

**SERCOMM CORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2026 AND 2025**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

PWCR25000191

To the Board of Directors and Shareholders of Sercomm Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Sercomm Corporation and subsidiaries (the "Group") as at March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these 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' that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of 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 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.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$12,252,016 thousand and NT\$7,200,645 thousand, constituting 23.8% and 16.8% of the consolidated total assets as at March 31, 2026 and 2025, respectively, total liabilities amounted to NT\$8,067,792 thousand and NT\$889,579 thousand, constituting 22.6% and 3.2% of the consolidated total liabilities as at March 31, 2026 and 2025, respectively, and total comprehensive income amounted to (NT\$96,886) thousand

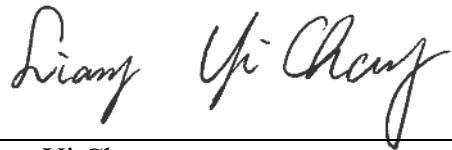
and NT\$97,695 thousand, constituting (20.5%) and 24.7% of the consolidated total comprehensive income for the three months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors, 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 the Group as at March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, 'Interim Financial Reporting' that came into effect as endorsed by the Financial Supervisory Commission.



Wen, Ya-Fang



Liang, Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

May 12, 2026

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2026, DECEMBER 31, 2025 AND MARCH 31, 2025
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	March 31, 2026		December 31, 2025		March 31, 2025	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 4,910,695	10	\$ 5,759,324	12	\$ 9,044,700	21
1110	Financial assets at fair value	6(2)						
	through profit or loss, current		19,965	-	5,723	-	2,218	-
1136	Financial assets at amortised	8						
	cost, current		77,657	-	76,737	-	29,828	-
1139	Financial assets for hedging,	6(4)						
	current		46,903	-	17,331	-	5,956	-
1150	Notes receivable, net	6(5)	75,884	-	120,738	-	24,988	-
1170	Accounts receivable, net	6(5)	12,028,012	23	11,334,851	24	9,489,211	22
1200	Other receivables	6(6)	656,615	1	972,583	2	373,707	1
1220	Current income tax assets		237,684	-	240,211	1	51,048	-
130X	Inventories	6(7)	22,931,633	45	19,464,573	40	14,335,229	34
1410	Prepayments		1,317,663	3	1,175,946	2	844,668	2
1470	Other current assets		12,460	-	90,840	-	17,326	-
11XX	Current Assets		42,315,171	82	39,258,857	81	34,218,879	80
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income, non-current		347,070	1	352,178	1	325,271	1
1535	Financial assets at amortised	8 and 9						
	cost, non-current		52,525	-	52,099	-	119,868	-
1600	Property, plant and equipment	6(9)	6,463,426	13	6,446,812	13	5,967,881	14
1755	Right-of-use assets	6(10)	670,614	1	718,952	2	639,241	1
1780	Intangible assets	6(11)	295,619	1	300,619	1	285,160	1
1840	Deferred income tax assets		761,082	1	680,828	1	892,744	2
1915	Prepayments for business	6(29)						
	facilities		300,131	1	353,135	1	295,703	1
1920	Guarantee deposits paid	8 and 9	164,676	-	157,551	-	177,583	-
1990	Other non-current assets, others		39,251	-	11,430	-	14,855	-
15XX	Non-current assets		9,094,394	18	9,073,604	19	8,718,306	20
1XXX	Total assets		\$ 51,409,565	100	\$ 48,332,461	100	\$ 42,937,185	100

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SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2026, DECEMBER 31, 2025 AND MARCH 31, 2025
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	March 31, 2026		December 31, 2025		March 31, 2025	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(12)	\$ 4,793,230	9	\$ 2,145,838	5	\$ -	-
2120	Financial liabilities at fair value through profit or loss, current	6(2)	65,810	-	24,013	-	81,347	-
2126	Financial liabilities for hedging, current	6(4)	2,322	-	18,486	-	78,354	-
2130	Contract liabilities, current	6(21)	894,224	2	1,023,930	2	639,160	2
2150	Notes payable		526,533	1	546,579	1	404,048	1
2170	Accounts payable		19,532,342	38	19,271,587	40	13,809,468	32
2200	Other payables		4,483,633	9	3,955,074	8	5,275,608	12
2230	Current income tax liabilities		252,538	-	177,988	1	238,997	1
2250	Provisions for liabilities, current	6(16)	961,162	2	967,750	2	1,039,690	2
2280	Current lease liabilities		91,802	-	103,943	-	72,991	-
2320	Long-term liabilities, current portion	6(13)	-	-	-	-	1,400,000	3
2365	Current refund liabilities	6(21)	273,958	-	158,770	-	183,151	1
2399	Other current liabilities, others	9	289,982	1	395,779	1	778,602	2
21XX	Current Liabilities		<u>32,167,536</u>	<u>62</u>	<u>28,789,737</u>	<u>60</u>	<u>24,001,416</u>	<u>56</u>
	Non-current liabilities							
2500	Financial liabilities at fair value through profit or loss, non-current	6(2)	37,200	-	32,100	-	16,800	-
2530	Bonds payable	6(13)	2,861,036	6	2,848,419	6	2,810,901	6
2570	Deferred income tax liabilities		279,584	-	318,329	-	362,368	1
2580	Non-current lease liabilities		359,125	1	372,044	1	326,518	1
2640	Net defined benefit liability, non-current		11,308	-	12,693	-	16,959	-
2645	Guarantee deposits received		15,945	-	15,695	-	54,717	-
25XX	Non-current liabilities		<u>3,564,198</u>	<u>7</u>	<u>3,599,280</u>	<u>7</u>	<u>3,588,263</u>	<u>8</u>
2XXX	Total Liabilities		<u>35,731,734</u>	<u>69</u>	<u>32,389,017</u>	<u>67</u>	<u>27,589,679</u>	<u>64</u>
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(17)						
3110	Common stock		3,043,426	6	3,043,426	6	3,000,496	7
	Capital surplus	6(18)						
3200	Capital surplus		6,587,889	13	6,572,515	14	6,366,624	14
	Retained earnings	6(19)						
3310	Legal reserve		2,042,692	4	2,042,692	4	1,814,255	4
3320	Special reserve		356,140	1	356,140	1	689,875	2
3350	Undistributed retained earnings		4,435,490	9	4,883,210	10	3,876,185	9
	Other equity interest	6(20)						
3400	Other equity interest		(354,635)	(1)	(520,509)	(1)	(271,957)	-
	Treasury stocks	6(17)						
3500	Treasury stocks		(421,810)	(1)	(421,810)	(1)	(119,517)	-
31XX	Equity attributable to owners of the parent		<u>15,689,192</u>	<u>31</u>	<u>15,955,664</u>	<u>33</u>	<u>15,355,961</u>	<u>36</u>
36XX	Non-controlling interest		(11,361)	-	(12,220)	-	(8,455)	-
3XXX	Total equity		<u>15,677,831</u>	<u>31</u>	<u>15,943,444</u>	<u>33</u>	<u>15,347,506</u>	<u>36</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant subsequent events	11						
3X2X	Total liabilities and equity		<u>\$ 51,409,565</u>	<u>100</u>	<u>\$ 48,332,461</u>	<u>100</u>	<u>\$ 42,937,185</u>	<u>100</u>

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

SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Three months ended March 31			
			2026		2025	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21)	\$ 16,646,403	100	\$ 11,354,280	100
5000	Operating costs	6(7) and 7	(14,371,767)	(86)	(9,190,178)	(81)
5900	Gross profit		<u>2,274,636</u>	<u>14</u>	<u>2,164,102</u>	<u>19</u>
	Operating expenses	6(25)(26) and 7				
6100	Selling expenses		(612,354)	(4)	(594,433)	(5)
6200	General and administrative expenses		(315,963)	(2)	(314,453)	(3)
6300	Research and development expenses		(854,756)	(5)	(891,281)	(8)
6450	Expected credit impairment loss	12(2)	(1,362)	-	(4,516)	-
6000	Total operating expenses		(1,784,435)	(11)	(1,804,683)	(16)
6900	Operating profit		<u>490,201</u>	<u>3</u>	<u>359,419</u>	<u>3</u>
	Non-operating income and expenses					
7100	Interest income		13,698	-	42,772	-
7010	Other income	6(22)	2,986	-	1,986	-
7020	Other gains and losses	6(23)	(59,422)	-	9,379	-
7050	Finance costs	6(24)	(64,523)	(1)	(31,631)	-
7000	Total non-operating income and expenses		(107,261)	(1)	22,506	-
7900	Profit before income tax		382,940	2	381,925	3
7950	Income tax expense	6(27)	(80,658)	-	(76,609)	(1)
8200	Profit for the period		<u>\$ 302,282</u>	<u>2</u>	<u>\$ 305,316</u>	<u>2</u>
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	(\$ 5,108)	-	\$ 932	-
8317	Gains (losses) on hedging instrument	6(20)	44,484	-	(16,353)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	(8,897)	-	3,272	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>30,479</u>	<u>-</u>	<u>(12,149)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		134,549	1	157,326	2
8368	Gains (losses) on hedging instruments	6(20)	6,792	-	(68,743)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(20)	(1,358)	-	13,748	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>139,983</u>	<u>1</u>	<u>102,331</u>	<u>1</u>
8300	Other comprehensive income (net)		<u>\$ 170,462</u>	<u>1</u>	<u>\$ 90,182</u>	<u>1</u>
8500	Total comprehensive income for the period		<u>\$ 472,744</u>	<u>3</u>	<u>\$ 395,498</u>	<u>3</u>
	Profit attributable to					
8610	Owners of the parent		\$ 301,579	2	\$ 304,612	2
8620	Non-controlling interest		703	-	704	-
	Total		<u>\$ 302,282</u>	<u>2</u>	<u>\$ 305,316</u>	<u>2</u>
	Comprehensive income attributable to					
8710	Owners of the parent		\$ 471,885	3	\$ 394,978	3
8720	Non-controlling interest		859	-	520	-
	Total		<u>\$ 472,744</u>	<u>3</u>	<u>\$ 395,498</u>	<u>3</u>
	Earnings per share	6(28)				
9750	Basic earnings per share		<u>\$ 1.01</u>		<u>\$ 1.02</u>	
9850	Diluted earnings per share		<u>\$ 0.99</u>		<u>\$ 1.00</u>	

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

SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
		Share capital			Retained earnings							
Notes		Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Other equity interest	Treasury stocks	Total	Non-controlling interest	Total equity
<u>Three months ended March 31, 2025</u>												
		\$ 3,000,496	\$ -	\$ 6,354,493	\$ 1,814,255	\$ 689,875	\$ 4,944,900	(\$ 356,140)	(\$ 119,517)	\$ 16,328,362	(\$ 8,975)	\$ 16,319,387
		-	-	-	-	-	304,612	-	-	304,612	704	305,316
Other comprehensive income (loss) for the period	6(20)	-	-	-	-	-	-	90,366	-	90,366	(184)	90,182
Total comprehensive income		-	-	-	-	-	304,612	90,366	-	394,978	520	395,498
Appropriation and distribution of retained earnings:	6(19)											
Cash dividends of ordinary share		-	-	-	-	-	(1,373,327)	-	-	(1,373,327)	-	(1,373,327)
Compensation cost of employees stock options	6(15)	-	-	12,131	-	-	-	-	-	12,131	-	12,131
Removal of hedging	6(4)	-	-	-	-	-	-	(6,183)	-	(6,183)	-	(6,183)
Balance at March 31, 2025		\$ 3,000,496	\$ -	\$ 6,366,624	\$ 1,814,255	\$ 689,875	\$ 3,876,185	(\$ 271,957)	(\$ 119,517)	\$ 15,355,961	(\$ 8,455)	\$ 15,347,506
<u>Three months ended March 31, 2026</u>												
		\$ 3,043,426	\$ -	\$ 6,572,515	\$ 2,042,692	\$ 356,140	\$ 4,883,210	(\$ 520,509)	(\$ 421,810)	\$ 15,955,664	(\$ 12,220)	\$ 15,943,444
		-	-	-	-	-	301,579	-	-	301,579	703	302,282
Other comprehensive income for the period	6(20)	-	-	-	-	-	-	170,306	-	170,306	156	170,462
Total comprehensive income		-	-	-	-	-	301,579	170,306	-	471,885	859	472,744
Appropriation and distribution of retained earnings:	6(19)											
Cash dividends of ordinary share		-	-	-	-	-	(749,299)	-	-	(749,299)	-	(749,299)
Compensation cost of employee stock options	6(15)	-	-	15,374	-	-	-	-	-	15,374	-	15,374
Removal of hedging	6(4)	-	-	-	-	-	-	(3,420)	-	(3,420)	-	(3,420)
Reclassification of ineffective hedging reserve	6(4)	-	-	-	-	-	-	(1,012)	-	(1,012)	-	(1,012)
Balance at March 31, 2026		\$ 3,043,426	\$ -	\$ 6,587,889	\$ 2,042,692	\$ 356,140	\$ 4,435,490	(\$ 354,635)	(\$ 421,810)	\$ 15,689,192	(\$ 11,361)	\$ 15,677,831

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

SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 382,940	\$ 381,925
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(25)	256,695	221,328
Amortization expense	6(25)	31,563	38,511
Expected credit impairment loss	12(2)	1,362	4,516
Net loss on financial assets and liabilities at fair value through profit or loss	6(3)(23)	61,453	147,170
Interest income		(13,698)	(42,772)
Interest expense	6(24)	64,523	31,631
Compensation cost of share-based payments	6(15)	15,374	12,131
Loss on disposal of property, plant and equipment	6(23)	900	247
Gain on disposal of investments accounted for using equity method	6(8)(23)	-	(30,223)
Loss arising from input VAT		7,643	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss, current		(28,798)	(96,040)
Notes receivable		44,854	35,875
Accounts receivable		(694,594)	2,140,851
Other receivables		317,406	604,721
Inventories		(3,467,060)	(2,739,017)
Prepayments		(176,936)	(139,943)
Other current assets		78,380	22,106
Other non-current assets		(245)	-
Changes in operating liabilities			
Contract liabilities		(129,706)	(121,855)
Notes payable		(20,046)	1,798
Accounts payable		260,755	1,745,980
Other payables		(201,907)	(221,209)
Provisions for liabilities		(7,048)	58,312
Current refund liabilities		115,188	55,503
Other current liabilities		(29,007)	15,991
Net defined benefit liabilities, non-current		(1,385)	(5,133)
Cash (outflow) inflow generated from operations		(3,131,394)	2,122,404
Interest received		12,260	23,968
Interest paid		(46,149)	(25,501)
Income tax paid		(57,623)	26,125
Net cash flows (used in) from operating activities		(3,222,906)	2,146,996

