

M31 Technology Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2026 and 2025 and
Independent Auditors' Review Report**

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Independent Auditors' Review Report

The Board of Directors and Shareholders
M31 Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of M31 Technology Corporation and its subsidiaries (collectively referred to as the "Group") as of March 31, 2026 and 2025, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

The engagement partners on the review resulting in this independent auditors' review report are Mei Chen Tsai and Chih Yuan Wen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2026

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements shall prevail.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2026, DECEMBER 31, 2025, AND MARCH 31, 2025

(In Thousands of New Taiwan Dollars)

ASSETS	MARCH 31, 2026		DECEMBER 31, 2025		MARCH 31, 2025	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 301,865	15	\$ 497,689	23	\$ 385,615	19
Financial assets at fair value through profit or loss – current (Note 7)	123,164	6	42,778	2	136,263	7
Financial assets at amortized cost – current (Note 9)	18,059	1	17,564	1	51,417	3
Accounts receivable (including related parties) (Notes 10, 20, and 28)	281,039	14	335,554	15	263,250	13
Other receivables	33,705	2	33,915	2	5,988	-
Current tax assets (Note 4)	123,151	6	111,292	5	106,215	5
Prepayments (Note 15)	247,900	12	184,358	8	196,791	9
Other current assets (Notes 15 and 29)	17,561	1	16,438	1	8,554	-
Total current assets	<u>1,146,444</u>	<u>57</u>	<u>1,239,588</u>	<u>57</u>	<u>1,154,093</u>	<u>56</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,008	-	1,008	-	1,008	-
Financial assets at amortized cost - non-current (Note 9)	229,429	11	260,621	12	274,176	13
Property, plant and equipment (Notes 12 and 29)	591,314	29	605,374	28	594,077	29
Right-of-use assets (Note 13)	12,482	1	11,808	1	18,778	1
Intangible assets (Note 14)	26,713	1	29,370	1	18,101	1
Deferred tax assets (Note 4)	12,537	1	10,940	1	11,098	-
Other non-current assets (Note 15)	5,345	-	4,293	-	7,457	-
Total non-current assets	<u>878,828</u>	<u>43</u>	<u>923,414</u>	<u>43</u>	<u>924,695</u>	<u>44</u>
TOTAL	<u>\$ 2,025,272</u>	<u>100</u>	<u>\$ 2,163,002</u>	<u>100</u>	<u>\$ 2,078,788</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities – current (Note 20)	\$ 3,370	-	\$ 3,370	-	\$ 3,370	-
Accounts payable (Note 16)	4,411	-	2,282	-	3,653	-
Dividend payable (Note 19)	50,149	3	-	-	83,599	4
Other payables (Note 17)	82,508	4	168,838	8	73,207	4
Current tax liabilities (Note 4)	19,200	1	17,699	1	2,035	-
Lease liabilities – current (Note 13)	9,125	-	9,332	-	10,915	1
Other current liabilities (Note 17)	37,915	2	47,351	2	25,169	1
Total current liabilities	<u>206,678</u>	<u>10</u>	<u>248,872</u>	<u>11</u>	<u>201,948</u>	<u>10</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 4)	12,348	1	10,231	1	11,579	1
Lease liabilities – non-current (Note 13)	4,201	-	3,420	-	8,927	-
Total non-current liabilities	<u>16,549</u>	<u>1</u>	<u>13,651</u>	<u>1</u>	<u>20,506</u>	<u>1</u>
Total liabilities	<u>223,227</u>	<u>11</u>	<u>262,523</u>	<u>12</u>	<u>222,454</u>	<u>11</u>
EQUITY (Note 19)						
Share capital						
Ordinary shares	417,982	20	417,982	19	417,997	20
Share capital pending cancellation	-	-	-	-	(15)	-
Share capital subtotal	<u>417,982</u>	<u>20</u>	<u>417,982</u>	<u>19</u>	<u>417,982</u>	<u>20</u>
Capital surplus	744,643	37	744,643	35	744,643	36
Retained earnings						
Legal reserve	250,500	13	250,500	11	237,808	11
Unappropriated earnings	391,705	19	491,101	23	452,766	22
Total retained earnings	<u>642,205</u>	<u>32</u>	<u>741,601</u>	<u>34</u>	<u>690,574</u>	<u>33</u>
Other equity	623	-	(339)	-	3,135	-
Treasury shares	(3,408)	-	(3,408)	-	-	-
Total equity	<u>1,802,045</u>	<u>89</u>	<u>1,900,479</u>	<u>88</u>	<u>1,856,334</u>	<u>89</u>
TOTAL	<u>\$ 2,025,272</u>	<u>100</u>	<u>\$ 2,163,002</u>	<u>100</u>	<u>\$ 2,078,788</u>	<u>100</u>

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025	
	Amount	%	Amount	%
OPERATING REVENUE (Note 20)	<u>\$ 394,748</u>	<u>100</u>	<u>\$ 434,525</u>	<u>100</u>
GROSS PROFIT	<u>394,748</u>	<u>100</u>	<u>434,525</u>	<u>100</u>
OPERATING EXPENSES (Notes 14, 21 and 28)				
Selling and marketing expenses	(80,207)	(20)	(53,338)	(12)
General and administrative expenses	(39,234)	(10)	(37,562)	(9)
Research and development expenses	(332,880)	(85)	(335,306)	(77)
Expected credit loss (Note 10)	(8,694)	(2)	(677)	-
Total operating expenses	<u>(461,015)</u>	<u>(117)</u>	<u>(426,883)</u>	<u>(98)</u>
OPERATING INCOME (LOSS)	<u>(66,267)</u>	<u>(17)</u>	<u>7,642</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Interest income	4,115	1	5,495	1
Other income	982	-	466	-
Other gains and losses	14,476	4	9,480	2
Finance costs	<u>(242)</u>	<u>-</u>	<u>(380)</u>	<u>-</u>
Total non-operating income and expenses	<u>19,331</u>	<u>5</u>	<u>15,061</u>	<u>3</u>
PROFIT (LOSS) BEFORE INCOME TAX	<u>(46,936)</u>	<u>(12)</u>	<u>22,703</u>	<u>5</u>
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(2,311)</u>	<u>-</u>	<u>(3,139)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>(49,247)</u>	<u>(12)</u>	<u>19,564</u>	<u>5</u>

(Continued)

	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 19)	\$ 1,202	-	\$ 1,103	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 19, and 22)	(240)	-	(221)	-
Other comprehensive income (loss) for the period, net of income tax	<u>962</u>	<u>-</u>	<u>882</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(\$ 48,285)</u>	<u>(12)</u>	<u>\$ 20,446</u>	<u>5</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>(\$ 1.18)</u>		<u>\$ 0.47</u>	
Diluted	<u>(\$ 1.18)</u>		<u>\$ 0.47</u>	

