Stock Code: 3213

Mildef Crete Inc. and Its Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

The first quarter of 2026 and 2025

Company Address: 7 / F, No. 250, section 3, Beishan Road, Shenkeng District, Xinbei City

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Table of Contents

Independent Auditors' Review Report

To the Board of Directors of Mildef Crete Inc.,

Introduction

We have reviewed the accompanying consolidated balance sheets of Mildef Crete Inc. (the "Company") and its subsidiaries (collectively, the "Consolidated Company") as of March 31, 2026 and 2025; the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial months"). It is the management team's responsibility to prepare the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports" by Securities Issuers and the IAS 34 "Interim Financial Reporting", which has been endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Republic of China, to present the consolidated financial position of the Consolidated Company fairly, while our responsibility is to make a conclusion on the consolidated financial statements based on our review results.

Scope

We conducted our review in accordance with the Standards on Review No. 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". The procedures performed when we reviewed the consolidated financial statements included inquiries (mainly from personnel in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of review work is obviously smaller than that of audit work, so we might not be able to detect all the material matters that could have been identified through audit work, hence we were unable to express an audit opinion.

Conclusion

According to our review results, we have determined that the foregoing consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC, with a fair presentation of the Consolidated Company's consolidated financial position as of March 31, 2026 and 2025 as well as consolidated financial performance and consolidated cash flows for the three months ended March 31, 2026 and 2025.

KPMG Taiwan

CPA:	Kao Ching-Wen Shih Wei-Ming
Competent Securities Authority's Approval Document No. :	Jin-Guan-Zheng-Shen-Zi No. 1060005191 Jin Guan Zheng Liu Zi No. 0950103298

May 6, 2026

Mildef Crete Inc. and Its Subsidiaries

Consolidated Balance Sheets

As of March 31, 2026, December 31, 2025, and March 31, 2025

Unit: NT$1,000

		2026.3.31		2025.12.31		2025.3.31	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note 6 (1))	$ 1,217,009	23	1,558,801	32	825,364	15
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	502,652	10	301,057	6	222,654	4
1121	Financial assets at fair value through other comprehensive income - current (Note 6 (2) and 11)	595,377	12	576,846	12	1,917,179	35
1150	Notes and accounts receivable, net (Notes 6 (3) and (14))	201,499	4	89,416	2	226,626	4
130X	Inventories (Note 6 (4))	1,525,711	29	1,223,834	25	1,207,271	23
1476	Other financial assets - current (Note 6 (1))	170,900	3	167,900	3	415,100	8
1479	Other current assets	61,031	1	52,420	1	20,526	-
	Total current assets	4,274,179	82	3,970,274	81	4,834,720	89
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))	424,264	8	389,974	8	93,440	2
1600	Property, plant and equipment (Note 6 (5))	345,086	7	347,681	7	350,328	6
1755	Right-of-use assets (Note 6 (6))	69,625	1	65,612	2	72,607	1
1780	Intangible assets (Note 6 (7))	4,536	-	5,030	-	5,050	-
1840	Deferred income tax assets	79,458	2	79,458	2	79,322	2
1990	Other non-current assets (Note 8)	21,703	-	19,037	-	14,556	-
	Total non-current assets	944,672	18	906,792	19	615,303	11
	Total assets	$ 5,218,851	100	4,877,066	100	5,450,023	100

		2026.3.31		2025.12.31		2025.3.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2130	Contract liabilities - current (Notes 6 (14) and 7)	$ 175,163	3	214,600	4	167,752	3
2150	Notes payable	71,221	1	61,079	1	21,182	-
2170	Accounts payable	252,955	5	184,871	4	84,851	2
2209	Other Payables (Note 6 (15))	175,392	3	154,190	3	175,028	3
2230	Current income tax liabilities	309,393	6	263,285	6	232,290	4
2280	Lease liabilities - current (Note 6 (8))	33,385	1	33,887	1	33,664	1
2399	Other current liabilities	1,951	-	1,996	-	1,426	-
	Total	1,019,460	19	913,908	19	716,193	13
	Non-current liabilities:						
2552	Provisions for warranty liabilities (Note 6 (9))	10,399	-	12,492	-	12,641	-
2570	Deferred income tax liabilities (Note 6 (11))	116,627	3	114,451	2	381,644	7
2580	Lease liabilities - non-current (Note 6 (8))	36,946	1	32,449	1	39,676	1
2640	Net defined benefit liabilities - non-current	6,208	-	7,114	-	10,808	-
	Total non-current liabilities	170,180	4	166,506	3	444,769	8
	Total liabilities	1,189,640	23	1,080,414	22	1,160,962	21
	Equity attributed to owners of the parent company (Notes 6 (2) and (12)):						
3110	Ordinary share capital	586,855	11	586,855	12	586,855	11
3200	Capital surplus	74,381	1	74,381	2	74,381	1
3300	Retained earnings	3,003,229	58	2,816,141	58	2,345,003	43
3400	Other Equity	327,245	6	295,321	6	1,256,750	23
	Equity attributed to owners of the parent company	3,991,710	76	3,772,698	78	4,262,989	78
36xx	Non-controlling interests	37,501	1	23,954	-	26,072	1
	Total equity	4,029,211	77	3,796,652	78	4,289,061	79
	Total liabilities and equity	$ 5,218,851	100	4,877,066	100	5,450,023	100

(Please refer to notes to the consolidated financial statements for details)

Chairman: Shen Yi-Tong **Manager: Shen Yi-Tong** **Accounting Manager: Liu Ya-Ping**

Mildef Crete Inc. and Its Subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to March 31, 2026 and 2025

Unit: NT$1,000

		January to March 2026		January to March 2025	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Notes 6 (14), 7 and 14)**	$ 728,281	100	762,695	100
5000	**Operating cost (Notes 6(4), (5), (6), (8), (9), (10), (15) and 12)**	466,288	64	477,913	63
	Gross operating profit	261,993	36	284,782	37
	Operating expenses (Notes 6 (3), (5), (6), (8), (10), (15), 7, and 12):				
6100	Selling and marketing expenses	39,722	5	40,836	5
6200	General and administrative expenses	14,973	2	20,439	3
6300	Research and development expenses	28,137	4	25,362	3
6450	Reversal of expected credit losses	740	-	(248)	-
	Total operating expenses	83,572	11	86,389	11
	Net operating profit	178,421	25	198,393	26
	Non-operating income and expenses (Notes 6(8) and (16)):				
7100	Interest income	12,858	2	2,793	-
7010	Other income	1,146	-	695	-
7020	Other gains and losses	15,143	2	9,621	2
7510	Financial cost	(301)	-	(524)	-
	Total non-operating income and expenses	28,846	4	12,585	2
	Net profit before tax	207,267	29	210,978	28
7951	**Minus: Income tax expense (Note 6 (11))**	41,469	6	42,355	6
	Current net profit	165,798	23	168,623	22
8300	**Other comprehensive income (Notes 6(2), (11) and (12)):**				
8310	**Items not reclassified as income and loss**				
8316	Unrealized gain (losses) on investments in equity instruments as at fair value through other comprehensive income	87,045	12	1,052,001	138
8349	Minus: Income tax related to items not reclassified	15,448	2	210,847	28
	Total amount of items not reclassified to profit or loss	71,597	10	841,154	110
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences arising from the translation of the financial statements of foreign operations	1,601	-	394	-
8367	Unrealized valuation losses on debt instrument investments measured at fair value through other comprehensive income	(8,046)	(1)	(2,076)	-
8399	Minus: Income tax relating to items that may be reclassified subsequently to profit or loss	(1,609)	-	(415)	-
	Total amount of items that may be reclassified subsequently to profit or loss	(4,836)	(1)	(1,267)	-
8300	**Other comprehensive income**	66,761	9	839,887	110
	Total amount of other current comprehensive gains and losses	$ 232,559	32	1,008,510	132
	Net profit/(loss) attributable to				
8610	Owners of the Parent Company	$ 152,251	21	166,148	22
8620	Non-controlling interests	13,547	2	2,475	-
		$ 165,798	23	168,623	22
	Total comprehensive income/(loss) attributable to:				
8710	Owners of the Parent Company	$ 219,012	30	1,006,035	132
8720	Non-controlling interests	13,547	2	2,475	-
		$ 232,559	32	1,008,510	132
	Earnings per share (NT$; (Note 6 (13))				
	Basic earnings per share	$	2.59		2.83
	Diluted earnings per share	$	2.57		2.80

