Stock Code: 6996

Forcelead Technology Corporation

Financial Statements for the Six Months Ended June 30, 2026 and 2025 and Independent Auditors' Review Report

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Forcelead Technology Corporation

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and the Shareholders, Forcelead Technology Corporation

Introduction

We have reviewed the accompanying financial statements of Forcelead Technology Corporation, which comprise the balance sheets as of June 30, 2026 and 2025, the statements of comprehensive income for the three months ended June 30, 2026 and 2025, and the six months ended June 30, 2026 and 2025, the statements of changes in equity and cash flows for the six months ended June 30, 2026 and 2025, and the notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard NO.34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of 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.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying financial statements do not give a true and fair view of the financial position of Forcelead Technology Corporation as of June 30, 2026 and 2025, its financial performance for the three months ended June 30, 2026 and 2025, and its financial performance and cash flows for the six months ended June 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard NO.34, "Interim Financial Reporting" by the Financial Supervisory Commission of the ROC.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Yun Chang and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 5, 2026

Notice to Readers

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

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

FORCELEAD TECHNOLOGY CORPORATION

BALANCE SHEETS
June 30, 2026, December 31 and June 30, 2025
(In Thousands of New Taiwan Dollars)

	June 30, 2026		December 31, 2025		June 30, 2025	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 27)	$ 638,872	19	$ 633,521	18	$ 715,377	24
Financial assets at fair value through profit or loss - current (Notes 7 and 27)	126,684	4	67,224	2	22,880	1
Financial assets at fair value through other comprehensive income - current (Notes 8 and 27)	158,463	5	124,012	3	35,105	1
Financial assets at amortized cost - current (Notes 9, 27 and 29)	806,805	23	1,246,705	36	1,216,805	41
Trade receivables (Notes 11, 20 and 27)	326,647	9	250,436	7	169,669	6
Trade receivables from related parties (Notes 20, 27 and 28)	41,366	1	91,707	3	31,036	1
Other receivables (Note 27)	13,142	-	6,432	-	10,678	-
Inventories (Note 12)	420,016	12	468,262	13	416,268	14
Prepayments and other current assets (Notes 16, and 27)	25,534	1	27,610	1	15,045	1
Total current assets	2,557,529	74	2,915,909	83	2,632,863	89
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 27)	173,470	5	47,580	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8, 10 and 27)	231,166	7	115,414	3	-	-
Property, plant and equipment (Note 13)	119,477	3	132,316	4	76,894	2
Right-of-use assets (Notes 14 and 28)	21,426	1	19,043	1	23,236	1
Intangible assets (Note 15)	17,113	-	21,285	1	23,131	1
Other non-current assets (Notes 16, 27, 28 and 30)	345,545	10	242,422	7	201,722	7
Total non-current assets	908,197	26	578,060	17	324,983	11
TOTAL	$ 3,465,726	100	$ 3,493,969	100	$ 2,957,846	100

	June 30, 2026		December 31, 2025		June 30, 2025	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - current (Notes 7 and 27)	$ 1,499	-	$ 1,555	-	$ -	-
Trade payables (Note 27)	329,621	9	337,871	10	219,984	7
Accrued profit sharing bonus to employees' compensation and remuneration of directors and supervisors (Notes 19 and 21)	32,355	1	46,845	1	18,288	1
Other payables (Notes 17 and 27)	194,073	6	187,929	5	181,952	6
Other payables to related parties (Notes 27 and 28)	38,718	1	53,861	2	38,017	1
Current tax liabilities (Notes 4 and 22)	121,139	3	69,213	2	53,043	2
Lease liabilities - current (Notes 14, 25, 27 and 28)	8,323	-	6,063	-	7,049	-
Other current liabilities (Notes 17, 20, 25 and 27)	19,469	1	42,839	1	16,150	1
Total current liabilities	745,197	21	746,176	21	534,483	18
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 22)	2,665	-	2,147	-	-	-
Lease liabilities - non-current (Notes 14, 25, 27 and 28)	13,024	1	12,735	1	15,786	1
Other non-current liabilities (Notes 17, 25 and 27)	2,590	-	2,577	-	2,564	-
Total non-current liabilities	18,279	1	17,459	1	18,350	1
Total liabilities	763,476	22	763,635	22	552,833	19
EQUITY (Notes 19 and 24)						
Ordinary shares	419,978	12	420,053	12	419,193	14
Share capital awaiting retirement	(45)	-	-	-	-	-
Capital surplus	1,490,237	43	1,492,915	43	1,483,460	50
Retained earnings						
Legal reserve	394,946	11	344,217	10	344,217	11
Unappropriated earnings	363,320	11	507,285	14	202,108	7
Total retained earnings	758,266	22	851,502	24	546,325	18
Other Equity						
Unrealized gain on financial assets at fair value through other comprehensive income	59,236	2	5,175	-	622	-
Unearned stock-based employee compensation	(25,422)	(1)	(39,311)	(1)	(44,587)	(1)
Total other equity	33,814	1	(34,136)	(1)	(43,965)	(1)
Total equity	2,702,250	78	2,730,334	78	2,405,013	81
TOTAL	$ 3,465,726	100	$ 3,493,969	100	$ 2,957,846	100

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

FORCELEAD TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended June 30				Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 20 and 28)	$ 861,483	100	$ 616,653	100	$ 1,581,558	100	$ 1,240,948	100
OPERATING COSTS (Notes 12, 21 and 28)	491,136	57	386,305	62	917,202	58	766,950	62
GROSS PROFIT	370,347	43	230,348	38	664,356	42	473,998	38
OPERATING EXPENSES (Notes 15, 18, 21 and 28)								
Selling and marketing expenses	35,945	4	27,937	5	68,636	4	54,743	4
General and administrative expenses	13,260	2	8,994	1	26,149	2	20,861	2
Research and development expenses	114,555	13	97,985	16	218,191	14	194,791	16
Total operating expenses	163,760	19	134,916	22	312,976	20	270,395	22
Other operating income (Notes 14 and 21)	172	-	175	-	346	-	350	-
INCOME FROM OPERATIONS	206,759	24	95,607	16	351,726	22	203,953	16
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 28)								
Interest income	9,749	1	9,097	2	18,410	1	18,866	2
Other income	4,295	1	1,493	-	4,412	-	1,583	-
Other gains and losses	3,402	-	(11,671)	(2)	9,948	1	(9,462)	(1)
Finance costs	(129)	-	(451)	-	(301)	-	(809)	-
Total non-operating income and expenses	17,317	2	(1,532)	-	32,469	2	10,178	1
INCOME BEFORE INCOME TAX	224,076	26	94,075	16	384,195	24	214,131	17
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 22)	33,492	4	(6,948)	(1)	57,378	3	13,280	1
NET INCOME	190,584	22	101,023	17	326,817	21	200,851	16
OTHER COMPREHENSIVE INCOME (LOSS) (Note 19)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	34,344	4	1,879	-	53,773	3	1,879	-
Item that may be reclassified subsequently to profit or loss								
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	(146)	-	-	-	288	-	-	-
Total other comprehensive income	34,198	4	1,879	-	54,061	3	1,879	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 224,782	26	$ 102,902	17	$ 380,878	24	$ 202,730	16
EARNINGS PER SHARE (Note 23)								
Basic	$ 4.57		$ 2.43		$ 7.84		$ 4.83	
Diluted	$ 4.54		$ 2.42		$ 7.76		$ 4.80	