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars)**

	Share Capital		Share Capital Pending Cancellation	Capital Surplus	Retained Earnings		Other Equity		Treasury Shares	Total Equity
	Shares (In Thousands)	Amount			Legal Reserve	Unappropriated Earnings	Exchange Difference On Translating the Financial Statements of Foreign Operations	Unearned Employee		
BALANCE AT JANUARY 1, 2025	41,802	\$ 418,022	(\$ 25)	\$ 745,102	\$ 237,808	\$ 516,801	\$ 2,469	(\$ 873)	\$ -	\$ 1,919,304
Appropriations of 2024 earnings										
Cash dividends	-	-	-	-	-	(83,599)	-	-	-	(83,599)
Net profit for the three months ended March 31, 2025	-	-	-	-	-	19,564	-	-	-	19,564
Other comprehensive income (loss) for the three months ended March 31, 2025, net of income tax (Note 19)	-	-	-	-	-	-	882	-	-	882
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	-	19,564	882	-	-	20,446
Compensation cost of restricted employee shares (Note 19)	-	-	-	-	-	-	-	333	-	333
Restricted employee shares pending cancellation (Note 19)	(2)	(25)	10	(459)	-	-	-	324	-	(150)
BALANCE AT MARCH 31, 2025	41,800	\$ 417,997	(\$ 15)	\$ 744,643	\$ 237,808	\$ 452,766	\$ 3,351	(\$ 216)	\$ -	\$ 1,856,334
BALANCE AT JANUARY 1, 2026	41,798	\$ 417,982	\$ -	\$ 744,643	\$ 250,500	\$ 491,101	(\$ 339)	\$ -	(\$ 3,408)	\$ 1,900,479
Appropriations of 2025 earnings										
Cash dividends	-	-	-	-	-	(50,149)	-	-	-	(50,149)
Net loss for the three months ended March 31, 2026	-	-	-	-	-	(49,247)	-	-	-	(49,247)
Other comprehensive income (loss) for the three months ended March 31, 2026, net of income tax (Note 19)	-	-	-	-	-	-	962	-	-	962
Total comprehensive income (loss) for the three months ended March 31, 2026	-	-	-	-	-	(49,247)	962	-	-	(48,285)
BALANCE AT MARCH 31, 2026	41,798	\$ 417,982	\$ -	\$ 744,643	\$ 250,500	\$ 391,705	\$ 623	\$ -	(\$ 3,408)	\$ 1,802,045

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025 (In Thousands of New Taiwan Dollars)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before income tax	(\$ 46,936)	\$ 22,703
Adjustments for:		
Depreciation expenses	17,522	15,504
Amortization expenses	2,673	2,475
Expected credit loss	8,694	677
Net gain on fair value changes of financial assets at fair value through profit or loss	(595)	(438)
Finance costs	242	380
Net gain on derecognition of financial assets measured at amortized cost	(795)	-
Interest income	(4,115)	(5,495)
Compensation cost of restricted employee shares	-	333
Unrealized gain on foreign currency exchange	(5,065)	(1,953)
Changes in operating assets and liabilities		
Accounts receivable	47,821	(234)
Other receivables	172	235
Prepayments	(63,542)	(48,419)
Other current assets	(6,378)	(10)
Contract liabilities	-	(27,885)
Accounts payable	2,128	1,709
Other payables	(70,703)	(64,512)
Other payables -related parties	-	(13,114)
Other current liabilities	(9,708)	3,499
Cash generated from operations	(128,585)	(114,545)
Interest received	4,088	6,168
Interest paid	(242)	(380)
Income tax paid	(12,389)	(13,139)
Net cash used in operating activities	(137,128)	(121,896)

(Continued)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(\$ 177)	(\$ 206)
Disposal of financial assets at amortized cost	35,931	-
Acquisition of financial assets at fair value through profit or loss	(210,000)	-
Disposal of financial assets at fair value through profit or loss	130,209	-
Acquisition of property, plant and equipment	(16,357)	(13,352)
Increase in refundable deposits	(989)	(451)
Acquisition of intangible assets	-	(2,984)
Decrease in other financial assets	<u>5,500</u>	<u>-</u>
Net cash used in investing activities	<u>(55,883)</u>	<u>(16,993)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(2,832)	(2,791)
Payment for repurchase of restricted employee shares	<u>-</u>	<u>(150)</u>
Net cash used in financing activities	<u>(2,832)</u>	<u>(2,941)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>19</u>	<u>(1,566)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(195,824)</u>	<u>(143,396)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>497,689</u>	<u>529,011</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 301,865</u>	<u>\$ 385,615</u>

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

M31 Technology Corporation (the “Company”) was incorporated on October 21, 2011. The Company mainly offers Silicon IP design services in the integrated circuit industry.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since January 2019.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan Dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 5, 2026.

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

3.1 Initial application of 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 application of the IFRS Accounting Standards endorsed and issued into effect by the FSC would not have any material impact on M31 Technology Corporation and its controlled entities’ (the “Group”) accounting policies.

3.2 IFRS Accounting Standards issued by the IASB but not yet endorsed and made effective by the FSC.

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced By IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	TBD
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that companies in Taiwan shall apply IFRS 18 starting January 1, 2028, and may elect to adopt IFRS 18 earlier after it is endorsed by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and related consequential amendments

IFRS 18 will replace IAS 1 “Presentation of Financial Statements.” The main changes introduced by the new standard include:

- The Group shall assess whether investing in specific types of assets and providing financing to customers constitute its principal operating activities and, based on such assessment, classify income and expense items in the statement of profit or loss into operating, investing, financing, income tax, and discontinued operations categories.
- The statement of profit or loss shall present operating profit or loss, profit or loss before financing and income tax, as well as subtotals and totals of profit or loss.
- Provides guidance to strengthen aggregation and disaggregation requirements: The Group shall identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on shared characteristics, so that each line item presented in the primary financial statements possesses at least one similar characteristic. Items with dissimilar characteristics shall be disaggregated in the primary financial statements and notes. The Group shall label such items as “Other” only when a more informative label cannot be reasonably identified.
- Enhanced disclosure of management-defined performance measures: When the Group engages in public communications outside the financial statements and conveys management’s perspective on a specific aspect of the consolidated entity’s overall financial performance to users of the financial statements, it shall disclose, in a single note to the financial statements, information related to management-defined performance measures. This includes a description of the measure, the method of calculation, a reconciliation to subtotals or totals specified by IFRS, and the effects of income taxes and non-controlling interests on the reconciling items.

In addition, the following conforming amendments were made to IAS 7 "Statement of Cash Flows":

- When the Company prepares cash flows from operating activities using the indirect method, operating profit or loss shall be used as the starting point of the reconciliation.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the Company determines that it has specific principal operating activities, it shall consider the nature of dividend income, interest income, and interest expense as presented in the statement of profit or loss when determining the classification of dividends received, interest received, and interest paid in the statement of cash flows. However, each of the aforementioned cash flows shall be classified within a single category of activities in the statement of cash flows.

As of the date the consolidated financial statements were authorized for issuance, the Group was still assessing the other impacts of the amendments to various standards and interpretations on its financial position and financial performance. The related impacts will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance

The consolidated financial statements have been prepared in accordance 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 consolidated financial statements do not present all required disclosures for a complete set of annual consolidated financial statements prepared under the IFRS Accounting Standards.

4.2 Basis of preparation

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

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 in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- (3) Level 3 inputs are unobservable inputs for the asset or liability.

4.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and

the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 11, Table 4, and Table 5 for the details, the ownership percentage, and the main business of subsidiaries.

4.4 Other significant accounting policies

Except for the following, please refer to the summary of significant accounting policies in the Company's consolidated financial statements for the year ended December 31, 2025.

Income Tax Expense

The income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments, estimates and key sources of estimation uncertainty used in the Consolidated Financial Statements are the same as those used in the Consolidated Financial Statements for the year ended 2025.