(Please refer to notes to the consolidated financial statements for details)

Chairman: Shen Yi-Tong **Manager: Shen Yi-Tong** **Accounting Manager: Liu Ya-Ping**

Mildef Crete Inc. and Its Subsidiaries

Consolidated Statements of Changes in Equity

From January 1 to March 31, 2026 and 2025

Unit: NT$1,000

			Retained earnings			Other Equity Items						
	Ordinary share capital	**Capital surplus**	**Legal reserve**	**Unappropriated earnings**	**Total**	**Exchange differences arising from the translation of Financial Report of foreign operations**	**Unrealized gain (loss) on financial assets at fair value through other comprehensive income**	**Defined benefits plans remeasurement**	**Total**	**Total equity attributable to owners of the parent company**	**Non-controlling interests**	**Total equity**
Balance on January 1, 2025	$ 586,855	74,381	589,882	1,335,437	1,925,319	(408)	671,387	(580)	670,399	3,256,954	23,597	3,280,551
Current net profit	-	-	-	166,148	166,148	-	-	-	-	166,148	2,475	168,623
Other comprehensive income	-	-	-	-	-	394	839,493	-	839,887	839,887	-	839,887
Total amount of other current comprehensive gains and losses	-	-	-	166,148	166,148	394	839,493	-	839,887	1,006,035	2,475	1,008,510
Disposal of equity instruments designated at fair value through other comprehensive income (Note 6 (2))	-	-	-	253,536	253,536	-	(253,536)	-	(253,536)	-	-	-
Balance on March 31, 2025	**$ 586,855**	**74,381**	**589,882**	**1,755,121**	**2,345,003**	**(14)**	**1,257,344**	**(580)**	**1,256,750**	**4,262,989**	**26,072**	**4,289,061**
Balance on January 1, 2026	$ 586,855	74,381	650,647	2,165,494	2,816,141	941	294,185	195	295,321	3,772,698	23,954	3,796,652
Current net profit	-	-	-	152,251	152,251	-	-	-	-	152,251	13,547	165,798
Other comprehensive income	-	-	-	-	-	1,601	65,160	-	66,761	66,761	-	66,761
Total amount of other current comprehensive gains and losses	-	-	-	152,251	152,251	1,601	65,160	-	66,761	219,012	13,547	232,559
Disposal of equity instruments designated at fair value through other comprehensive income (Note 6 (2))	-	-	-	34,837	34,837	-	(34,837)	-	(34,837)	-	-	-
Balance on March 31, 2026	**$ 586,855**	**74,381**	**650,647**	**2,352,582**	**3,003,229**	**2,542**	**324,508**	**195**	**327,245**	**3,991,710**	**37,501**	**4,029,211**

(Please refer to notes to the consolidated financial statements for details)

Chairman: Shen Yi-Tong **Manager: Shen Yi-Tong** **Accounting Manager: Liu Ya-Ping**

Mildef Crete Inc. and Its Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to March 31, 2026 and 2025

Unit: NT$1,000

	January to March 2026	January to March 2025
Cash flows from operating activities:		
Net income before tax	$ 207,267	210,978
Adjustments for:		
Profit and loss		
Depreciation expense	20,400	19,409
Amortization expense	494	767
Reversal of expected credit losses	740	(248)
Net gain on financial assets at fair value through profit or loss	(1,595)	(958)
Interest expense	301	524
Unrealized exchange gain on financial assets measured at fair value through other comprehensive income	(3,125)	-
Interest income	(12,858)	(2,793)
Total profit/(loss)	4,357	16,701
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	(112,823)	(124,511)
Accounts receivable - related parties	-	112,892
Inventories	(301,877)	10,490
Other current assets	(5,497)	(1,592)
Other non-current assets	(1,012)	52
Total net changes in assets related to operating activities	(421,209)	(2,669)
Net changes in liabilities related to operating activities:		
Contract liabilities	(39,437)	4,179
Notes payable	10,142	(11,552)
Accounts payable	68,084	(9,825)
Provisions for warranty liabilities	(2,093)	(8,980)
Other accounts payable and other current liabilities	21,157	14,825
Net defined benefit liabilities	(906)	(843)
Total amount of net changes in liabilities related to operating activities	56,947	(12,196)
Total amount of net changes in assets and liabilities related to operating activities	(364,262)	(14,865)
Total adjustments	(359,905)	1,836

(Please refer to notes to the consolidated financial statements for details)

Chairman: Shen Yi-Tong **Manager: Shen Yi-Tong** **Accounting Manager: Liu Ya-Ping**

Mildef Crete Inc. and Its Subsidiaries

Consolidated Statements of Cash Flows (Continued)

From January 1 to March 31, 2026 and 2025

Unit: NT$1,000

	January to March 2026	January to March 2025
Cash inflow (outflow) from operations	(152,638)	212,814
Interest received	9,789	2,537
Income tax paid	(7,068)	(40)
Net cash inflow (outflow) from operating activities	(149,917)	215,311
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(29,406)	(19,682)
Disposal of financial assets at fair value through other comprehensive income	58,710	296,670
Purchase of financial assets at fair value through profit or loss	(200,000)	-
Acquisition of property, plant and equipment (including prepayment for equipment)	(9,777)	(10,999)
Decrease in refundable deposits	434	898
Acquisition of intangible assets	-	(95)
Other financial assets - current	(3,000)	(180,329)
Net Cash (Outflow) Inflow from Investing Activities	(183,039)	86,463
Cash flows from financing activities:		
Payment of the principal portion of lease liabilities	(10,134)	(9,600)
Interests paid	(301)	(524)
Net cash outflow from financing activities	(10,435)	(10,124)
Effect of exchange rate changes on cash and cash equivalents	1,599	193
Increase (decrease) in cash and cash equivalents in this period	(341,792)	291,843
Beginning cash and cash equivalents balance	1,558,801	533,521
Ending cash and cash equivalents balance	**$ 1,217,009**	**825,364**

(Please refer to notes to the consolidated financial statements for details)

Chairman: Shen Yi-Tong **Manager: Shen Yi-Tong** **Accounting Manager: Liu Ya-Ping**

Mildef Crete Inc. and Its Subsidiaries
Notes to the Consolidated Financial Statements
The first quarter of 2026 and 2025
(In thousands of NT$, except otherwise specified)

I. Company History

Mildef Crete Inc. (hereinafter referred to as the "Company") was incorporated on March 15, 1990 with the approval of the Ministry of Economic Affairs. Its registered address is 7/F, No. 250, Section 3, Beishen Road, Shenkeng District, New Taipei City. The Company and its subsidiaries (hereinafter referred to as the "Consolidated Company") mainly engage in the research, design, planning, manufacturing, sales, and import and export of various computer software and hardware and components thereof, as well as computer hardware and software combination, manufacturing, installation, and consulting services, and investment in relevant businesses.