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

FORCELEAD TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Share Capital				Retained earnings			Other Equity		
	Number of Shares (In Thousands)	Ordinary shares	Share capital awaiting retirement	Capital surplus	Legal reserve	Special Reserve	Unappropriated earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned stock-based employee compensation	Total equity
Balance at January 1, 2025	41,919	$ 419,193	$ -	$ 1,480,913	$ 285,395	$ 904	$ 588,222	$ -	($ 62,375)	$ 2,712,252
Appropriation of 2024 earnings										
Legal reserve	-	-	-	-	58,822	-	(58,822)	-	-	-
Special Reserve	-	-	-	-	-	(904)	904	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(530,304)	-	-	(530,304)
Donations received from shareholders	-	-	-	2,547	-	-	-	-	-	2,547
Net income for the six months ended June 30, 2025	-	-	-	-	-	-	200,851	-	-	200,851
Other comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	-	-	-	1,879	-	1,879
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	-	-	200,851	1,879	-	202,730
Compensation cost of employee restricted stock	-	-	-	-	-	-	-	-	17,788	17,788
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	1,257	(1,257)	-	-
Balance at June 30, 2025	41,919	$ 419,193	$ -	$ 1,483,460	$ 344,217	$ -	$ 202,108	$ 622	($ 44,587)	$ 2,405,013
Balance at January 1, 2026	42,005	$ 420,053	$ -	$ 1,492,915	$ 344,217	$ -	$ 507,285	$ 5,175	($ 39,311)	$ 2,730,334
Appropriation of 2025 earnings										
Legal reserve	-	-	-	-	50,729	-	(50,729)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(420,053)	-	-	(420,053)
Net income for the six months ended June 30, 2026	-	-	-	-	-	-	326,817	-	-	326,817
Other comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	-	-	-	54,061	-	54,061
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	-	-	326,817	54,061	-	380,878
Compensation cost of employee restricted stock	-	-	-	-	-	-	-	-	11,091	11,091
Employee restricted stock retired	(7)	(75)	(45)	(2,678)	-	-	-	-	2,798	-
Balance at June 30, 2026	41,998	$ 419,978	($ 45)	$ 1,490,237	$ 394,946	$ -	$ 363,320	$ 59,236	($ 25,422)	$ 2,702,250

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

FORCELEAD TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2026 and 2025
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 384,195	$ 214,131
Adjustments for:		
Depreciation expense	31,654	29,600
Amortization expense	6,134	5,832
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(5,435)	(38)
Finance costs	301	809
Interest income	(18,410)	(18,866)
Dividend income	(4,150)	(1,356)
Compensation costs of share-based payments	11,091	17,788
Allowance for inventory valuation loss (reversal of write-down inventories) gain	(5,000)	(5,240)
Unrealized net (gain) loss on foreign currency exchange	(1,278)	8,097
Changes in operating assets and liabilities		
Trade receivables	(71,969)	21,669
Receivables from related parties	51,520	(21,128)
Other receivables	(1,184)	(354)
Inventories	53,246	125,816
Prepayments	1,794	16,341
Other current assets	282	(48)
Trade payables	(12,316)	(60,125)
Other payables	32,709	3,797
Other payables to related parties	(15,143)	(5,769)
Other current liabilities	(23,370)	1,270
Accrued profit sharing bonus to employees' compensation and remuneration of directors and supervisors	(14,490)	(39,979)
Cash generated from operations	400,181	292,247
Interest received	17,034	14,601
Interest paid	(288)	(796)
Income tax paid	(4,934)	(26,848)
Net cash generated from operating activities	411,993	279,204

(Continued)

FORCELEAD TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2026 and 2025
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	($ 96,580)	($ 60,724)
Disposal of financial assets at fair value through other comprehensive income	-	27,498
Acquisition of financial assets measured at amortized cost	(530,505)	(690,505)
Proceeds from the return of principal of financial assets at amortized cost	970,405	1,244,505
Acquisition of financial assets at fair value through profit or loss	(240,000)	-
Disposal of financial assets at fair value through profit or loss	60,029	-
Increase in prepayments for investments	(50,000)	-
Acquisition of property, plant and equipment	(101,115)	(67,894)
Increase in refundable deposits	(12,945)	-
Decrease in refundable deposits	18,037	18,037
Acquisition of intangible assets	(1,936)	(8,581)
Net cash generated from (used in) investing activities	15,390	462,336
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	26,729	-
Repayments of short-term borrowings	(26,729)	-
Decrease in guarantee deposits	-	(36,607)
Repayment of the principal portion of lease liabilities	(4,087)	(3,995)
Cash dividends distributed	(420,053)	(530,304)
Donations received from shareholders	-	2,547
Net cash used in financing activities	(424,140)	(568,359)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	2,108	(4,491)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,351	168,690
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	633,521	546,687
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 638,872	$ 715,377

The accompanying notes are an integral part of the financial statements. (Concluded)

1. GENERAL INFORMATION

Forcelead Technology Corporation (the Company) was officially established with the approval of the Ministry of Economic Affairs on December 11, 2009 and commencement of principal business activities on May 1, 2013, and began generating significant revenue. The Company's business activities mainly include research and development, design and sales of diverse integrated automotive display driver ICs.

Sitronix Technology Corporation (the Parent Company) in order to improve the Parent Company's overall operating performance and increase market competitiveness, the Parent Company reorganized the Group's structure, carried out a professional division of labor and coordinated the allocation of the Group's resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Parent Company's board of directors resolved to spin off the automotive business division to the Company, which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021.

The Company's shares have been listed on the OTC market through Taipei Exchange for trading since December 10, 2024.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors and authorized for issue on August 5, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2027

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 1)

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
Amendments to IAS 28 “Amendments to the Fair Value Option for Investments in Associates and Joint Ventures”	January 1, 2027 (Note 2)

Note 1: Domestic entities should apply IFRS 18 starting from January 1, 2028, and may opt for earlier application.

Note 2: When IFRS 18 is applied, these amendments should be applied simultaneously.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments and Amendments to IAS 28 “Amendments to the Fair Value Option for Investments in Associates and Joint Ventures”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. Items with dissimilar characteristics shall be disaggregated in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including

the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Upon the initial application of IFRS 18, venture capital organizations or mutual funds, unit trusts, and similar entities (or indirectly through such entities) may change the measurement of their investments in associates or joint ventures from the equity method to Financial liabilities at FVTPL. Amendments to IAS 28 clarify that the aforementioned "similar entities" include entities that assess investing in particular types of assets as their main business activity in accordance with IFRS 18. If the Company meets the aforementioned conditions, it may choose to make this change on the date of initial application.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

The Company does not intend to early apply IFRS 18 and consequential amendments.

Except for the above impact, as of the date the accompanying financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Note)
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 IASB
IFRS 20 "Controlled Assets and Controlled Liabilities"	January 1, 2029

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the accompanying financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The accompanying financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The individual financial statements do not present all the disclosure required for a complete set of annual individual financial statements prepared under the IFRS Accounting Standards.

b. Basis of preparation

The accompanying financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Other significant accounting policies

Except for the following, refer to the individual financial statements for the year ended December 31, 2025.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of inflation, market rate of interest fluctuations and U.S. reciprocal tariff measures into significant accounting estimates when making its critical significant estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

For the summary of critical accounting judgments and key sources of estimation uncertainty in these financial statements, refer to the financial statements for the year ended December 31, 2025.