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SERCOMM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Three months ended March 31</u>	<u>2026</u>	<u>2025</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of property, plant and equipment	6(29)	(\$	203,237)	(\$ 357,893)
Proceeds from disposal of property, plant and equipment			5,346	39,079
Acquisition of intangible assets	6(29)	(	25,890)	(8,196)
Acquisition of financial assets at fair value through profit or loss			-	(1,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss			-	1,000,000
Increase in guarantee deposit paid		(	7,125)	(1,843)
Increase in financial assets at amortised cost		(	1,346)	(2,605)
Proceeds from disposal of investments accounted for using equity method	6(8)		-	43,566
Net cash flows used in investing activities		(	232,252)	(287,892)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Proceeds from short-term debts	6(30)		9,649,725	3,991,613
Payments of short-term debts	6(30)	(	6,989,085)	(5,007,824)
Increase in guarantee deposits received	6(30)		17,124	13,549
Decrease in guarantee deposits received	6(30)	(	93,914)	(173,604)
Payments of principal portion of lease liabilities	6(30)	(	24,036)	(19,285)
Net cash flows from (used in) financing activities			2,559,814	(1,195,551)
Effect of exchange rate changes			46,715	75,332
Net (decrease) increase in cash and cash equivalents		(	848,629)	738,885
Cash and cash equivalents at beginning of period			5,759,324	8,305,815
Cash and cash equivalents at end of period		\$	4,910,695	\$ 9,044,700

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

SERCOMM CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2026 AND 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Sercomm Corporation (the “Company”) was incorporated on July 29, 1992. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in research and development, manufacturing and sales of networking communication software and equipment.

The common stocks of the Company were traded on the Taipei Exchange since May 1999 and have been listed on the Taiwan Stock Exchange since December 2007.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorized for issuance by the Board of Directors on May 12, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

A. Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’

- (a) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, covering contractual terms that can change

cash flows based on contingent events (for example, interest rates linked to ESG targets), non-recourse features and contractually-linked instruments.

- (b) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), including a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows that could result from those contractual terms and the gross carrying amount of financial assets and amortised cost of financial liabilities subject to these contractual terms.

- (c) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception relating to the derecognition of a financial liability (or part of a financial liability) settled through an electronic cash transfer system. Applying the exception, an entity is permitted to derecognise a financial liability at an earlier date if, and only if, the entity has initiated a payment instruction and specific conditions are met.

The conditions for the exception are that the entity making the payment does not have:

- i. the practical ability to withdraw, stop or cancel the payment instruction;
- ii. the practical ability to access the cash used for settlement; and
- iii. significant settlement risk.

- (d) Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

B. Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'

The amendments apply to contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (such as the weather). These amendments include:

- (a) Clarifying the application of the 'own use' requirements for contracts to buy or sell nature-dependent electricity:

When the contract requires an entity to buy and take delivery of electricity when it is generated, and the design and operation of the market in which the electricity is transacted under the contract require the entity to sell any amounts of unused electricity within a specified time, the entity shall consider reasonable and supportable information regarding its past, current and expected future electricity transactions within a reasonable amount of time not exceeding 12 months. An entity is considered a 'net purchaser' if it buys sufficient electricity to offset any

sales of unused electricity in the same market in which the entity sold the electricity.

An entity applying these amendments to own use contracts referencing nature-dependent electricity shall disclose the following:

- i. Variability in the underlying amount of basic electricity and the risk that the entity would be required to buy electricity during a delivery interval in which it cannot use the electricity;
 - ii. Unrecognised contract commitments, including the expected future cash flows from buying electricity under these contracts; and
 - iii The effects of the contracts on the entity's financial performance for the reporting period.
- (b) Permitting hedge accounting if these contracts referencing nature-dependent electricity are used as hedging instruments:

An entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument. Additionally, if the cash flows of the contract referencing nature-dependent electricity designated as a hedging instrument in a cash flow hedge relationship are conditional on the occurrence of a forecast transaction, the forecast transaction is presumed to be highly probable. For entities that designate contracts referencing nature-dependent electricity as hedging instruments, the terms and conditions of such hedging instruments shall be disclosed according to risk categories in compliance with IFRS 7.

C. IFRS 17, 'Insurance contracts'

IFRS 17 'Insurance contracts' replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The standard applies to insurance contracts (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall, at initial recognition, disaggregate a portfolio into three groups of contracts: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM') representing the unearned profit of the contract. An entity may apply a modified simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately. Entities are required to present separately insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

D. Amendments to IFRS 17, 'Insurance contracts'

The amendments to IFRS 17 include the deferral of effective date, expected recovery of insurance acquisition cash flows, contractual service margin attributable to investment services, reinsurance contracts held – recovery of losses and other amendments, and they are not intended to change the fundamental principles of the standard.

E. Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'

The amendment permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The overlay can be applied by entities that have already applied IFRS 9 or will apply it when they apply IFRS 17.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

A. Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The gain or loss resulting from a transaction that involves sales or contribution of assets between an investor and its associates or joint ventures is recognised either in full or partially depending on the nature of

the assets sold or contributed:

- (a) If sales or contributions of assets constitute a ‘business’, the full gain or loss is recognised;
- (b) If sales or contributions of assets do not constitute a ‘business’, the partial gain or loss is recognised only to the extent of unrelated investors’ interests in the associate or joint venture.

B. IFRS 18, ‘Presentation and disclosure in financial statements’

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

C. IFRS 19, ‘Subsidiaries without public accountability: Disclosures’

The standard permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures.

D. Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’

The amendments require all amounts (including comparatives) to be translated from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy using the closing rate at the date of the most recent statement of financial position. The amendments also include an exception for entities with a functional and presentation currency that is the currency of a hyperinflationary economy to not re-translate comparatives of foreign operation(s) with the functional currency of a non-hyperinflationary economy. The amendments also require additional disclosures including the applied translation method and summarised financial information about the foreign operation(s) to which the translation method is applied.

Except for IFRS 18, ‘Presentation and disclosure in financial statements’ to whose impact will be disclosed when the assessment is complete, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of Investment Company	Name of subsidiary	Main business activities	Ownership (%)			Remark
			March 31, 2026	December 31, 2025	March 31, 2025	
The Company	Sercomm USA Inc.	Local market consultation and customer support services of network communication products	100	100	100	Note 3
"	Sercomm Trading Co.	Overseas investment	100	100	100	Note 4
"	Sercomm Investment Corp.	General investment	100	100	100	Note 3
"	Sercomm France SARL	Local market consultation and customer support services of network communication products	100	100	100	Note 3
"	Sercomm Deutschland GmbH	Local market consultation and customer support services of network communication products	100	100	100	Note 3
"	Sercomm Japan Corp.	Sales of network communication products, tender, general import and export business related the products	100	100	100	Note 3
"	Sercomm Russia Limited Liability Company	Sales of network communication products and provision of quotation, tender, general import and export business to the related the products	100	100	100	Note 3
"	Sercomm Technology Inc.	Local market consultation and customer support services of network communication products	100	100	100	Note 3
"	Sercomm Britain Limited	Local market consultation and customer support services of network communication products	100	100	100	Note 3
"	Sernet Technology Mexico S. de R. L. de	Local market consultation and customer support services of network communication products	100	100	100	Note 3
"	MosoLabs Inc.	Retail business services of network communication products	100	100	100	Note 3
"	Servercom (India) Private Limited	Manufacturing and sales of communication products, operating system (OS) and related software	100	100	100	Note 3

Name of Investment Company	Name of subsidiary	Main business activities	Ownership (%)			Remark
			March 31, 2026	December 31, 2025	March 31, 2025	
The Company	Sercomm Philippines Inc.	Manufacturing and sales of communication products, operating system (OS) and related software	97	97	97	
"	Scnet (India) Private Limited	Manufacturing and sales of communication products, operating system (OS) and related software	100	100	100	Note 3
"	Sctek Manufacturing, S.A. DE C.V	Manufacturing and sales of communication products, operating system (OS) and related software	100	100	100	Note 3
"	Sercomm Turkey Kablosuz İletişim Sanayi ve Ticaret Anonim Şirketi	Local market consultation and customer support services of network communication products	100	100	100	Note 3
"	Sercomm International Inc.	Overseas investment	100	100	-	Notes 2 and 4
Sercomm Trading Co. Ltd.	Zealous Investments Ltd.	Overseas investment	100	100	100	Note 4
"	Smart Trade Inc.	Overseas investment	100	100	100	Note 3
Sercomm France SARL	Sercomm Italia SRL	Local market consultation and customer support services of network communication products	100	100	100	Note 3
Sercomm International Inc.	Sercomm Solutions Inc.	Local market consultation and customer support services of network communication products	100	100	-	Notes 2 and 4
Zealous Investments Ltd.	Sernet (Suzhou) Technologies Corporation	Research and development (R&D) and manufacturing of communication products	100	100	100	Note 4
"	Sercomm Philippines Inc.	Manufacturing of communication products, operating system (OS) and related software	3	3	3	
"	Refinement Property Holding Inc.	Lease of real estate	40	40	40	Notes 1 and 3
Smart Trade Inc.	DWNet Technology (Suzhou) Co., Ltd.	Manufacturing and sales of routers, operating system (OS) and related software	100	100	100	Note 3
Sernet (Suzhou) Technologies Corporation	Nanjing Femtel Communications Co., Ltd.	Research and development (R&D) of network communication products and related software	100	100	100	Note 3

Note 1: The subsidiary was controlled by the Group so it was included in the consolidated financial statements.

Note 2: The Company injected capital into Sercomm International Inc. in the fourth quarter of 2025, and then Sercomm International Inc. established and invested Sercomm Solutions Inc.

Note 3: The financial statements of the entity as of and for the three months ended March 31, 2026 and 2025 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 4: The financial statements of the entity as of and for the three months ended March 31, 2026 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured by using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses."

B. Translation of foreign operations

The operating results and financial position of all the Group's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets held mainly for trading purpose;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled in the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading ;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with maturity within 12 months).

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(11) Impairment of financial assets

For financial assets at amortised cost, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if

such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor)-operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	31 ~ 57 years
Machinery and equipment	5 ~ 11 years
Research and development equipment	2 ~ 6 years
Office and other equipment	2 ~ 10 years
Leasehold improvements	2 ~ 5 years

(17) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. Lease payments are fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.
 The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(18) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 15 years.

B. Patents

Patents are stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

C. Customer contracts and related customer relationships

Customer contracts and related customer relationships are stated at their fair values at the acquisition date and amortised using the straight-line method over its estimated economic service life of 2 to 5 years.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(21) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading, except for derivatives that are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(23) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(24) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as ‘financial assets or financial liabilities at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as ‘gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss’.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable’ and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total carrying amount of the abovementioned liability component and ‘capital surplus—share options’.

(25) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expired.

(26) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.
- C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(27) Hedge accounting

- A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.
- B. The Group designates the cash flow hedge as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.
- C. Cash flow hedges
 - (a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):
 - i. the cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - ii. the cumulative change in fair value of the hedged item from inception of the hedge.
 - (b) The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.
 - (c) The amount that has been accumulated in the cash flow hedge reserve in accordance with item (a) is accounted for as follows:
 - i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
 - ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
 - iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
 - (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(28) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(29) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(30) Employee share-based payments

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

B. Restricted stocks

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Company and the Company must refund their payments on the stocks, the Company recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – restricted stock'.

(31) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(32) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(33) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(34) Revenue recognition

- A. Revenue is recognised when control of the products has transferred, and the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.
- The Group uses five steps to determine the revenue recognition:
- Step 1: Identify the contract.
- Step 2: Identify the obligation in contract.
- Step 3: Determine transaction price.
- Step 4: Distribute transaction price to each obligation in contract.
- Step 5: Recognise revenue when those obligations are satisfied.
- B. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected payable to customers in relation to sales made until the end of the reporting period.
- C. The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(35) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(36) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the management's evaluation of the likelihood of future inventory clearance, with particular attention to obsolete and slow-moving inventories. Therefore, there might be material changes to the evaluation. For the details of evaluation of inventories, please refer to Note 6.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Cash on hand and revolving funds	\$ 3,378	\$ 3,360	\$ 4,070
Checking accounts and demand deposits	3,830,413	2,780,185	3,666,003
Time deposits	1,076,904	2,975,779	5,374,627
	<u>\$ 4,910,695</u>	<u>\$ 5,759,324</u>	<u>\$ 9,044,700</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group's restricted deposits that were pledged as collateral for performance guarantee had been reclassified to 'financial assets at amortised cost'. Refer to Note 8 for details.
- C. The Group has no cash and cash equivalents pledged to others.