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved and released by the Board of Directors on May 6, 2026.

III. Application of New and Amended Standards and Interpretations

(I) Effect of the application of new and amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") as endorsed by the Financial Supervisory Commission (FSC)

The Consolidated Company has applied the following newly revised IFRS accounting standards since January 1, 2026, which has not caused any material impact on its consolidated financial statements.

- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRSs
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(II) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations that have been issued and amended by the International Accounting Standards Board (IASB) but have not yet been endorsed by the FSC, while may be relevant to the Consolidated Company are as follows:

New and amended standards	Main amendments	Effective date announced by the IASB
International Financial Reporting Standard No. 18 "Presentation and Disclosure of Financial Statements"	The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies. • A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called "operating profit" and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts	January 1, 2027 Note: On September 25, 2025, the Financial Supervisory Commission (FSC) issued a press release announcing that Taiwan will adopt IFRS 18 beginning with fiscal year 2028. If a company intends to adopt the standard earlier, it may elect early adoption upon receiving approval from the FSC.

recognized in accordance with international financial reporting standards accounting principles.

- More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes.

The Consolidated Company is currently evaluating the impacts of the above standards and interpretations on its financial position and operating results and will disclose relevant impacts when completing the evaluation.

The Consolidated Company does not expect that the new and amended standards below not yet endorsed by the FSC will have a material impact on the consolidated financial statements.

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

IV. Summary of Significant Accounting Policies

Except as stated below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the 2025 consolidated financial statements. Please refer to Note 4 to the 2025 consolidated financial statements for relevant information.

(I) Declaration of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. This consolidated financial statements do not include all the necessary information shall be disclosed in the entire annual consolidated financial statements prepared in accordance with the IFRSs approved accounting standards and issued into effect by the FSC.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements include:

Name of investor	Name of subsidiary	Nature of business	% of equity held		
			2026.3.31	2025.12.31	2025.3.31
The Company	Flexbasis Technology Inc. (Flexbasis)	Manufacturing of metal casings	56.2%	56.2%	56.2%
The Company	MilDef Crete Australasia Pty. Ltd.	Sale of rugged products	100%	100%	100%

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

(III) Employee benefits

The pension under the defined benefit plan during the interim period is calculated at actuarially determined pension cost rate on the balance sheet date of the prior year, from the beginning of the year to the end of this period and adjusted as per major market fluctuations after the balance sheet date, major reductions, settlements, or other major one-off events.

(IV) Income tax

The Consolidated Company measured and disclosed income tax expense incurred during the interim period in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”. Income tax expense is measured by multiplying the net income before tax for the interim reporting period by the management team’s best estimate of the average effective tax rate for the entire year and is fully recognized as current income tax expense.

Income tax expense recognized directly in equity or other comprehensive income is measured at the tax rate that is expected to be applicable when temporary differences between the carrying amounts of the relevant assets and liabilities and their tax bases at the balance sheet date are realized or settled.

V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In preparing the consolidated financial statements, the management should exercise judgments and make estimates about the future (including climate-related risks and opportunities) in accordance with the IAS 34 “Interim Financial Reporting” endorsed by the FSC, which will affect the adoption of accounting policies and the amounts of assets, liabilities, income, and expenses reported. Actual results may differ from estimates.

When the consolidated financial statements were prepared, the critical judgments exercised by the management in adopting the Consolidated Company’s accounting policies and the key sources of estimation uncertainty are consistent with Note 5 to the 2025 consolidated financial statements.

VI. Description of Significant Accounts

Except as stated below, there is no significant difference between the description of important accounting titles in these consolidated financial statements and the 2025 consolidated financial statements. Please refer to Note 6 to the 2025 consolidated financial statements for relevant information.

(I) Cash and cash equivalents

	2026.3.31	2025.12.31	2025.3.31
Cash on hand	$ 443	425	434
Checking deposit and demand deposit	598,967	820,923	612,418
Time deposits with original maturities of three months or less	617,599	737,453	212,512
	$ 1,217,009	1,558,801	825,364

The Consolidated Company's bank time deposits with the initial duration of more than three months as of March 31, 2026, December 31, 2025, and March 31, 2025 were NT$170,900 thousand, NT$167,900 thousand and NT$415,100 thousand, respectively, which are recognized in other financial assets - current.

(II) Financial instruments

1. Financial assets at fair value through profit or loss - current

	2026.3.31	2025.12.31	2025.3.31
Money funds	$ 502,652	301,057	211,302
Contingent consideration	-	-	11,352
	$ 502,652	301,057	222,654

Please refer to Note 6 (16) for the amount re-measured at fair value and recognized in profit or loss.

2. Financial assets at fair value through other comprehensive income

	2026.3.31	2025.12.31	2025.3.31
Debt instruments measured at fair value through other comprehensive income:			
Foreign government bonds	$ 17,888	18,522	18,881
Foreign corporate bonds	166,454	139,344	18,375
Domestic corporate bonds	199,968	201,958	-
Equity instruments measured at fair value through other comprehensive income:			

	2026.3.31	2025.12.31	2025.3.31
Foreign-listed company stocks	635,331	606,996	1,973,363
Total	**$ 1,019,641**	**966,820**	**2,010,619**
Current	$ 595,377	576,846	1,917,179
Non-current	424,264	389,974	93,440
	$ 1,019,641	**966,820**	**2,010,619**

(1) Debt instrument investments measured at fair value through other comprehensive income

The Consolidated Company assesses that its bond investments are held within a business model aimed at achieving objectives through the collection of contractual cash flows and the sale of financial assets. Therefore, they are reported as financial assets measured at fair value through other comprehensive income.

(2) Equity investments measured at fair value through other comprehensive income

The Consolidated Company holds these equity investments as long-term strategic investments, not for trading purposes. Therefore, they are designated as measured at fair value through other comprehensive income.

During the periods from January 1 to March 31, 2026 and 2025, the Consolidated Company disposed of part of the shares of the aforementioned foreign listed companies pursuant to its investment strategy. The fair values at the disposal dates amounted to NT$58,710 thousand and NT$97,982 thousand, respectively. The cumulative disposal gains (after tax) totaled NT$34,837 thousand and NT$64,665 thousand, respectively, which were reclassified from other equity to retained earnings.