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	$ 10	$ 10	$ 160
Checking and demand deposits	59,358	52,576	45,317
Cash equivalents			
Bank time deposits	277,775	410,000	659,900
Bonds with repurchase agreements	301,729	170,935	10,000
	$ 638,872	$ 633,521	$ 715,377

The rate intervals of cash equivalents at the end of the reporting period were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Bank time deposits	1.600%~3.690%	1.650%~1.700%	1.285%~1.700%
Bonds with repurchase agreements	1.350%~3.780%	1.320%~3.700%	1.320%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets at FVTPL - current			
Mandatorily measured at FVTPL			
Derivative instruments			
Credit linked notes - linked to corporate bonds	$ 86,021	$ 30,095	$ -
Foreign exchange forward contracts and foreign exchange swap contracts	3,702	1,806	-
Non-derivative financial assets			
Domestic mutual fund investments	27,371	25,703	22,880
Convertible bonds	9,590	9,620	-
	$ 126,684	$ 67,224	$ 22,880
Financial assets at FVTPL - non-current			
Mandatorily measured at FVTPL			
Derivative instruments			
Credit linked notes - linked to corporate bonds	$ 168,495	$ 42,667	$ -
Non-derivative financial assets			
Exchangeable bonds	4,975	4,913	-
	$ 173,470	$ 47,580	$ -
Financial liabilities at FVTPL - current			
Held for trading			
Derivative instruments			
Foreign exchange forward contracts and foreign exchange swap contracts	$ 1,499	$ 1,555	$ -

a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

June 30, 2026

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell forward exchange contracts	USD/NTD	August 4, 2026 ~ March 12, 2027	USD 6,500/ NTD 205,579

December 31, 2025

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy forward exchange contracts	NTD/USD	March 12, 2026 ~ March 13, 2026	NTD 29,693/ USD 1,000
Sell forward exchange contracts	USD/NTD	January 27, 2026	USD 500/ NTD 15,760

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

b. At the end of the reporting period, outstanding foreign exchange swap contracts not under hedge accounting were as follows:

June 30, 2026

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy forward exchange contracts	NTD/USD	August 6, 2026 ~ March 16, 2027	NTD 203,376/ USD 6,500

December 31, 2025

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell forward exchange contracts	USD/NTD	March 16, 2026 ~ March 17, 2026	USD 1,000/ NTD 29,876
Buy forward exchange contracts	NTD/USD	January 29, 2026	NTD 15,692/ USD 500

The Company entered into foreign exchange swaps to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Investments in equity instruments at FVTOCI	$ 158,463	$ 124,012	$ 35,105
Non-current			
Investments in equity instruments at FVTOCI	$ 124,228	$ 83,764	$ -
Investments in debt instruments at FVTOCI	106,938	31,650	-
	$ 231,166	$ 115,414	$ -

a. Investments in equity instruments at FVTOCI

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Domestic investments			
Listed shares (1)、(2) and (3)	$ 158,463	$ 124,012	$ 35,105
Non-current			
Domestic investments			
Unlisted equity investments (1)	$ 124,228	$ 83,764	$ -

1) These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for purposes.

2) For the six months ended June 30, 2026 and 2025, the Company acquired the ordinary shares of domestic listed companies for $21,142 thousand and $60,724 thousand, respectively. The management designated these investments as at Fair Value Through Other Comprehensive Income due to their strategic investment purposes.

3) In order to adjust its investment portfolio for risk diversification, the Company sold domestic listed shares for $27,498 thousand during the six months ended June 30, 2025. The related other equity – a gain of $1,257 thousand was transferred to retained earnings.

4) Dividend income recognized by the Company for the six months ended June 30, 2026 and 2025 was $4,150 thousand and $1,356 thousand, respectively, of which

the amounts related to investments still held as of June 30, 2026 and 2025 were $4,150 thousand and $953 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	June 30, 2026	December 31, 2025	June 30, 2025
Non-current			
Domestic corporate bonds	$ 106,938	$ 31,650	$ -

For the six months ended June 30, 2026, the Company acquired corporate bonds for $75,000 thousand with a coupon rate of 3.75%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Domestic investments			
Time deposits with original maturities of more than 3 months (a)	$ 389,800	$ 829,700	$ 799,800
Pledged fixed deposits (b)	417,005	417,005	417,005
	$ 806,805	$ 1,246,705	$ 1,216,805

a. The interest rates for time deposits with original maturities of more than 3 months ranged from 1.600%~1.720%, 1.580%~1.730% and 1.620%~1.770% per annum as of June 30, 2026, December 31, 2025, and June 30, 2025, respectively.

b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT OF DEBT INSTRUMENT INVESTMENTS

The Company's debt instruments are financial assets at fair value through other comprehensive income.

	June 30, 2026	December 31, 2025	June 30, 2025
At Fair Value Through Other Comprehensive Income			
Gross carrying amount	$ 106,788	$ 31,788	$ -
Allowance for impairment loss	-	-	-
Amortized cost	106,788	31,788	-
Adjustment to fair value	150	(138)	-
	$ 106,938	$ 31,650	$ -

The Company only invests in debt instruments with a credit rating of investment grade or higher and that are considered to have low credit risk under impairment assessment. The credit rating information is provided by independent rating agencies. The Company continuously monitors external rating information to track changes in the credit risk of the invested debt instruments. Additionally, the Company reviews other information such as

bond yield curves and significant disclosures from debtors to assess whether there has been a significant increase in credit risk since initial recognition.

In assessing the 12-month expected credit loss or lifetime expected credit loss of debt instrument investments, the Company considers the historical default probabilities and loss given default associated with each rating category provided by external rating agencies, the current financial status of the debtor, and the industry outlook in which the debtor operates.

The Company's current credit risk rating framework is as follows:

Credit Rating	Definition	Basis for Expected Credit Loss Recognition
Performing	Less than 30-days past due, the debtor has low risk and sufficient ability to meet contractual cash flows.	12-month expected credit loss

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows

June 30, 2026

	Gross carrying amount	
Credit Rating	Expected Credit Loss Rate	At Fair Value Through Other Comprehensive Income
Performing	0%	$106,788

December 31, 2025

	Gross carrying amount	
Credit Rating	Expected Credit Loss Rate	At Fair Value Through Other Comprehensive Income
Performing	0%	$ 31,788

June 30, 2025

	Gross carrying amount	
Credit Rating	Expected Credit Loss Rate	At Fair Value Through Other Comprehensive Income
Performing	0%	$ -

11. TRADE RECEIVABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Trade receivables			
At amortized cost			
Gross carrying amount	$ 327,908	$ 251,697	$ 170,930
Less: Allowance for impairment loss	(1,261)	(1,261)	(1,261)
	$ 326,647	$ 250,436	$ 169,669

The credit period of sales of goods was 30~115 days. No interest was charged on trade receivables. The Company adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information or its own historical trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The lifetime expected credit losses are estimated using a provision matrix, taking into account the customer's past default records, current financial position, and industry economic conditions. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

June 30, 2026

	Not Past Due	1 to 30 Days	31 to 90 Days	Over 90 Days	Total
Expected Credit Loss Rate	0.4%	0%	100%	0%	
Gross carrying amount	$ 327,865	$ -	$ 43	$ -	$ 327,908
Loss allowance (Lifetime ECLs)	(1,218)	-	(43)	-	(1,261)
Amortized cost	$ 326,647	$ -	$ -	$ -	$ 326,647

December 31, 2025

	Not Past Due	1 to 30 Days	31 to 90 Days	Over 90 Days	Total
Expected Credit Loss Rate	0.5%	0%	0%	0%	
Gross carrying amount	$ 251,697	$ -	$ -	$ -	$ 251,697
Loss allowance (Lifetime ECLs)	(1,261)	-	-	-	(1,261)
Amortized cost	$ 250,436	$ -	$ -	$ -	$ 250,436

June 30, 2025

	Not Past Due	1 to 30 Days	31 to 90 Days	Over 90 Days	Total
Expected Credit Loss Rate	0.7%	0%	0%	0%	
Gross carrying amount	$ 170,930	$ -	$ -	$ -	$ 170,930
Loss allowance (Lifetime ECLs)	(1,261)	-	-	-	(1,261)
Amortized cost	$ 169,669	$ -	$ -	$ -	$ 169,669

The movements of the loss allowance of trade receivables were as follows:

	Six Months Ended June 30	
	2026	2025
Balance at January 1 and June 30	$ 1,261	$ 1,261

Compared with January 1, 2026, the total carrying amount of trade receivables as of June 30, 2026 increased by a net amount of $76,211 thousand, and the loss allowance did not change; compared with January 1, 2025, the total carrying amount of trade receivables as of June 30, 2025 decreased by a net amount of $29,335 thousand, and the loss allowance did not change.

12. INVENTORIES

	June 30, 2026	December 31, 2025	June 30, 2025
Finished goods	$ 75,072	$ 113,509	$ 134,614
Work in progress	272,214	255,683	233,986
Raw materials	72,730	99,070	47,668
	$ 420,016	$ 468,262	$ 416,268

The above inventories were not provided as guarantee.