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

<u>Assets</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Forward foreign exchange contract	\$ 19,965	\$ 5,723	\$ 2,218
<u>Liabilities</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Current items:			
Financial liabilities held for trading			
Forward foreign exchange contract	\$ 65,810	\$ 24,013	\$ 81,347
Non-Current items			
Embedded derivatives			
The embedded call options and put options in convertible bonds	\$ 37,200	\$ 32,100	\$ 16,800

- A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>Three months ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Financial assets mandatorily measured at fair value through profit or loss/ financial liabilities held for trading		
Embedded derivatives	(\$ 5,100)	\$ 1,800
Beneficiary certificates	-	686
Forward foreign exchange contract	(56,353)	(149,656)
	(\$ 61,453)	(\$ 147,170)

- B. The Group entered into forward foreign exchange contracts to sell and buy various currency to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting. The summary of contracts not yet matured and entered into by the Group are as follows:

March 31, 2026				
	Currency	Contract period	Contract amount	
Forward foreign exchange contracts	Buy NTD/Sell JPY	2026/01~2026/06	JPY	3,370,000 thousands
Forward foreign exchange contracts	Buy USD/Sell INR	2026/03~2026/06	INR	462,063 thousands
Forward foreign exchange contracts	Buy NTD/Sell USD	2026/01~2026/06	USD	153,000 thousands
Forward foreign exchange contracts	Buy NTD/Sell EUR	2026/01~2026/06	EUR	34,600 thousands
Forward foreign exchange contracts	Buy RMB/Sell USD	2026/03~2026/04	USD	12,000 thousands
Forward foreign exchange contracts	Buy NTD/Sell GBP	2026/03~2026/04	GBP	800 thousands
Forward foreign exchange contracts	Buy NTD/Sell AUD	2026/03~2026/04	AUD	700 thousands

December 31, 2025				
	Currency	Contract period	Contract amount	
Forward foreign exchange contracts	Buy NTD/Sell JPY	2025/12~2026/01	JPY	2,200,000 thousands
Forward foreign exchange contracts	Buy USD/Sell INR	2025/12~2026/03	INR	1,817,643 thousands
Forward foreign exchange contracts	Buy NTD/Sell USD	2025/12~2026/03	USD	115,000 thousands
Forward foreign exchange contracts	Buy NTD/Sell EUR	2025/12~2026/01	EUR	16,400 thousands

March 31, 2025				
	Currency	Contract period	Contract amount	
Forward foreign exchange contracts	Buy NTD/Sell JPY	2025/03~2025/04	JPY	1,400,000 thousands
Forward foreign exchange contracts	Buy USD/Sell INR	2025/03~2025/04	INR	2,499,634 thousands
Forward foreign exchange contracts	Buy NTD/Sell USD	2025/03~2025/04	USD	136,000 thousands
Forward foreign exchange contracts	Buy NTD/Sell EUR	2025/03~2025/04	EUR	38,500 thousands

C. The Group's financial assets at fair value through profit or loss were not pledged to others as collateral.

D. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

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

	March 31, 2026	December 31, 2025	March 31, 2025
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 347,070	\$ 352,178	\$ 325,271

A. The Group has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income.

- B. Amounts recognised in other comprehensive income in relation to the equity instruments at fair value through other comprehensive income are listed below:

	Three months ended March 31	
	2026	2025
Equity instruments measured at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income		
Held at end of period	(\$ 5,108)	\$ 932

- C. The Group's financial assets at fair value through other comprehensive income were not pledged to others as collateral.

- D. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Hedging financial assets and liabilities

	March 31, 2026	
	Assets	Liabilities
Cash flow hedges:		
<u>Exchange rate risk</u>		
Forward foreign exchange contract	\$ 46,903	\$ 2,322
	December 31, 2025	
	Assets	Liabilities
Cash flow hedges:		
<u>Exchange rate risk</u>		
Forward foreign exchange contract	\$ 17,331	\$ 18,486
	March 31, 2025	
	Assets	Liabilities
Cash flow hedges:		
<u>Exchange rate risk</u>		
Forward foreign exchange contract	\$ 5,956	\$ 78,354

- A. Hedge accounting is applied to remove the accounting inconsistency between the hedging instrument and the hedged item. As the Group's EUR, GBP, JPY and AUD denominated accounts receivable, and USD denominated accounts payable are exposed to the impact of variable exchange rate, the Group uses forward foreign exchange contract of exposed risk with 1:1 hedge ratio to control the exchange rate risk under their acceptable range based on the Group's risk management policies.

B. Transaction information associated with the Group adopting hedge accounting is as follows:

March 31, 2026				
Hedged items	Derivative instruments designated as hedges	Fair value of instruments designated as hedges	Period of anticipated cash flow	Period of gain (loss) expected to be recognised in statements of comprehensive income
Forecast transaction	Forward foreign exchange contracts	\$ 44,581	2026/04~2026/11	2026/04~2026/11
December 31, 2025				
Hedged items	Derivative instruments designated as hedges	Fair value of instruments designated as hedges	Period of anticipated cash flow	Period of gain (loss) expected to be recognised in statements of comprehensive income
Forecast transaction	Forward foreign exchange contracts	(\$ 1,155)	2026/01~2026/09	2026/01~2026/09
March 31, 2025				
Hedged items	Derivative instruments designated as hedges	Fair value of instruments designated as hedges	Period of anticipated cash flow	Period of gain (loss) expected to be recognised in statements of comprehensive income
Forecast transaction	Forward foreign exchange contracts	(\$ 72,398)	2025/04~2025/12	2025/04~2025/12

C. Information of contracts not yet matured is as follows:

March 31, 2026				
	Currency	Contract period		Contract amount
Forward foreign exchange contracts	Sell JPY / Buy USD	2025/11~2026/11	JPY	2,470,000 thousands
Forward foreign exchange contracts	Sell EUR / Buy USD	2025/11~2026/10	EUR	35,000 thousands
Forward foreign exchange contracts	Sell GBP / Buy USD	2025/11~2026/06	GBP	3,400 thousands
Forward foreign exchange contracts	Sell AUD / Buy USD	2025/09~2026/08	AUD	2,000 thousands
December 31, 2025				
	Currency	Contract period		Contract amount
Forward foreign exchange contracts	Sell JPY / Buy USD	2025/04~2026/06	JPY	2,090,000 thousands
Forward foreign exchange contracts	Sell EUR / Buy USD	2025/04~2026/09	EUR	40,000 thousands
Forward foreign exchange contracts	Sell GBP / Buy USD	2025/11~2026/04	GBP	2,000 thousands
Forward foreign exchange contracts	Sell AUD/ Buy USD	2025/04~2026/08	AUD	4,500 thousands

	March 31, 2025			
	Currency	Contract period	Contract amount	
Forward foreign exchange contracts	Sell JPY / Buy USD	2024/09~2025/10	JPY	2,690,000 thousands
Forward foreign exchange contracts	Sell EUR / Buy USD	2025/01~2025/12	EUR	57,000 thousands
Forward foreign exchange contracts	Sell AUD / Buy USD	2024/10~2025/12	AUD	2,600 thousands

D. Cash flow hedge:

	2026	2025
<u>Other equity – cash flow hedge reserve</u>		
At January 1	(\$ 924)	\$ 16,340
Profit or loss on hedge effectiveness-amount recognised in other comprehensive income	41,921 (	73,101)
Reclassified to profit or loss as the hedged item has affected profit or loss	(900)	5,025
Adjusted inventories as the hedged item has not been sold	(3,420) (	6,183)
Reclassified to profit or loss-forecast transaction is no longer expected to occur	(1,012)	-
At March 31	<u>\$ 35,665</u>	<u>(\$ 57,919)</u>

To hedge exposed exchange rate risk arising from forecast sales revenue and forecast purchase of inventory, the Group entered into a forward forecast sale agreement of EUR, GBP, JPY and AUD, and a forward forecast purchase agreement of USD, and the hedge ratio is 1:1. The effective portion with respect to the changes in the fair value of the hedging instruments is deferred to recognise in the cash flow hedge reserve, which is under other comprehensive income, and will be directly included in the sales revenue when the hedged items are subsequently recognised in accounts receivable; and will be directly included in the cost of inventory when the hedge items are subsequently recognised in inventory.

E. Information relating to credit risk of hedging financial assets and liabilities is provided in Note 12(3).

(5) Notes and accounts receivable

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	<u>\$ 75,884</u>	<u>\$ 120,738</u>	<u>\$ 24,988</u>
Accounts receivable	\$ 12,052,307	\$ 11,357,712	\$ 9,530,990
Less: Allowance for loss	(24,295)	(22,861)	(41,779)
	<u>\$ 12,028,012</u>	<u>\$ 11,334,851</u>	<u>\$ 9,489,211</u>

A. As of March 31, 2026, December 31, 2025 and March 31, 2025, the Group's guarantee deposit received were held as collateral for accounts receivable amounting to \$49,281, \$48,446 and \$0, which was shown in 'Other current liabilities, others'.

B. None of the Group's notes receivable are overdue. For the ageing analysis of the notes receivable and accounts receivable, please refer to Note 12(2).

The Group grants credit term to customers from 20 days to 210 days after the delivery date. Ageing analysis is conducted on the basis of the number of days overdue. Please refer to Note 12 for

disclosures of credit risk and information on movement of impairment and analysis of accounts receivable.

C. As of March 31, 2026, December 31, 2025 and March 31, 2025, the balances of receivables (including notes receivable) were all from contracts with customers. And as of January 1, 2025, the total balance of receivables from contracts with customers amounted to \$11,732,704 and loss allowance amounted to \$37,186.

D. As of March 31, 2026, December 31, 2025 and March 31, 2025, without taking into account any collateral held or other credit enhancements and credit insurance, the maximum hedge to credit risk in respect of the amount that best represents the Group's notes receivable and accounts receivable were \$12,103,896, \$11,455,589 and \$9,514,199, respectively.

(6) Transfer of financial assets

A. The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group prepared an offering document of purchase. The offering document states that the factoring is without the right of recourse, and the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable, thus, the condition of financial asset derecognition is met. As of March 31, 2025, the Group had no transactions of factoring accounts receivable. However, the unused facilities of Taipei Fubon Commercial Bank and DBS Bank (Taiwan) Ltd. amounted to USD 75,000 thousand and USD 73,313 thousand, respectively.

March 31, 2026						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate range of amount advanced
Taipei Fubon Commercial Bank	\$ 852,370 (USD 26,653,000)	\$ 852,370	USD 75,000,000	\$ 765,736 (USD 23,945,000)	\$ 86,634	4.23~4.25%
DBS Bank (Taiwan) Ltd.	872,422 (USD 27,280,000)	872,422	USD 75,338,000	784,852 (USD 24,542,000)	87,570	4.25~4.55%
	<u>\$ 1,724,792</u>	<u>\$ 1,724,792</u>		<u>\$ 1,550,588</u>	<u>\$ 174,204</u>	
December 31, 2025						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate range of amount advanced
Taipei Fubon Commercial Bank	\$ 484,530 (USD 15,412,000)	\$ 484,530	USD 75,000,000	\$ - (USD 0)	\$ 484,530	4.43~4.48%
DBS Bank (Taiwan) Ltd.	-	-	USD 75,338,000	-	-	-
	<u>\$ 484,530</u>	<u>\$ 484,530</u>		<u>\$ -</u>	<u>\$ 484,530</u>	

B. As of March 31, 2026 and December 31, 2025, the amount that arose from factoring of accounts receivable but not yet received from banks in advance amounted to \$174,204 and \$484,530, respectively, which were reclassified as other receivables.

C. Information of the pledged assets due to above factoring agreements are provided in Note 9.

(7) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	\$ 9,409,074	\$ 9,272,630	\$ 6,481,380
Work in progress	3,370,551	2,996,604	1,849,832
Finished goods	8,694,395	6,031,218	5,069,083
Inventory in transit	1,457,613	1,164,121	934,934
	<u>\$ 22,931,633</u>	<u>\$ 19,464,573</u>	<u>\$ 14,335,229</u>

The cost of inventories recognised as expense for the period:

	Three months ended March 31	
	2026	2025
Cost of goods sold	\$ 14,340,213	\$ 9,186,859
Loss on scrapping inventories	11,322	-
Loss on decline in market value	20,232	3,319
	<u>\$ 14,371,767</u>	<u>\$ 9,190,178</u>

(8) Investments accounted for using the equity method (As of March 31, 2026 and December 31, 2025:

None.)

	2025
At January 1	\$ 13,721
Proceeds from disposal of associates accounted for using equity method	(43,566)
Gain on disposal of investments accounted for using equity method	30,223
Effect of exchange rate changes	(378)
At March 31	<u>\$ -</u>

The Group acquired 30% of shares of the associate, MECSware GmbH, whose principal place of business is in Germany. The Group had disposed the shares in the first quarter of 2025, and the registration for the change was completed.

(9) Property, plant and equipment

	2026						
				Research and		Construction	
	Land	Buildings and	Machinery and	development	Office and other	in progress	
		structures	equipment	equipment	equipment	and equipment	Total
						under acceptance	
January 1							
Cost	\$ 1,449,352	\$ 3,002,184	\$ 3,347,597	\$ 1,611,287	\$ 2,376,276	\$ 140,938	\$ 11,927,634
Accumulated depreciation	-	(659,145)	(2,078,290)	(1,213,124)	(1,530,263)	-	(5,480,822)
	<u>\$ 1,449,352</u>	<u>\$ 2,343,039</u>	<u>\$ 1,269,307</u>	<u>\$ 398,163</u>	<u>\$ 846,013</u>	<u>\$ 140,938</u>	<u>\$ 6,446,812</u>
At January 1	\$ 1,449,352	\$ 2,343,039	\$ 1,269,307	\$ 398,163	\$ 846,013	\$ 140,938	\$ 6,446,812
Additions	-	1,462	37,620	45,017	123,143	7,328	214,570
Reclassifications	-	1,216	10,334	3,103	14,592	(12,711)	16,534
Disposals	-	-	(826)	-	(5,420)	-	(6,246)
Depreciation charge	-	(20,394)	(74,641)	(34,051)	(79,067)	-	(208,153)
Net exchange differences	(2,541)	5,963	(4,951)	4,545	(4,133)	1,026	(91)
At March 31	<u>\$ 1,446,811</u>	<u>\$ 2,331,286</u>	<u>\$ 1,236,843</u>	<u>\$ 416,777</u>	<u>\$ 895,128</u>	<u>\$ 136,581</u>	<u>\$ 6,463,426</u>
March 31							
Cost	\$ 1,446,811	\$ 3,020,503	\$ 3,376,182	\$ 1,674,407	\$ 2,493,306	\$ 136,581	\$ 12,147,790
Accumulated depreciation	-	(689,217)	(2,139,339)	(1,257,630)	(1,598,178)	-	(5,684,364)
	<u>\$ 1,446,811</u>	<u>\$ 2,331,286</u>	<u>\$ 1,236,843</u>	<u>\$ 416,777</u>	<u>\$ 895,128</u>	<u>\$ 136,581</u>	<u>\$ 6,463,426</u>