In March 2025, the Consolidated Company disposed of its entire equity interest in Roda Computer GmbH, an unlisted company, to Mildef Group AB. The total transaction consideration amounted to NT$268,303 thousand, comprising cash of NT$198,688 thousand (EUR 5,600 thousand), 110 thousand shares of Mildef Group AB stock (with a fair value of NT$58,419 thousand), and contingent consideration of NT$11,197 thousand. The cumulative disposal gain (after tax) totaled NT$188,871 thousand, and the aforementioned cumulative gain has been reclassified from other equity to retained earnings. The aforementioned Mildef Group AB shares acquired are subject to a two-year lock-up period (until March 2027). In addition, pursuant to the share disposal agreement, the Consolidated Company is entitled to receive additional consideration based on the profit performance of Roda Computer GmbH for 2024. Such contingent consideration was actually received in August 2025 in the amount of NT$11,401 thousand.

As of March 31, 2026, December 31, 2025, and March 31, 2025, none of the Consolidated Company's financial assets above had been pledged as collateral.

(III) Notes and accounts receivable (related parties)

	2026.3.31	**2025.12.31**	**2025.3.31**
Notes and accounts receivable	$ 202,779	89,956	226,876
Less: Allowance for losses	(1,280)	(540)	(250)
	$ 201,499	**89,416**	**226,626**

The Consolidated Company estimated expected credit losses using a simplified approach for all notes and accounts receivable, i.e., using lifetime expected credit losses, and included forward-looking information. The analysis of expected credit losses on the Consolidated Company's notes and accounts receivable is as follows:

	2026.3.31		
	Carrying amount of notes and accounts receivable	**Weighted average expected credit loss ratio**	**Allowance for lifetime expected credit losses**
Not past due	$ 168,405	0.09085%	153
Payment is due within 30 days	34,373	3.27583%	1,126
Past due for more than 91 days	1	100%	1
	$ 202,779		**1,280**

	2025.12.31		
	Carrying amount of notes and accounts receivable	**Weighted average expected credit loss ratio**	**Allowance for lifetime expected credit losses**
Not past due	$ 89,497	0.09079%	81
Past due for more than 91 days	459	100%	459
	$ 89,956		540

	2025.3.31		
	Carrying amount of notes and accounts receivable	**Weighted average expected credit loss ratio**	**Allowance for lifetime expected credit losses**
Not past due	$ 225,106	0.09079%	204
Payment is due within 30 days	1,280	3.27613%	42
Overdue for 31 to 60 days	125	0.00642%	-
Overdue for 61 to 90 days	365	1.00000%	4
	$ 226,876		250

Changes in allowance for loss on notes and accounts receivable of the Consolidated Company are as follows:

	January to March 2026	**January to March 2025**
Opening balance	$ 540	498
Provision (reversal) recognized for the current period	740	(248)
Closing balance	$ 1,280	250

(IV) Inventories

	2026.3.31	**2025.12.31**	**2025.3.31**
Merchandise	$ 166,443	147,205	159,284
Finished goods	2,428	2,881	1,826
Semi-finished goods	190,801	204,156	152,311
Work in process	337,794	220,872	229,880
Raw materials	828,245	648,720	663,970
	$ 1,525,711	1,223,834	1,207,271

The breakdown of the cost of goods sold is as follows:

	January to March 2026	January to March 2025
Costs of inventories sold	$ 460,904	491,820
Warranty provision (reversal)	1,831	(8,747)
Inventory valuation loss (gain on reversal)	3,553	(5,160)
	$ 466,288	477,913

The above inventory valuation loss (gain on reversal) refers to the inventory valuation loss recognized by the Consolidated Company due to the write-down of the inventory to the net realizable value; or recovery gains recognized within the scope of previously recorded inventory valuation losses when certain obsolete inventory from the beginning of the period was sold or consumed during the current period, resulting in the reversal of the original valuation to net realizable value.

(V) Property, plant and equipment

Details of changes in the Consolidated Company's property, plant and equipment are as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost:							
Balance on January 1, 2026	$ 147,478	80,484	191,596	8,355	2,980	150,584	581,477
Additions	-	2,005	1,803	-	89	3,351	7,248
Disposal	-	-	-	-	-	(612)	(612)
Reclassification (Note)	-	-	79	-	-	362	441
Balance on March 31, 2026	$ 147,478	82,489	193,478	8,355	3,069	153,685	588,554
Balance on January 1, 2025	$ 147,478	76,876	181,855	8,355	2,337	120,004	536,905
Additions	-	1,818	105	-	-	3,589	5,512
Reclassification (Note)	-	-	-	-	-	14,798	14,798
Balance on March 31, 2025	$ 147,478	78,694	181,960	8,355	2,337	138,391	557,215
Depreciation:							
Balance on January 1, 2026	$ -	36,396	82,926	6,691	1,202	106,581	233,796
Depreciation	-	788	4,105	149	92	5,150	10,284
Disposal	-	-	-	-	-	(612)	(612)
Balance on March 31, 2026	$ -	37,184	87,031	6,840	1,294	111,119	243,468
Balance on January 1, 2025	$ -	33,359	69,602	5,484	895	83,891	193,231
Depreciation	-	741	3,948	308	73	4,736	9,806
Reclassification (Note)	-	-	-	-	-	3,850	3,850
Balance on March 31, 2025	$ -	34,100	73,550	5,792	968	92,477	206,887
Book value:							
March 31, 2026	$ 147,478	45,305	106,447	1,515	1,775	42,566	345,086
January 1, 2026	$ 147,478	44,088	108,670	1,664	1,778	44,003	347,681
March 31, 2025	$ 147,478	44,594	108,410	2,563	1,369	45,914	350,328

(Note) This amount has been transferred from the payments for prepaid equipment.

(VI) Right-of-use assets

The cost and accumulated depreciation of properties and buildings leased by the Consolidated Company, along with the details of changes, are as follows:

	Buildings
Cost of right-of-use assets:	
Balance on January 1, 2026	$ 251,481
Additions	14,110
Decrease	(145,940)
The effects of changes in foreign exchange rates	97
Balance on March 31, 2026	**$ 119,748**
Balance on January 1, 2025	$ 227,929
Additions	1,400
The effects of changes in foreign exchange rates	33
Balance on March 31, 2025	**$ 229,362**
Accumulated depreciation of right-of-use assets:	
Balance on January 1, 2026	$ 185,869
Depreciation in this period	10,116
Decrease	(145,940)
The effects of changes in foreign exchange rates	78
Balance on March 31, 2026	**$ 50,123**
Balance on January 1, 2025	$ 147,125
Depreciation in this period	9,603
The effects of changes in foreign exchange rates	27
Balance on March 31, 2025	**$ 156,755**
Book value:	
March 31, 2026	**$ 69,625**
January 1, 2026	**$ 65,612**
March 31, 2025	**$ 72,607**

(VII) Intangible assets

	Computer software
Carrying amount:	
March 31, 2026	**$ 4,536**
January 1, 2026	**$ 5,030**
March 31, 2025	**$ 5,050**

There was no significant addition, disposal, provision for impairment, or reversal of the Consolidated Company's intangible assets during the three months ended March 31, 2026 and 2025. Please refer to the depreciation amount for the current period. Please refer to Note 12(1) for the amortization amount in this period. Please refer to Note 6(7) to the 2025 consolidated financial statements for other relevant information.

(VIII) Lease liabilities

The carrying amounts of the Consolidated Company's lease liabilities are as follows:

	2026.3.31	2025.12.31	2025.3.31
Current	$ 33,385	33,887	33,664
Non-current	$ 36,946	32,449	39,676

For maturity analysis, please refer to Note 6 (17) Financial Instruments.

