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars, except for Earnings per share)

		For the three months ended June 30,				For the six months ended June 30,			
		2026		2025		2026		2025	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue** (notes 6(24) and 7)	$ 2,044,194	100	2,392,703	100	4,119,381	100	4,288,481	100
5000	**Operating costs** (notes 6(6), (20), (25) and 7)	1,672,758	82	2,057,772	86	3,350,318	81	3,586,992	84
	Gross profit from operations	371,436	18	334,931	14	769,063	19	701,489	16
	Operating expenses (notes 6(20), (25) and 7):								
6100	Selling expenses	170,597	8	150,575	6	357,320	9	315,314	7
6200	Administrative expenses	91,901	4	89,379	4	170,153	4	179,914	4
6300	Research and development expenses	110,160	5	97,469	4	215,610	5	197,836	5
6450	Expected credit loss (note 6(5))	(35,785)	(2)	28,406	1	(36,172)	(1)	28,350	1
	Total operating expenses	336,873	15	365,829	15	706,911	17	721,414	17
	Net operating income	34,563	3	(30,898)	(1)	62,152	2	(19,925)	(1)
	Non-operating income and expenses:								
7010	Other income (notes 6(19), (27) and 7)	27,625	1	3,745	-	52,286	1	11,386	-
7020	Other gains and losses, net (note 6(28))	(18,294)	(1)	(13,729)	-	(5,748)	-	(17,180)	-
7050	Finance costs (note 6(29))	(18,520)	(1)	(14,015)	(1)	(38,548)	(1)	(25,745)	-
7060	Share of (loss) profit of associates accounted for using equity method (note 6(7))	(1,257)	-	(2,627)	-	(4,710)	-	(3,810)	-
7100	Interest income (note 6(26))	23,675	1	9,903	-	43,194	1	18,932	-
	Total non-operating income and expenses	13,229	-	(16,723)	(1)	46,474	1	(16,417)	-
7900	**Profit (Loss) before tax**	47,792	3	(47,621)	(2)	108,626	3	(36,342)	(1)
7950	Less: income tax expense (benefit) (note 6(21))	10,243	1	(14,289)	(1)	29,912	1	(21,478)	(1)
8200	**Profit (Loss)**	37,549	2	(33,332)	(1)	78,714	2	(14,864)	-
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	-	-	1,617	-	-	-	693	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	46	-	83	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	-	-	1,617	-	184	-	1,023	-
8360	**Components of other comprehensive income that may be reclassified subsequently to profit or loss:**								
8361	Exchange differences on translation of foreign financial statements	(2,039)	-	(319,430)	(13)	30,422	1	(279,489)	(7)
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	(2,039)	-	(319,430)	(13)	30,422	1	(279,489)	(7)
8300	**Other comprehensive income , net of income tax**	(2,039)	-	(317,813)	(13)	30,606	1	(278,466)	(7)
8500	**Total comprehensive income**	**$ 35,510**	**2**	**(351,145)**	**(14)**	**109,320**	**3**	**(293,330)**	**(7)**
	Profit (Loss) attributable to:								
8610	Owners of parent	$ 23,129	1	(67,736)	(2)	45,441	1	(85,336)	(2)
8620	Non-controlling interests	14,420	1	34,404	1	33,273	1	70,472	2
		$ 37,549	**2**	**(33,332)**	**(1)**	**78,714**	**2**	**(14,864)**	
8700	**Comprehensive income attributable to:**								
8710	Owners of parent	$ 21,014	1	(384,793)	(15)	75,779	2	(363,181)	(9)
8720	Non-controlling interests	14,496	1	33,648	1	33,541	1	69,851	2
		$ 35,510	**2**	**(351,145)**	**(14)**	**109,320**	**3**	**(293,330)**	**(7)**
	Earnings (Loss) per share (New Taiwan Dollars) (note 6(23))								
	Basic earnings (loss) per share	**$**	**0.07**		**(0.21)**		**0.14**		**(0.27)**
	Diluted earnings (loss) per share	**$**	**0.07**		**(0.21)**		**0.14**		**(0.27)**

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 six months ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings (Accumulated deficits)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent company	Non-controlling interests	Total equity
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)	-	-	-	(85,336)	(85,336)	-	-	-	(85,336)	70,472	(14,864)
Other comprehensive income (loss)	-	-	-	330	330	(278,868)	693	(278,175)	(277,845)	(621)	(278,466)
Total comprehensive income (loss)	-	-	-	(85,006)	(85,006)	(278,868)	693	(278,175)	(363,181)	69,851	(293,330)
Appropriation and distribution of retained earnings:											
Legal reserve used to offset accumulated deficits	-	-	(50,946)	50,946	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	282	-	-	-	-	-	-	282	577	859
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(200,699)	(200,699)
Balance at June 30, 2025	**$ 3,213,172**	**1,153,287**	**290,043**	**(85,006)**	**205,037**	**6,571**	**18,987**	**25,558**	**4,597,054**	**1,236,017**	**5,833,071**
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	-	-	-	45,441	45,441	-	-	-	45,441	33,273	78,714
Other comprehensive income	-	-	-	184	184	30,154	-	30,154	30,338	268	30,606
Total comprehensive income	-	-	-	45,625	45,625	30,154	-	30,154	75,779	33,541	109,320
Appropriation and distribution of retained earnings:											
Legal reserve used to offset accumulated deficits	-	-	(105,490)	105,490	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	147	-	-	-	-	-	-	147	301	448
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(205,144)	(205,144)
Balance at June 30, 2026	**$ 3,213,172**	**1,153,618**	**184,553**	**45,625**	**230,178**	**220,740**	**-**	**220,740**	**4,817,708**	**1,195,512**	**6,013,220**