Cost of goods sold is defined as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Cost of inventories sold	$ 507,659	$ 414,243	$ 941,410	$ 778,406
Allowance for inventory valuation loss (reversal of write-down inventories)	(6,000)	(24,750)	(5,000)	(5,240)
Others	(10,523)	(3,188)	(19,208)	(6,216)
	$ 491,136	$ 386,305	$ 917,202	$ 766,950

The net realizable value of inventories has recovered because the factors previously causing the net realizable value of inventories to be lower than the cost have disappeared.

13. PROPERTY, PLANT AND EQUIPMENT

	Lease Improvement	Machinery Equipment	Test Equipment	Office Equipment	Total
Cost					
Balance at January 1, 2025	$ 9,638	$ 10,636	$ 199,896	$ 482	$ 220,652
Additions	-	210	22,666	31	22,907
Disposals	-	(252)	(104)	(48)	(404)
Balance at June 30, 2025	$ 9,638	$ 10,594	$ 222,458	$ 465	$ 243,155
Accumulated depreciation					
Balance at January 1, 2025	$ 4,137	$ 6,031	$ 130,776	$ 315	$ 141,259
Depreciation expense	976	1,109	23,291	30	25,406
Disposals	-	(252)	(104)	(48)	(404)
Balance at June 30, 2025	$ 5,113	$ 6,888	$ 153,963	$ 297	$ 166,261
Carrying amount at June 30, 2025	$ 4,525	$ 3,706	$ 68,495	$ 168	$ 76,894
Cost					
Balance at January 1, 2026	$ 9,638	$ 11,814	$ 270,435	$ 464	$ 292,351
Additions	-	645	13,917	-	14,562
Disposals	-	(165)	-	-	(165)
Balance at June 30, 2026	$ 9,638	$ 12,294	$ 284,352	$ 464	$ 306,748
Accumulated depreciation					
Balance at January 1, 2026	$ 6,089	$ 7,975	$ 145,644	$ 327	$ 160,035
Depreciation expense	976	1,200	25,195	30	27,401
Disposals	-	(165)	-	-	(165)
Balance at June 30, 2026	$ 7,065	$ 9,010	$ 170,839	$ 357	$ 187,271
Carrying amount at June 30, 2026	$ 2,573	$ 3,284	$ 113,513	$ 107	$ 119,477
Carrying amount at December 31, 2025 and January 1, 2026	$ 3,549	$ 3,839	$ 124,791	$ 137	$ 132,316

The impairment loss was not recognized or reversed for the six months ended June 30, 2026 and 2025.

The Company's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Lease Improvement	5 years
Machinery Equipment	3~4 years
Test Equipment	3~6 years
Office Equipment	6 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount			
Buildings	$ 21,426	$ 19,043	$ 23,236

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Additions to right-of-use assets			$ 6,636	$ -
Depreciation charge for right-of-use assets				
Buildings	$ 2,127	$ 2,097	$ 4,253	$ 4,194
Income from the subleasing of right-of-use assets (classified under other operating income)	$ 172	$ 175	$ 346	$ 350

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease income or impairment of the Company's right-of-use assets for the six months ended June 30, 2026 and 2025.

b. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount			
Current	$ 8,323	$ 6,063	$ 7,049
Non-current	$ 13,024	$ 12,735	$ 15,786

Range of discount rates for lease liabilities was as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Buildings	2.210%~2.260%	2.220%	1.845%~2.220%

c. Material lease activities and terms

The Company's buildings in Hsinchu were leased from the Parent Company, and the lease terms expire in December 2028. The Company does not have bargain purchase options to acquire the leases when they expire, it is also agreed that without the lessor's consent, the Company shall not sublease or assign all or part of the leased subject matter, please refer to Note 28 for details.

The Company also leases office space in Tainan, with lease terms expiring in February 2029. The Company does not have bargain purchase options to acquire the leases when they expire, it is also agreed that without the lessor's consent, the Company shall not sublease or assign all or part of the leased subject matter.

d. Other lease information

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Expenses relating to short-term leases	$ 413	$ 352	$ 826	$ 703
Total cash outflow for leases			($ 5,170)	($ 4,966)

The Company's leases of certain parking spaces qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Royalty	Computer Software	Total
Cost			
Balance at January 1, 2025	$ 26,923	$ 43,764	$ 70,687
Additions	2,391	8,503	10,894
Balance at June 30, 2025	$ 29,314	$ 52,267	$ 81,581
Accumulated amortization			
Balance at January 1, 2025	$ 25,167	$ 27,451	$ 52,618
Amortization expense	1,222	4,610	5,832
Balance at June 30, 2025	$ 26,389	$ 32,061	$ 58,450
Carrying amount at June 30, 2025	$ 2,925	$ 20,206	$ 23,131
Cost			
Balance at January 1, 2026	$ 31,053	$ 55,076	$ 86,129
Additions	890	1,072	1,962
Balance at June 30, 2026	$ 31,943	$ 56,148	$ 88,091
Accumulated amortization			
Balance at January 1, 2026	$ 27,610	$ 37,234	$ 64,844
Amortization expense	1,460	4,674	6,134
Balance at June 30, 2026	$ 29,070	$ 41,908	$ 70,978
Carrying amount at June 30, 2026	$ 2,873	$ 14,240	$ 17,113
Carrying amount at December 31, 2025 and January 1, 2026	$ 3,443	$ 17,842	$ 21,285

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Royalty	2 years
Computer Software	2~6 years

An analysis of amortization by function:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
General and administrative expenses	$ 280	$ 174	$ 598	$ 812
Research and development expenses	2,745	2,889	5,536	5,020
	$ 3,025	$ 3,063	$ 6,134	$ 5,832

16. OTHER ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Other current assets			
Others	$ 687	$ 969	$ 437
Prepayments			
Input tax and offset against business tax	$ 11,370	$ 9,363	$ 6,259
Prepaid probe cards	11,285	16,325	6,456
Prepayments	2,192	953	1,893
	$ 24,847	$ 26,641	$ 14,608
Non-current			
Other non-current assets			
Prepayments for buildings	$ 218,398	$ 199,658	$ 162,178
Prepayments for investments	50,000	-	-
Prepayments for equipment	42,373	828	368
Refundable deposits	34,774	41,936	39,176
	$ 345,545	$ 242,422	$ 201,722

Please refer to Note 30 for details of the contract terms related to the prepayments for buildings and the capacity guarantee agreements.

17. OTHER LIABILITIES

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Other payables			
Payables for salaries and bonuses	$ 144,901	$ 111,039	$ 142,159
Payables for research	5,282	5,464	5,967
Payables for equipment	3,350	29,555	4,943
Others	40,540	41,871	28,883
	$ 194,073	$ 187,929	$ 181,952
Other current liabilities			
Contract liabilities	$ 17,393	$ 40,913	$ 14,323
Others	2,076	1,926	1,827
	$ 19,469	$ 42,839	$ 16,150
Non-current			
Other non-current liabilities			
Decommissioning liabilities	$ 2,590	$ 2,577	$ 2,564

18. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The pension expenses recognized by the Company for the three months ended June 30, 2026 and 2025, and the six months ended June 30, 2026 and 2025, were $2,688 thousand, $2,455 thousand, $5,383 thousand, and $4,937 thousand, respectively.

19. EQUITY

a. Share capital

	June 30, 2026	December 31, 2025	June 30, 2025
Number of shares authorized (in thousands)	50,000	50,000	50,000
Share capital	$ 500,000	$ 500,000	$ 500,000
Number of shares issued and fully paid (in thousands)	41,998	42,005	41,919
Shares issued	$ 419,978	$ 420,053	$ 419,193
Share capital awaiting retirement	$ 45	$ -	$ -

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

The authorized shares include 6,000 thousand shares reserved for the exercise of employee stock options.

The changes in the Company's share capital were primarily due to the issuance of restricted stock for employees, and the cancellation of unvested restricted stock for employees.