The amounts of leases recognized in profit or loss are as follows:

	January to March 2026	January to March 2025
Interest expenses on lease liabilities	$ 291	281
Short-term lease expenses	$ 87	119

The amounts recognized in the cash flow statement are as follows:

	January to March 2026	January to March 2025
Total cash outflow from leases	$ 10,512	10,000

The Consolidated Company leases retail stores and factories, with lease terms typically ranging from one to five years. Upon expiration of the lease period, the lease agreements are renegotiated for the lease duration and payment terms.

The Consolidated Company leases parking spaces for scooters, and these leases are low-value leases. The Consolidated Company elects to apply recognition exemptions and does not recognize its relevant right-of-use assets and lease liabilities.

(IX) Provision for Liabilities

	Warranty
Balance on January 1, 2026	$ 12,492
Provision for liabilities used in the current period	(262)
Liability provisions reversed during the period	(1,831)
Balance on March 31, 2026	$ 10,399
Balance on January 1, 2025	$ 21,621
Provision for liabilities used in the current period	(233)
Liability provisions reversed during the period	(8,747)
Balance on March 31, 2025	$ 12,641

The provision for warranty liabilities primarily relates to computer sales. The provision is estimated based on historical warranty data for the sold goods. The Consolidated Company expects that the majority of these liabilities will be incurred gradually over one to three years following the sale.

(X) Employee benefits

1. Defined benefit plan

As there were no major market fluctuation, major reduction, settlement, or other major one-off events after the balance sheet date of the prior year, the Consolidated Company measured and disclosed pension costs for interim periods at the actuarial determined pension costs on December 31, 2025 and 2024.

The details of pension expenses under the Consolidated Company's defined benefit plan are as follows:

	January to March 2026	January to March 2025
Operating costs	$ 6	2
Operating expenses	44	75
	$ 50	77

2. Defined contribution plan

The details of pension expenses under the Consolidated Company's defined contribution plan are as follows:

	January to March 2026	January to March 2025
Operating costs	$ 1,238	1,102
Operating expenses	2,119	2,217
	$ 3,357	3,319

(XI) Income tax

1. The details of the Consolidated Company's income tax expenses are as follows:

	January to March 2026	January to March 2025
Income tax expenses	$ 41,469	42,355

2. The details of income tax expenses (benefits) recognized by the Consolidated Company in other comprehensive income are as follows:

	January to March 2026	January to March 2025
Financial assets at fair value through other comprehensive income	$ 13,839	210,432

3. The Company has submitted tax return applications until the year of 2024, as prescribed by the tax authority, upon settlement and audit.

(XII) Capital and other equity

Except as stated below, there was no significant change in the Consolidated Company's capital and other equity during the three months ended March 31, 2026 and 2025. Please refer to Note 6(12) to the 2025 consolidated financial statements for relevant information.

1. Earnings distribution:

As per the Articles of Incorporation, the Company shall pay the tax first to make up for the previous losses if there are any earnings in the Company's annual general final accounts, and it shall then set aside 10% of the legal reserve. However, it may not set aside when the legal reserve has reached the amount of the paid-in capital of the Company. Furthermore, after the special reserve is set aside or reversed depending on the needs or as per laws and regulations, any remaining profit, together with any cumulative undistributed earnings, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution.

On March 11, 2026, the Company's Board of Directors proposed the 2025 earnings distribution plan, and on June 11, 2025, the shareholders' meeting approved the 2024 earnings distribution plan. Details of the dividends distributed to owners are as follows:

	2025		2024	
	Dividend per share (NT$)	**Amount**	**Dividend per share (NT$)**	**Amount**
Dividends distributed to owners of ordinary shares:				
Cash	$ 7.00	410,799	6.00	352,113

Relevant information of the earnings distribution is available on the Market Observation Post System (MOPS).

2. Other equity (net after-tax)

	Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Remeasurement of defined benefit plan	Total
Balance on January 1, 2026	$ 941	294,185	195	295,321
Exchange differences arising from the net assets of foreign operations	1,601	-	-	1,601
Unrealized gains on financial assets at fair value measurement through other comprehensive income	-	65,160	-	65,160
Disposal of equity instruments designated at fair value through other comprehensive income	-	(34,837)	-	(34,837)
Balance on March 31, 2026	$ 2,542	324,508	195	327,245
Balance on January 1, 2025	$ (408)	671,387	(580)	670,399
Exchange differences arising from the net assets of foreign operations	394	-	-	394

	Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Remeasurement of defined benefit plan	Total
Unrealized gains on financial assets at fair value measurement through other comprehensive income	-	839,493	-	839,493
Disposal of equity instruments designated at fair value through other comprehensive income	-	(253,536)	-	(253,536)
Balance on March 31, 2025	$ (14)	1,257,344	(580)	1,256,750

(XIII) Earnings per share

1. Basic earnings per share

	January to March 2026	January to March 2025
Net income attributable to holders of the Company's ordinary shares	$ 152,251	166,148
Weighted average number of outstanding ordinary shares (in thousands of shares)	58,685	58,685
Basic earnings per share (NT$)	$ 2.59	2.83

2. Diluted earnings per share

	January to March 2026	January to March 2025
Net income attributable to holders of the Company's ordinary shares	$ 152,251	166,148
Weighted average number of outstanding ordinary shares (in thousands of shares)	58,685	58,685
The effect of employee remuneration	$ 655	627
Weighted average number of outstanding ordinary shares (after adjustment for the effect of potentially dilute ordinary shares)	59,340	59,312
Diluted earnings per share (NT$)	$ 2.57	2.80

(XIV) Revenue from customer contracts

1. Breakdown of income

	January to March 2026	January to March 2025
Major sales market:		
Asia	$ 428,556	415,300
Europe	294,808	273,067
Oceania	509	55,246
Americas	4,408	19,082
Total	$ 728,281	762,695
Main product/service lines:		
Business computer	$ 342,280	332,698
Rugged computer	363,428	398,848
Repair and maintenance services and others	22,573	31,149
	$ 728,281	762,695

2. Contract balance

	2026.3.31	2025.12.31	2025.3.31
Notes and accounts receivable	$ 202,779	89,956	226,876
Less: Allowance for losses	(1,280)	(540)	(250)
Total	$ 201,499	89,416	226,626
Contract liabilities	$ 175,163	214,600	167,752

Please refer to Note 6(3) for the notes and accounts receivable and impairment thereof disclosed.

The contract liabilities mainly arise from advances received from the sales of rugged computers, which will be reclassified to revenue when the Consolidated Company delivers the products to clients. The opening balances of contract liabilities as at January 1, 2026 and 2025 recognized in income for the three months ended March 31, 2026 and 2025 were NT$60,960 thousand and NT$15,347 thousand, respectively.

(XV) Remuneration to employees and directors

On June 11, 2025, the Company’s shareholders’ meeting resolved to amend the Articles of Association. According to the amended Articles, if the Company has earnings in a given year, 5% to 10% shall be appropriated as employee compensation and up to 3% as director compensation. Of the employee compensation mentioned above, no less than 10% shall be allocated to frontline employees. However, it shall reserve an amount to compensate a deficit in advance if the Company has a cumulative deficit. Prior to the amendment, the Articles of Incorporation provided that, if the Company had earnings in a given year, 5% to 10% should be appropriated as employee compensation and up to 3% as director compensation. However, it shall reserve an amount to compensate a deficit in advance if the Company has a cumulative deficit. The recipients of the employee remuneration in stock or cash in the preceding paragraph include employees at subsidiaries who meet certain criteria.