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 six months ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Cash flows from operating activities:		
Profit (loss) before tax	$ 108,626	(36,342)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	38,389	65,829
Amortization expense	16,268	17,793
Expected credit loss(reversal gain)	(36,172)	28,350
Net loss on financial assets or liabilities at fair value through profit or loss	15	471
Finance costs	38,548	25,745
Interest income	(43,194)	(18,932)
Loss (gain) on disposal of property, plant and equipment	(834)	924
Provisions for inventory obsolescence and devaluation loss	9,156	21,448
Share of loss of associates accounted for using equity method	4,710	3,810
Lease modification benefit	-	(3)
Adjustment for other non-cash-related losses, net	25,531	4,612
Total adjustments to reconcile profit	52,417	150,047
Changes in operating assets and liabilities:		
Notes and accounts receivable	1,091,708	15,877
Accounts receivables from related parties	(188,244)	73,937
Other receivables	81,775	255
Other receivables from related parties	410	30,010
Inventories	(1,649,535)	(142,383)
Other operating assets	(52,700)	(22,376)
Contract liabilities	210,493	(136,459)
Notes and accounts payable	56,624	(184,309)
Accounts payable to related parties	504,494	268,395
Other payables	(103,018)	(100,757)
Other payables to related parties	2,324	(3,645)
Provisions	(11,675)	(12,815)
Other current liabilities	60,939	884
Total changes in operating assets and liabilities	3,595	(213,386)
Total adjustments	56,012	(63,339)

(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 six months ended June 30, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Cash flows generated from(used in) operations	164,638	(99,681)
Interest received	40,520	19,232
Interest paid	(38,689)	(25,364)
Income taxes paid	(40,578)	(49,022)
Net cash flows from(used in) operating activities	125,891	(154,835)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(7,895)	(6,301)
Proceeds from disposal of property, plant and equipment	857	7,268
Acquisition of intangible assets	(2,385)	(2,921)
Decrease in refundable deposits	15,292	15,986
Other non-current assets (increase)decrease	(4,010)	1,363
Net cash flows from (used in) investing activities	1,859	15,395
Cash flows from financing activities:		
Increase in short-term borrowings	63,400	932,190
Proceeds from long-term borrowings	-	125,000
Repayments of long-term borrowings	(80,000)	-
Increase in guarantee deposits received	3,378	-
Payments of lease liabilities	(11,413)	(11,992)
Net cash flows from (used in) financing activities	(24,635)	1,045,198
Effect of exchange rate changes on cash and cash equivalents	(31,244)	(1,033)
Increase in cash and cash equivalents	71,871	904,725
Cash and cash equivalents at beginning of period	3,506,737	2,352,742
Cash and cash equivalents at end of period	$ **3,578,608**	**3,257,467**

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

June 30, 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") became the Company's parent company upon completion 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 July 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"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2027, would not have a significant impact on its consolidated financial statements:

- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS 19
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

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

The Group expects to adopt the following new and amended standards, which effective for annual period beginning on January 1, 2028:

(i) IFRS 18 “Presentation and Disclosure in Financial Statements”

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.

- 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.

The new standard introduces consequential amendments to IAS 7, which require to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Group is evaluating the impact on its consolidated financial statements upon the initial adoption of the new standard.

(ii) Amendments to IAS 28 “ The Fair Value Option for Investments in Associates and Joint Ventures”

The Group does not expect the amendments to have a significant impact on its consolidated financial statements.

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

The Group does not expect the following 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 20 “Regulatory Assets and Regulatory Liabilities”

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

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:

			Shareholding		
Name of Investor	**Name of Subsidiary**	**Main Activities**	**June 30, 2026**	**December 31, 2025**	**June 30, 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%
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%

(Continued)

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

Name of Investor	Name of Subsidiary	Main Activities	Shareholding June 30, 2026	Shareholding December 31, 2025	Shareholding June 30, 2025
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.

(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 estimates.

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

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	$ 842	839	860
Checking and savings accounts	2,894,420	2,291,554	1,983,726
Time deposits	683,346	834,344	1,122,881
Cash equivalents – Repurchase agreements	-	380,000	150,000
	$ 3,578,608	**3,506,737**	**3,257,467**

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 June 30, 2026, December 31, 2025, and June 30, 2025, deposits with original maturities of more than three months amounted to $3,466 thousand, $3,362 thousand and $3,076 thousand, respectively, and were included in financial assets measured at amortized cost. Please refer to Note 6(4).

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

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

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets at fair value through profit or loss-current:			
Non-derivative financial assets			
Stocks listed on domestic markets	$ 4,385	4,400	4,431
Financial liabilities held for trading-current:			
Derivative instruments not used for hedging			
Forward exchange contracts	$ -	-	60

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:

	June 30, 2025		
	Nominal principal (in thousands)	Currency	Maturity date
Forward exchange contracts	USD 750	USD to RMB	2025.07.28~2025.08.27

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

	June 30, 2026	December 31, 2025	June 30, 2025
Equity instruments:			
Stock unlisted on domestic markets–Chao Long Motor Parts Corp.	$ -	-	34,835

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.

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 June 30, 2026, December 31, 2025, and June 30, 2025, the above-mentioned financial assets were not pledged.

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

(4) Current financial assets at amortized cost

	June 30, 2026	December 31, 2025	June 30, 2025
Current:			
Time deposits	$ 3,466	3,362	3,076

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 June 30, 2026, December 31, 2025, and June 30, 2025, the Group held domestic time deposits, with the interest rates of 1.285% to 4.75%, 1.225% to 4.65% and 1.28% to 4.38% respectively.

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

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable – from operating activities	$ 8,888	1,166	-
Accounts receivable – measured at amortized cost	1,616,848	2,517,593	2,010,618
Less: loss allowances	(35,351)	(71,523)	(40,303)
	$ 1,590,385	2,447,236	1,970,315

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

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

	June 30, 2026		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,477,907	- %	-
Less than 90 days past due	112,478	- %	-
181 to 364 days past due	6,531	100.00%	6,531
More than 365 days past due	28,820	100.00%	28,820
	$ 1,625,736		35,351

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

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

	June 30, 2025		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,703,788	- %	-
Less than 90 days past due	141,612	2.34%	3,310
91 to 180 days past due	131,799	20.00%	26,354
More than 181 days past due	33,419	31.84%	10,639
	$ 2,010,618		**40,303**

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

	For the six months ended June 30,	
	2026	**2025**
Balance on January 1	$ 71,523	12,037
Impairment losses recognized (reversed)	(36,172)	28,350
Effect of changes in exchange rates	-	(84)
Balance on December 31	**$ 35,351**	**40,303**