6. CASH AND CASH EQUIVALENTS

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Cash on hand	\$ 114	\$ 96	\$ 103
Checking accounts and demand deposits	292,152	497,593	385,512
Cash equivalents (investments with original maturities of less than 3 months)			
Bond repurchase agreements	9,599	-	-
	<u>\$ 301,865</u>	<u>\$ 497,689</u>	<u>\$ 385,615</u>

The market rates of cash in bank at balance sheet dates were as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Bank deposits	0.030%~0.705%	0.030%~0.705%	0.030%~1.280%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Current</u>			
Mandatorily measured at FVTPL			
Non-derivative financial assets			
– Fund beneficiary certificate	\$ 80,042	\$ -	\$ 93,403
– Listed shares and emerging market shares	<u>43,122</u>	<u>42,778</u>	<u>42,860</u>
	<u>\$ 123,164</u>	<u>\$ 42,778</u>	<u>\$ 136,263</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in equity instruments

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Non-current</u>			
Domestic investment			
Unlisted stock			
Ordinary shares –			
Astro Circuit Design Co., Ltd.	<u>\$ 1,008</u>	<u>\$ 1,008</u>	<u>\$ 1,008</u>

The Group invested in the ordinary shares of Astro Circuit Design Co., Ltd. for a medium to long-term strategic purpose and expects to realize profits through long-term investment. The Group's management has chosen to designate these investments as fair value through other comprehensive income because the Group believes that the short-term fair value fluctuations of these investments in profit or loss would be inconsistent with the long-term investment plan.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Current</u>			
Time deposits with original maturities of more than 3 months (Note 1)	\$ 18,059	\$ 17,564	\$ 18,044
Corporate Bonds (Note 2)	<u>-</u>	<u>-</u>	<u>33,373</u>
	<u>\$ 18,059</u>	<u>\$ 17,564</u>	<u>\$ 51,417</u>
<u>Non-current</u>			
Corporate Bonds (Note 2)	<u>\$ 229,429</u>	<u>\$ 260,621</u>	<u>\$ 274,176</u>

Note 1: The ranges of interest rates for time deposits with original maturities of more than 3 months were 3.690%~3.930%, 3.690%~3.930%, and 3.930%~4.410% as of March 31, 2026, December 31, 2025 and March 31, 2025.

Note 2: In September and October 2021, the Company purchased corporate bonds issued by Apple Inc. for NT\$53,664 thousand and NT\$26,254 thousand, respectively, with a maturity date of August 20, 2050, and a coupon rate of 2.400%. In October 2021, the Company purchased bonds issued by Petróleos Mexicanos for NT\$28,905 thousand, with a maturity date of January 23, 2026, and a coupon rate of 4.500%; these bonds were disposed of in July 2025. In November 2023, the Company purchased Chilean Government international bonds for NT\$4,120 thousand, with a maturity date of April 15, 2053, and a coupon rate of 3.500%; these bonds were disposed of in March 2026. In November 2023, the Company purchased corporate bonds issued by Electricité de France for NT\$12,979 thousand and NT\$13,110 thousand, respectively, with a maturity date of September 21, 2048, and a coupon rate of 5.000%; these bonds were disposed of in March 2026. In January 2024, the Company purchased corporate bonds issued by Saudi Arabia for NT\$27,482 thousand and NT\$30,295 thousand, with maturity dates of October 26, 2046 and January 16, 2054, and coupon rates of 4.500% and 5.750%, respectively. In April and May 2024, the Company purchased bonds issued by Cathay Life Insurance for NT\$15,000 thousand and NT\$63,140 thousand, with maturity dates of April 24, 2034 and May 9, 2034, and coupon rates of 3.700% and 5.800%, respectively. In May 2024, the Company purchased Chilean Government international bonds for NT\$4,585 thousand, with a maturity date of April 15, 2053, and a coupon rate of 3.500%; these bonds were disposed of in March 2026.

Note 3: For information on credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 27.

10. ACCOUNTS RECEIVABLE

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 317,285	\$ 363,248	\$ 295,460
Less: Allowance for impairment loss	(<u>36,246</u>)	(<u>27,694</u>)	(<u>32,210</u>)
	<u>\$ 281,039</u>	<u>\$ 335,554</u>	<u>\$ 263,250</u>

Accounts receivable

As provided by contracts, payments shall be received for services rendered by the Group within 30 to 120 days from the completion of each phase. In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable since the date the credit was initially granted to the balance sheet dates.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the key management personnel annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual accounts receivable at the balance sheet dates to ensure that adequate allowance for impairment loss is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecasted direction of economic conditions at the balance sheet dates. As the Group'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 Group's different customer base.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty, and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group 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 accounts receivable based on the Group's provision matrix.

March 31, 2026

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit losses rate	0%~0.37%	0%~1.82%	0%~5.52%	0%~10.23%	0%~15.94%	0%~100%	
Gross carrying amount	\$ 127,545	\$ 105,306	\$ 28,160	\$ 11,678	\$ 16,055	\$ 28,541	\$ 317,285
Loss allowance (lifetime ECL)	(478)	(1,918)	(1,555)	(1,195)	(2,559)	(28,541)	(36,246)
Amortized cost	<u>\$ 127,067</u>	<u>\$ 103,388</u>	<u>\$ 26,605</u>	<u>\$ 10,483</u>	<u>\$ 13,496</u>	<u>\$ -</u>	<u>\$ 281,039</u>

December 31, 2025

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit losses rate	0%~0.31%	0%~0.55%	0%~5.90%	0%~9.29%	0%~13.11%	0%~100%	
Gross carrying amount	\$ 223,182	\$ 52,149	\$ 33,668	\$ 14,436	\$ 18,899	\$ 20,914	\$ 363,248
Loss allowance (lifetime ECL)	(690)	(285)	(1,986)	(1,341)	(2,478)	(20,914)	(27,694)
Amortized cost	<u>\$ 222,492</u>	<u>\$ 51,864</u>	<u>\$ 31,682</u>	<u>\$ 13,095</u>	<u>\$ 16,421</u>	<u>\$ -</u>	<u>\$ 335,554</u>

March 31, 2025

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 120 Days</u>	<u>121 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected credit losses rate	0%~0.24%	0%~1.94%	0%~7.50%	0%~10.31%	0%~13.14%	0%~100%	
Gross carrying amount	\$ 176,913	\$ 35,876	\$ 14,322	\$ 30,864	\$ 12,252	\$ 25,233	\$ 295,460
Loss allowance (lifetime ECL)	(416)	(696)	(1,074)	(3,181)	(1,610)	(25,233)	(32,210)
Amortized cost	<u>\$ 176,497</u>	<u>\$ 35,180</u>	<u>\$ 13,248</u>	<u>\$ 27,683</u>	<u>\$ 10,642</u>	<u>\$ -</u>	<u>\$ 263,250</u>

The movements of the loss allowance of accounts receivable were set out as follows:

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Balance, beginning of period	\$ 27,694	\$ 31,585
Add: Allowance for impairment loss	8,694	677
Effect of exchange rate changes	(142)	(52)
Balance, end of period	<u>\$ 36,246</u>	<u>\$ 32,210</u>

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The subjects of the consolidated financial statements are set out as follows:

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership (%)</u>			<u>Remark</u>
			<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>	
The Company	M31 Technology USA, INC.	Product marketing and technical services	100%	100%	100%	(1)
	Sirius Venture Ltd.	Investment holding	100%	100%	100%	(1)
	M31 Technologies India Private Ltd.	Technical services	100%	100%	100%	-
Sirius Venture Ltd.	Hepha IP Technology Ltd.	Product marketing and technical services	100%	100%	100%	(2)

Remark:

- (1) The main operational risk is the exchange rate risk.
- (2) The main operational risks are the exchange rate risk and political risk led by changes in political policies and cross-strait relations.

12. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	<u>Land</u>	<u>Buildings</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Other Facilities</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1, 2026	\$ 126,440	\$ 404,722	\$ 131,789	\$ 3,809	\$ 227,268	\$ 894,028
Additions	-	-	-	-	503	503
Net exchange differences	-	-	2	-	329	331
Balance at March 31, 2026	<u>\$ 126,440</u>	<u>\$ 404,722</u>	<u>\$ 131,791</u>	<u>\$ 3,809</u>	<u>\$ 228,100</u>	<u>\$ 894,862</u>

(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Other Facilities</u>	<u>Total</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2026	\$ -	\$ 58,674	\$ 90,319	\$ 3,174	\$ 136,487	\$ 288,654
Depreciation expense	-	3,480	2,945	238	8,113	14,776
Net exchange differences	-	-	4	-	114	118
Balance at March 31, 2026	<u>\$ -</u>	<u>\$ 62,154</u>	<u>\$ 93,268</u>	<u>\$ 3,412</u>	<u>\$ 144,714</u>	<u>\$ 303,548</u>
Carrying amounts at March 31, 2026	<u>\$ 126,440</u>	<u>\$ 342,568</u>	<u>\$ 38,523</u>	<u>\$ 397</u>	<u>\$ 83,386</u>	<u>\$ 591,314</u>
Carrying amounts at December 31, 2025, and January 1, 2026	<u>\$ 126,440</u>	<u>\$ 346,048</u>	<u>\$ 41,470</u>	<u>\$ 635</u>	<u>\$ 90,781</u>	<u>\$ 605,374</u>
<u>Cost</u>						
Balance at January 1, 2025	\$ 126,440	\$ 397,522	\$ 125,399	\$ 3,809	\$ 182,076	\$ 835,246
Additions	-	-	4,484	-	10,107	14,591
Net exchange differences	-	-	7	-	269	276
Balance at March 31, 2025	<u>\$ 126,440</u>	<u>\$ 397,522</u>	<u>\$ 129,890</u>	<u>\$ 3,809</u>	<u>\$ 192,452</u>	<u>\$ 850,113</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2025	\$ -	\$ 45,187	\$ 78,288	\$ 2,222	\$ 117,702	\$ 243,399
Depreciation expense	-	3,318	3,003	238	6,028	12,587
Net exchange differences	-	-	5	-	45	50
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ 48,505</u>	<u>\$ 81,296</u>	<u>\$ 2,460</u>	<u>\$ 123,775</u>	<u>\$ 256,036</u>
Carrying amounts at March 31, 2025	<u>\$ 126,440</u>	<u>\$ 349,017</u>	<u>\$ 48,594</u>	<u>\$ 1,349</u>	<u>\$ 68,677</u>	<u>\$ 594,077</u>
Carrying amounts at December 31, 2024, and January 1, 2025	<u>\$ 126,440</u>	<u>\$ 352,335</u>	<u>\$ 47,111</u>	<u>\$ 1,587</u>	<u>\$ 64,374</u>	<u>\$ 591,847</u>

No impairments or reversal of losses were recognized for the three months ended March 31, 2026 and 2025.

The Group's property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	5-50 years
Office Equipment	3-5 years
Leasehold Improvements	3 years
Other Facilities	3-6 years

13. LEASE AGREEMENTS

13.1 Right-of-use assets

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Carrying amounts</u>			
Buildings	<u>\$ 12,482</u>	<u>\$ 11,808</u>	<u>\$ 18,778</u>
	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>	
Additions to the right of use assets	<u>\$ 3,474</u>	<u>\$ -</u>	
Depreciation of right-of-use assets			
Buildings	<u>\$ 2,746</u>	<u>\$ 2,917</u>	

Except for the aforementioned recognized depreciation expenses, the Group has no significant subleasing and impairment losses in right-of-use assets for the three months ended March 31, 2026 and 2025.

13.2 Lease liabilities

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Carrying amounts			
Current	<u>\$ 9,125</u>	<u>\$ 9,332</u>	<u>\$ 10,915</u>
Non-current	<u>\$ 4,201</u>	<u>\$ 3,420</u>	<u>\$ 8,927</u>

Discount rate for lease liabilities is as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Buildings	1.36%~11.00%	1.36%~11.00%	1.36%~11.00%

13.3 Other lease information

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Expenses relating to short-term leases	<u>\$ 1,788</u>	<u>\$ 10,783</u>
Total cash outflow for leases	<u>(\$ 4,862)</u>	<u>(\$ 13,954)</u>

The Group has elected to apply the recognition exemption to buildings qualified as short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Lease commitments	\$ 3,320	\$ 3,588	\$ 844

14. INTANGIBLE ASSETS

	<u>Software</u>	<u>Other Intangible Assets</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2026	\$ 49,314	\$ 21,472	\$ 70,786
Net exchange differences	31	-	31
Balance at March 31, 2026	<u>\$ 49,345</u>	<u>\$ 21,472</u>	<u>\$ 70,817</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2026	\$ 39,970	\$ 1,446	\$ 41,416
Amortization expense	1,600	1,073	2,673
Net exchange differences	15	-	15
Balance at March 31, 2026	<u>\$ 41,585</u>	<u>\$ 2,519</u>	<u>\$ 44,104</u>
Carrying amounts at March 31, 2026	<u>\$ 7,760</u>	<u>\$ 18,953</u>	<u>\$ 26,713</u>
Carrying amounts at December 31, 2025 and January 1, 2026	<u>\$ 9,344</u>	<u>\$ 20,026</u>	<u>\$ 29,370</u>
<u>Cost</u>			
Balance at January 1, 2025	\$ 45,630	\$ 3,839	\$ 49,469
Separately acquired	2,984	-	2,984
Net exchange differences	15	-	15
Balance at March 31, 2025	<u>\$ 48,629</u>	<u>\$ 3,839</u>	<u>\$ 52,468</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2025	\$ 31,505	\$ 384	\$ 31,889
Amortization expense	2,283	192	2,475
Net exchange differences	3	-	3
Balance at March 31, 2025	<u>\$ 33,791</u>	<u>\$ 576</u>	<u>\$ 34,367</u>
Carrying amounts at March 31, 2025	<u>\$ 14,838</u>	<u>\$ 3,263</u>	<u>\$ 18,101</u>
Carrying amounts at December 31, 2024 and January 1, 2025	<u>\$ 14,125</u>	<u>\$ 3,455</u>	<u>\$ 17,580</u>

Intangible assets are amortized on a straight-line basis over the following useful lives:

Software	3 years
Other intangible assets	5 years

An analysis of amortization expense by function:

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Sales expenses	\$ 88	\$ 60
General and administrative expenses	1,153	1,393
Research and development expenses	<u>1,432</u>	<u>1,022</u>
	<u>\$ 2,673</u>	<u>\$ 2,475</u>

15. OTHER ASSETS

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Current</u>			
Prepayments	\$ 247,900	\$ 184,358	\$ 196,791
Other financial assets	5,500	11,000	6,220
Temporary payments	6,049	1,194	1,434
Refundable deposits	150	150	150
Others	<u>5,862</u>	<u>4,094</u>	<u>750</u>
	<u>\$ 265,461</u>	<u>\$ 200,796</u>	<u>\$ 205,345</u>
<u>Non-current</u>			
Refundable deposits	\$ 5,241	\$ 4,293	\$ 4,577
Prepayments for purchases of equipment	<u>104</u>	<u>-</u>	<u>2,880</u>
	<u>\$ 5,345</u>	<u>\$ 4,293</u>	<u>\$ 7,457</u>

16. ACCOUNTS PAYABLE

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Accounts payable</u>			
Operating	<u>\$ 4,411</u>	<u>\$ 2,282</u>	<u>\$ 3,653</u>

17. OTHER LIABILITIES

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Current</u>			
Other payables			
Payables for salaries or bonuses	\$ 28,562	\$ 110,422	\$ 29,894
Payables for annual leave	14,401	15,221	14,494
Payables for retirement benefits	8,213	8,027	7,485
Payables for insurance	6,126	6,065	5,859
Payables for professional service fees	2,922	1,093	6,637
Payables for taxes	-	5,225	-
Payables for purchases of equipment	-	15,750	215
Others	<u>22,284</u>	<u>7,035</u>	<u>8,623</u>
	<u>\$ 82,508</u>	<u>\$ 168,838</u>	<u>\$ 73,207</u>
Other liabilities			
Temporary collection	\$ 28,817	\$ 39,628	\$ 17,344
Collection on behalf of others	<u>9,098</u>	<u>7,723</u>	<u>7,825</u>
	<u>\$ 37,915</u>	<u>\$ 47,351</u>	<u>\$ 25,169</u>

18. RETIREMENT BENEFIT PLANS

The Group 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. For subsidiaries located in other countries, the contributions to employees' individual pension accounts are made in accordance with local regulations.