The estimated amounts of the Company's employee remuneration for the three months ended March 31, 2026 and 2025 were NT$20,210 thousand and NT$21,908 thousand, respectively, and the estimated amounts of directors' remuneration for the periods then ended were NT$4,050 thousand and NT$4,391 thousand, respectively. The amounts were estimated based on the Company’s net income before tax before the remuneration to employees and directors was deducted for each period, multiplied by the percentages of the profit for employee and directors' remuneration as stipulated in the Company's Articles of Incorporation, and the amounts were recognized in operating costs or operating expenses for the period. If there is a difference between the amounts distributed in the following year and the estimated amounts, it will be treated as a change in accounting estimates, and the difference will be recognized in profit and loss for the following year.

The estimated amounts of the Company's 2025 and 2024 employee remuneration were NT$59,300 thousand and NT$67,752 thousand, respectively, and the estimated amounts of directors' remuneration for the periods then ended were NT$11,885 thousand and NT$13,579 thousand, respectively. The amounts are the same as those resolved by the Board of Directors and all were distributed in cash. Relevant information is available on the MOPS.

(XVI) Non-operating income and expenses

1. Interest income

	January to March 2026	January to March 2025
Interest income from cash in banks	$ 7,531	1,403
Other interest income	5,327	1,390
	$ 12,858	**2,793**

2. Other income

	January to March 2026	January to March 2025
Others	**$ 1,146**	**695**

3. Other gains and losses

	January to March 2026	January to March 2025
Foreign exchange gains	$ 13,548	8,663
Gains on financial assets measured at fair value through profit or loss	1,595	958
	$ 15,143	**9,621**

4. Financial cost

		January to March 2026	January to March 2025
Interest expense			
Lease liabilities	$	(291)	(281)
Others		(10)	(243)
	$	(301)	(524)

(XVII) Financial instruments

Except as stated below, there was no significant change in the fair value of the Consolidated Company's financial instruments and exposure to credit risk, liquidity risk, and market risk due to the financial instruments held. For related information, please refer to Note 6(17) to the consolidated financial statements for 2025.

1. Types of financial instruments

(1) Financial assets

		2026.3.31	2025.12.31	2025.3.31
Financial assets at fair value through profit or loss - current:				
Money funds	$	502,652	301,057	211,302
Contingent consideration		-	-	11,352
Financial assets at fair value through other comprehensive income - current				
Overseas listed stocks		595,377	576,846	1,917,179
Financial assets at fair value through other comprehensive income - non-current:				
Foreign government bonds		17,888	18,522	18,881
Foreign corporate bonds		166,454	139,344	18,375
Domestic corporate bonds		199,968	201,958	-
Overseas listed stocks subject to lock-up period		39,954	30,150	56,184
Financial assets at amortized cost:				
Cash and cash		1,217,009	1,558,801	825,364

		2026.3.31	2025.12.31	2025.3.31
equivalents				
Notes and accounts receivable		201,499	89,416	226,626
Other financial assets - current		170,900	167,900	415,100
Other non-current assets - guarantee deposits paid		9,139	9,574	8,886
Total	$	3,120,840	3,093,568	3,709,249

(2) Financial liabilities

		2026.3.31	2025.12.31	2025.3.31
Financial liabilities at amortized cost:				
Notes and accounts payable	$	324,176	245,950	106,033
Other accounts payable		175,392	154,190	175,028
Lease liabilities		70,331	66,336	73,340
Total	$	569,899	466,476	354,401

2. Liquidity risk

The contract maturity date of the Consolidated Company's financial liabilities, including the estimated interest, is analyzed as follows:

	Contractual cash flows	Less than 6 months	6-12 months	1-2 year(s)	2-5 years
March 31, 2026					
Notes and accounts payable	$ (324,176)	(324,176)	-	-	-
Other accounts payable	(175,392)	(175,392)	-	-	-
Lease liabilities	(71,766)	(19,296)	(14,919)	(22,120)	(15,431)
	$ (571,334)	**(518,864)**	**(14,919)**	**(22,120)**	**(15,431)**
December 31, 2025					
Notes and accounts payable	$ (245,950)	(245,950)	-	-	-
Other accounts payable	(154,190)	(154,190)	-	-	-
Lease liabilities	(67,463)	(18,492)	(15,990)	(30,398)	(2,583)
	$ (467,603)	**(418,632)**	**(15,990)**	**(30,398)**	**(2,583)**
March 31, 2025					
Notes and accounts payable	$ (106,033)	(106,033)	-	-	-
Other accounts payable	(175,028)	(175,028)	-	-	-
Lease liabilities	(75,239)	(18,917)	(15,452)	(31,604)	(9,266)
	$ (356,300)	**(299,978)**	**(15,452)**	**(31,604)**	**(9,266)**

The Consolidated Company does not expect the cash flows analyzed at maturity to be materially earlier or the actual amount to be materially different.

3. Exchange rate risk

The Consolidated Company’s financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	2026.3.31			2025.12.31			2025.3.31		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets									
Monetary item									
USD	$ 29,754	31.995	951,979	31,401	31.430	986,947	18,490	33.205	613,960
SEK	14,604	3.350	48,924	74,457	3.420	254,643	29,670	3.330	98,800
AUD	171	21.960	3,755	721	21.010	15,148	170	20.810	3,538
Non-monetary item									
SEK	189,651	3.350	635,331	177,484	3.42	606,996	592,602	3.330	1,973,363

Due to the Consolidated Company's transactions being denominated in multiple currencies, foreign exchange gains and losses on monetary items are presented on an aggregated basis. For the three months ended March 31, 2026 and 2025, foreign exchange gains (including both realized and unrealized) amounted to NT$13,548 thousand and NT$8,663 thousand, respectively.

The Consolidated Company's exchange rate risk primarily arises from foreign-currency-denominated cash and cash equivalents, accounts receivable (including related parties), debt instrument investments at fair value through other comprehensive income (corporate bonds and government bonds), financial instruments measured at fair value through profit or loss (contingent consideration), accounts payable, and other payables (including related parties), leading to foreign exchange gains or losses upon conversion. For the three months ended March 31, 2026 and 2025, if the NT$ had appreciated or depreciated by 1% against USD, SEK, EUR, and AUD, with all other factors remaining constant, net income after tax would have increased or decreased by NT$9,958 thousand and NT$7,254 thousand, respectively. The analysis for both periods was prepared on a consistent basis.

4. Fair value information

(1) Financial instruments not at fair value

The Consolidated Company's management believes that the carrying amounts of financial assets and financial liabilities at amortized cost in the financial statements approximate their fair values.

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

The Consolidated Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The fair value levels are defined as follows:

A. Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

B. Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices) for assets or liabilities.