(6) Inventories

	June 30, 2026	**December 31, 2025**	**June 30, 2025**
Raw materials	$ 391,646	417,395	424,356
Work in progress and semi-finished products	419	818	1,110
Finished goods and merchandises	1,811,570	1,291,223	1,376,887
Consigned goods and project inventory	1,682,967	524,625	642,356
	$ 3,886,602	**2,234,061**	**2,444,709**

(Continued)

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

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 June 30,		For the six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Cost of goods sold	$ 1,674,963	2,040,454	3,341,162	3,565,544
Losses on (Reversal of) inventory write-downs, obsolescence, and write-offs	(2,205)	17,318	9,156	21,448
	$ 1,672,758	2,057,772	3,350,318	3,586,992

As of June 30, 2026, December 31, 2025, and June 30, 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:

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount of individually insignificant associates' equity	$ 84,377	88,639	91,518

	For the three months ended June 30,		For the six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Attributable to the Group:				
Loss	$ (1,257)	(2,627)	(4,710)	(3,810)
Other comprehensive loss	-	-	-	-
Comprehensive loss	$ (1,257)	(2,627)	(4,710)	(3,810)

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:

		Percentage of non-controlling interests		
Subsidiaries	**Main operation place**	**June 30, 2026**	**December 31, 2025**	**June 30, 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.

(Continued)

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

Interactive Digital's and subsidiaries' collective financial information:

	June 30, 2026	December 31, 2025	June 30, 2025
Current assets	$ 3,272,356	2,574,607	2,227,279
Non-current assets	963,932	987,272	1,002,626
Current liabilities	(2,418,030)	(1,488,779)	(1,355,483)
Non-current liabilities	(41,846)	(42,910)	(38,274)
Net assets	**$ 1,776,412**	**2,030,190**	**1,836,148**
Equity attributable to non-controlling interests	**$ 1,197,124**	**1,368,422**	**1,237,625**
Equity attributable to shareholders	**$ 579,288**	**661,768**	**598,523**

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Operating revenue	**$ 571,533**	**486,626**	**1,036,087**	**900,573**
Net profit	$ 21,991	50,448	50,734	103,625
Other comprehensive income	114	(1,127)	399	(926)
Total comprehensive income	**$ 22,105**	**49,321**	**51,133**	**102,699**
Total comprehensive income attributable to non-controlling interests	**$ 14,496**	**33,046**	**33,541**	**68,946**
Comprehensive income attributable to shareholders	**$ 7,609**	**16,275**	**17,592**	**33,753**

	For the six months ended June 30,	
	2026	2025
Net cash flows from (used in) operating activities	$ (419,331)	26,800
Net cash flows from investing activities	10,662	10,290
Net cash flows from (used in) financing activities	96,889	(28,022)
Effect of exchange rate changes on cash and cash equivalents	408	(915)
Net increase (decrease) in cash and cash equivalents	**$ (311,372)**	**8,153**

(Continued)

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

(9) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Other facilities	Total
Cost:					
Balance on January 1, 2026	$ 641,026	608,946	115,486	210,142	1,575,600
Additions	-	337	2,210	5,348	7,895
Disposals	-	(1,403)	(2,492)	(11,332)	(15,227)
Effect of changes in exchange rates	-	6,911	3,080	2,335	12,326
Balance on June 30, 2026	**$ 641,026**	**614,791**	**118,284**	**206,493**	**1,580,594**
Balance on January 1, 2025	$ 641,026	1,325,226	160,843	207,158	2,334,253
Additions	-	251	1,649	4,401	6,301
Disposals	-	(163)	(40,123)	(3,594)	(43,880)
Reclassification to investment property	-	(654,522)	(8,019)	(320)	(662,861)
Effect of changes in exchange rates and others	-	(77,101)	(9,503)	(2,203)	(88,807)
Balance on June 30, 2025	**$ 641,026**	**593,691**	**104,847**	**205,442**	**1,545,006**
Depreciation:					
Balance on January 1, 2026	$ 8,984	328,729	96,350	178,728	612,791
Depreciation	-	11,402	4,597	9,464	25,463
Disposals	-	(1,403)	(2,474)	(11,327)	(15,204)
Effect of changes in exchange rates and others	-	3,978	2,937	928	7,843
Balance on June 30, 2026	**$ 8,984**	**342,706**	**101,410**	**177,793**	**630,893**
Balance on January 1, 2025	$ 8,984	504,103	127,054	160,581	800,722
Depreciation	-	31,667	6,083	12,721	50,471
Disposals	-	(163)	(32,012)	(3,513)	(35,688)
Reclassification to investment property	-	(197,882)	(4,863)	(310)	(203,055)
Effect of changes in exchange rates and others	-	(26,210)	(8,483)	(1,973)	(36,666)
Balance on June 30, 2025	**$ 8,984**	**311,515**	**87,779**	**167,506**	**575,784**
Carrying amounts:					
Balance at January 1, 2026	**$ 632,042**	**280,217**	**19,136**	**31,414**	**962,809**
Balance on June 30, 2026	**$ 632,042**	**272,085**	**16,874**	**28,700**	**949,701**
Balance on January 1, 2025	**$ 632,042**	**821,123**	**33,789**	**46,577**	**1,533,531**
Balance on June 30, 2025	**$ 632,042**	**282,176**	**17,068**	**37,936**	**969,222**

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 June 30, 2026, December 31, 2025, and June 30, 2025, the Group's property, plant and equipment were not pledged.