On September 18, 2024, the Company's extraordinary general meeting resolved to issue for free of charge 500 thousand shares of restricted stock for employees, with a par value of $10. The resolution was also filed to the Securities and Futures Bureau, FSC of the ROC and enforced on October 9, 2024. The Board of Directors resolved the issuance of 293 thousand, 46 thousand and 58 thousand shares of restricted stock for employees, with October 30, 2024, July 30, 2025 and December 17, 2025, respectively, as the capital increase record date, and the registration of the capital change was completed on November 18, 2024, August 29, 2025 and January 2, 2026, respectively.

During the six months ended June 30, 2026, the Company reclaimed some employee restricted stock due to certain employees not meeting the vesting conditions. Of these, 45 thousand shares have been reclassified as share capital to be cancelled as the change in registration is not yet complete. Refer to Note 24 for information on restricted shares for employees.

b. Capital surplus

	June 30, 2026	December 31, 2025	June 30, 2025
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Issuance of ordinary shares	$ 1,430,987	$ 1,426,705	$ 1,412,571
Donations received from shareholders	7,969	7,969	7,969
Not used for any purpose			
Restricted stock for employees	51,281	58,241	62,920
	$ 1,490,237	$ 1,492,915	$ 1,483,460

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a net profit after tax for the year in a fiscal year, the profit shall be distributed in the following order:

1) Offsetting losses of previous years.

2) Setting aside as a legal reserve of 10% of the remaining profit. However, if the legal reserve has reached the Company's paid-in capital, this condition does not apply.

3) Setting aside or reversing a special reserve in accordance with the laws and regulations or competent authority regulations.

4) Any remaining profit together with the beginning of period undistributed retained earnings (including adjustment of the amount of undistributed earnings) would be the basis for making the distribution proposal by the Company's board of directors, and should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The Board of Directors of the Company is authorized to make special resolutions to distribute all or part of the dividends and bonuses in the form of cash, and to report it to the latest shareholders' meeting.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 21(h).

The Company allocates no less than 10% of distributable profits each year for the distribution of shareholder dividends, the distribution of dividends to shareholders can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget as well as taking into account the

interests of shareholders, balance of dividends and long-term financial planning etc., the board of directors shall make the distribution proposal annually and present it at the shareholders' meeting.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2025 and 2024 were as follows:

	2025	2024
Legal reserve	$ 50,729	$ 58,822
Special Reserve	$ -	($ 904)
Cash dividends	$420,053	$530,304
Cash dividends per share (NT$)	$ 10.00	$ 12.65

The cash dividends mentioned above were approved by the Board of Directors on March 4, 2026, and March 5, 2025, respectively. The other proposed appropriations for 2025 and 2024 were resolved by the shareholders in their meeting on June 24, 2026, and June 26, 2025, respectively. In addition, due to the forfeiture and repurchase of restricted employee shares for the appropriation of 2025 earnings, which resulted in a change in the number of outstanding shares, the cash dividend distribution to shareholders was adjusted. The Board of Directors authorized the Chairman to approve a revision of the cash dividend to $10.002 per share.

d. Special reserve

	Six Months Ended June 30	Six Months Ended June 30
	2026	2025
Balance at January 1	$ -	$ 904
Special reserve		
Debits to other equity items	-	(904)
Balance at June 30	$ -	$ -

e. Other equity items

1) Unrealized gain (loss) on financial assets at FVTOCI

	Six Months Ended June 30 2026	Six Months Ended June 30 2025
Balance at January 1	$ 5,175	$ -
Generated in the current period.		
Recognized for the six months		
Unrealized gain (loss) - equity instruments	53,773	1,879
Unrealized gain (loss) - debt instruments	288	-
Cumulative unrealized (gain) loss of equity instruments transferred to retained earnings due to disposal	-	(1,257)
Balance at June 30	$ 59,236	$ 622

2) Unearned stock-based employee compensation

At the extraordinary shareholder's meeting held on September 18, 2024, the Company resolved to issue new restricted stock for employees. Refer to Note 24 for related details.

	Six Months Ended June 30 2026	Six Months Ended June 30 2025
Balance at January 1	($ 39,311)	($ 62,375)
Recognized share-based payment	11,091	17,788
Retirement of employee restricted stock	2,798	-
Balance at June 30	($ 25,422)	($ 44,587)

20. REVENUE

a. Disaggregation of revenue

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Product				
Integrated circuits	$ 861,442	$ 616,639	$ 1,581,510	$ 1,240,934
Others	41	14	48	14
	$ 861,483	$ 616,653	$ 1,581,558	$ 1,240,948

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Primary geographical markets				
Hong Kong	$ 634,114	$ 458,000	$ 1,186,321	$ 941,102
Taiwan	142,706	125,363	249,671	239,947
China	83,978	33,290	144,817	59,899
Others	685	-	749	-
	$ 861,483	$ 616,653	$ 1,581,558	$ 1,240,948

The basis of calculation of the Company's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.

b. Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Trade receivables (Note 11)	$ 326,647	$ 250,436	$ 169,669	$ 199,004
Trade receivables from related parties (Note 28)	41,366	91,707	31,036	11,534
Total	$ 368,013	$ 342,143	$ 200,705	$ 210,538
Contract liabilities (Note 17)				
Sales of goods	$ 17,393	$ 40,913	$ 14,323	$ 12,983

Revenue recognized in the current period that was included in the contract liability balance at the beginning of the year is as follows:

	Six Months Ended June 30	
	2026	2025
From contract liabilities at the start of the year		
Sales of goods	$ 40,913	$ 12,983

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

21. NET PROFIT

a. Other operating income

	Three Months Ended June 30,		Six Months Ended June 30	
	2026	2025	2026	2025
Gain on sublease of right-of-use assets	$ 172	$ 175	$ 346	$ 350

b. Interest income

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Financial assets at amortized cost	$ 6,866	$ 9,097	$ 13,820	$ 18,848
Financial assets at FVTPL	1,698	-	2,399	-
Investments in debt instruments at FVTOCI	1,185	-	2,173	-
Imputed interest on deposits	-	-	18	18
	$ 9,749	$ 9,097	$ 18,410	$ 18,866

c. Other income

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Dividend income	$ 4,150	$ 1,356	$ 4,150	$ 1,356
Rental income	117	89	234	178
Other income	28	48	28	49
	$ 4,295	$ 1,493	$ 4,412	$ 1,583

d. Other gains and (losses)

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Gain on financial assets and liabilities designated as at FVTPL	$ 3,752	$ 238	$ 5,435	$ 38
Net foreign exchange gains (losses)	(350)	(11,909)	4,513	(9,500)
	$ 3,402	($ 11,671)	$ 9,948	($ 9,462)

e. Finance costs

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Interest on lease liabilities	$ 123	$ 129	$ 257	$ 268
Interest on loans	-	208	32	208
Other interest expenses	6	114	12	333
	$ 129	$ 451	$ 301	$ 809

f. Depreciation and amortization

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Property, plant and equipment	$ 13,353	$ 12,410	$ 27,401	$ 25,406
Right-of-use assets	2,127	2,097	4,253	4,194
Intangible assets	3,025	3,063	6,134	5,832
Total	$ 18,505	$ 17,570	$ 37,788	$ 35,432
An analysis of depreciation by function				
Operating expenses	$ 12,637	$ 14,068	$ 25,994	$ 28,653
Operating costs	2,843	439	5,660	947
	$ 15,480	$ 14,507	$ 31,654	$ 29,600
An analysis of amortization by function				
Operating expenses	$ 3,025	$ 3,063	$ 6,134	$ 5,832

For information regarding the allocation of intangible asset amortization expense to individual line items, please refer to Note 15.

g. Employee benefits expense

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Short-term benefits	$ 115,465	$ 83,333	$ 213,083	$ 166,104
Post-employment benefits				
Defined contribution plans (Note 18)	2,688	2,455	5,383	4,937
Share-based payments	4,657	8,894	11,091	17,788
Total employee benefits expense	$ 122,810	$ 94,682	$ 229,557	$ 188,829
An analysis of employee benefits expense by function				
Operating expenses	$ 112,687	$ 87,024	$ 210,689	$ 174,189
Operating costs	10,123	7,658	18,868	14,640
	$ 122,810	$ 94,682	$ 229,557	$ 188,829

h. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Company, the Company accrued employees' compensation at rates of no less than 1% and no higher than 25%, and remuneration of directors at rates of no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