2025

	Land	Buildings and structures	Machinery and equipment	Research and development equipment	Office and other equipment	Leasehold improvements	Construction in progress and equipment under acceptance	Total
January 1								
Cost	\$ 1,459,879	\$ 2,203,102	\$ 3,090,752	\$ 1,499,362	\$ 1,852,312	\$ 4,469	\$ 654,205	\$ 10,764,081
Accumulated depreciation	-	(585,792)	(2,017,116)	(1,111,495)	(1,178,468)	(4,469)	-	(4,897,340)
	<u>\$ 1,459,879</u>	<u>\$ 1,617,310</u>	<u>\$ 1,073,636</u>	<u>\$ 387,867</u>	<u>\$ 673,844</u>	<u>\$ -</u>	<u>\$ 654,205</u>	<u>\$ 5,866,741</u>
At January 1	\$ 1,459,879	\$ 1,617,310	\$ 1,073,636	\$ 387,867	\$ 673,844	\$ -	\$ 654,205	\$ 5,866,741
Additions	-	-	111,913	27,585	26,264	-	92,184	257,946
Reclassifications	-	-	2,855	2,493	(111)	-	(2,855)	2,382
Disposals	-	-	(36,730)	-	(2,596)	-	-	(39,326)
Depreciation charge	-	(15,336)	(67,073)	(33,387)	(64,779)	-	-	(180,575)
Net exchange differences	4,157	18,666	16,670	2,940	3,751	-	14,529	60,713
At March 31	<u>\$ 1,464,036</u>	<u>\$ 1,620,640</u>	<u>\$ 1,101,271</u>	<u>\$ 387,498</u>	<u>\$ 636,373</u>	<u>\$ -</u>	<u>\$ 758,063</u>	<u>\$ 5,967,881</u>
March 31								
Cost	\$ 1,464,036	\$ 2,228,096	\$ 3,183,770	\$ 1,532,767	\$ 1,870,876	\$ -	\$ 758,063	\$ 11,037,608
Accumulated depreciation	-	(607,456)	(2,082,499)	(1,145,269)	(1,234,503)	-	-	(5,069,727)
	<u>\$ 1,464,036</u>	<u>\$ 1,620,640</u>	<u>\$ 1,101,271</u>	<u>\$ 387,498</u>	<u>\$ 636,373</u>	<u>\$ -</u>	<u>\$ 758,063</u>	<u>\$ 5,967,881</u>

A. No interest was capitalised on the Group's property, plant and equipment.

B. The Group did not have property, plant and equipment that were pledged to others as collaterals.

(10) Leasing arrangements - lessee

- A. The Group leases various assets including land, land use right, buildings and equipment. Lease agreements are typically made for periods of 2 to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any restriction to the Group, but leased assets may not be used as collateral for borrowing, transfer, sublease and share purposes.
- B. Short-term leases with a lease term of no more than 12 months include certain dormitories, business vehicles and premises.
- C. The movements of right-of-use assets of the Group are as follows:

2026						
	Land	Land use right	Buildings	Machinery and equipment	Transportation equipment	Total
At January 1	\$ -	\$ 68,707	\$ 648,955	\$ 216	\$ 1,074	\$ 718,952
Additions	2,108	-	-	-	1,104	3,212
Depreciation charge	(59)	(706)	(47,484)	(109)	(184)	(48,542)
Net exchange differences	-	1,989	(4,997)	-	-	(3,008)
At March 31	<u>\$ 2,049</u>	<u>\$ 69,990</u>	<u>\$ 596,474</u>	<u>\$ 107</u>	<u>\$ 1,994</u>	<u>\$ 670,614</u>
2025						
	Land	Land use right	Buildings	Machinery and equipment	Transportation equipment	Total
At January 1	\$ 781	\$ 71,391	\$ 593,756	\$ 687	\$ 429	\$ 667,044
Additions	-	-	5,501	-	-	5,501
Depreciation charge	(195)	(711)	(39,641)	(114)	(92)	(40,753)
Net exchange differences	-	1,344	6,093	12	-	7,449
At March 31	<u>\$ 586</u>	<u>\$ 72,024</u>	<u>\$ 565,709</u>	<u>\$ 585</u>	<u>\$ 337</u>	<u>\$ 639,241</u>

- D. The information on income and expense accounts relating to lease agreements is as follows:

	Three months ended March 31	
	2026	2025
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,725	\$ 4,225
Expense on short-term lease contracts	5,779	3,977
Expense on leases of low-value assets	215	163

- E. For the three months ended March 31, 2026 and 2025, the Group's total cash outflow for leases amounted to \$35,755 and \$27,650, respectively.

(11) Intangible assets

	Computer software	Patents	Customer contracts and the related relationships	Total
January 1, 2026				
Cost	\$ 1,219,241	\$ 32,302	\$ 93,043	\$ 1,344,586
Accumulated amortisation	(1,017,103)	(26,864)	-	(1,043,967)
	<u>\$ 202,138</u>	<u>\$ 5,438</u>	<u>\$ 93,043</u>	<u>\$ 300,619</u>
At January 1, 2026	\$ 202,138	\$ 5,438	\$ 93,043	\$ 300,619
Additions-acquired separately	26,006	431	-	26,437
Amortisation charge	(26,925)	(608)	(4,030)	(31,563)
Net exchange differences	126	-	-	126
At March 31, 2026	<u>\$ 201,345</u>	<u>\$ 5,261</u>	<u>\$ 89,013</u>	<u>\$ 295,619</u>
March 31, 2026				
Cost	\$ 1,245,747	\$ 32,733	\$ 93,043	\$ 1,371,523
Accumulated amortisation	(1,044,402)	(27,472)	(4,030)	(1,075,904)
	<u>\$ 201,345</u>	<u>\$ 5,261</u>	<u>\$ 89,013</u>	<u>\$ 295,619</u>
	Computer software	Patents		Total
January 1, 2025				
Cost	\$ 1,149,892	\$ 30,098		\$ 1,179,990
Accumulated amortisation and impairment	(844,039)	(23,979)		(868,018)
	<u>\$ 305,853</u>	<u>\$ 6,119</u>		<u>\$ 311,972</u>
At January 1, 2025	\$ 305,853	\$ 6,119		\$ 311,972
Additions-acquired separately	11,119	136		11,255
Amortisation charge	(37,765)	(746)		(38,511)
Net exchange differences	444	-		444
At March 31, 2025	<u>\$ 279,651</u>	<u>\$ 5,509</u>		<u>\$ 285,160</u>
March 31, 2025				
Cost	\$ 1,152,102	\$ 30,234		\$ 1,182,336
Accumulated amortisation	(872,451)	(24,725)		(897,176)
	<u>\$ 279,651</u>	<u>\$ 5,509</u>		<u>\$ 285,160</u>

A. To expand the Group's business and obtain supplier qualification from telecommunications operators, the Group purchased outstanding sales orders from the prior supplier. Therefore, the Group paid US\$4,200 thousand in accordance with the agreement in 2025. The agreement further stipulates that US\$1,500 thousand is refundable if the cumulative gross profit of designated products fails to meet the agreed conditions. Conversely, if the Group becomes a supplier of non-designated products, an additional payment of US\$500 thousand shall be made.

B. Details of amortisation on intangible assets are as follows:

	Three months ended March 31	
	2026	2025
Operating costs	\$ 4,080	\$ 81
Operating expenses	27,483	38,430
	<u>\$ 31,563</u>	<u>\$ 38,511</u>

D. The Group has no intangible assets pledged to others as collateral.

(12) Short-term borrowings (As of March 31, 2025: None)

Type of borrowings	March 31, 2026	December 31, 2025
Bank borrowings		
Unsecured borrowings	\$ 4,793,230	\$ 2,145,838
Interest rate range	1.82%~7.65%	0.9%~8.00%

(13) Bonds payable

	March 31, 2026	December 31, 2025	March 31, 2025
Bonds payable	\$ -	\$ -	\$ 1,400,000
Unsecured convertible bonds payable	3,000,000	3,000,000	3,000,000
Less: Discount on bonds payable (	138,964) (	151,581) (	189,099)
Less: Current portion corporate bonds due within one year	-	-	(1,400,000)
	<u>\$ 2,861,036</u>	<u>\$ 2,848,419</u>	<u>\$ 2,810,901</u>

A. The Company issued the first domestic unsecured corporate bonds in 2020 amounting to \$1,400,000 and based on the face value at an annual rate of 1%, as approved by the regulatory authority. Those bonds mature in 5 years from the issue date, and the periods are from July 17, 2020 to July 17, 2025. The bonds are listed on the Taipei Exchange and will be redeemed in cash at face value at the maturity date.

B. The issuance of the seventh domestic unsecured convertible bonds by the Company are as follows:

- (a) The Company issued the seventh domestic unsecured convertible bonds amounting to \$3,000,000 based on the face value at an annual rate of 0%, as approved by the regulatory authority. The bonds mature in 5 years from the issue date, and the period is from December 6, 2023 to December 6, 2028. The bond is listed on the Taipei Exchange and will be redeemed in cash at face value at the maturity date.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and the conversion price at issuance was NT\$145 (in dollars). The aforementioned conversion price had been reset as NT\$130.3 (in dollars) according to the terms starting from April 17, 2026 (the effective date of price resetting).
- (d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value in cash upon three years.
- (e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
- (f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued or re-sold and all rights and obligations attached to the bonds are also extinguished.
- (g) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$322,500 were separated from the liability component and were recognised in 'capital surplus-share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial liabilities at fair value through profit or loss' in net amount of \$21,300 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. Convertible bonds were recorded at the fair value when issuing, and the discount amount of the bonds was \$253,800. The effective interest rate of the bonds payable after such separation was 1.77%.

(14) Pensions

A. Defined benefit plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the

aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

- (b) Expected contributions to the defined benefit pension plans of the Company for the year ended December 31, 2026 amount to \$6,483. As of March 31, 2026, the Company made contributions amounting to \$1,643.
- (c) The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2026 and 2025, were \$258 and \$264, respectively.

B. Defined contribution plans

- (a) The Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s Mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The Group’s other foreign subsidiaries contributed pension to the relevant pension authorities under local regulations.
- (d) The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2026 and 2025 were \$73,842 and \$62,570, respectively.

(15) Share-based payment

- A. Certain employees of the Company are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.
- B. The arrangements of share-based payment for the three months ended March 31, 2026 and 2025 are as follows:

Type of arrangement	Grant date	Grant quantity (in thousands)	Contract period	Vesting condition
Employee option plan	2020.08.20	12,000	10 years	(Note 1)
Employee option plan	2023.05.03	3,000	10 years	(Note 2)
Employee option plan	2024.06.12	3,000	10 years	(Note 2)
Employee option plan	2025.07.31	3,000	6 years	(Note 2)
Employee option plan	2026.03.11	3,000	6 years	(Note 2)

(Note 1) The Company issues new shares when employees exercise options. The vesting period of option and exercisable ratio are as follows:

<u>Vesting period of option</u>	<u>Accumulated ratio of exercisable stock option</u>
After 2 years	50%
After 3 years	75%
After 4 years	100%

(Note 2) The Company issues new shares when employees exercise options. The vesting period of option and exercisable ratio are as follows:

<u>Vesting period of option</u>	<u>Accumulated ratio of exercisable stock option</u>
After 2 years	100%

C. Details of the share-based payment arrangements in 2020 are as follows:

	<u>2025</u>	
	<u>No. of options (in thousands)</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	2,449	\$ 25.6
Options exercised	-	-
Options outstanding at March 31	<u>2,449</u>	25.6
Options exercisable at March 31	<u>2,449</u>	

As at March 31, 2025, the exercise prices of stock options outstanding was NT\$26.6 (in dollars), and the remaining contractual period was 5.4 years. However, the aforementioned stock options had been fully exercised in 2025.

D. Details of the share-based payment arrangements in 2023 are as follows:

	<u>2026</u>		<u>2025</u>	
	<u>No. of options (in thousands)</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options (in thousands)</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	1,536	\$ 76.9	3,000	\$ 79.8
Options exercised	-	-	-	-
Options outstanding at March 31	<u>1,536</u>	76.9	<u>3,000</u>	79.8
Options exercisable at March 31	<u>1,536</u>		<u>-</u>	

As at March 31, 2026, December 31, 2025 and March 31, 2025, the exercise prices of stock options outstanding was NT\$76.9 (in dollars), NT\$76.9 (in dollars) and NT\$79.8 (in dollars), respectively; the remaining contractual period was 7.1 years, 7.3 years and 8.1 years, respectively.

E. Details of the share-based payment arrangements in 2024 are as follows:

	2026		2025	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	3,000	\$ 105.5	3,000	\$ 109.5
Options exercised	-	-	-	-
Options outstanding at March 31	3,000	105.5	3,000	109.5
Options exercisable at March 31	-	-	-	-

As at March 31, 2026, December 31, 2025 and March 31, 2025, the exercise prices of stock options outstanding was NT\$105.5 (in dollars), NT\$105.5 (in dollars) and NT\$109.5 (in dollars), respectively; the remaining contractual period was 8.2 years, 8.5 years and 9.2 years, respectively.

F. Details of the share-based payment arrangements in 2025 are as follows:

	2026	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	3,000	\$ 100.5
Options exercised	-	-
Options outstanding at March 31	3,000	100.5
Options exercisable at March 31	-	-

As at March 31, 2026 and December 31, 2025, the exercise prices of stock options outstanding was NT\$100.5 (in dollars) and NT\$100.5 (in dollars); the remaining contractual period was 5.3 years and 5.6 years, respectively.

G. Details of the share-based payment arrangements in 2026 are as follows:

	2026	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	3,000	77.3
Options outstanding at March 31	3,000	77.3
Options exercisable at March 31	-	-

As at March 31, 2026, the exercise prices of stock options outstanding was NT\$ 77.3 (in dollars); the remaining contractual period was 6 years.

H. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars) (Note 1)	Expected price Volatility (Note 2)	Expected option life (Note 3)	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2020.8.20							
-After 2 years		\$ 74.7	\$ 30	27.61%	6.0 years	3.88%	0.33%	\$ 31.90
-After 3 years		74.7	30	27.84%	7.0 years	3.88%	0.35%	30.54
-After 4 years		74.7	30	27.50%	8.0 years	3.88%	0.36%	29.14

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars) (Note 1)	Expected price Volatility (Note 2)	Expected option life (Note 3)	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2023.5.3							
-After 2 years		\$ 82.9	\$ 82.9	29.71%	6.0 years	4.53%	1.12%	\$ 13.55

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars) (Note 1)	Expected price Volatility (Note 2)	Expected option life (Note 3)	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2024.6.12							
-After 2 years		\$ 109.5	\$ 109.5	31.68%	5.0 years	4.81%	1.47%	\$ 18.86

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars) (Note 1)	Expected price Volatility (Note 2)	Expected option life (Note 3)	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2025.7.31							
-After 2 years		\$ 100.5	\$ 100.5	36.83%	4.0 years	3.74%	1.31%	\$ 21.92

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars) (Note1)	Expected price Volatility (Note2)	Expected option life (Note3)	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2026.03.11							
-After 2 years		\$ 77.3	\$ 77.3	36.91%	4.0 years	3.46%	1.29%	\$ 17.35

Note 1: The exercise prices have been adjusted to reflect the change of outstanding shares (e.g., issuance of new shares for cash to increase capital, cash dividends, an appropriation of earnings, issuance of new shares in connection with merger or acquiring shares of other companies) in accordance with the employee stock option plan.

Note 2: Expected price volatility is based on the recent historical average volatility of the stock prices coincident with expected life of each tranche of the stock options. The source is from the Taiwan Stock Exchange.

Note 3: The expected life of the share options is based on historical data and current expectations.

I. Expenses incurred on share-based payment transactions are shown below:

	Three months ended March 31	
	2026	2025
Compensation cost of employee stock options	\$ 15,374	\$ 12,131

(16) Provisions for liabilities - current

	Warranty	Royalty	Total
At January 1, 2026	\$ 490,151	\$ 477,599	\$ 967,750
Additional provisions	12,278	-	12,278
Utilisation/reversal during the period	(19,326)	-	(19,326)
Effect of exchange rate changes	460	-	460
At March 31, 2026	<u>\$ 483,563</u>	<u>\$ 477,599</u>	<u>\$ 961,162</u>
	Warranty	Royalty	Total
At January 1, 2025	\$ 503,125	\$ 477,599	\$ 980,724
Additional provisions	65,529	-	65,529
Utilisation/reversal during the period	(7,217)	-	(7,217)
Effect of exchange rate changes	654	-	654
At March 31, 2025	<u>\$ 562,091</u>	<u>\$ 477,599</u>	<u>\$ 1,039,690</u>

A. Warranty

A provision for repairs and maintenance obligation is recognised for expected warranty claims on products sold, based on historical claims data and management's judgement for future probable product repairs or replacement in next 12 months.

B. Royalty

The Group estimates the possible royalty expenses based on the industry characteristics, other known events and management's judgement and recognises such expenses within 'cost of goods sold' when related product is sold. Any changes in industry circumstances might affect materially the provision for royalty.

(17) Share capital

- A. The Company's authorized capital was all \$5,000,000 as at March 31, 2026, December 31, 2025 and March 31, 2025, consisting of 500,000 thousand shares (including 36,800 thousand shares reserved for employee stock options) and the paid-in capital was \$3,043,426, \$3,043,426 and \$3,000,496, respectively, with par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

The number of ordinary shares at the beginning and the end of the period is reconciled as below:

	<u>2026 (in thousand)</u>	<u>2025 (in thousand)</u>
At January 1 (same as March 31)	<u>299,719</u>	<u>298,549</u>

- B. In response to the future operational needs, on March 10, 2026, the Company's Board of Directors resolved the ordinary shares raised through the private offering of either common stock or domestic/foreign convertible corporate bonds. Private offering of common stock shall not exceed 27,000 thousand shares (inclusive), including ordinary shares and convertible ordinary shares. As of the date of the review report, the aforementioned proposal of the Board of Directors has not yet been resolved by the shareholders.

C. Treasury stocks

- (a) Reasons for the share repurchase and the number of the Company's treasury stocks are as follows:

		March 31, 2026	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be transferred to employees	4,623	\$ 421,810

		December 31, 2025	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be transferred to employees	4,623	\$ 421,810

		March 31, 2025	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be transferred to employees	1,500	\$ 119,517

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares repurchased as treasury stocks should not exceed 10% of the number of the Company's issued and outstanding shares and the amount of shares repurchased should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should not be pledged as collateral nor is entitled to shareholders' rights before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be transferred to the employees within five years from the repurchase date and shares not transferred within the five-year period are to be retired.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of ordinary shares and donations can be used to offset accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to offset accumulated deficit unless the legal reserve is insufficient.

2026							
	Additional paid-in capital in excess of par, ordinary share	Conversion premium of convertible corporate bonds	Treasury stock transactions	Employee stock options	Expired stock options	Convertible bond options	Total
At January 1	\$ 1,972,634	\$ 4,131,830	\$ 41,511	\$ 78,106	\$ 25,934	\$ 322,500	\$ 6,572,515
Compensation cost of employee stock options	-	-	-	15,374	-	-	15,374
At March 31	<u>\$ 1,972,634</u>	<u>\$ 4,131,830</u>	<u>\$ 41,511</u>	<u>\$ 93,480</u>	<u>\$ 25,934</u>	<u>\$ 322,500</u>	<u>\$ 6,587,889</u>

2025							
	Additional paid-in capital in excess of par, ordinary share	Conversion premium of convertible corporate bonds	Treasury stock transactions	Employee stock options	Expired stock options	Convertible bond options	Total
At January 1	\$ 1,682,685	\$ 4,131,830	\$ 41,511	\$ 150,033	\$ 25,934	\$ 322,500	\$ 6,354,493
Compensation cost of employee stock options	-	-	-	12,131	-	-	12,131
At March 31	<u>\$ 1,682,685</u>	<u>\$ 4,131,830</u>	<u>\$ 41,511</u>	<u>\$ 162,164</u>	<u>\$ 25,934</u>	<u>\$ 322,500</u>	<u>\$ 6,366,624</u>

(19) Retained earnings

- A. Under the Company's Articles of Incorporation adopted by the shareholders during their meeting, the current year's earnings, if any, shall first be used to pay all taxes and offset accumulated deficit and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of paid-in capital. After the provision or reversal of special reserve, the appropriation of the remaining earnings along with the unappropriated earnings of prior years and current adjustment on unappropriated earnings as distributable retained earnings. The distribution of all or part of dividends and bonuses shall be made by issuing new shares, which shall be approved by the shareholders. Distribution of earnings by way of cash dividends should be approved by Board of Directors and reported to shareholders in its meeting.
- B. The policy for dividend distribution should consider level of current year earnings and stabilised dividend ratio to support the Company's steady growth, and should reflect factors such as current and future investment environment, fund requirements, domestic and international competition and capital expenditure budgets, as well as the benefit of stockholders, dividend equilibrium, and long-term financial planning etc. It may be paid in cash or in the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.
- C. Except for offsetting accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRS in accordance with Order No. Financial-Supervisory-Securities-Corporate 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- (c) As of January 1, 2018, the amount of special reserve set aside for the first-time adoption of IFRSs amounted to \$131,678. Furthermore, the Company did not reverse special reserve to retained earnings during the three months ended March 31, 2026 and 2025 as a result of the use, disposal or reclassification of related assets. As of March 31, 2026, December 31, 2025 and March 31, 2025, the amount of special reserve set aside for the first-time adoption of IFRSs all amounted to \$131,678.
- E. The appropriations of earnings of 2025 and 2024 as resolved and approved by Board of Directors on March 10, 2026 and shareholders meeting on May 29, 2025, respectively, are as follows:

	<u>Year ended December 31, 2025</u>		<u>Year ended December 31, 2024</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve appropriated	\$ 120,634		\$ 228,437	
Appropriation (reversal) of special reserve	164,369		(333,735)	
Cash dividends	749,299	\$ 2.50	1,373,327	\$ 4.60

For the appropriations of 2025 and 2024 earnings proposed by the Company's Board of Directors, aside from the cash dividends, which had been resolved by the Board of Directors on March 10, 2026 and February 27, 2025, respectively, and shown under 'Other payables', the remaining was yet to be resolved by the shareholders. Information about the appropriations of retained earnings of the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Other equity items

	2026			
	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets at fair value through other comprehensive income	Cash flow hedge reserve	Total
At January 1	(\$ 489,764)	(\$ 29,821)	(\$ 924)	(\$ 520,509)
Currency translation differences:				
–Group	134,393	-	-	134,393
Revaluation	-	(5,108)	-	(5,108)
Gains (losses) on hedging instruments:				
-Gains (losses) on fair value	-	-	52,401	52,401
-Tax on fair value gains/losses	-	-	(10,480)	(10,480)
-Transfers to sales of goods	-	-	(1,125)	(1,125)
-Tax on transfers to sales of goods	-	-	225	225
-Transfers to inventories	-	-	(4,275)	(4,275)
-Tax on transfers to inventories	-	-	855	855
-Ineffective hedging transfer to profit or loss	-	-	(1,265)	(1,265)
-Tax on ineffective hedging transfer to profit or loss	-	-	253	253
At March 31	(\$ 355,371)	(\$ 34,929)	\$ 35,665	(\$ 354,635)

	2025			
	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets at fair value through other comprehensive income	Cash flow hedge reserve	Total
At January 1	(\$ 345,436)	(\$ 27,044)	\$ 16,340	(\$ 356,140)
Currency translation differences:				
–Group	157,510	-	-	157,510
Revaluation	-	932	-	932
Gains (losses) on hedging instruments:				
-Gains (losses) on fair value	-	-	(91,377)	(91,377)
-Tax on fair value gains/losses	-	-	18,276	18,276
-Transfers to sales of goods	-	-	6,281	6,281
-Tax on transfers to sales of goods	-	-	(1,256)	(1,256)
-Transfers to inventories	-	-	(7,728)	(7,728)
-Tax on transfers to inventories	-	-	1,545	1,545
At March 31	(\$ 187,926)	(\$ 26,112)	(\$ 57,919)	(\$ 271,957)

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

Sales revenue is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

	Three months ended March 31	
	2026	2025
Fixed mobile convergence products (BB CPE)	\$ 9,378,492	\$ 6,954,903
Enterprise (ENT)	3,197,004	2,596,906
IoT Solutions (Infra. & IoT)	3,360,371	1,418,273
Others	710,536	384,198
	<u>\$ 16,646,403</u>	<u>\$ 11,354,280</u>

B. Contract liabilities

Contract liabilities recognised by the Group as a result of revenue from contracts with customers are as follows:

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Sales contract	<u>\$ 894,224</u>	<u>\$ 1,023,930</u>	<u>\$ 639,160</u>	<u>\$ 761,015</u>

(a) Significant changes in contract liabilities

For the year ended December 31, 2025, the change in the Group's contract liabilities were due to the customer's operation changes with industrial needs, the timing difference between the prepayments made according to the contract and the Group's performance obligations satisfied.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Three months ended March 31	
	2026	2025
Sales contract	<u>\$ 165,569</u>	<u>\$ 90,148</u>

C. Refund liabilities

Sales revenue is recognised based on contract price net of sales discounts and allowances. The merchandise is often sold with sales discounts and allowances based on aggregate sales over a 12-month period. Historical experience is used to estimate and provide for the sales discounts and allowances, using the most possible amount, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date.

A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The payment terms for sales are normally 20 to 210 days after delivery. The time between the transfer of promised goods or services to the client and collection of payment does not exceed one year. The Group does not adjust the transaction price to reflect the time value of money.

	March 31, 2026	December 31, 2025	March 31, 2025
Refund liabilities	<u>\$ 273,958</u>	<u>\$ 158,770</u>	<u>\$ 183,151</u>

(22) Other income

	Three months ended March 31	
	2026	2025
Government grants income	1,482	930
Rental income	346	355
Others	1,158	701
	<u>\$ 2,986</u>	<u>\$ 1,986</u>

(23) Other gains and losses

	Three months ended March 31	
	2026	2025
Net losses on financial assets/liabilities at fair value through profit or loss	(\$ 61,453)	(\$ 147,170)
Net currency exchange gains	10,897	127,069
Gains on disposals of investment accounted for using equity method	-	30,223
Loss on disposals of property, plant and equipment	(900)	(247)
Loss arising from input tax	(7,643)	-
Others	(323)	(496)
	<u>(\$ 59,422)</u>	<u>\$ 9,379</u>

(24) Finance costs

	Three months ended March 31	
	2026	2025
Interest expense		
-Bank borrowing	\$ 46,177	\$ 11,558
-Bonds payable	12,617	15,848
-Lease contracts	5,725	4,225
-Other	4	-
	<u>\$ 64,523</u>	<u>\$ 31,631</u>

(25) Additional information of expenses by nature

	Three months ended March 31	
	2026	2025
Employee benefit expense	\$ 1,556,105	\$ 1,515,499
Depreciation expense on property, plant and equipment	208,153	180,575
Depreciation expense on right-of-use assets	48,542	40,753
Amortisation expense on intangible assets	31,563	38,511
	<u>\$ 1,844,363</u>	<u>\$ 1,775,338</u>

(26) Employee benefit expense

	Three months ended March 31	
	2026	2025
Wages and salaries	\$ 1,278,120	\$ 1,273,479
Labor and health insurance fees	92,261	78,867
Pension costs	74,100	62,834
Compensation cost of share-base payments	15,374	12,131
Directors' remuneration	8,048	8,231
Other personnel expenses	88,202	79,957
	<u>\$ 1,556,105</u>	<u>\$ 1,515,499</u>

A. According to the Articles of Incorporation, 12%-18% of profit of the current year is distributable as employees' compensation, of which the amount of employees' compensation includes rank-and-file employees' compensation distributed at a ratio between 1% and 3% and no higher than 2.5% of profit of the current year is distributable as remuneration to directors. Qualification requirements of employees include the employees of subsidiaries or controlled entities of the Company meeting certain specific requirements. If the Company has an accumulated deficit, earnings should be reserved to offset deficit first. Independent directors do not participate in the abovementioned distribution of directors' remuneration.