19. EQUITY

19.1 Share capital

Ordinary shares

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Number of shares authorized (in thousands)	<u>80,000</u>	<u>80,000</u>	<u>50,000</u>
Shares authorized	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands)	<u>41,798</u>	<u>41,798</u>	<u>41,800</u>
Shares issued	<u>\$ 417,982</u>	<u>\$ 417,982</u>	<u>\$ 417,997</u>
Share capital pending cancellation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>

For the year ended December 31, 2025 and the three months ended March 31, 2025, the Company repurchased a total of 2 thousand restricted employee shares due to employee resignations. In addition, on March 20, 2026, the Company's Board of Directors approved the issuance of 300 thousand restricted employee shares. Please refer to Note 24.

19.2 Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Shares issuance premium	\$ 648,202	\$ 648,202	\$ 644,332
Treasury shares trading	17,313	17,313	17,313
Employee share options (2)	4,040	4,040	4,040
<u>Not to be used for any purpose</u>			
Restricted employee shares	<u>75,088</u>	<u>75,088</u>	<u>78,958</u>
	<u>\$ 744,643</u>	<u>\$ 744,643</u>	<u>\$ 744,643</u>

- (1) Such capital surplus may be used to offset losses, and may also be used to distribute cash or allocate share capital when the company has no losses, provided that the allocation of share capital is limited to a certain ratio of the paid-in share capital each year.
- (2) Such capital surplus refers to the amount transferred from Capital surplus — employee share options during the execution of employee share options.

19.3 Retained earnings and dividend policy

In accordance with the provisions of the Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized in the following order:

- (1) Paying taxes.
- (2) Offsetting deficits of previous years.
- (3) Setting aside as legal reserve 10% of the remaining profit until the amount of the accumulated legal reserve equals the amount of the Company's capital.
- (4) Setting aside or reversing a special reserve in accordance with the laws or the regulations of competent authorities.
- (5) The remaining balance shall be added to the accumulated undistributed earnings of the previous period and the board of directors shall prepare a proposal for the distribution of earnings. If the distribution is made by issuing new shares, a resolution shall be submitted to the shareholders' meeting for distribution. In the case of cash distribution, the board of directors is authorized to distribute all or part of the dividends and bonuses in the form of cash payment and report to the

shareholders' meeting by a two-thirds of the directors attending the meeting and a resolution of a majority of the directors present.

In accordance with the Articles of Incorporation, the Company's dividend policy takes into account the Company's sustainable operation, stable growth, protection of shareholders' rights and interests, and healthy financial structure, and the Company's board of directors prepares a proposal for the appropriation of earnings based on future capital requirements and long-term financial planning. Total dividends to shareholders shall not be less than 2% of the appropriated earnings and may be paid in cash or in stock, with cash dividends not less than 10% of the total dividends.

The Company's Articles of Incorporation state the policies on the distribution of employees' compensation and remuneration of directors, refer to "Employees' compensation and remuneration of directors" in Note 21.7.

Legal reserve shall be appropriated until the remaining balance reaches the Company's total 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 2025 and 2024 earnings were set out as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Legal reserve	<u>\$ 7,059</u>	<u>\$ 12,692</u>
Cash dividends	<u>\$ 50,149</u>	<u>\$ 83,599</u>
Cash dividends per share (NT\$)	\$ 1.2	\$ 2.0

The above cash dividends were resolved by the Board of Directors on March 3, 2026 and February 25, 2025, respectively. The distribution of the remaining appropriations of earnings for the year ended 2024 was approved by the shareholders' meeting on May 27, 2025. The distribution of the remaining appropriations of earnings for the year ended 2025 is pending approval at the shareholders' meeting to be held on May 22, 2026.

The earnings of the Company and Subsidiaries are distributed in accordance with the articles of incorporation of each company and are not subject to contractual restrictions.

19.4 Other equity items

(1) Exchange differences on translating the financial statements of foreign operations

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Balance, beginning of period	(\$ 339)	\$ 2,469
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	1,202	1,103
Income tax on translating the financial statements of foreign operations	(240)	(221)
Other comprehensive income (loss) for the period	<u>962</u>	<u>882</u>
Balance, end of period	<u>\$ 623</u>	<u>\$ 3,351</u>

(2) Unearned employee benefits

In the meeting of shareholders on August 5, 2021, the Shareholders approved a restricted share plan for employees (see Note 24).

	Three Months Ended March 31, 2025
Balance, beginning of period	(\$ 873)
Share-based payment expenses recognized	333
Restricted employee shares cancellation	<u>324</u>
Balance, end of period	<u>(\$ 216)</u>

19.5 Treasury shares

On April 14, 2025, the Company's Board of Directors resolved to repurchase treasury shares. The planned repurchase period is from April 15, 2025 to June 14, 2025, with an expected repurchase of 250 thousand shares at a price range of NT\$420 to NT\$600 per share, for the purpose of transferring shares to employees. As of March 31, 2026, the Company had repurchased 7 thousand shares, with treasury shares amounting to NT\$3,408 thousand.

<u>Reason for Repurchase</u>	<u>Transfer of shares to employees (thousand shares)</u>
Number of shares as of January 1, 2026 and March 31, 2026	<u>7</u>

In accordance with the Securities and Exchange Act, treasury shares held by the Company may not be pledged, nor are they entitled to dividends, voting rights, or other shareholder rights.

20. REVENUE

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Technical service revenue	\$323,147	\$351,869
Royalty revenue	<u>71,601</u>	<u>82,656</u>
	<u>\$394,748</u>	<u>\$434,525</u>

20.1 Contract information

(1) Technical service revenue

The department of Silicon IP design service signs contracts based on which the Group offers Silicon IP design service, and the customers shall pay the transaction price when the Group satisfies the performance obligation.

(2) Royalty revenue

Royalty revenue refers to the contract-based royalties received by the Group through licensing standardized Silicon IP to customers for mass production.

20.2 Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Accounts receivable (Note 10)	<u>\$ 281,039</u>	<u>\$ 335,554</u>	<u>\$ 263,250</u>	<u>\$ 267,787</u>
Contract liabilities — current				
Technical service revenue	<u>\$ 3,370</u>	<u>\$ 3,370</u>	<u>\$ 3,370</u>	<u>\$ 31,255</u>

The changes in the contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. The changes for the three months ended March 31, 2026 and 2025 are as follows :

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Balance, beginning of period	\$ 3,370	\$ 31,255
Contract liabilities from the beginning of year recognized as revenue	<u>-</u>	<u>(27,885)</u>
Balance, end of period	<u>\$ 3,370</u>	<u>\$ 3,370</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

The net profit from continuing operations comprises the following items:

21.1 Interest income

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Financial assets at amortized cost	\$ 2,958	\$ 3,477
Bank deposits	1,156	2,017
Impute interest on deposits	<u>1</u>	<u>1</u>
	<u>\$ 4,115</u>	<u>\$ 5,495</u>

21.2 Other income

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Other income	<u>\$ 982</u>	<u>\$ 466</u>

21.3 Other gains and losses

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Net foreign exchange gains	\$ 13,098	\$ 9,056
Net gains from financial assets at fair value through profit or loss	595	438
Others	<u>783</u>	<u>(14)</u>
	<u>\$ 14,476</u>	<u>\$ 9,480</u>

21.4 Finance costs

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Interest on lease liabilities	<u>\$ 242</u>	<u>\$ 380</u>

21.5 Depreciation and amortization

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
An analysis of depreciation by function		
Operating expenses	<u>\$ 17,522</u>	<u>\$ 15,504</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 2,673</u>	<u>\$ 2,475</u>

21.6 Employee benefits expenses

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Short-term employee benefits	\$237,983	\$197,363
Post-employment benefits		
Defined contribution plans	6,787	6,335
Share-based payment		
Equity-settled	-	333
Other employee benefits		
Labor and health insurance	10,180	10,491
Other employee benefits	<u>6,136</u>	<u>5,004</u>
Total employee benefits expenses	<u>\$261,086</u>	<u>\$219,526</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$261,086</u>	<u>\$219,526</u>