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(10) Right-of-use assets

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

	Land	Buildings	Transportation equipment	Other facilities	Total
Cost:					
Balance on January 1, 2026	$ 56,892	137,580	7,808	-	202,280
Additions	-	2,681	1,856	-	4,537
Disposals	-	(6,680)	(1,209)	-	(7,889)
Effect of changes in exchange rates and others	1,486	1,589	-	-	3,075
Balance on June 30, 2026	**$ 58,378**	**135,170**	**8,455**	**-**	**202,003**
Balance on January 1, 2025	$ 191,502	136,300	10,452	224	338,478
Additions	-	9,092	2,289	-	11,381
Disposals	-	(2,832)	(5,393)	-	(8,225)
Reclassification to investment property	(122,810)	-	-	-	(122,810)
Effect of changes in exchange rates and others	(14,853)	(13,159)	-	-	(28,012)
Balance on June 30, 2025	**$ 53,839**	**129,401**	**7,348**	**224**	**190,812**
Depreciation:					
Balance on January 1, 2026	$ 16,532	61,909	3,857	-	82,298
Depreciation	1,094	10,532	1,300	-	12,926
Disposals	-	(6,680)	(1,209)	-	(7,889)
Effect of changes in exchange rates	537	764	-	-	1,301
Balance on June 30, 2026	**$ 18,163**	**66,525**	**3,948**	**-**	**88,636**
Balance on January 1, 2025	$ 33,101	43,275	7,639	185	84,200
Depreciation	2,476	11,556	1,287	39	15,358
Disposals	-	(2,835)	(5,393)	-	(8,228)
Reclassification to investment property	(18,396)	-	-	-	(18,396)
Effect of changes in exchange rates	(2,764)	(4,362)	-	-	(7,126)
Balance on June 30, 2025	**$ 14,417**	**47,634**	**3,533**	**224**	**65,808**
Carrying amount :					
Balance at January 1, 2026	**$ 40,360**	**75,671**	**3,951**	**-**	**119,982**
Balance on June 30, 2026	**$ 40,215**	**68,645**	**4,507**	**-**	**113,367**
Balance on January 1, 2025	**$ 158,401**	**93,025**	**2,813**	**39**	**254,278**
Balance on June 30, 2025	**$ 39,422**	**81,767**	**3,815**	**-**	**125,004**

(Continued)

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

(11) Investment Property

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

	Owned property	Right-of-use assets	
	Building	**Land**	**Total**
Cost：			
Balance on January 1, 2026	$ 675,002	129,073	804,075
Disposals	(1,069)	-	(1,069)
Effect of changes in exchange rates	8,441	1,586	10,027
Balance on June 30, 2026	**$ 682,374**	**130,659**	**813,033**
Balance at January 1, 2025	$ -	-	-
Reclassification from property, plant and equipment	662,861	-	662,861
Reclassification from right-of-use assets	-	122,810	122,810
Effect of changes in exchange rates	(13,974)	(2,484)	(16,458)
Balance at June 30, 2025	**$ 648,887**	**120,326**	**769,213**
Depreciation：			
Balance on January 1, 2026	$ 222,880	21,240	244,120
Depreciation	23,895	1,636	25,531
Disposals	(1,069)	-	(1,069)
Effect of changes in exchange rates	3,021	279	3,300
Balance on June 30, 2026	**$ 248,727**	**23,155**	**271,882**
Balance at January 1, 2025	$ -	-	-
Reclassification from property, plant and equipment	203,055	-	203,055
Reclassification from right-of-use assets	-	18,396	18,396
Depreciation	4,352	260	4,612
Effect of changes in exchange rates	(5,157)	(379)	(5,536)
Balance at June 30, 2025	**$ 202,250**	**18,277**	**220,527**
Carrying amount:			
Balance at January 1, 2026	**$ 452,122**	**107,833**	**559,955**
Balance on June 30, 2026	**$ 433,647**	**107,504**	**541,151**
Balance at January 1, 2025	**$ -**	**-**	**-**
Balance at June 30, 2025	**$ 446,637**	**102,049**	**548,686**
Fair value:			
Balance on June 30, 2026			**$ 816,316**

(Continued)

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

(12) Intangible asset

	Software cost	Other intangible assets	Total
Carrying amount:			
Balance at January 1, 2026	$ 26,606	12,543	39,149
Balance at June 30, 2026	$ 16,390	12,728	29,118
Balance at January 1, 2025	$ 50,645	16,065	66,710
Balance at June 30, 2025	$ 37,745	13,600	51,345

There were no significant additions, disposal or recognition and reversal of impairment losses of the intangible assets for the six months ended June 30, 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.

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

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

	June 30, 2026	December 31, 2025	June 30, 2025
Refundable Deposits (Note 8)	$ 115,562	142,182	142,097
Business taxes refundable	67,563	44,122	46,471
Advance payment	52,773	13,864	32,285
Restricted bank deposits (Note 8)	15,957	4,521	4,567
Prepaid insurance premiums	10,332	11,518	12,894
Prepayments for equipment	7,201	11,539	8,152
Prepaid pension cost	3,026	3,026	2,749
Others	83,866	89,180	90,669
	$ 356,280	319,952	339,884
Other current assets	$ 206,756	154,056	172,516
Other non-current assets	149,524	165,896	167,368
	$ 356,280	319,952	339,884

(14) Short-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank loans	$ 1,508,153	1,473,073	1,245,726
Unused short-term credit lines	$ 8,790,377	7,375,374	6,191,727
Range of interest rates	1.88%~5.01%	3.15%~5.00%	3.30%~5.50%

(Continued)

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

Issuance and repayment of loans

For the six months ended June 30, 2026 and 2025, the newly added amounts were $2,408,573 thousand and $2,859,185 thousand, respectively. The maturity dates ranged from July 2026 to May 2027 and from July 2025 to December 2025, respectively. The repaid amounts were $2,345,173 thousand and $1,926,995 thousand, respectively.

(15) Other payables

	June 30, 2026	December 31, 2025	June 30, 2025
Dividends payable	$ 189,694	-	185,584
Payroll and bonus payable	207,249	268,403	184,115
Business taxes payable	11,194	25,856	10,693
Payables on equipment	3,986	3,911	2,336
Others	69,151	96,569	75,252
	$ 481,274	**394,739**	**457,980**

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

	June 30, 2026			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.88%	2026 (note)	$ 60,000
	NTD	2.09%	2026 (note)	240,000
	NTD	1.88%	2027 (note)	240,000
Subtotal				540,000
Less: current portion				(360,000)
Total				**$ 180,000**
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				**$ -**

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

	June 30, 2025			
	Currency	Rate	Maturity year	Amount
Unsecured bank borrowings	NTD	2.09%	2026 (note)	$ 400,000
	NTD	1.88%	2027 (note)	180,000
Subtotal				580,000
Less: current portion				(160,000)
Total				$ 420,000
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%

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

	June 30, 2026	December 31, 2025	June 30, 2025
Current	$ 19,929	19,690	20,081
Non-current	$ 83,947	90,602	95,150