C. Level 3: Unobservable inputs for assets or liabilities not based on observable market data (unobservable inputs).

	2026.3.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Money funds	$ 502,652	502,652	-	-	502,652
Financial assets at fair value through other comprehensive income:					
Foreign government bonds	$ 17,888	-	17,888	-	17,888
Foreign corporate bonds	166,454	-	166,454	-	166,454
Domestic corporate bonds	199,968	199,968	-	-	199,968
Foreign-listed company stocks	595,377	595,377	-	-	595,377
Overseas listed stocks subject to lock-up period	39,954	-	-	39,954	39,954
Total	$ 1,019,641	795,345	184,342	39,954	1,019,641

	2025.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Money funds	$ 301,057	301,057	-	-	301,057
Financial assets at fair value through other comprehensive income:					
Foreign government bonds	$ 18,522	-	18,522	-	18,522
Foreign corporate bonds	139,344	-	139,344	-	139,344
Domestic corporate bonds	201,958	201,958	-	-	201,958
Foreign-listed company stocks	576,846	576,846	-	-	576,846
Overseas listed stocks subject to lock-up period	30,150	-	-	30,150	30,150
Total	$ 966,820	778,804	157,866	30,150	966,820

	2025.3.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Money funds	$ 211,302	211,302	-	-	211,302
Contingent consideration	11,352	-	-	11,352	11,352
Total	$ 222,654	211,302	-	11,352	222,654
Financial assets at fair value through other comprehensive income:					
Foreign government bonds	$ 18,881	-	18,881	-	18,881
Foreign corporate bonds	18,375	-	18,375	-	18,375
Foreign-listed company stocks	1,917,179	1,917,179	-	-	1,917,179
Overseas listed stocks subject to lock-up period	56,184	-	-	56,184	56,184
Total	$ 2,010,619	1,917,179	37,256	56,184	2,010,619

There were no transfers of financial assets between fair value hierarchy levels during the three months ended March 31, 2026 and 2025.

(3) Fair value valuation techniques for financial instruments at fair value

When the quoted market price of a financial instrument is available, the price shall be adopted as the fair value.

A financial instrument is considered to have a quoted price in an active market if such quotes can be obtained promptly and regularly from exchanges, brokers, underwriters, industry associations, pricing services, or regulatory agencies, and if the price represents actual and frequent fair market transactions. If these conditions are not met, the market is deemed inactive. Generally, wide bid-ask spreads, significant increases in bid-ask spreads, or minimal trading volume are indicators of an inactive market.

There are standard terms and conditions for the money funds, overseas listed stocks and domestic corporate bonds held by the Consolidated Company, and such funds and stocks are traded in active markets; thus, the fair values thereof are determined as per the quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Company refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the balance sheet date.

The fair value of foreign government bonds and foreign corporate bonds held by the Consolidated Company is determined based on quotes provided by third-party institutions. The restricted shares of foreign listed companies held by the Consolidated Company are measured primarily based on quoted market prices of the listed companies, with adjustments made for discounts reflecting the lack of marketability of the equity securities.

(4) Details of changes in the level 3

	Financial assets measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income
	Contingent consideration	**Equity instruments**
January 1, 2026	$ -	30,150
Total profit or loss		
Recognized in other comprehensive income	-	9,804
March 31, 2026	**$ -**	**39,954**
January 1, 2025	$ -	141,640
Total profit or loss		
Recognized in profit or loss	155	-
Recognized in other comprehensive income	-	124,429
Acquisition	11,197	58,419
Disposal	-	(268,304)
March 31, 2025	**$ 11,352**	**56,184**

The above total gains or losses are presented in the statement of comprehensive income under “Other gains and losses” and “Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income.” Of which, those related to assets still held as of March 31, 2026 and 2025 are as follows:

	January to March 2026	January to March 2025
Total profit or loss		
Recognized in profit or loss (presented under "Other gains and losses")	-	155
Recognized in other comprehensive income (presented under “Unrealized gains (losses) on equity instruments at fair value through other comprehensive income”)	$ 9,804	(2,235)

(5) Quantitative information on measurement of significant unobservable fair value input (Level 3)

The Consolidated Company's financial instruments measured at fair value and classified as Level 3 consist of financial assets at fair value through profit or loss - contingent consideration and financial assets at fair value through other comprehensive income - overseas listed stocks subject to lock-up period and unlisted company stocks.

Quantitative information on significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Relations between significant unobservable input and fair value
Financial assets measured at fair value through other comprehensive income - overseas listed stocks subject to lock-up period	Market approach	• Discounts for lack of marketability were 21.60%, 33.06%, and 26.03% as of March 31, 2026, December 31, 2025, and March 31, 2025, respectively	• The higher the discount for lack of market liquidity, the lower the fair value
Financial assets measured at fair value through profit or loss - contingent consideration	Discounted cash flow method	• The discount rate was 2.9% as of March 31, 2025	• The higher the discount rate, the lower the fair value

(6) Analysis of sensitivity of Level 3 fair value to reasonably possible alternative assumptions

The measurement of fair values of financial instruments by the Consolidated Company is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the effect on the current period's gains or losses and other comprehensive income in this period is as follows:

	Input	Increase or decrease change	Changes in fair value reflected in the current period's profit or loss		Changes in fair value reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
March 31, 2026						
Financial assets at fair value through other comprehensive income						
Overseas listed stocks subject to lock-up period	Market liquidity discount	5.00%	$ -	-	2,548	2,548
December 31, 2025						
Financial assets at fair value through other comprehensive income						
Overseas listed stocks subject to lock-up period	Market liquidity discount	5.00%	$ -	-	2,252	2,252
March 31, 2025						
Financial assets measured at fair value through profit or loss						
Contingent consideration	Discount rate discount	1.00%	$ 53	55	-	-
Financial assets at fair value through other comprehensive income						
Overseas listed stocks subject to lock-up period	Market liquidity discount	5.00%	$ -	-	$ 3,798	3,798

The Consolidated Company’s favorable and unfavorable changes refer to the fluctuations of fair values, and fair values are calculated with the valuation techniques based on different unobservable inputs. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the effect of changes in a single input without taking into account the correlation and variability between the inputs.

(XVIII) Financial risk management

There is no significant difference between the Consolidated Company’s financial risk management goals and policies and those disclosed in Note 6 to the 2025 consolidated financial statements.

(XIX) Capital management

The Consolidated Company’s objectives, policies, and procedures for capital management are consistent with those disclosed in Note 6(19) to the consolidated financial statements for 2025.

(XX) Non-cash transactions in investing and financing activities

1. Please refer to Note 6(6) for details of right-of-use assets acquired by way of leasing
2. The reconciliation of liabilities from financing activities is as follows:

			Non-cash changes			
	2026.1.1	**Cash flow**	**Additions**	**Decrease**	**Effect of exchange rate changes**	**2026.3.31**
Lease liabilities	$ 66,336	(10,134)	14,110	-	19	70,331

			Non-cash changes			
	2025.1.1	**Cash flow**	**Additions**	**Decrease**	**Effect of exchange rate changes**	**2025.3.31**
Lease liabilities	$ 81,534	(9,600)	1,400	-	6	73,340

3. Investing activities involving partial cash payments only

	January to March 2026	**January to March 2025**
Acquisition of property, plant and equipment	$ 7,248	5,512
Add: Equipment prepayments at end of period	6,945	5,670
Less: Equipment prepayments at beginning of period	(4,857)	(1,557)
Add: Increase in equipment prepayments	441	1,374
Cash paid during the current period	$ 9,777	10,999

VII. Related-Party Transactions

(I) Name of related party and relations

The related parties with transactions with the Consolidated Company during the period covered by these consolidated financial statements are as follows:

Name of related party	Relations with the Consolidated Company
Roda Computer GmbH	The Consolidated Company is one of the company’s three shareholders (Note)

(Note) The Consolidated Company disposed of its entire equity interest in Roda Computer GmbH on March 6, 2025. From that date forward, the company is no longer a related party of the Consolidated Company.