B. For the three months ended March 31, 2026 and 2025, employees' compensation was accrued at \$70,000 and \$81,500, respectively; directors' remuneration was accrued at \$5,000 and \$5,500, respectively. The aforementioned amounts were recognised in salary expenses.

For the three months ended March 31, 2026, the employees' compensation and directors' remuneration were estimated and accrued based on 15.10% and 1.08% of distributable profit of current year, as of the end of reporting period.

Employees' compensation and directors' remuneration for 2025 amounting to \$280,500 and \$17,500, respectively as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2025 financial statements. The employees' compensation will be distributed in the form of cash. As of March 31, 2026, the employees' compensation has not yet been distributed.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31	
	2026	2025
Current tax:		
Current tax on profits for the period	\$ 193,892	\$ 97,116
Prior year income tax underestimation (overestimation)	11,647	(67,523)
Total current tax	205,539	29,593
Deferred tax:		
Origination and reversal of temporary differences	(124,881)	47,016
Income tax expense	\$ 80,658	\$ 76,609

(b) Income tax expense (credit) relating to components of other comprehensive income is as follows:

	Three months ended March 31	
	2026	2025
Profit/loss of hedging instruments in cash flow hedge	\$ 9,147	(\$ 18,565)

B. Assessment and approval of income tax returns by the Tax Authority:

	Latest year assessment by Tax Authority
The Company	2023
Sercomm Investment Corp.	2024

C. The Group's exposure to Pillar Two income taxes arising from the Pillar Two legislation is as follows:

- (a) The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). However, no Pillar Two legislation was enacted in the place where the Group was incorporated as of March 31, 2026.
- (b) Under the Pillar Two legislation, the Group is liable to pay a top up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.
- (c) For disclosure of material exposure to Pillar Two income taxes arising from the Pillar Two legislation, please refer to Note 6(27) to the 2025 consolidated financial statements. The Group will continue to monitor and assess its impact on the Group's future financial performance.

(28) Earnings per share

Three months ended March 31, 2026			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to owners of the parent	\$ 301,579	299,719	\$ <u>1.01</u>
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employees' compensation	-	3,726	
Employee stock options	-	82	
Treasury stocks	-	65	
Profit attributable to owners of the parent plus dilutive effect of potential ordinary shares	\$ <u>301,579</u>	<u>303,592</u>	\$ <u>0.99</u>
Three months ended March 31, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to owners of the parent	\$ 304,612	298,549	\$ <u>1.02</u>
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employees' compensation	-	3,088	
Employee stock options	-	3,232	
Treasury stocks	-	588	
Profit attributable to owners of the parent plus dilutive effect of potential ordinary shares	\$ <u>304,612</u>	<u>305,457</u>	\$ <u>1.00</u>

- A. The employee stock options issued by the Company in 2026, 2025 and 2024 have an anti-dilution effect, so they are not listed on diluted earnings per share for the three months ended March 31, 2026.
- B. The convertible bonds issued by the Company in 2023 have an anti-dilution effect, so they are not listed on diluted earnings per share for the three months ended March 31, 2025 and 2026, respectively.
- C. The treasury stocks repurchased by the Company in 2025 have an anti-dilution effect, so they are not listed on diluted earnings per share for the three months ended March 31, 2026.
- D. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issuance.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Three months ended March 31	
	2026	2025
Purchase of property, plant and equipment	\$ 231,104	\$ 260,328
Add: Ending balance of advance payment	183,470	257,207
Less: Opening balance of advance payment	(236,236)	(164,756)
Add: Opening balance of other payables for equipment	75,945	102,033
Less: Ending balance of other payables for equipment	(51,046)	(96,919)
Cash paid during the period	<u>\$ 203,237</u>	<u>\$ 357,893</u>

	Three months ended March 31	
	2026	2025
Purchase of intangible assets	\$ 26,437	\$ 11,255
Add: Ending balance of advance payment	116,661	38,496
Less: Opening balance of advance payment	(116,899)	(40,576)
Add: Opening balance of other payables for equipment	776	1,518
Less: Ending balance of other payables for equipment	(1,085)	(2,497)
Cash paid during the period	<u>\$ 25,890</u>	<u>\$ 8,196</u>

B. Investing activities with no cash flow effects:

	Three months ended March 31	
	2026	2025
Cash dividends declared but yet to be paid	<u>\$ 749,299</u>	<u>\$ 1,373,327</u>

(30) Changes in liabilities from financing activities

	2026					
	Short-term borrowings	Guarantee deposits received (Note 2)	Lease liabilities	Dividends payable	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 2,145,838	\$ 251,166	\$ 475,987	\$ -	\$ 2,848,419	\$ 5,721,410
Changes in cash flow from financing activities	2,660,640	(76,790)	(24,036)	-	-	2,559,814
Interest paid (Note 1)	-	-	(5,725)	-	-	(5,725)
Impact of changes in foreign exchange rate	-	-	(4,236)	-	-	(4,236)
Changes in other non-cash items	(13,248)	250	8,937	749,299	12,617	757,855
At March 31	<u>\$ 4,793,230</u>	<u>\$ 174,626</u>	<u>\$ 450,927</u>	<u>\$ 749,299</u>	<u>\$ 2,861,036</u>	<u>\$ 9,029,118</u>

	Short-term borrowings	Guarantee deposits received (Note2)	Lease liabilities	Dividends payable	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 1,016,211	\$ 851,593	\$ 409,628	\$ -	\$ 4,198,505	\$ 6,475,937
Changes in cash flow from financing activities	(1,016,211)	(160,055)	(19,285)	-	-	(1,195,551)
Interest paid (Note 1)	-	-	(4,225)	-	-	(4,225)
Impact of changes in foreign exchange rate	-	1,184	3,665	-	-	4,849
Changes in other non-cash items	-	-	9,726	1,373,327	12,396	1,395,449
At March 31	\$ -	\$ 692,722	\$ 399,509	\$ 1,373,327	\$ 4,210,901	\$ 6,676,459

Note 1: Shown in 'Cash flows from operating activities'.

Note 2: Including guarantee deposits received with maturity within one year, and shown in 'Other current liabilities, others'.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Three months ended March 31	
	2026	2025
Short-term employee benefits	\$ 24,889	\$ 34,037
Post-employment benefits	301	350
Share-based payments	4,612	3,639
	<u>\$ 29,802</u>	<u>\$ 38,026</u>

8. PLEDGED ASSETS

The Group's assets pledged at carrying value are as follows:

Pledged asset	March 31, 2026	December 31, 2025	March 31, 2025	Purpose
Financial assets measured at amortised cost	<u>\$ 83,889</u>	<u>\$ 83,853</u>	<u>\$ 75,489</u>	Bank acceptance bill guarantee, custom duty guarantee and performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

A. The Group has entered into an agreement with an overseas customer. The agreement provided that the overseas customer was required to pay a fee toward specified items prescribed in the agreement and the Group shall be liable for any third party infringement claims. The amount received has been deposited in a trust fund set up by the Group. The Group recognised the trust fund as other non-current financial assets measured at amortised cost and other current liabilities. However, considering that the term of patents for the aforementioned specified items had been expired and there were no sales of the aforementioned items in recent years, the Group terminated the trust arrangement and derecognized the related trust assets in the second quarter of 2025 and recognised a gain on the derecognition of liabilities.

	<u>March 31, 2025</u>
Non-current financial assets	
measured at amortised cost	\$ 74,207
Other current liabilities	57,811

As of March 31, 2025, the accumulated interest of the trust fund assets was recognised as ‘non-current financial assets measured at amortised cost’ in the amount of \$16,396.

- B. To stabilise the supply of raw materials, the Group and a supplier signed a long-term supply contract whereby the Group shall pay performance guarantee. If the Group achieves the agreed purchase quantity every year, the guarantee can be recovered proportionally. As of March 31, 2026, the guarantee was shown as guarantee deposits paid of \$84,700 (US\$2,649 thousand).
- C. As of March 31, 2026, the amount of contracted but not yet paid commitments for the purchase of equipment, computer software and construction in progress was \$8,377.
- D. The amounts of performance letters of guarantee issued by banks for shipment guarantee are as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
USD (in thousands)	\$ 1,774	\$ 464	\$ 911
RMB (in thousands)	12,000	14,841	3,500
CAD (in thousands)	220	220	-

- E. The amounts of promissory notes issued by banks for factoring accounts receivable and bank borrowing are as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
NTD	\$ 3,250,000	\$ 3,250,000	\$ 3,720,000
USD (in thousands)	372,013	372,013	362,013

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

To cope with future changes in the overall operating environment and future funding needs for long-term development, the Board of Directors resolved on May 12, 2026 to issue domestic ordinary corporate bonds, with total face value of issuance no higher than \$5,000,000. However, the issuance has not yet been approved by the Financial Supervisory Commission.

12. OTHERS

(1) Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(2) Financial instruments

A. Financial instruments by category

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 19,965	\$ 5,723	\$ 2,218
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 347,070	\$ 352,178	\$ 325,271
Financial assets at amortised cost			
Cash and cash equivalents	\$ 4,910,695	\$ 5,759,324	\$ 9,044,700
Financial assets measured at amortised cost	130,182	128,836	149,696
Notes receivable, net	75,884	120,738	24,988
Accounts receivable, net	12,028,012	11,334,851	9,489,211
Other receivables	656,615	972,583	373,707
Guarantee deposits paid	164,676	157,551	177,583
	\$ 17,966,064	\$ 18,473,883	\$ 19,259,885
Financial assets for hedging	\$ 46,903	\$ 17,331	\$ 5,956
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 65,810	\$ 24,013	\$ 81,347
Embedded derivative instruments	37,200	32,100	16,800
	\$ 103,010	\$ 56,113	\$ 98,147
Financial liabilities at amortised cost			
Short-term borrowings	\$ 4,793,230	\$ 2,145,838	\$ -
Notes payable	526,533	546,579	404,048
Accounts payable	19,532,342	19,271,587	13,809,468
Other payables	4,483,633	3,955,074	5,275,608
Bonds payable	2,861,036	2,848,419	4,210,901
(including current portion)			
Guarantee deposits received			
(including current portion)	174,626	251,166	692,722
	\$ 32,371,400	\$ 29,018,663	\$ 24,392,747
Lease liability (including current portion)	\$ 450,927	\$ 475,987	\$ 399,509
Financial liabilities for hedging	\$ 2,322	\$ 18,486	\$ 78,354

B. Financial risk management policies

- (a) The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

- (b) The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.
 - (c) To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2) and (4).
- C. Significant financial risks and degrees of financial risks
- (a) Market risk
 - Exchange rate risk
 - i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and EUR. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
 - ii. The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.
 - iii. The Group's risk management policy is to hedge anticipated cash flows from sales in EUR, GBP, JPY and AUD, and purchases in USD.
 - iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, PHP and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2026			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 472,855	31.98	\$ 15,121,903
USD:PHP	175,197	60.68	5,602,800
USD:RMB	157,463	6.91	5,035,667
EUR:NTD	46,450	36.69	1,704,251
JPY:NTD	3,269,871	0.20	653,974
USD:JPY	4,555	159.66	145,669
<u>Non-monetary items</u>			
USD:NTD	\$ 10,165	31.98	\$ 325,069
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:PHP	\$ 441,219	60.68	\$ 14,110,184
USD:NTD	384,234	31.98	12,287,803
USD:RMB	148,738	6.91	4,756,641
USD:INR	25,035	94.64	800,619
USD:JPY	15,131	159.66	483,889
EUR:NTD	13,280	36.69	487,243
December 31, 2025			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 431,207	31.44	\$ 13,557,148
USD:PHP	134,868	58.78	4,240,250
USD:RMB	152,889	6.99	4,806,830
EUR:NTD	37,518	36.90	1,384,414
JPY:NTD	2,598,189	0.20	519,638
USD:JPY	17,672	156.56	555,608
<u>Non-monetary items</u>			
USD:NTD	\$ 10,339	31.44	\$ 325,069

December 31, 2025			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:PHP	\$ 260,530	58.78	\$ 8,191,063
USD:NTD	378,268	31.44	11,892,746
USD:RMB	140,068	6.99	4,403,738
USD:INR	32,163	89.93	1,011,205
USD:JPY	16,523	156.56	519,483
EUR:NTD	22,352	36.90	824,789
March 31, 2025			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 369,823	33.18	\$ 12,270,727
USD:PHP	102,995	57.28	3,417,374
USD:RMB	80,828	7.25	2,681,873
EUR:NTD	37,973	35.94	1,364,750
USD:JPY	28,217	149.13	936,240
<u>Non-monetary items</u>			
USD:NTD	\$ 7,233	33.18	\$ 240,000
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:PHP	\$ 293,061	57.28	\$ 9,723,764
USD:NTD	241,121	33.18	8,000,395
USD:RMB	62,264	7.25	2,065,920
USD:INR	106,539	85.59	3,534,964

- v. It is not applicable to disclose the exchange gains or losses for each functional currency because the functional currencies used by the Group's entities are diverse.
- vi. The total exchange gains, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2026 and 2025 amounted to \$10,897 and \$127,069, respectively.

vii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three months ended March 31, 2026				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	151,219	\$ -
USD:PHP	1%		56,028	-
USD:RMB	1%		50,357	-
EUR:NTD	1%		17,043	-
JPY:NTD	1%		6,540	-
USD:JPY	1%		1,457	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:PHP	1%	\$	141,102	\$ -
USD:NTD	1%		122,878	-
USD:RMB	1%		47,566	-
USD:INR	1%		8,006	-
USD:JPY	1%		4,839	-
EUR:NTD	1%		4,872	-
Three months ended March 31, 2025				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	122,707	\$ -
USD:PHP	1%		34,174	-
USD:RMB	1%		26,819	-
EUR:NTD	1%		13,647	-
USD:JPY	1%		9,362	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:PHP	1%		97,238	-
USD:NTD	1%		80,004	-
USD:RMB	1%		20,659	-
USD:INR	1%		35,350	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.
- ii. The Group's investments in equity and debt securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity and debt securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the three months ended March 31, 2026 and 2025 would be both \$0, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other comprehensive income would have increased/decreased by \$2,821 and \$2,664, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Except for the borrowings as of March 31, 2025, which carried fixed interest rates, a portion of the Group's borrowings as of March 31, 2026 and December 31, 2025 carried floating interest rates.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant as of March 31, 2026, profit after tax for the three months ended March 31, 2026 would have increased/decreased by \$598. Changes in interest expense mainly results from floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss and financial assets at amortised cost.
- ii. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain customers' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