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Interest expense on lease liabilities	$ 1,662	1,906	3,382	3,931
Expenses relating to short-term leases and leases of low-value assets	$ 4,120	4,803	8,652	10,135

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

	For the six months ended June 30,	
	2026	2025
Total cash outflow for leases	$ 23,447	26,058

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

	Warranties
Balance on January 1, 2026	$ 81,570
Provisions made during the period	12,276
Provisions used during the period	(23,951)
Effect of changes in foreign exchange rates	140
Balance on June 30, 2026	$ 70,035
Balance on January 1, 2025	$ 98,308
Provisions made during the year	17,016
Provisions used during the year	(29,831)
Effect of changes in foreign exchange rates	(1,022)
Balance on June 30, 2025	$ 84,471

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

	June 30, 2026	December 31, 2025	June 30, 2025
Current	$ 36,877	47,001	55,598
Non-current	33,158	34,569	28,873
	$ 70,035	81,570	84,471

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:

	June 30, 2026	December 31, 2025	June 30, 2025
Less than one year	$ 89,764	87,831	78,324
One to two years	93,804	91,784	81,848
Above two years	-	46,902	85,532
Total undiscounted lease payments	**$ 183,568**	**226,517**	**245,704**

For the three and six months ended June 30, 2026 and 2025, the rental income generated from investment properties amounted to $22,516 thousand, $0 thousand, $45,037 thousand and $0, respectively.

(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.

B. Defined contribution plans

Pension costs under defined contribution plans amounted to $12,044 thousand, $8,933 thousand, $23,113 thousand and $18,570 thousand for the three and six months ended June 30, 2026 and 2025, respectively.

(21) Income taxes

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Current tax expenses (benefit)	**$ 10,243**	**(14,289)**	**29,912**	**(21,478)**

As of June 30, 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 six months ended June 30, 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 June 30, 2026, December 31, 2025, and June 30, 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:

	June 30, 2026	December 31, 2025	June 30, 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	187,008	186,861	186,677
Employee share options	2,480	2,480	2,480
Others	236	236	236
	$ 1,153,618	**1,153,471**	**1,153,287**

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.

In light of the dynamic nature of the industry in which the Company operates and the fact that the Company is currently in a stage of steady growth, the Company's dividend policy is formulated with due regard to its future capital requirements and long-term financial planning so as to ensure sustainable development.

The Company adopts a residual dividend policy, wherein the conditions, timing, and amount of dividend distributions shall be determined in accordance with Article 29-1 of these Articles of Incorporation. Subject to the Company's future capital expenditure and financing plans, when the annual earnings are positive and distributable earnings for the year amounted to at least 2% of the Company's paid-in capital, the Company shall distribute not less than 10% of such distributable earnings as cash or stock dividends.

(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 plan for 2025 was submitted for resolution at the meeting of the Board of Directors held on February 24, 2026, and was subsequently approved by the shareholders’ meeting held on May 22, 2026. An aggregate amount of $105,490 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.

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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	30,154	-	268	30,422
Cash dividends paid by subsidiaries	-	-	(205,144)	(205,144)
Changes in the share of associates accounted for using the equity method	-	-	301	301
Changes in non-controlling interest	-	-	33,273	33,273
Balance on June 30, 2026	$ 220,740	-	1,195,512	1,416,252
Balance on January 1, 2025	$ 285,439	18,294	1,366,288	1,670,021
Exchange differences on translation of foreign financial statements	(278,868)	-	(621)	(279,489)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	693	-	693
Cash dividends paid by subsidiaries	-	-	(200,699)	(200,699)
Changes in the share of associates accounted for using the equity method	-	-	577	577
Changes in non-controlling interests	-	-	70,472	70,472
Balance on June 30, 2025	$ 6,571	18,987	1,236,017	1,261,575

(23) Earnings (Loss) per share

A. Basic earnings (loss) per share

	For the three months ended June 30,		For the six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Profit (Loss) attributable to shareholders of the Company	**$ 23,129**	**(67,736)**	**45,441**	**(85,336)**
Weighted-average number of shares outstanding (in thousands of shares) (basic)	**321,317**	**321,317**	**321,317**	**321,317**
Basic earnings (loss) per share (in dollars)	**$ 0.07**	**(0.21)**	**0.14**	**(0.27)**

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B. Diluted earnings (loss) per share

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Profit (Loss) attributable to shareholders of the Company	$ 23,129	(67,736)	45,441	(85,336)
Weighted-average number of shares outstanding (in thousands of shares)(diluted)	$ 321,317	321,317	321,317	321,317
Diluted earnings (loss) per share (in dollars)	$ 0.07	(0.21)	0.14	(0.27)

Since the Company has accumulated deficits as of June 30, 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 June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Primary geographical markets:				
America	$ 989,109	1,032,442	2,239,729	1,976,435
Taiwan	683,134	694,894	1,214,100	1,266,262
Others	371,951	665,367	665,552	1,045,784
	$ 2,044,194	2,392,703	4,119,381	4,288,481
Main products:				
Wireless broadband network products	$ 1,477,484	1,920,407	3,092,005	3,411,075
Other network-related products	566,710	472,296	1,027,376	877,406
	$ 2,044,194	2,392,703	4,119,381	4,288,481

B. Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025
Notes and accounts receivable (including related parties), net	$ 1,590,385	2,447,236	1,970,315
Contract liabilities	$ 477,569	267,076	343,385

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

Revenue recognized for the six months ended June 30, 2026 and 2025 that was included in the contract liability balance at the beginning of the respective periods amounted to $147,860 thousand and $213,725 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.

(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. The Company incurred losses before income tax for the three and six months ended June 30, 2026 and 2025. Therefore, no remunerations to employees and directors were accrued during the 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 June 30,		For the six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Bank deposits	$ 23,675	9,903	43,194	18,932

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(27) Other income

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Rental income	$ 23,978	1,462	47,960	2,904
Other income	3,647	2,283	4,326	8,482
	$ 27,625	**3,745**	**52,286**	**11,386**

(28) Other gains and losses

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Foreign exchange gain (loss), net	$ (4,797)	(7,364)	21,667	(7,763)
Depreciation expense on investment property	(12,761)	-	(25,531)	-
Gain (loss) on disposals of property, plant and equipment	(23)	32	834	(924)
Net gain on financial assets at fair value through profit or loss, net	(31)	(669)	(15)	(471)
Other gains or losses, net	(682)	(5,728)	(2,703)	(8,022)
	$ (18,294)	**(13,729)**	**(5,748)**	**(17,180)**

(29) Finance costs

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Interest expense of borrowings, etc.	$ 16,858	12,109	35,166	21,814
Interest expense of lease liabilities	1,662	1,906	3,382	3,931
	$ 18,520	**14,015**	**38,548**	**25,745**

(Continued)

(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.