In accordance with the amendment to the Securities and Exchange Act enacted in August 2024, the Company's Articles of Incorporation were amended and approved by a resolution of the shareholders' meeting on June 26, 2025, to specify that no less than 50% of the employee remuneration referred to above shall be allocated to non-executive employees' compensation. The estimated employees' compensation (including non-executive employees' compensation) and the remuneration of directors for the three months ended June 30, 2026 and 2025, and the six months ended June 30, 2026 and 2025, are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Employees' compensation	$ 17,153	$ 7,640	$ 29,414	$ 16,625
Remuneration of directors	$ 1,715	$ 765	$ 2,941	$ 1,663

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and the remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on March 4, 2026 and March 5, 2025, respectively, are as follows:

	2025	2024
	Cash	Cash
Employees' compensation	$ 42,586	$ 52,970
Remuneration of directors	4,259	5,297

There is no difference between the actual amounts of employees' compensation as well as remuneration of directors and the amount recognized in the financial statements for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Foreign exchange gains	$ 5,813	$ 20,621	$ 18,263	$ 28,489
Foreign exchange losses	(6,163)	(32,530)	(13,750)	(37,989)
Net (loss) gain	($ 350)	($ 11,909)	$ 4,513	($ 9,500)

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Current tax				
In respect of the current period	$ 32,942	$ 9,177	$ 56,860	$ 29,405
Adjustments for prior years	-	(16,125)	-	(16,125)
	32,942	(6,948)	56,860	13,280
Deferred tax				
In respect of the current period	550	-	518	-
a. Income tax (benefit) recognized in profit or loss	$ 33,492	($ 6,948)	$ 57,378	$ 13,280

b. Income tax assessments

The Company's tax returns through 2024 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Basic earnings per share	$ 4.57	$ 2.43	$ 7.84	$ 4.83
Diluted earnings per share	$ 4.54	$ 2.42	$ 7.76	$ 4.80

The net income and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

NET INCOME

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Net income attributable to shareholders	$ 190,584	$ 101,023	$ 326,817	$ 200,851
Earnings used in the computation of basic and diluted earnings per share	$ 190,584	$ 101,023	$ 326,817	$ 200,851

Shares

Unit: in thousands of shares

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Weighted average number of ordinary shares used in the computation of basic earnings per share	41,704	41,627	41,703	41,627
Effect of potentially dilutive ordinary shares:				
Employee restricted stock	144	55	149	55
Employees' compensation	151	115	238	200
Weighted average number of ordinary shares used in the computation of diluted earnings per share	41,999	41,797	42,090	41,882

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. In calculating diluted earnings per share before the determination of the number of shares to be distributed to employees in the following year, the dilutive effect of such potential ordinary shares is also considered.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Employee restricted stock

On September 18, 2024, the extraordinary general meeting of the Company approved to issue for free of charge 500 thousand shares of restricted stock for employees, with a par value of $10, according to the issuance plan, the Company may issue the restricted stock for employees either all at once or in several installments, depending on the actual needs, within two years from the effective date of the notice of issuance. The resolution was also filed to the Securities and Futures Bureau, FSC of the ROC and enforced on October 9, 2024.

Information on the Company issued new shares with restricted stocks for employees is as follows:

Date of approval by the shareholders' meeting	Number of shares expected to be issued (In thousands)	Number of shares resolved by the Board of Directors (In thousands)	Granted date	Effective date of the capital increase	Number of actually issued shares (In thousands)	Fair value on the granted date
September 18, 2024	500	293	October 30, 2024	October 30, 2024	293	$ 233.12
September 18, 2024	500	46	July 30, 2025	July 30, 2025	46	132.00
September 18, 2024	500	58	December 17, 2025	December 17, 2025	58	145.50

a. The vesting conditions for the restricted stock for employees issued by the Company are as follows:

1) Remaining employed on each vesting period.

2) Personnel who satisfied the Company's established individual performance assessment indicators and the Company's overall performance.

3) Has not violated any contracts entered into with the Company or its domestic or foreign subsidiaries or affiliates during any vesting period.

4) Has not violated these regulations or the work rules and company policies of the Company or its domestic or foreign subsidiaries or affiliates during any vesting period.

5) Has not violated any contracts between third parties and the Company or its domestic or foreign subsidiaries or affiliates during any vesting period.

The maximum percentage of shares that may vest each year is as follows:

Vesting period	Proportion
Remain employed by the Company for one year	25%
Remain employed by the Company for two years	25%
Remain employed by the Company for three years	25%
Remain employed by the Company for four years	25%

b. After the allocation of new shares, employees will be delivered to a trust or custodian according to the Company's procedures. In addition, before meeting the vesting conditions, the restricted rights are as follows:

1) According to the trust agreement, after the employee acquired the new shares, the employee cannot sell, mortgage, transfer, donate, pledge, no objection to the right to buy, or other way due to disposal before the vested condition is reached. However, if there are other norms in this measure, they shall be followed.

2) The attendance, proposals, speeches, voting rights, and other shareholder rights of the shareholders' meeting shall be exercised by the trust custodian institution according to law.

3) Employee restricted shares, after the new shares are issued, they should be immediately delivered to the trust, and the employee must not ask the trustee for any reason or manner to receive the return of the employee's rights to new shares before the vested condition is reached.

4) During the vesting period, if the Company conducts a cash capital reduction or a capital reduction to offset losses, which is not a statutory capital reduction, the restricted stock awards for employees shall be canceled in proportion to the capital reduction. In the case of a cash capital reduction, the refunded cash must be placed in trust or custody and delivered to the employees upon the fulfillment

of the vesting conditions. However, if the vesting conditions are not met, the Company will reclaim the cash.

c. The information regarding the new shares of restricted stock awards for employees issued are as follows:

	Number of Shares (In Thousands)	
	Six Months Ended June 30	
	2026	2025
Balance at January 1	304	293
Vested in current year	(24)	(11)
Recovered in the current period	(12)	-
Balance at June 30	268	282

On October 30, 2024, the Company granted restricted stock awards for employees, which were valued using the Black-Scholes Pricing Model. The inputs values applied in the valuation model are as follows:

Grant date fair value of shares (NT$)	$ 233.12
Expected volatility rate	18.96%
Option life	1~4 years
Dividend yield	0.00%
Risk-free interest rate	1.3625%

If employees fail to meet the vesting conditions, the Company will reclaim the shares without compensation and proceed with cancellation.

Compensation costs of the Company's restricted stock options for employees were $11,091 thousand and $17,788 thousand for the six months ended June 30, 2026 and 2025, respectively.

25. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

Six Months Ended June 30, 2026

			Non-cash Changes		
	January 1, 2026	Cash Flows	Foreign Exchange Movement	New Leases	June 30, 2026
Lease liabilities	$ 18,798	($ 4,087)	$ -	$ 6,636	$ 21,347

Six Months Ended June 30, 2025

			Non-cash Changes		
	January 1, 2025	Cash Flows	Foreign Exchange Movement	New Leases	June 30, 2025
Lease liabilities	$ 26,830	($ 3,995)	$ -	$ -	$ 22,835
Guarantee deposits received	39,579	(36,607)	(2,972)	-	-
	$ 66,409	($ 40,602)	($ 2,972)	$ -	$ 22,835

26. CAPITAL RISK MANAGEMENT

The objectives, policies and processes of capital risk management and the capital structure of the Company in these financial statements were applied as the same as in the preparation of the financial statements for the year ended December 31, 2025. Please refer to Note 26 to the financial statements for the year ended December 31, 2025 for details.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements are relatively close to their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