- iii. Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions with high credit rating.
- iv. The Group assesses whether there is any evidence that the credit risk of financial instruments has been significantly increased after initial recognition based on the historical experience. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 270 days.
- v. The following indicators are used to determine whether the credit impairment of financial assets has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) Default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using provision matrix or loss rate methodology to estimate expected credit loss.
- vii. The Group used the forecast ability of Taiwan Institute of Economic Research report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As of March 31, 2026, December 31, 2025 and March 31, 2025, the provision matrix are as follows:

	Without past due	Up to 1-90 days	Up to 91 to 180 days	Up to 181 to 270 days	over 271 days	Total
March 31, 2026						
<u>Group 1</u>						
Expected loss rate	0.24%	3.31%	0.00%	-	100%	
Total book value	\$ 7,439,766	\$ 146,698	\$ 18	\$ -	\$ -	\$ 7,586,482
Loss allowance	\$ 17,684	\$ 4,853	\$ -	\$ -	\$ -	\$ 22,537
<u>Group 2</u>						
Expected loss rate	0.66%	6.01%	-	5.38%	100%	
Total book value	\$ 4,366,539	\$ 174,074	\$ -	\$ 1,096	\$ -	\$ 4,541,709
Loss allowance	\$ 29,010	\$ 10,460	\$ -	\$ 59	\$ -	\$ 39,529
Book value in total	\$ 11,806,305	\$ 320,772	\$ 18	\$ 1,096	\$ -	\$ 12,128,191
Loss allowance in total	\$ 46,694	\$ 15,313	\$ -	\$ 59	\$ -	\$ 62,066

	Without past due	Up to 1-90 days	Up to 91 to 180 days	Up to 181 to 270 days	Up to over 271 days	Total
December 31, 2025						
<u>Group 1</u>						
Expected loss rate	0.38%	5.05%	-	19.88%	100%	
Total book value	\$ 9,243,114	\$ 124,058	\$ -	\$ 483	\$ -	\$ 9,367,655
Loss allowance	\$ 34,868	\$ 6,260	\$ -	\$ 96	\$ -	\$ 41,224
<u>Group 2</u>						
Expected loss rate	0.71%	5.93%	-	4.58%	100%	
Total book value	\$ 1,964,735	\$ 130,719	\$ -	\$ 15,341	\$ -	\$ 2,110,795
Loss allowance	\$ 13,910	\$ 7,751	\$ -	\$ 703	\$ -	\$ 22,364
Book value in total	\$ 11,207,849	\$ 254,777	\$ -	\$ 15,824	\$ -	\$ 11,478,450
Loss allowance in total	\$ 48,778	\$ 14,011	\$ -	\$ 799	\$ -	\$ 63,588
March 31, 2025						
<u>Group 1</u>						
Expected loss rate	0.46%	11.71%	76.64%	-	100.00%	
Total book value	\$ 8,029,397	\$ 275,650	\$ 11,330	\$ -	\$ 27,775	\$ 8,344,152
Loss allowance	\$ 36,881	\$ 32,289	\$ 8,683	\$ -	\$ 27,775	\$ 105,628
<u>Group 2</u>						
Expected loss rate	1.32%	5.47%	19.51%	-	-	
Total book value	\$ 1,181,353	\$ 28,208	\$ 2,265	\$ -	\$ -	\$ 1,211,826
Loss allowance	\$ 15,648	\$ 1,544	\$ 442	\$ -	\$ -	\$ 17,634
Book value in total	\$ 9,210,750	\$ 303,858	\$ 13,595	\$ -	\$ 27,775	\$ 9,555,978
Loss allowance in total	\$ 52,529	\$ 33,833	\$ 9,125	\$ -	\$ 27,775	\$ 123,262

Note: Customer types that are classified based on the Group's credit risk management policy are as follows:

Group 1: The credit risk of customers has been insured by professional insurance companies.

Group 2: The credit risk of customers has not been insured by professional insurance companies.

Considering that the accounts receivable are insured, the Group did not recognise the impairment loss amounting to \$37,771, \$40,727 and \$81,483 as of March 31, 2026, December 31, 2025 and March 31, 2025, respectively.

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2026	2025
At January 1	\$ 22,861	\$ 37,186
Provision for impairment loss	1,362	4,516
Effect of exchange rate changes	72	77
At March 31	\$ 24,295	\$ 41,779

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the

Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

- ii. The Group invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Floating rate:			
Expiring within one year	\$ <u>12,707,344</u>	\$ <u>15,207,801</u>	\$ <u>16,445,116</u>

- iv. The Group's non-derivative financial liabilities were analysed based on the remaining period at the balance sheet date to the contractual maturity date, derivative financial liabilities were analysed based on the fair value on balance sheet date.

Except that the contractual undiscounted cash flows of notes payable, accounts payable, other payables and forward foreign exchange contracts are approximately equal to its book value and mature within one year, the contractual undiscounted cash flows of remaining financial liabilities are disclosed in the following table:

March 31, 2026	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 4,828,934	\$ -	\$ -	\$ -
Lease liabilities	115,656	104,064	200,870	123,998
Bonds payable	-	-	3,000,000	-
December 31, 2025	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 2,161,090	\$ -	\$ -	\$ -
Lease liabilities	119,200	105,979	214,581	137,981
Bonds payable	-	-	3,000,000	-
March 31, 2025	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities</u>				
Lease liabilities	\$ 86,096	\$ 70,964	\$ 164,228	\$ 181,637
Bonds payable	1,404,066	-	3,000,000	-

The Group did not expect the occurrence timing of cash flow of expiry date analysis would be significantly earlier, or the actual amount would significantly differ.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in certain derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in convertible corporate bonds and equity investment without active market are included in Level 3.

B. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets measured at amortized cost, short-term borrowings, notes payable, accounts payable, other payables and other current liabilities are approximate to their fair values.

March 31, 2026				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 2,861,036	\$ -	\$ 2,859,300	\$ -
December 31, 2025				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 2,848,419	\$ -	\$ 2,846,100	\$ -
March 31, 2025				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 4,210,901	\$ -	\$ 4,190,591	\$ -

(b) The methods and assumptions used to measure fair value are explained as follows:

Bonds payable are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. Financial instruments and non-financial instruments measured at fair value

(a) The related information of the assets and liabilities classified into the three levels is as follows:

As at March 31, 2026	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 19,965	\$ -	\$ 19,965
Financial assets for hedging				
Forward foreign exchange contracts	-	46,903	-	46,903
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	347,070	347,070
	<u>\$ -</u>	<u>\$ 66,868</u>	<u>\$ 347,070</u>	<u>\$ 413,938</u>
	Level 1	Level 2	Level 3	Total
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 65,810	\$ -	\$ 65,810
Financial liabilities for hedging				
Forward foreign exchange contracts	-	2,322	-	2,322
Embedded derivatives				
The embedded call options and put options in convertible bonds	-	37,200	-	37,200
	<u>\$ -</u>	<u>\$ 105,332</u>	<u>\$ -</u>	<u>\$ 105,332</u>
	Level 1	Level 2	Level 3	Total
As at December 31, 2025				
Assets				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 5,723	\$ -	\$ 5,723
Financial assets for hedging				
Forward foreign exchange contracts	-	17,331	-	17,331
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	352,178	352,178
	<u>\$ -</u>	<u>\$ 23,054</u>	<u>\$ 352,178</u>	<u>\$ 375,232</u>
	Level 1	Level 2	Level 3	Total
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 24,013	\$ -	\$ 24,013
Financial liabilities for hedging				
Forward foreign exchange contracts	-	18,486	-	18,486
Embedded derivatives				
The embedded call options and put options in convertible bonds	-	32,100	-	32,100
	<u>\$ -</u>	<u>\$ 74,599</u>	<u>\$ -</u>	<u>\$ 74,599</u>

As at March 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 2,218	\$ -	\$ 2,218
Financial assets for hedging				
Forward foreign exchange contracts	-	5,956	-	5,956
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	325,271	325,271
	<u>\$ -</u>	<u>\$ 8,174</u>	<u>\$ 325,271</u>	<u>\$ 333,445</u>
	Level 1	Level 2	Level 3	Total
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 81,347	\$ -	\$ 81,347
Financial liabilities for hedging				
Forward foreign exchange contracts	-	78,354	-	78,354
Embedded derivatives				
The embedded call options and put options in convertible bonds	-	16,800	-	16,800
	<u>\$ -</u>	<u>\$ 176,501</u>	<u>\$ -</u>	<u>\$ 176,501</u>

(b) The methods and assumptions of fair value estimate are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund	Government bond	Corporate bond	Convertible (exchangeable) bond
Market quoted price	Closing price	Closing price	Net asset value	Transaction price	Weighted average quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial

- instruments are normally observable in the market.
- iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3) I.
 - v. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
 - vi. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vii. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- D. For the three months ended March 31, 2026 and 2025, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 equity securities for the three months ended March 31, 2026 and 2025:

	2026	2025
At January 1	\$ 352,178	\$ 324,339
Recorded as unrealised (losses) gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	(5,108)	932
At March 31	<u>\$ 347,070</u>	<u>\$ 325,271</u>

- F. The finance department of the Group performs the valuation of financial instruments classified as Level 3. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2026	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between inputs and fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 22,001	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted stocks	325,069	Most recent non-active market price	Not applicable	-	Not applicable

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between inputs and fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 27,109	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted stocks	325,069	Most recent non-active market price	Not applicable	-	Not applicable

	Fair value at March 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between inputs and fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 30,818	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted stocks	294,453	Market comparable companies	Discount for lack of marketability	33%	The higher the discount for lack of marketability, the lower the fair value

- H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement results. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		March 31, 2026		December 31, 2025		March 31, 2025	
		Favourable	Unfavourable	Favourable	Unfavourable	Favourable	Unfavourable
		change	change	change	change	change	change
Financial assets	Input	Change					
Equity instruments	Marketability	±5%	\$ 1,572	\$ 1,572	\$ 1,936	\$ 1,936	\$ 17,614

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 1, 2, 4, 5, and 6.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The financial information is concentrated on product sales. However, since each plant shares similar economic characteristics, produces similar products by using similar production processes, the Group's segments are aggregated into a single reportable segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is the same information shown in the balance sheets and statements of comprehensive income.

Sercomm Corporation and Subsidiaries
Loans to others
Three months ended March 31, 2026

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2026	Balance at March 31, 2026	Actual amount drawn down	Interest rate(%)	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short- term financing	Allowance for bad debt	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Zealous Investments Ltd.	The Company	Other receivables	Y	\$ 1,119,300	\$ 1,119,300	\$ 799,500	5	(2)	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 2,525,205	\$ 5,050,411	Note 2(3)
2	Sercomm Philippines Inc.	Refinement Property Holding Inc.	Other receivables	Y	255,840	255,840	255,840	5	(2)	-	Additional operating capital	-	None	-	291,702	583,405	Note 3(2)

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: The aggregate amount of loans to others shall not exceed 40% of the Company's net assets based on the latest audited or reviewed financial statements.

The loan limit for each entity depending on the purpose of the loan is as follows:

(1) Nature of loans is related to business transactions: The amount shall not exceed the higher of the sales or purchases amount to/ from the borrower for the year as of the time of the lending event or for the most recent year.

(2) As short-term financing: The amount shall not exceed 20% of the Company's net assets based on the latest audited or reviewed financial statements.

(3) Financing between the Company's 100% directly- or indirectly- held overseas investee is not limited to 40% of the Company's net assets based on the latest audited or reviewed financial statements.

However, total loans shall not exceed 100% net assets. Loans to a signal party shall not exceed 50% net assets.

Note 3: The aggregate amount of loans from subsidiaries to others shall not exceed 40% of stockholders' equity as stated in the subsidiary's or the Company's most recent audited or reviewed financial statements, whichever is lower.

The loan limit for each entity depending on the purpose of the loan is as follows:

(1) Nature of loans is related to business transactions: The amount shall not exceed the higher of the sales or purchases amount to/ from the trading partner for the year as of the time of the lending event or for the most recent year.

(2) As short-term financing: The amount shall not exceed 20% of the subsidiary or the Company's net assets based on the latest audited or reviewed financial statements.

(3) Financing between the group's investee which is 100% directly- or indirectly- held by the parent company is not limited to the ratio as stated in the preceding paragraph.

However, total loans shall not exceed 100% net assets as stated in the parent company's most recent audited or reviewed financial statements. Loans to individual investee shall not exceed 50% net assets.

Note 4: (1)Nature of loans is related to business transactions : The trading amounts refer to the business transaction amounts within the recent year between the lender company and the lendee entity.