As of June 30, 2026, December 31, 2025, and June 30, 2025, 55%, 64% and 63%, 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.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
June 30, 2026					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,508,153	(1,518,254)	(1,518,254)	-	-
Notes and accounts payables (including related parties)	2,384,587	(2,384,587)	(2,384,587)	-	-
Other payables (including related parties)	528,811	(528,811)	(528,811)	-	-
Lease liabilities (current and non-current)	103,876	(119,822)	(25,764)	(79,635)	(14,423)
Long-term borrowings (including maturity within 1 year)	540,000	(548,225)	(366,949)	(181,276)	-
	$ 5,065,427	**(5,099,699)**	**(4,824,365)**	**(260,911)**	**(14,423)**

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	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
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)	620,000	(634,227)	(390,858)	(243,369)	-
	$ 4,451,246	(4,505,697)	(4,159,040)	(331,547)	(15,110)
June 30, 2025					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,245,726	(1,266,197)	(1,266,197)	-	-
Notes and accounts payables (including related parties)	1,759,272	(1,759,272)	(1,759,272)	-	-
Other payables (including related parties)	491,874	(491,874)	(491,874)	-	-
Lease liabilities (current and non-current)	115,231	(136,581)	(26,609)	(92,491)	(17,481)
Long-term borrowings (including maturity within 1 year)	580,000	(597,473)	(170,682)	(426,791)	-
Forward exchange contracts:					
Outflow	60	(21,975)	(21,975)	-	-
Inflow	-	21,915	21,915	-	-
	$ 4,192,163	(4,251,457)	(3,714,694)	(519,282)	(17,481)

C. Currency risk

(a) Exposure to currency risk

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

	June 30, 2026			December 31, 2025			June 30, 2025		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 121,111	31.850	3,857,389	126,455	31.43	3,974,480	98,820	29.3	2,895,436
EUR	341	36.264	12,363	81	36.896	2,979	728	34.35	25,009
CAD	734	22.376	16,418	662	22.933	15,190	687	21.43	14,728
Financial liabilities									
Monetary items									
USD	82,426	31.850	2,625,284	81,304	31.43	2,555,389	90,084	29.3	2,639,469
VND	-	-	-	4,420	0.0012	5	684,548	0.0011	769

(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 June 30, 2026 and 2025 would have increased (decreased) profit before tax by $63,044 thousand and $14,747 thousand, respectively. This analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

(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 and six months ended June 30, 2026 and 2025, the net foreign exchange gain (loss), including both realized and unrealized portions, amounted to $(4,797) thousand, $(7,364) thousand, $21,667 thousand and $(7,763) 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 $1,917 thousand and $1,794 thousand, for the six months ended June 30, 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 six months ended June 30, 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:

	For the six months ended June 30,	
Securities price on the reporting date	**2026**	**2025**
Financial assets at fair value through profit or loss		
Increasing 5%	$ 219	222
Decreasing 5%	$ (219)	(222)
Financial assets at fair value through other comprehensive income		
Increasing 5%	$ -	1,742
Decreasing 5%	$ -	(1,742)

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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:

	June 30, 2026				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets at fair value through profit or loss – stocks	**$ 4,385**	**4,385**	**-**	**-**	**4,385**

	December 31, 2025				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets at fair value through profit or loss-stocks	**$ 4,400**	**4,400**	**-**	**-**	**4,400**

	June 30, 2025				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets at fair value through profit or loss – stocks	$ 4,431	4,431	-	-	4,431
Non-current financial assets at fair value through other comprehensive income-stocks	34,835	-	-	34,835	34,835
Total	**$ 39,266**	**4,431**	**-**	**34,835**	**39,266**
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss－derivative financial liabilities	**$ 60**	**-**	**60**	**-**	**60**

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(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 market 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.

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 six months ended June 30, 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		693
Balance on June 30, 2025	$	**34,835**

(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 June 30, 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 June 30, 2025 was 0.9.	The higher the P/B ratio, the higher the fair value.
		P/E ratio of industry peers as of June 30, 2025: 15.15.	The higher the P/E ratio, the higher the fair value.
		Market liquidity discount rate as of June 30, 2025: 17.41%.	The higher the discount for lack of marketability, the lower the fair value.

(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	June 30, 2026
Short-term borrowings	$ 1,473,073	63,400	(28,320)	1,508,153
Long-term borrowings (Including maturity within 1 year)	620,000	(80,000)	-	540,000
Lease liabilities	110,292	(11,413)	4,997	103,876
Total liabilities from financing activities	**$ 2,203,365**	**(28,013)**	**(23,323)**	**2,152,029**

	January 1, 2025	Cash flows	Exchange rate movements and others	June 30, 2025
Short-term borrowings	$ 365,695	932,190	(52,159)	1,245,726
Long-term borrowings (including maturity within 1 year)	455,000	125,000	-	580,000
Lease liabilities	125,839	(11,992)	1,384	115,231
Total liabilities from financing activities	**$ 946,534**	**1,045,198**	**(50,775)**	**1,940,957**

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 following are entities that have had transactions with related parties during the periods covered in the consolidated financial statement:

Name of related party	Relationship with the Group
Qisda	Ultimate parent company
Alpha	Parent company
Alpha Networks (Hong Kong) Limited (Alpha HK)	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
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
ACE Energy Co.,Ltd. (AEG)	Qisda's subsidiary
Topview Optronics Corporation (Topview)	Qisda's associate
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 June 30,		For the six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Parent company	$ 155	125	311	5,983
Other related parties	560	1,774	3,394	2,371
	$ 715	**1,899**	**3,705**	**8,354**