June 30, 2026

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic mutual fund investments	$ 27,371	$ -	$ -	$ 27,371
Convertible bonds	9,590	-	-	9,590
Exchangeable bonds	4,975	-	-	4,975
Derivative instruments				
Credit linked notes - linked to corporate bonds	$ -	$ 254,516	$ -	$ 254,516
Foreign exchange forward contracts and foreign exchange swap contracts	-	3,702	-	3,702
	$ 41,936	$ 258,218	$ -	$ 300,154
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	$ 158,463	$ -	$ -	$ 158,463
Domestic unlisted equity investments	-	-	124,228	124,228
Debt instruments				
Corporate bonds	-	106,938	-	106,938
	$ 158,463	$ 106,938	$ 124,228	$ 389,629
Financial liabilities at FVTPL				
Derivative instruments				
Foreign exchange swap contracts	$ -	$ 1,499	$ -	$ 1,499

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic mutual fund investments	$ 25,703	$ -	$ -	$ 25,703
Convertible bonds	9,620	-	-	9,620
Exchangeable bonds	4,913	-	-	4,913
Derivative instruments				
Credit linked notes - linked to corporate bonds	-	72,762	-	72,762
Foreign exchange forward contracts and foreign exchange swap contracts	-	1,806	-	1,806
	$ 40,236	$ 74,568	$ -	$ 114,804
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	$ 124,012	$ -	$ -	$ 124,012
Domestic unlisted equity investments	-	-	83,764	83,764
Debt instruments				
Corporate bonds	-	31,650	-	31,650
	$ 124,012	$ 31,650	$ 83,764	$ 239,426
Financial liabilities at FVTPL				
Derivative instruments				
Foreign exchange swap contracts	$ -	$ 1,555	$ -	$ 1,555

June 30, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic mutual fund investments	$ 22,880	$ -	$ -	$ 22,880
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	$ 35,105	$ -	$ -	$ 35,105

For the six months ended June 30, 2026 and 2025, there were no transfers between Level 1 and Level 2 fair value measurements.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic corporate bonds	Based on the public market quotes provided by third-party agencies.
Credit linked notes - linked to corporate bonds	Based on the public market quotation of corporate bond, the parameters of the repurchase, the coupon interest and the interest compensation are considered as the basis for fair value measurement.
Derivatives - foreign exchange forward contracts and foreign exchange swap contracts	Discounted cash flow method: Estimate the future cash flow at the end of the period by observing the forward exchange rate and the exchange rate and interest rate set by the contract, and have already discounted the discount rate of each counterparty's credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic unlisted equity investments are evaluated by the net asset value method. The management of the Company evaluates the target of such equity investments with the active market quotation, and the net asset amount tends to the fair value of the equity investments.

4) Adjustment of financial instruments measured using Level 3 fair values

The Company's financial assets under level 3 fair value measurement are equity instruments measured at fair value through other comprehensive income.

Six Months Ended June 30, 2026

	Equity instruments at FVTOCI
Balance at January 1	$ 83,764
Recognized under other comprehensive income	40,464
Balance at June 30	$ 124,228

c. Categories of financial instruments

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets			
Financial assets at FVTPL			
Mandatorily measured at FVTPL	$ 300,154	$ 114,804	$ 22,880
Financial assets at amortized cost (1)	1,862,293	2,271,706	2,183,178
Financial assets at FVTOCI			
Investments in equity instruments at FVTOCI	282,691	207,776	35,105
Debt instruments	106,938	31,650	-
Financial liabilities			
Financial assets at FVTPL			
Held for trading	1,499	1,555	-
Financial liabilities at amortized cost (2)	417,511	468,622	297,794

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, trade receivables (including receivables from related parties), other receivables, refundable deposits and other current assets.

2) The balances include financial liabilities at amortized cost, which comprise trade payables and other payables (including other payables to related parties).

d. Financial risk management objectives and policies

The Company’s major financial instruments include equity and debt investments, trade receivables and trade payables. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company’s policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal

auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change in the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

	USD Impact	
	Six Months Ended June 30	
	2026	2025
Profit or loss	$ 12,250	$ 579

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Fair value interest rate risk			
Financial assets	$ 1,112,747	$ 1,478,790	$ 1,506,205
Financial liabilities	$ 21,347	$ 18,798	$ 22,835
Cash flow interest rate risk			
Financial assets	$ 439,858	$ 433,076	$ 425,817

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liabilities outstanding at the end of the reporting period was outstanding for the reporting period.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the six months ended June 30, 2026 and 2025 would increase/decrease by $220 thousand and $213 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on variable-rate net assets. The Company's pre-tax other comprehensive income for the six months ended June 30, 2026, would decrease/increase by $53 thousand, which was mainly due to the changes in the fair value of investments in fixed-rate debt instruments at FVTOCI.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities, convertible bonds, exchangeable bonds, credit linked structured notes of listed companies and mutual fund investments. The Company does not actively trade these investments. The Company's equity price risk is mainly concentrated in equity instruments operating in the semiconductor industry, and finance and insurance industries, convertible bonds, exchangeable bonds, credit linked structured notes, and open-end mutual funds quoted on Taiwan Stock Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the six months ended June 30, 2026 and 2025 would have increased/decreased by $14,823 thousand and $1,144 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. Pre-tax other comprehensive income for the six months ended June 30, 2026 and 2025 would have increased/decreased by $7,923 thousand and $1,755 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Company assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition, the Company reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with sound credit ratings, the credit risk is limited.

Apart from customers whose accounts receivable constitute more than 10% of the Company's total trade receivables, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk is minimal because the customers which account for more than 10% of the Company's trade receivables balance are creditworthy companies.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of June 30, 2026, December 31 and June 30, 2025, the Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

June 30, 2026

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 175,620	$ 234,516	$ 152,276	$ -	$ 562,412
Lease liabilities	725	1,450	6,523	13,234	21,932
	$ 176,345	$ 235,966	$ 158,799	$ 13,234	$ 584,344

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 228,860	$ 272,035	$ 78,766	$ -	$ 579,661
Lease liabilities	531	1,066	4,809	13,012	19,418
	$ 229,391	$ 273,101	$ 83,575	$ 13,012	$ 599,079

June 30, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 136,387	$ 169,695	$ 133,871	$ -	$ 439,953
Lease liabilities	711	1,421	5,332	16,217	23,681
	$ 137,098	$ 171,116	$ 139,203	$ 16,217	$ 463,634

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

June 30, 2026

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward contracts and foreign exchange swap contracts				
－Inflows	$ -	$ 206,252	$ 206,352	$ -
－Outflows	-	(205,396)	(205,005)	-
	$ -	$ 856	$ 1,347	$ -

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward contracts and foreign exchange swap contracts				
—Inflows	$ 31,475	$ 61,306	$ -	$ -
—Outflows	(31,407)	(61,123)	-	-
	$ 68	$ 183	$ -	$ -

c) Financing facilities

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	$ -	$ -	$ -
Amount unused	1,864,050	1,858,590	1,530,900
	$ 1,864,050	$ 1,858,590	$ 1,530,900

28. TRANSACTIONS WITH RELATED PARTIES

Sitronix Technology Corp. is the Company's parent company, it owns 55.81%, 55.80% and 55.81% of the Company's common shares as of June 30, 2026, December 31 and June 30, 2025, respectively.