21.7 Employees' compensation and remuneration of directors

According to the Company's Articles of Incorporation, employees' compensation and remuneration of directors are accrued at rates of no less than 1% and no higher than 1.5%, respectively, of profit before income tax and before the deduction of employees' compensation and remuneration of directors. In accordance with the amendment to the Securities and Exchange Act in August 2024, the Company amended its Articles of Incorporation as approved at the shareholders' meeting in 2025 to stipulate that no less than 0.1% of the employees' compensation for the current year shall be allocated to base-level employees. For the three months ended March 31, 2026, the Company incurred a net loss before tax; therefore, no employees' compensation or remuneration of directors was accrued. The estimated amounts of employee compensation (including base-level employees' compensation) and directors' remuneration for the three months ended March 31, 2025, are as follows:

Accrual rate

	Three Months Ended March 31, 2025
Employees' compensation	1.16%
Remuneration of directors	1.07%

Amount

	Three Months Ended March 31, 2025
Employees' compensation	<u>\$ 260</u>
Remuneration of directors	<u>\$ 240</u>

If there is a change in the amounts after the consolidated 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 03, 2026 and February 25, 2025, respectively, were set out as follows:

Amount

	<u>Year Ended December 31, 2025</u>	<u>Year Ended December 31, 2024</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	<u>\$ 16,820</u>	<u>\$ 1,850</u>
Remuneration of directors	<u>\$ 1,340</u>	<u>\$ 1,850</u>

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2025 and 2024.

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.

21.8 Gains or losses on foreign currency exchange

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Foreign exchange gains	\$ 67,955	\$ 93,040
Foreign exchange losses	(54,857)	(83,984)
Net gains	<u>\$ 13,098</u>	<u>\$ 9,056</u>

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

22.1 Income tax recognized in profit or loss

The major components of income tax expense are set out as follows:

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Current Tax		
In respect of the current period	\$ 2,521	\$ 5,141
Non-deductible foreign tax	<u>306</u>	<u>-</u>
	2,827	5,141
Deferred Tax		
In respect of the current period	(516)	(2,002)
Income tax expense recognized in profit or loss	<u>\$ 2,311</u>	<u>\$ 3,139</u>

22.2 Income tax recognized in other comprehensive income

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
<u>Deferred Tax</u>		
In respect of the current period		
– Translation of foreign operations	\$ 240	\$ 221
Income tax recognized in other comprehensive income	<u>\$ 240</u>	<u>\$ 221</u>

22.3 Income tax assessments

The tax authorities have examined income tax returns of the Company through 2023. The Group has no pending tax litigation as of March 31, 2026.

23. EARNINGS (LOSS) PER SHARE

	Unit: NT\$ Per Share	
	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Basic earnings (loss) per share		
From continuing operations	(\$ 1.18)	\$ 0.47
Diluted earnings (loss) per share		
From continuing operations	(\$ 1.18)	\$ 0.47

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

Net Profit for the Year

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Net profit used in the computation of basic and diluted earnings (loss) per share	(\$ 49,247)	\$ 19,564

Number of Shares (in thousands of shares)

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	41,791	41,755
Effect of potentially dilutive ordinary shares:		
Restricted employee shares	-	43
Employees' compensation	-	2
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>41,791</u>	<u>41,800</u>

If the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed that the entire amount of the compensation 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 shares, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Employee Shares

Information regarding the issuance of new restricted employee shares is as follows:

<u>Date of Approval of Shareholders' Meeting</u>	<u>Estimated Number of Shares to be Issued (In Thousands)</u>	<u>Number of Shares Resolved by the Board of Directors (In Thousands)</u>	<u>Shares Granted Date</u>	<u>Capital Increase Date</u>	<u>Actual Number of Shares Issued (In Thousands)</u>	<u>Fair Value at the Date of Shares Granted</u>
08/05/2021	400	300	08/27/2021	09/23/2021	288	\$ 333.5
08/05/2021	400	112	05/06/2022	06/28/2022	110	280.5

On August 5, 2021, the shareholders' meeting of the Company resolved to issue new restricted employee shares in the amount of NT\$4,000 thousand, with 400 thousand shares issued, and the issuance method is as follows:

After employees are allotted new restricted employee shares, they will receive the new shares in accordance with the following schedule and in proportion to the shares they have acquired upon the expiration of their term of office and if their performance in that year during the vesting period is up to the expectations:

<u>Vested Period</u>	<u>Proportion of Vested Shares</u>
Two years from the date of grant	50%
Three years from the date of grant	50%

In the event that employees do not meet the vesting conditions or inheritance occurs:

24.1 General termination of employment (voluntary/retirement/layoff/dismissal/retention without pay)

The Company may buy-back the restricted employee shares (including their stock dividends and related equities) that have not been vested at the issue price.

24.2 Disability, death due to an occupational disaster or general death

- (1) If the employee is unable to continue to work due to a physical disability caused by an occupational disaster, the employee may acquire all of the restricted employee shares not yet vested upon termination of employment.
- (2) If the employee dies as a result of an occupational disaster or dies in general, the unvested restricted employee shares are deemed to be fully vested. The

successor may apply to receive his or her shares or disposed interests after completing the necessary legal procedures and providing relevant documents.

24.3 Transfer to affiliates

- (1) If the employee requests to transfer to an affiliated company, the Company may buy-back the restricted employee shares (including their stock dividends and related equities) that have not been vested at the issue price.
- (2) If the Company approves the transfer to an affiliate for operational reasons, the rights and obligations of the unvested restricted employee shares shall not be affected, but shall still be in accordance with these terms and conditions provided that the performance shall be re-measured after the transfer to the affiliate; and the period of vesting shall continue to work for the affiliate or the Company, otherwise the vesting conditions shall be deemed not to be met and the Company may buy-back the restricted employee shares (including their stock dividends and related equities) that have not been vested at the issue price.

24.4 Employees who have committed gross negligence such as violating labor contracts or work rules

After the employee has acquired the restricted employee shares granted by the Company, in the event of a violation of Terms of Agreement, the Trust Deed, the Labor Contract, the Non-Disclosure Agreement, the Corporate Governance Practices Principles, the Ethical Corporate Management Practices Principles, the Code of Ethical Conduct, the Information Security Rules, the Non-competition Agreement and the Work Rules, the Company may buy-back the restricted employee shares (including their stock dividends and related equities) that have not been vested at the issue price.

The Company will proceed with the cancellation of the restricted employee shares bought back by the Company at the issue price.

The restrictions on the entitlement to shares before the vesting condition is satisfied after the employee has been allotted or subscribed for new shares are as follows:

- (1) The employee may not sell, pledge, transfer, donate, set up, or otherwise dispose of the restricted employee shares before the vesting condition is met.
- (2) Until the vesting conditions are met, the restricted employee shares may still participate in the allotment and dividend distribution.
- (3) Upon the issuance of restricted employee shares, employees shall immediately deliver them to the Trust and shall not request the Trustee to return the restricted employee shares for any reason or in any manner until the vested conditions have been fulfilled.

Other contractual matters are as follows:

Restrictions on employee rights during delivery of new shares to the Trust, the Company shall act as the exclusive agent of the employees (including but not limited) in negotiating, signing, amending, extending, cancelling and terminating the Trust

Deed and the delivery, use and disposal instructions of the Trust Property with the Stock Trust.