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

For the six months ended June 30, 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 six months ended June 30, 2026 and 2025, the Group's sales to the parent company and other related parties amounted to $313,353 thousand and $30,535 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 June 30, 2026, December 31, 2025, and June 30, 2025, the cumulative balance of deferred credits amounted to $56,227 thousand, $130 thousand, and $2,340 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 June 30,		For the six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Parent company	$ 1,320,641	2,005,499	2,610,958	3,082,129
Other related parties－Ginnet	452,338	-	542,814	-
Other related parties	41,209	29,626	185,729	54,592
	$ 1,814,188	**2,035,125**	**3,339,501**	**3,136,721**

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**	**June 30, 2026**	**December 31, 2025**	**June 30, 2025**
Accounts receivable from related parties	Parent company	$ 163	76	19,714
	Other related parties －Alpha HK	193,222	2,405	18,971
	Other related parties	4,025	6,685	5,474
		$ 197,410	**9,166**	**44,159**

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D. Payables to related parties

The payables to related parties were as follows:

Account	Relationship	June 30, 2026	December 31, 2025	June 30, 2025
Accounts payable to related parties	Parent company	$ 871,606	830,364	1,261,350
	Other related parties －Ginnet	444,750	-	-
	Other related parties	66,484	47,982	26,463
		$ 1,382,840	**878,346**	**1,287,813**

E. Prepayments

Account	Relationship	June 30, 2026	December 31, 2025	June 30, 2025
Prepayments (recorded in other current assets)	Parent company	$ 30	24	24
	Other related parties	5,888	9,721	4,105
		$ 5,918	**9,745**	**4,129**

F. Property transactions

(a) Acquisition of property, plant and equipment

	Acquisition price			
	For the three months ended June 30,		**For the six months ended June 30,**	
	2026	**2025**	**2026**	**2025**
Parent company	$ 98	-	158	-
Other related parties	-	-	7	87
	$ 98	**-**	**165**	**87**

(b) Disposal of property, plant, and equipment

	Disposal price			
	For the three months ended June 30,		**For the six months ended June 30,**	
	2026	**2025**	**2026**	**2025**
Other related parties	**$ -**	**3,666**	**-**	**4,453**

(Continued)

Hitron Technologies Inc. and Subsidiaries
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(c) Acquisition of intangible assets

	Acquisition price			
	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Other related parties	$ -	-	378	314

G. Other operating costs

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Parent company	$ 52,932	(476)	62,901	25,662

H. Operating expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Ultimate parent company	$ 8	6	11	9
Parent company	18,801	18,011	39,176	34,793
Other related parties	75	361	196	587
	$ 18,884	18,378	39,383	35,389

I. Other receivables

Account	Relationship	June 30, 2026	December 31, 2025	June 30, 2025
Other receivables	Other related parties	$ -	410	4,567
Dividends receivable	Other related parties	$ -	-	1,350

J. Other payables

Account	Relationship	June 30, 2026	December 31, 2025	June 30, 2025
Other payables	Ultimate parent company	$ 8	187	6
	Parent company	32,079	29,505	18,773
	Other related parties	-	71	-
		$ 32,087	29,763	18,779
Dividends payable	Other related parties	$ 15,450	-	15,115

(Continued)

Hitron Technologies Inc. and Subsidiaries
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K. Contract liabilities

Account	Relationship	June 30, 2026	December 31, 2025	June 30, 2025
Contract liabilities	Parent company	$ -	-	22,310
	Other related parties	-	-	54
		$ -	**-**	**22,364**

L. Leases

Account	Relationship	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Rental expense	Parent company	**$ 30**	**21**	**51**	**35**
Rental revenue	Other related parties	**$ 990**	**990**	**1,980**	**1,980**

M. Other revenue

Account	Relationship	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Other revenue	Other related parties	**$ -**	**959**	**-**	**959**

(4) Key management personnel compensation

	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Short-term employee benefits	$ 16,419	15,832	40,406	40,627
Retirement benefits	297	297	594	594
	$ 16,716	**16,129**	**41,000**	**41,221**

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

8. Pledged assets:

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

Pledged assets	Object	June 30, 2026	December 31, 2025	June 30, 2025
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	11,132	11,409	10,660
Refundable deposit (recorded in other non-current assets)	Guarantee for customer contracts	92,897	117,788	110,008
		$ 106,411	**131,579**	**123,050**

9. Commitments and contingencies:

(1) As of June 30, 2026, December 31, 2025, and June 30, 2025, the Group's deposited notes and guarantees in the bank amounting to $10,838,530 thousand, $9,468,447 thousand and $8,017,453 thousand, respectively.

(2) Others:

	June 30, 2026	December 31, 2025	June 30, 2025
Guaranteed notes payable for tender contract	**$ 19,982**	**10,168**	**9,731**
Guarantee for construction projects	**$ 574,512**	**230,941**	**98,143**

(3) On April 2, 2026, the Board of Directors approved the acquisition of the entire shares of Perle Systems Limited for a total consideration of up to US$45 million and authorized the Chairman to execute and handle all matters relating to the investment within the approved limit.

Pursuant to the aforementioned investment, the Company entered into a Share Purchase Agreement with ELEKTROPHOENIX GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG on April 2, 2026, and remitted the amount of US$41.24 million to the said party on July 15, 2026.

10. Losses due to major disasters: None

11. Subsequent events: None

Hitron Technologies Inc. and Subsidiaries
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12. Other:

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

By function / By item	For the three months ended June 30,					
	2026			2025		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	37,734	196,601	234,335	2,083	174,389	176,472
Labor and health insurance	3,774	14,117	17,891	173	11,602	11,775
Pension	1,856	10,188	12,044	84	8,849	8,933
Remuneration of directors	-	4,914	4,914	-	4,978	4,978
Others	1,504	6,130	7,634	159	6,365	6,524
Depreciation	47	19,196	19,243	5,747	23,849	29,596
Amortization	-	8,165	8,165	181	8,491	8,672

By function / By item	For the six months ended June 30,					
	2026			2025		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	70,112	397,698	467,810	7,377	365,072	372,449
Labor and health insurance	7,111	26,812	33,923	491	23,894	24,385
Pension	3,517	19,596	23,113	219	18,351	18,570
Remuneration of directors	-	9,647	9,647	-	10,194	10,194
Others	2,856	12,152	15,008	321	12,045	12,366
Depreciation	93	38,296	38,389	15,158	50,671	65,829
Amortization	-	16,268	16,268	576	17,217	17,793

Note: For the three and six months ended June 30, 2026 and 2025, the total depreciation expenses recognized for assets leased to others under operating leases amounted to $12,761 thousand, $0 thousand, $25,531 thousand and $0 thousand, respectively, and were recorded as other losses.