In addition to those disclosed in other notes, detail of transactions between the Company and related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Sitronix Technology Corp.	Parent company
Sync-Tech System Corp.	Fellow subsidiary

b. Sales of goods

	Three Months Ended June 30		Six Months Ended June 30	
Related Party Category	2026	2025	2026	2025
Parent Company	$ 49,636	$ 47,400	$ 71,232	$ 105,436

The transactions for related parties were negotiated under the terms of general transactions and prices.

c. Purchases

Related Party Category	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Parent Company	$ 319	$ -	$ 319	$ -

The transactions for purchases from related parties were negotiated under the terms of general transactions and prices.

d. Manufacturing expenses

Related Party Category	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Fellow subsidiary	$ 12,360	$ 5,359	$ 27,427	$ 15,146
Parent Company	29	29	57	57
	$ 12,389	$ 5,388	$ 27,484	$ 15,203

The transactions in which the Company made payments of support service expenses, probe cards, and general and administrative expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

e. Operating expenses

Account Item	Related Party Category	Three Months Ended June 30		Six Months Ended June 30	
		2026	2025	2026	2025
Support service expenses	Parent Company	$ 16,808	$ 12,846	$ 32,532	$ 25,657
General and administrative expenses	Fellow subsidiary	9	9	17	17
		$ 16,817	$ 12,855	$ 32,549	$ 25,674

The transactions in which the Company made payments of support service expenses, general and administrative expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

f. Payables to related parties

Account Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Trade receivables from related parties	Parent Company	$ 41,366	$ 91,707	$ 31,036
Other receivables	Parent Company	-	1	-
		$ 41,366	$ 91,708	$ 31,036

The outstanding trade receivables from related parties were unsecured. No allowance for doubtful accounts were recognized for trade receivables from related parties for the six months ended June 30, 2026 and 2025.

g. Payables to related parties

Account Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Other payables to related parties	Parent Company	$ 25,740	$ 38,661	$ 32,390
	Fellow subsidiary	12,978	15,200	5,627
		$ 38,718	$ 53,861	$ 38,017

The outstanding payables to related parties are unsecured.

h. Refundable deposits

Account Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Refundable deposits	Parent Company	$ 961	$ 961	$ 961
	Fellow subsidiary	59	59	59
		$ 1,020	$ 1,020	$ 1,020

The aforementioned refundable deposits from the related parties were made for lease guarantees.

i. Lease arrangement

	Three Months Ended June 30		Six Months Ended June 30	
Related Party Category	2026	2025	2026	2025
Acquisition of right-of-use assets				
Parent Company	$ -	$ -	$ 6,636	$ -

Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Lease liabilities			
Parent Company	$ 18,931	$ 15,956	$ 19,583

	Three Months Ended June 30		Six Months Ended June 30	
Related Party Category	2026	2025	2026	2025
Interest expenses				
Parent Company	$ 109	$ 111	$ 228	$ 231
Lease expenses				
Parent Company	$ 200	$ 186	$ 416	$ 387
Fellow subsidiary	84	84	169	169
	$ 284	$ 270	$ 585	$ 556

(Continued)

Related Party Category	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Imputed interest on deposits				
Parent Company	$ -	$ -	$ 17	$ 17
Fellow subsidiary	-	-	1	1
	$ -	$ -	$ 18	$ 18

(Concluded)

In January 2024 and January 2026, the Company entered into lease agreements with related parties for building A and office workstations, respectively. The lease terms are 5 years and 3 years, respectively. The rental payments were determined with reference to the rental rates of similar assets and are paid in fixed monthly installments in accordance with the lease agreements.

Lease expenses include short-term lease expenses.

j. Remuneration of key management personnel

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Short-term benefits	$ 6,656	$ 3,991	$ 13,190	$ 10,895
Post-employment benefits	73	71	145	163
	$ 6,729	$ 4,062	$ 13,335	$ 11,058

The remuneration of directors and other key executives was determined by the remuneration committee based on the performance of individuals and the Company's profits.

29. ASSETS PLEDGED AS SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

	June 30, 2026	December 31, 2025	June 30, 2025
Pledged time deposits (classified under financial assets measured at amortized cost - current)	$ 417,005	$ 417,005	$ 417,005

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the significant commitments of the Company at the balance sheet date are as follows:

a. Long-term purchase agreements

The Company entered into long-term purchase agreements of materials with suppliers during 2021 and 2026. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Company in accordance with the agreements. As of June 30, 2026, the Company has paid the suppliers USD1,053 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement. Refundable deposits was USD1,053 thousand.

b. Acquisition of Property

The Company's Board of Directors approved on September 6, 2023, to purchase the office premises and entered into a purchase agreement with Winsome Development Co., Ltd. to acquire office on the 8th and 9th floors and parking spaces of Building 2B, Phase 10 of Tai Yuen Hi-Tech Industrial Park, in the amount of NT$937,250 thousand (including tax). As of June 30, 2026, an amount of NT$215,570 thousand has been paid.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies were aggregated by the foreign currencies other than functional currencies, together with the related exchange rates between foreign currencies and respective functional currencies. The Company's significant financial assets and liabilities denominated in foreign currencies were as follows:

June 30, 2026

	Foreign Currency	Exchange Rate
Foreign currency assets		
Monetary items		
USD	$ 18,168	31.850
Non-Monetary items		
USD	8,003	31.850
Foreign currency liabilities		
Monetary items		
USD	10,476	31.850
Non-Monetary items		
USD	6,000	31.850

December 31, 2025

	Foreign Currency	Exchange Rate
Foreign currency assets		
Monetary items		
USD	$ 14,683	31.430
Non-Monetary items		
USD	3,007	31.430
Foreign currency liabilities		
Monetary items		
USD	10,935	31.430
Non-Monetary items		
USD	1,000	31.430

June 30, 2025

	Foreign Currency	Exchange Rate
Foreign currency assets		
Monetary items		
USD	$ 7,963	29.300
Foreign currency liabilities		
Monetary items		
USD	7,568	29.300

For the three months ended June 30, 2026 and 2025, and the six months ended June 30, 2026 and 2025, please refer to Note 21(i) for the information of realized and unrealized net foreign exchange gains (losses). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Company.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1 (attached)

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) Others: Intercompany relationships and significant intercompany transactions: None

b. Information on investments: None

c. Information on investments in mainland China: None

33. SEGMENT INFORMATION

The operating decision makers of the Company use the distribution of resources and the evaluation of segment performance to focus on the financial information of the Company as a whole, while individual segments have similar economic characteristics, and individual segments have used similar processes to produce similar products and sell them through the same sales method, so the Company is reported by the single operating department. The Company provides the segment information reviewed by the operating decision maker on the same basis as the financial statements, and the profit and loss, assets and liabilities of the operating department are measured on the same basis as the financial report preparation. Therefore, the segment income and operating results for the six months ended June 30, 2026 and 2025 can be referenced by the statements of comprehensive income for the six months ended June 30, 2026 and 2025. Segment assets that should be reported as of June 30, 2026, December 31, 2025, and June 30, 2025, can be found in the balance sheets as of June 30, 2026, December 31, 2025, and June 30, 2025.

Forcelead Technology Corporation

SIGNIFICANT MARKETABLE SECURITIES HELD
June 30, 2026

TABLE 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2026				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Derivative instruments							
	CoreMax Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	$ 40,119	-	$ 40,119	Note 1
	WPG Holdings Limited third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,038	-	20,038	Note 1
	ADATA Technology Co., Ltd. eighth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,129	-	20,129	Note 1
	Acbel Polytech Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,034	-	30,034	Note 1
	Huaku Development Co., Ltd. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,259	-	30,259	Note 1
	Fund							
	TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,746,862	27,371	-	27,371	Note 1
	Stock							
	Yuanta Financial Holding Co., Ltd	-	Investments in equity instruments at fair value through other comprehensive income - current	391,400	25,715	-	25,715	Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,300,000	78,000	-	78,000	Note 1
	Raydium Semiconductor Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	75,000	20,888	-	20,888	Note 1
	Equity Investment							
	Fong Huang VII Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	8,000,000	124,228	-	124,228	Note 2
	Bonds							
	KGI Life Insurance Co., Ltd. 1st unsecured cumulative Subordinated Corporate Bonds A issued in 2026	-	Investments in debt instruments at FVTOCI - non-current	-	74,987	-	74,987	Note 1
	Cathay Life Insurance Co., Ltd. 2023 Issue 2 USD Denominated Unsecured Accumulated Subordinated Ordinary Corporate Bonds	-	Investments in debt instruments at FVTOCI - non-current	-	31,950	-	31,950	Note 1

Note 1: Calculated based on the closing price on June 30, 2026.

Note 2: Calculated based on the net value on June 30, 2026.

Note 3: As of June 30, 2026, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 4: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 “Financial Instruments”.

Note 5: This table presents the marketable securities disclosed by the Company in accordance with the principle of materiality.