(2)Short-term financing

Sercomm Corporation and Subsidiaries
Provision of endorsements and guarantees to others
Three months ended March 31, 2026

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2026 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2026	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote		
		Company name															
0	The Company	DWNNet Technology (Suzhou) Co., Ltd.	(b)	\$	7,844,596	\$	959,400	\$	-	\$	6.12	\$	15,689,192	Y	N	Y	
0	"	Sernet (Suzhou) Technologies Corporation	(b)		7,844,596		799,500	80,591	-		5.10	15,689,192	Y	N	Y		
0	"	Sercomm Philippines Inc.	(b)		3,922,298		319,800	-	-		2.04	7,844,596	Y	N	N		
0	"	Sctek Manufacturing, S.A. DE C.V.	(b)		7,844,596		6,396	-	-		0.04	15,689,192	Y	N	N		
0	"	Servercom (India) Private Limited	(b)		7,844,596		1,599,000	538,951	-		10.19	15,689,192	Y	N	N		
0	"	Sctek Manufacturing, S.A.DE C.V.	(b)		7,844,596		639,600	-	-		4.08	15,689,192	Y	N	N		

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (a) The Company is '0'.
- (b) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (a) Having business relationship.
- (b) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (c) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (d) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (e) Mutual guarantee of the trade as required by the construction contract.
- (f) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (g) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: The Company's 'Procedures for Provision of Endorsements and Guarantees' are as follows:

- (1) Limit on total endorsements is 50% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on endorsements to a single party is 25%.
- (2) The restriction stated in (1) shall not apply to provision of endorsements and guarantees between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.
However the endorsement / guarantee amount should not exceed 100% net assets. Endorsements / guarantees provided to individual investees should not exceed 50% net assets.
- (3) The amounts permitted to make in endorsements/guarantees to single subsidiary shall not exceed 50% of the Company's stockholders' equity as stated in its latest financial statements;
the total amount shall not exceed 100% of stockholders' equity as stated in its latest financial statements.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Sercomm Corporation and Subsidiaries
Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2026

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2026				Footnote
				Number of shares (in thousand shares)	Book value	Ownership (%)	Fair value	
The Company	Unlisted preference share UBICQUIA INC.	None	Financial assets at fair value through other comprehensive income, non- current	18,175	\$ 294,453	1.56%	\$ 294,453	
"	MORE, INC. Unlisted stocks	"	"	419,017	30,616	2.19%	30,616	
Sercomm Investment Corp.	Cerpass Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income, non- current	627,004	22,001	3.69%	22,001	

Note: Only disclose transactions with amount of \$5,000 or more.

Sercomm Corporation and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Three months ended March 31, 2026

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)(%)	Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount		Balance	Percentage of total notes/accounts receivable (payable)(%)	
The Company	Sercomm France SARL	Subsidiary	Sales	(\$ 139,219)	(1)	137,487	1	
"	Servercom (India) Private Limited	Subsidiary	Sales	(505,592)	(3)	800,007	5	
"	Sercomm Japan Corp.	Subsidiary	Sales	(706,848)	(4)	1,122,471	7	
"	Sercomm Solutions Inc.	Second-tier subsidiary	Sales	(519,958)	(3)	616,852	4	
"	Sernet (Suzhou) Technologies Corporation	Subsidiary	Purchases	2,486,414	14 (	1,686,646) (	14)	
"	Sercomm Philippines Inc.	Subsidiary	Sales	(2,007,483)	(13)	3,972,201	25	
"	Sercomm Philippines Inc.	Subsidiary	Purchases	10,788,273	60 (	5,015,957) (	43)	
Sernet (Suzhou) Technologies Corporation	Sercomm Philippines Inc.	Affiliate	Sales	(1,110,989)	(31)	2,734,134	56	
"	Sercomm Philippines Inc.	Affiliate	Purchases	142,602	4 (	143,562) (	3)	

Note 1: The purchase price to the above related parties was determined through mutual agreement based on the market conditions. The payment period for related parties was month-end 60 days, while the terms for domestic third party purchase was net 60-120 days. The payment period for overseas purchase was net 30-210 days.

Note 2: The sales price to the above related parties was determined through mutual agreement based on the market conditions. The collection period for related parties was month-end 180-270 days, while the terms for domestic third party sales was net 20-75 days. The collection period for overseas sales was net 20-210 days.

Note 3: The transaction price to the inter-subsidary transactions was determined through mutual agreement based on the market conditions. The collection period and payment period for related parties were month-end 180 days, while the terms for domestic third party transaction was net 20-120 days. The collection period and payment period for overseas transaction were net 20-210 days.

Sercomm Corporation and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
March 31, 2026

Table 5 Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of March 31, 2026	Turnover rate(%)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note)	Allowance for loss
					Amount	Action taken		
The Company	Servercom (India) Private Limited	Subsidiary	\$ 800,007	-	\$ 21,989	Subsequent collection	\$ 446,267	\$ -
"	Sercomm Japan Corp.	Subsidiary	1,122,471	-	-	-	270,617	-
"	Sercomm Philippines Inc.	Subsidiary	3,972,201	-	-	-	812,322	-
"	Sercomm Solutions Inc.	Subsidiary	616,852	-	-	-	125,796	-
"	Sercomm France SARL	Subsidiary	137,487	-	-	-	-	-
Sernet (Suzhou) Technologies Corporation	The Company	Ultimate parent company	1,686,646	-	-	-	863,471	-
"	Sercomm Philippines Inc.	Affiliate	2,734,134	-	-	-	430,580	-
Sercomm Philippines Inc.	The Company	Ultimate parent company	5,015,957	-	-	-	3,485,820	-
"	Sernet (Suzhou) Technologies Corporation	Affiliate	143,652	-	-	-	-	-

Note: Information was collected as of April 30, 2026.

Sercomm Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
Three months ended March 31, 2026

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (%)(Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Sercomm France SARL	1	Sales revenue	\$ 139,219	Note 4	1
0	"	"	1	Accounts receivable	137,487	-	-
0	"	Servercom (India) Private Limited	1	Accounts receivable	800,007	-	2
0	"	"	1	Sales revenue	505,592	Note 4	3
0	"	Sercomm Japan Corp.	1	Accounts receivable	1,122,471	-	2
0	"	"	1	Sales revenue	706,848	Note 4	4
0	"	Sercomm Technology Inc.	1	Other accrued expenses	127,846	-	-
0	"	"	1	Commissions expense	198,659	-	1
0	"	Sernet (Suzhou) Technologies Corporation	1	Accounts receivable	1,686,646	-	3
0	"	"	1	Sales revenue	70,100	Note 4	-
0	"	"	1	Purchase	2,486,414	-	15
0	"	"	1	Other payables	377,267	-	1
0	"	Sercomm Philippines Inc.	1	Accounts receivable	3,972,201	-	8
0	"	"	1	Accounts payable	5,015,957	-	10
0	"	"	1	Sales revenue	2,007,483	Note 4	12
0	"	"	1	Purchase	10,788,273	-	65
0	"	Zealous Investments Ltd.	1	Other payables	851,204	-	2
0	"	Sercomm Solutions Inc.	1	Accounts receivable	616,852	-	1
0	"	"	1	Sales revenue	519,958	Note 4	3
1	Sernet (Suzhou) Technologies Corporation	Sercomm Philippines Inc.	3	Accounts receivable	2,734,134	-	5
1	"	"	3	Accounts payable	143,652	-	-
1	"	"	3	Sales revenue	1,110,989	Note 4	7
1	"	"	3	Purchase	142,602	-	1
2	Sercomm Philippines Inc.	Refinement Property Holding Inc.	3	Other receivables	245,424	-	-
3	Servercom (India) Private Limited	Scnet (India) Private Limited	3	Accounts payable	66,639	-	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following Six categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The sales price to the above related parties was determined through mutual agreement based on the market conditions. The collection period for third party was month-end 60-270 days, while the terms for domestic sales was net 20-75 days. The collection period for overseas sales was net 20-210 days.

Note 5: Only disclose transactions with amount of \$50,000 or more.

Sercomm Corporation and Subsidiaries
Information on investees (excluding investees in Mainland China)
Three months ended March 31, 2026

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held and book value as at March 31, 2026			Net profit (loss) of the investee for the three months ended March 31, 2026	Investment income (loss) recognised by the Company for the three months ended March 31, 2026	Footnote
				Balance as at March 31, 2026	Balance as at December 31, 2025	Number of shares (in thousand shares)	Ownership (%)	Book value			
The Company	Sercomm USA Inc.	USA	Local market consultation and customer support services of network communication products	\$ 20,739	\$ 20,739	650	100	\$ 49,252	\$ 1,464	\$ 1,464	Subsidiary
"	Sercomm Trading Co. Ltd.	Samoa	Overseas indirect investment	315,016	315,016	9,300	100	5,638,734	(279,785)	(160,048)	Subsidiary
"	Sercomm Investment Corp.	Taiwan	General investment	28,000	28,000	2,800	100	37,010	39	39	Subsidiary
"	Sercomm Japan Corp.	Japan	Sales of network communication products, tender, general import and export business to the related the products	157,721	157,721	10	100	174,952	24,008	24,008	Subsidiary
"	Sercomm France SARL.	France	Local market consultation and customer support services of network communication products	4,004	4,004	1	100	56,979	1,885	1,885	Subsidiary
"	Sercomm Deutschland GmbH	Germany	Local market consultation and customer support services of network communication products	19,412	19,412	-	100	46,156	1,081	1,081	Subsidiary
"	Sercomm Russia Limited Liability Company	Russia	Sales of network communication products and provision of quotation, tender, general import and export business to the related the products	28,042	28,042	28,948	100	(12,179)	(110)	(110)	Subsidiary
"	Sercomm Technology Inc.	USA	Local market consultation and customer support services of network communication products	153,880	153,880	5,000	100	134,787	9,681	9,681	Subsidiary
"	Sercomm Britain Limited	UK	Local market consultation and customer support services of network communication products	13,535	13,535	350	100	7,066	(299)	(299)	Subsidiary
"	Sernet Technology Mexico S. de R.L. de C.V.,	Mexico	Local market consultation and customer support services of network communication products	507	507	400	100	(2,304)	13,979	13,979	Subsidiary
"	Servercom (India) Private Limited	India	Manufacturing and sales of communication products, operating system (OS) and related software	15,000	15,000	35,000	100	(52,598)	(13,040)	(13,040)	Subsidiary
"	Sercomm Philippines Inc.	Philippines	Manufacturing and sales of communication products, operating system (OS) and related software	1,094,819	1,094,819	1,940,000	97	1,299,033	(116,970)	(136,708)	Subsidiary
"	Mosolabs Inc.	USA	Retail business services of network communication products	153,728	153,728	5,000	100	69,380	1,103	1,103	Subsidiary
"	Sercomm Turkey Kablosuz İletişim Sanayi ve Ticaret Anonim Şirketi	Turkey	Local market consultation and customer support services of network communication products	29,114	29,114	38,000	100	17,902	(6,652)	(6,652)	Subsidiary
"	Scnet (India) Private Limited	India	Manufacturing and sales of communication products, operating system (OS) and related software	420,949	420,949	2,200	100	243,749	(17,140)	(17,140)	Subsidiary
"	Setek Manufacturing, S.A. DE C.V.	Mexico	Manufacturing and sales of communication products, operating system (OS) and related software	475,622	213,516	277,500	100	459,953	(15,926)	(15,926)	Subsidiary
"	Presciense Limited	UK	Design, R&D and application of smarthome platform technology	-	-	3	25	-	-	-	Associate
"	Sercomm International Inc.	USA	Overseas investment	6,305	6,305	2	100	37,781	29,591	29,591	Subsidiary

Sercomm Corporation and Subsidiaries
Information on investees (excluding investees in Mainland China)
Three months ended March 31, 2026

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held and book value as at March 31, 2026			Net profit (loss) of the investee for the three months ended March 31, 2026	Investment income (loss) recognised by the Company for the three months ended March 31, 2026	Footnote
				Balance as at March 31, 2026	Balance as at December 31, 2025	Number of shares (in thousand shares)	Ownership (%)	Book value			
Sercomm Trading Co. Ltd.	Zealous Investments Ltd.	Samoa	Overseas investment	\$ 218,578	\$ 218,578	5,956	100	\$ 5,050,411	\$ (306,734)	\$ -	Second-tier subsidiary
"	Smart Trade Inc.	Samoa	Overseas investment	96,439	96,439	3,500	100	810,364	23,440	-	Second-tier subsidiary
Sercomm France SARL	Sercomm Italia SRL	Italy	Local market consultation and customer support services of network communication products	388	388	10	100	11,205	(203)	-	Second-tier subsidiary
Zealous Investments Ltd.	Sercomm Philippines Inc.	Philippines	Manufacturing and sales of communication products, operating system (OS) and related software	35,266	35,266	60,000	3	159,480	(116,970)	-	Second-tier subsidiary
Zealous Investments Ltd.	Refinement Property Holding Inc.	Philippines	Real estate for rent	119	119	200	40	(7,574)	1,172	-	Second-tier subsidiary
Sercomm International Inc.	Sercomm Solutions Inc.	USA	Local market consultation and customer support services of network communication products	3,153	3,153	100	100	34,668	29,662	-	Second-tier subsidiary

Sercomm Corporation and Subsidiaries
Information on investments in Mainland China
Three months ended March 31, 2026

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount remitted from Taiwan to Mainland China as of March 31, 2026	Maximum outstanding endorsement/ guarantee amount as of March 31, 2026		Accumulated amount remitted from Taiwan to Mainland China as of March 31, 2026	Net income of investee for the three months ended March 31, 2026	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the three months ended March 31, 2026 (Note 2)	Book value of investments in Mainland China as of March 31, 2026	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2026	Footnote
Sernet (Suzhou) Technologies Corporation	Research and development (R&D) and manufacturing of communication products	\$ 933,252	(2)	\$ 912,698	\$ -	\$ -	\$ 912,698	(\$ 284,599)	100	(\$ 284,599)	\$ 3,989,210	\$ -	Note 3
DWNet Technology (Suzhou) Co., Ltd.	Manufacturing and sales of communication products, operating system (OS) and related software	481,829	(2)	481,829	-	-	481,829	23,440	100	23,440	807,452	-	Note 4
Nanjing Femtel Communications Co., Ltd.	Research and development (R&D) and sales of network communication products and related	12,538	(2)	-	-	-	-	(1,374)	100	(1,374)	8,910	-	Note 3

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) was recognised based on the financial statement unreviewed by the parent company's independent auditors.

Note 3: The Company established Sercomm Trading Co. Ltd. in a third region. The Company reinvested in Zealous Investments Ltd. through Sercomm Trading Co. Ltd. and then invested in Mainland China.

Note 4: The Company established Sercomm Trading Co. Ltd. in a third region. The Company reinvested Smart Trade Inc. through Sercomm Trading Co. Ltd. and then invested in Mainland China.

Note 5: The Company's investment in Mainland China is not subject to an upper limit as it is deemed corporate operations headquarters as it complied with the Examination Standards of Investments and Technical Cooperation in the Mainland China area published by Investment Commission, MOEA.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of March 31, 2026	Investment amount approved by the Investment Commission of the Ministry of MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	\$ 1,394,527 (USD 44,900,000)	\$ 1,407,475 (USD 45,144,000)	No limitation (Note 5)