The circumstances of the grant of restricted employee shares described above are summarized as follows:

	<u>2021-1 Employee Restricted Shares</u> (In Thousands)	<u>2021-2 Employee Restricted Shares</u> (In Thousands)
<u>Three months ended March 31, 2026</u>		
Shares outstanding at the beginning of the period	-	1
Shares cancelled for the period	-	(1)
Shares pending cancellation for the period	<u>-</u>	<u>-</u>
Shares outstanding at the end of the period	<u>-</u>	<u>-</u>
Employee shares vested	<u>252</u>	<u>90</u>
Weighted-average fair value of shares granted (NTD)	<u>\$ 333.5</u>	<u>\$ 280.5</u>
<u>Three months ended March 31, 2025</u>		
Shares outstanding at the beginning and end of the period	1	44
Shares vested for the period	-	-
Shares pending cancellation for the period	<u>(1)</u>	<u>(1)</u>
Shares outstanding at the end of the period	<u>-</u>	<u>43</u>
Employee shares vested	<u>252</u>	<u>47</u>
Weighted-average fair value of shares granted (NTD)	<u>\$ 333.5</u>	<u>\$ 280.5</u>

For the three months ended March 31, 2025, the Company repurchased 2 thousand restricted employee shares due to employee resignations. However, 2 thousand shares, for which the Board of Directors resolved the capital reduction base date as May 13, 2025, have not yet completed the registration of changes with the Ministry of Economic Affairs. Therefore, these shares are temporarily listed under shares pending cancellation.

For the three months ended March 31, 2025, the compensation costs recognized for the restricted employee shares were NT\$333 thousand.

Restricted Employee Shares Plan

The Company's shareholders' meeting on May 27, 2025 approved the issuance of 400 thousand restricted employee shares, with a total par value of NT\$4,000 thousand, which was subsequently declared effective by the FSC. On March 20, 2026, the Company's Board of Directors approved the first issuance of 300 thousand shares, with the issue price per share set at 50% of the closing price of the Company's stock on the issuance date.

25. CASH FLOW INFORMATION

25.1 Non-cash transactions

Except as disclosed in other notes, the Group conducted the following non-cash transaction investment and financing activities for the three months ended March 31, 2026 and 2025:

On March 31, 2026, December 31, 2025, and March 31, 2025, the Group respectively acquired property, plant and equipment of \$0 thousand, \$15,750, and \$215 thousand, which are recognized as payables for purchase of equipment. Please refer to Note 17.

25.2 Changes in liabilities arising from financing activities

Three Months Ended March 31, 2026

	January 1, 2026	Cash Flows	Non-cash Changes		March 31, 2026
			New Leasing	Exchange Rate Changes	
Lease liabilities	\$ 12,752	(\$ 2,832)	\$ 3,474	(\$ 68)	\$ 13,326

Three Months Ended March 31, 2025

	January 1, 2025	Cash Flow	Non-cash Changes		March 31, 2025
			New Leasing	Exchange Rate Changes	
Lease liabilities	\$ 22,313	(\$ 2,791)	\$ -	\$ 320	\$ 19,842

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of issued ordinary shares, capital surplus, retained earnings and other equity.

The Group is not subject to any externally imposed capital requirements.

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the number of new shares issued.

27. FINANCIAL INSTRUMENTS

27.1 Fair value of financial instruments not measured at fair value

March 31, 2026

	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost—					
Corporate Bonds	\$229,429	\$189,888	\$ -	\$ -	\$189,888

December 31, 2025

	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost—					
Corporate Bonds	\$260,621	\$229,136	\$ -	\$ -	\$229,136

March 31, 2025

	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost—					
Corporate Bonds	\$307,549	\$268,977	\$ -	\$ -	\$268,977

27.2 Fair value of financial instruments measured at fair value on a recurring basis

March 31, 2026

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Beneficiary certificate of funds	\$ 80,042	\$ -	\$ -	\$ 80,042
Listed shares	<u>43,122</u>	<u>-</u>	<u>-</u>	<u>43,122</u>
	<u>\$ 123,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,164</u>
<u>Financial assets at FVTOCI</u>				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,008</u>	<u>\$ 1,008</u>

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed shares	<u>\$ 42,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,778</u>
<u>Financial assets at FVTOCI</u>				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,008</u>	<u>\$ 1,008</u>

March 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Beneficiary certificate of funds	\$ 93,403	\$ -	\$ -	\$ 93,403
Listed shares	<u>42,860</u>	<u>-</u>	<u>-</u>	<u>42,860</u>
	<u>\$ 136,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,263</u>
<u>Financial assets at FVTOCI</u>				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,008</u>	<u>\$ 1,008</u>

There were no transfers between levels 1 and 2 for the three months ended March 31, 2026 and 2025.

27.3 Categories of financial instruments

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 123,164	\$ 42,778	\$ 136,263
Amortized cost (1)	869,488	1,149,786	985,173
FVTOCI			
Investment in equity instruments	1,008	1,008	1,008
<u>Financial liabilities</u>			
Amortized cost (2)	79,766	26,160	102,727

(1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, accounts receivable (including related parties), other receivables, and refundable deposits (recognized in other current assets and other non-current assets), and financial assets carried at amortized cost – non-current.

(2) The balances include financial liabilities measured at amortized cost, which comprise accounts payable, and other payables (not including payables for salaries or bonuses, payables for annual leave, payables for retirement benefits, payables for insurance, and payables for taxes), and other payables – related parties.

27.4 Financial risk management objectives and policies

The Group's major instruments include equity investments, accounts receivable, accounts payable, and lease liabilities. The Group's corporate financial management function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks.

These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate financial management function reports quarterly to the board of directors, which functions to monitor risks and policies implemented to mitigate risk exposures.

(1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (1.1) below), interest rates (refer to (1.2) below), and other price risks (refer to (1.3) below).

(1.1) Foreign currency risks

The Group has foreign currency denominated service transactions, which expose the Group to foreign currency risk.

The carrying amounts of the Group's non-functional currency denominated monetary assets and monetary liabilities (including the non-functional currency monetary items that have been written off in the consolidated financial statement) at the balance sheet dates are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuation of the United States Dollar (USD).

The following table details the Group's sensitivity to a 1% increase/decrease in the New Taiwan dollar (NTD, the functional currency) against the USD. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency weakening 1% against the USD. For a 1% strengthening of the functional currency against the USD, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Profit or loss	\$ 6,573	\$ 6,432

The aforementioned profit or loss mainly results from the exposure on outstanding USD denominated bank deposits and accounts receivable at the balance sheet dates.

The Group's sensitivity to foreign currency increased during the current period, mainly due to the increase in bank deposits denominated in US dollars.

(1.2) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the balance sheet dates are set out as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Fair value interest rate risk			
– Financial assets	\$ 257,087	\$ 278,185	\$ 325,593
– Financial liabilities	13,326	12,752	19,842
Cash flow interest rate risk			
– Financial assets	287,246	482,229	373,116

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the balance sheet dates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 100 basis points increase/decrease and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2026 and 2025 would increase by NT\$718 thousand and NT\$933 thousand, respectively, mainly resulting from the Group's variable-rate bank deposits.

The Group's sensitivity to interest rates decreased during the current period mainly due to the decrease in variable-rate bank deposits.

(1.3) Other price risk

The Group was exposed to equity price risk mainly through its investments in equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet dates.

If equity prices had been 1% higher/lower, the pre-tax profit for the three months ended March 31, 2026 and 2025 would have increased/decreased by NT\$1,232 thousand and NT\$1,363 thousand, respectively, resulting from the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the three months ended March 31, 2026 and 2025, would have increased/decreased by NT\$10 thousand, resulting from the changes in fair value of financial assets at FVTOCI.

(2) Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the balance sheet dates, the

Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation (not considering collaterals or other credit enhancement instruments, and the irrevocable maximum amount of risk exposure), mainly arises from the carrying amount of the recognized financial assets as stated in the consolidated balance sheets. The Group has adopted a policy of only dealing with creditworthy counterparties.

To reduce credit risks, the Group's management personnel shall appoint a dedicated team to determine the credit limit, conduct credit examination and approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue receivables. Moreover, the Group shall review the recovery of each receivable on each balance sheet date to ensure that adequate allowances are made for unrecoverable receivables. Therefore, the Group's management believes that the Group's credit risk has been greatly reduced.