(II) Significant Transactions with Related Parties

1. Operating revenue

	January to March 2026	January to March 2025
Other related parties		
Roda Computer GmbH (Note 1)	$ -	233,235

Note 1: No longer a related party from March 6, 2025; therefore, related transaction amounts and related balances are no longer presented from that date forward.

The Consolidated Company's sales transactions with related parties, except for certain product specifications that lack comparable market prices, are generally not significantly different from regular market prices. Additionally, the credit period, originally set at 45 days from delivery, have been extended to up to 90 days starting from July 2023 based on the sales conditions.

2. Repair and maintenance and other operating revenue

	January to March 2026	January to March 2025
Other related parties		
Roda Computer GmbH (Note 1)	$ -	657

All receivables from the above transactions have been received.

3. Technical service, repair and maintenance, and other fees

	Technical service fees, repair and maintenance fees, and others	
	January to March 2026	January to March 2025
Other related parties (Note 1)	$ -	118

(III) Remuneration to key management personnel

Remuneration to key management personnel includes:

	January to March 2026	January to March 2025
Short-term employee benefits	$ 6,913	6,614
Post-employment benefits	80	87
	$ 6,993	6,701

VIII. Pledged Assets

The details of the book values of the assets pledged by the Consolidated Company are as follows:

Name of asset	Item pledged as collateral	2026.3.31	2025.12.31	2025.3.31
Time deposit (under "other non-current assets")	Customs guarantee	$ 1,000	1,000	1,000

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments: None.

X. Major Disaster Losses: None.

XI. Material Events After the Balance Sheet Date

The Consolidated Company sold 220 thousand shares of MilDef Group AB between April 1, 2026 and May 6, 2026. The fair value at the time of disposal amounted to NT$110,618 thousand, and the cumulative disposal gain (net of tax) was NT$66,933 thousand. The aforementioned cumulative gain will be reclassified from other equity to retained earnings.

XII. Others

(I) Employee benefits and depreciation and amortization expense are summarized by function as follows:

By function / By nature	January to March 2026			January to March 2025		
	Related to operating costs	Related to operating expenses	Total	Related to operating costs	Related to operating expenses	Total
Cost of employee benefits						
Salary and wages	33,081	47,747	80,828	31,284	52,342	83,626
Labor and health insurance	2,687	3,936	6,623	2,494	4,186	6,680
Pension	1,244	2,163	3,407	1,104	2,292	3,396
Other employee benefits	603	792	1,395	509	758	1,267
Depreciation expense	12,989	7,411	20,400	11,773	7,636	19,409
Amortization expense	153	341	494	368	399	767

(II) Seasonality of operations

The Consolidated Company's operations are not materially affected by seasonal or cyclical factors.

XIII. Additional Disclosures

(I) Information on Material Transactions

For the three months ended March 31, 2026, the Consolidated Company is required to disclose additional information on significant transactions in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as follows:

1. Loans to Others: None.
2. Endorsements/Guarantees provided to others: None.
3. Significant Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures):

Unit: In thousands of shares/thousands of units/thousands of NT$

Company	Type and name of securities held	Relations with the securities issuer	Account	End of the period				Remark
				Number of shares	Carrying amount	Shareholding	Fair value/Net worth	
The Company	Kingdom of Saudi Arabia Government 5.75% USD Foreign Bond due 01/16/54	-	Financial assets at fair value through other comprehensive income - non-current	6	17,888	-	17,888	
The Company	Verizon Communications Inc. 5.012 04/15/49 Foreign Dollar Bond	-	〃	17	45,448	-	45,448	
The Company	Saudi Arabian Petrodollar Bonds	-	〃	10	29,283	-	29,283	
The Company	SoftBank Corporate Bonds	-	〃	10	31,555	-	31,555	
The Company	Ford Motor Company Corporate Bonds	-	〃	10	30,995	-	30,995	
The Company	Fubon Life Insurance Unsecured Corporate Bonds	-	〃	200	199,968	-	199,968	
The Company	UBS corporate bonds	-	〃	3	9,725	-	9,725	
The Company	Standard Chartered corporate bonds	-	〃	6	19,448	-	19,448	
The Company	Shares of MilDef Group AB (lock-up period)	-	〃	110	39,954	0.23%	39,954	
The Company	Shares of MilDef Group AB	-	Financial assets at fair value through other comprehensive income - current	1,284	595,377	2.73%	595,377	
The Company	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	14,549	251,294	-	251,294	
The Company	UPAMC James Bond Money Market Fund	-	〃	14,179	251,358	-	251,358	

4. Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital: None.
5. Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital: None.
6. Business Relations and Significant Transactions Between Parent Company and Subsidiaries:

Unit: NT$1,000

No. (Note 1)	Name of trader	Transaction counterparty	Relationship with transaction counterparty (Note 2)	Transaction details			
				Account	Amount	Transaction terms	As a percentage of consolidated total revenue or total assets (%)
1	Flexbasis	The Company	2	Sales income	60,447	Net 60 days end of the following month	8.30

Note 1: Businesses are coded as follows:
1. "0" stands for parent company.
2. Subsidiaries are numbered sequentially starting with the Arabic numeral "1" for each company.

Note 2: The types of relations with the counterparty are indicated as follows:
1. Parent company to subsidiary
2. Subsidiary to parent company

Note 3: In disclosing the business relationships and significant transactions between the parent and subsidiary companies, only information related to sales and accounts receivable representing 0.5% or more of the consolidated revenue or assets is disclosed. Detailed information about corresponding purchases and accounts payable is not provided.

Note 4: The above transactions were eliminated in the preparation of consolidated financial statements.

(II) Information on Investees:

Information on the Company's investees for the three months ended March 31, 2026, is as follows:

Unit: In thousands of shares/thousands of NT$

Name of investor	Name of investee	Location	Main business	Initial investment amount		End of the period			Gain or loss on investee in this period	Investment income (loss) recognized in this period	Remark
				End of this period	End of last year	Number of shares	Percentage	Carrying amount			
The Company	Flexbasis Technology Inc.	New Taipei City	Manufacturing	23,424	23,424	2,080	56.22%	51,856	16,522	21,102	(Note)
The Company	MilDef Crete Australasia Pty. Ltd.	Australia	Trade	12,548	12,548	600	100.00%	35,590	(1,382)	(1,382)	(Note)

Note: It has been eliminated in the consolidated financial statements.

(III) Information on Investment in Mainland China: None.

XIV. Segment Information

The Consolidated Company mainly engages in the production and sales of various computer software, hardware, and peripherals. The operating financial information provided to the operating decision makers for review covers a single segment, and the accounting policies adopted by the Consolidated Company's operating segment are consistent with the summary of significant accounting policies described in Note 4. The operating segment's income or loss is measured based on the operating income or loss before tax, which serves as the basis for evaluating performance. The segment's revenue, income or loss, and total assets under the Consolidated Company are consistent with those in presented in the financial statements. Please refer to the consolidated balance sheet and the consolidated statements of comprehensive income.