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

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

C. Material securities held as of June 30, 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 June 30, 2026			
	System integration	**Network related products**	**Reconciliation and elimination**	**Total**
Revenue:				
Revenue from external customers	$ 566,710	1,477,484	-	2,044,194
Intersegment revenue	4,823	-	(4,823)	-
Total revenue	**$ 571,533**	**1,477,484**	**(4,823)**	**2,044,194**
Interest expenses	**$ 294**	**18,227**	**(1)**	**18,520**
Depreciation and amortization	**$ 6,788**	**33,494**	**(113)**	**40,169**
Reportable segment profit or loss	**$ 21,991**	**23,129**	**(7,571)**	**37,549**

(Continued)

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

	For the three months ended June 30, 2025			
	System integration	Network related products	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	$ 472,296	1,920,407	-	2,392,703
Intersegment revenue	14,330	-	(14,330)	-
Total revenue	$ 486,626	1,920,407	(14,330)	2,392,703
Interest expenses	$ 169	13,848	(2)	14,015
Depreciation and amortization	$ 6,870	31,551	(153)	38,268
Reportable segment profit or loss	$ 50,448	(67,736)	(16,044)	(33,332)

	For the six months ended June 30, 2026			
	System integration	Network related products	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	$ 1,027,376	3,092,005	-	4,119,381
Intersegment revenue	8,711	-	(8,711)	-
Total revenue	$ 1,036,087	3,092,005	(8,711)	4,119,381
Interest expenses	$ 362	38,189	(3)	38,548
Depreciation and amortization	$ 13,780	66,634	(226)	80,188
Reportable segment profit or loss	$ 50,734	45,441	(17,461)	78,714

	June 30, 2026			
	System integration	Network related products	Reconciliation and elimination	Total
Reportable segment assets	$ 4,236,288	8,251,380	(684,371)	11,803,297
Reportable segment liabilities	$ 2,459,876	3,433,672	(103,471)	5,790,077

	For the six months ended June 30, 2025			
	System integration	Network related products	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	$ 877,406	3,411,075	-	4,288,481
Intersegment revenue	23,167	-	(23,167)	-
Total revenue	$ 900,573	3,411,075	(23,167)	4,288,481
Interest expenses	$ 222	25,527	(4)	25,745
Depreciation and amortization	$ 13,541	70,387	(306)	83,622
Reportable segment profit or loss	$ 103,625	(85,336)	(33,153)	(14,864)

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

	June 30, 2025			
	System integration	Network related products	Reconciliation and elimination	Total
Reportable segment assets	$ 3,229,905	7,959,595	(708,360)	10,481,140
Reportable segment liabilities	$ 1,393,757	3,362,541	(108,229)	4,648,069

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 six months ended June 30, 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)	(2,376,569)	90.53%	120 days	Agreed by both parties	Same	1,282,022	80.01%	Note
The Company	Alpha	Parent and subsidiary	Purchase	2,610,958	91.91%	60 days	Agreed by both parties	Same	(871,606)	84.61%	
Interactive Digital	Metaage	Other related parties	Purchase	152,841	6.72%	60 days	Agreed by both parties	Same	(32,648)	2.41%	
Interactive Digital	Ginnet	Other related parties	Purchase	542,814	23.85%	60 days	Agreed by both parties	Same	(444,750)	32.87%	

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

June 30, 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	1,282,022	3.59	-	-	230,927	-	Note 2
The Company	Alpha HK	Other related parties	193,222	-	-	-	-	-	Note 3

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

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

Note 3: The Company engages in processing transactions with Alpha HK and Alpha VN, wherein it supplies raw materials to Alpha HK, which subsequently transfers the materials to Alpha VN for processing, and repurchases the finished goods upon completion of the processing. For the six months ended June 30, 2026, the raw material sales to Alpha HK amounted to $302,720 thousand. As no sales revenue or cost of goods sold was recognized for such transactions, they were excluded from the calculation of inventory turnover days.

Hitron Technologies Inc. and Subsidiaries

Business relationships and significant intercompany transactions

For the six months ended June 30, 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	2,376,569	-	57.69%
0	The Company	Hitron America	Parent to subsidiary	Accounts receivable	1,282,022	120 days	10.86%
0	The Company	Alpha	Subsidiary to Parent	Purchases	2,610,958	-	63.38%
0	The Company	Alpha	Subsidiary to Parent	Accounts payable	871,606	60 days	7.38%

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

Hitron Technologies Inc. and Subsidiaries
Information on investees (excluding information on investees in China)
For the six months ended June 30, 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 June 30, 2026			Net income (losses) of investee	Share of profits/ losses of investee	Note
				June 30, 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 %	255,783	1,803	2,552	
The Company	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	585,554	53,201	17,460	
The Company	Hitron Vietnam	Vietnam	Factory, warehouse and office leases	492,373	492,373	-	100.00 %	988,580	18,594	18,594	
The Company	Hitron America	USA	International trade	90,082	90,082	300	100.00 %	561,524	210,358	206,449	
The Company	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	51,859	(18,231)	(18,079)	
Interactive Digital	Transnet	Taiwan	Engaging in the integrated supply of system services for network communication products and the importand export trading of networkequipment	36,236	36,236	4,000	80.00 %	45,471	(12,337)	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 %	84,377	(65,473)	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 six months ended June 30, 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 June 30, 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	1,827	100.00%	1,827	251,764	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (RMB5,425)	(2) note 1	31,139	-	-	31,139	(23)	100.00%	(23)	3,930	-
Hwa Chi Technologies	Technical consulting, researching, maintenance and after service regarding electronic communication products	2,907 (USD100)	(3) note 2	8,854	-	-	8,854	446	32.82%	146	3,174	31,155

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of June 30, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
Hitron Technologies Inc.	211,238	214,528	2,890,625

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 June 30, 2026, in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, amended on August 29, 2008.