The credit risk management of investments in debt instruments with financial assets measured at amortized cost is as follows.

The Company's policy is to invest only in debt instruments with a credit rating of investment grade or higher and with low credit risk in terms of impairment assessment. Credit rating information is provided by independent rating agencies. The Company continuously tracks external rating information to monitor changes in the credit risk of the debt instruments it invests in, and also reviews other information such as bond yield curves and material information about the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

The Company measures the expected 12-month credit loss or expected credit loss over the life of the debt instruments by taking into account the historical default rate and default loss rate of various grades provided by external rating agencies, the debtor's current financial condition and the outlook of the industry in which the debtor is engaged. The Company's current credit risk rating mechanism is as follows:

Credit Rating	Definition	Expected Credit Loss Recognition Basis	Expected Credit Loss Rate
Good	The credit risk of the debtor is low, and the debtor has sufficient ability to settle the contractual cash flows	12-month expected credit loss	-

The Group's concentration of credit risk was mainly attributable to the Group's three largest customers, which accounted for 9%, 16% and 21% of total accounts receivable as of March 31, 2026, December 31, 2025 and March 31 2025, respectively.

(3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

The maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including both principal cash and interest) of financial liabilities based on the earliest date on which the Group can be required to pay. 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 upon repayment dates.

March 31, 2026

	<u>Less than 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 79,766	\$ -	\$ -	\$ -
Lease liabilities	<u>3,082</u>	<u>6,565</u>	<u>4,356</u>	<u>-</u>
	<u>\$ 82,848</u>	<u>\$ 6,565</u>	<u>\$ 4,356</u>	<u>\$ -</u>

Additional information about the maturity analysis of the financial liabilities is as follows:

	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
Lease liabilities	<u>\$ 9,647</u>	<u>\$ 4,356</u>	<u>\$ -</u>

December 31, 2025

	<u>Less than 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 26,160	\$ -	\$ -	\$ -
Lease liabilities	<u>2,773</u>	<u>7,058</u>	<u>3,489</u>	<u>-</u>
	<u>\$ 28,933</u>	<u>\$ 7,058</u>	<u>\$ 3,489</u>	<u>\$ -</u>

Additional information about the maturity analysis of the financial liabilities is as follows:

	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
Lease liabilities	<u>\$ 9,831</u>	<u>\$ 3,489</u>	<u>\$ -</u>

March 31, 2025

	<u>Less than 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 102,727	\$ -	\$ -	\$ -
Lease liabilities	<u>3,099</u>	<u>8,906</u>	<u>9,318</u>	<u>-</u>
	<u>\$ 105,915</u>	<u>\$ 8,906</u>	<u>\$ 9,318</u>	<u>\$ -</u>

Additional information about the maturity analysis of the financial liabilities is as follows:

	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>
Lease liabilities	<u>\$ 12,005</u>	<u>\$ 9,318</u>	<u>\$ -</u>

28. TRANSACTIONS WITH RELATED PARTIES

The transactions, balances, gains and losses between the Company and its subsidiaries (which are related parties of the Company) have been written off in full upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

28.1 Name and relationship of related parties

<u>Name of the related party</u>	<u>Relationship</u>
MSquare (Shanghai) Ltd.	Related party
MSquare (Hefei) Ltd.	Related party

28.2 Receivables from Related Parties

<u>Financial Statement Accounts</u>	<u>Related Party Category/Name</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts receivable	Related party MSquare (Shanghai) Ltd.	<u>\$ 14,398</u>	<u>\$ 14,144</u>	<u>\$ 24,040</u>

The outstanding receivables from related parties were not secured by guarantees. For the three months ended March 31, 2026 and 2025, loss allowances were recognized for receivables from related parties.

28.3 Compensation of key management personnel

	<u>Three Months Ended March 31, 2026</u>	<u>Three Months Ended March 31, 2025</u>
Short-term employee benefits	\$ 10,776	\$ 8,864
Post-employment benefits	<u>135</u>	<u>189</u>
	<u>\$ 10,911</u>	<u>\$ 9,053</u>

The remuneration of directors and key management personnel, as determined by the remuneration committee, was based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for financing loans and as performance guarantees for government grants:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Property, plant and equipment	\$ 396,836	\$ 398,427	\$ 403,201
Pledged time deposits (listed under other current assets)	<u>5,500</u>	<u>11,000</u>	<u>6,220</u>
	<u>\$ 402,336</u>	<u>\$ 409,427</u>	<u>\$ 409,421</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2026

	<u>Foreign Currencies (In Thousands)</u>	<u>Exchange Rate</u>	<u>Carrying Amount (In Thousands)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 21,476	31.995 (USD : NTD)	\$ 687,125
CNY	1,285	4.629 (CNY : NTD)	5,948
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	932	31.995 (USD : NTD)	29,819

December 31, 2025

	<u>Foreign Currencies (In Thousands)</u>	<u>Exchange Rate</u>	<u>Carrying Amount (In Thousands)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 24,195	31.430 (USD : NTD)	\$ 760,449
CNY	2,533	4.496 (CNY : NTD)	11,388
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	959	31.430 (USD : NTD)	30,141

March 31, 2025

	<u>Foreign Currencies (In Thousands)</u>	<u>Exchange Rate</u>	<u>Carrying Amount (In Thousands)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 19,921	33.205 (USD : NTD)	\$ 661,477
CNY	2,382	4.573 (CNY : NTD)	10,893
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	552	33.205 (USD : NTD)	18,329

The significant unrealized foreign exchange gains (losses) were as follows:

<u>Foreign Currency</u>	<u>Three Months Ended March 31, 2026</u>	<u>Net Foreign Exchange Gains</u>	<u>Three Months Ended March 31, 2025</u>	<u>Net Foreign Exchange Gains</u>
	<u>Exchange Rate</u>		<u>Exchange Rate</u>	
USD	31.995 (USD : NTD)	\$ 5,065	33.205 (USD : NTD)	\$ 1,953

31. SEPARATELY DISCLOSED ITEMS

31.1 Significant transactions and 31.2 Information about investees:

- (1) Financing provided to others: None.
- (2) Endorsements/guarantees provided: None.
- (3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Table 1.
- (4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2.
- (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: Table 3.
- (7) Information on investees: Table 4.

31.3 Information on investments in mainland China

- (1) The name of the investee company in mainland China, the principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss, recognized investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5.

- (2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 5.
- (2.1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2.2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (2.3) The amount of property transactions and the amount of the resultant gains or losses.
 - (2.4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (2.5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - (2.6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

32. SEGMENT INFORMATION

32.1 Industrial financial information

The Group is regarded as a significant operating segment that offers services of Silicon IP design. Furthermore, the Group's chief operating decision maker reviews the Group's financial reports for resources allocation and performance assessment. Therefore, the operational information does not need to be disclosed by segments.

TABLE 1**M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)****MARCH 31, 2026****(In Thousands of New Taiwan Dollars, Thousands of Shares/Units)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2026				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u>							
	Fubon Financial Holding Co., Ltd. (Type C)	—	Financial assets at fair value through profit or loss — current	300	\$ 15,480	-	\$ 15,480	—
	KGI Financial Holding Co., Ltd (Type B)	—	Financial assets at fair value through profit or loss — current	3,400	27,642	-	27,642	—
	Astro Circuit Design Co., Ltd.	—	Financial assets at fair value through other comprehensive income — non-current	63	1,008	4.99	1,008	—
	<u>Fund beneficiary certificate</u>							
	FSITC Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss — current	4,920	80,042	-	80,042	—
	<u>Corporate Bond</u>							
	APPLE Inc.	—	Financial assets at amortized cost — non-current	-	90,852	-	54,750	—
	Saudi Arabia	—	Financial assets at amortized cost — non-current	-	28,435	-	26,047	—
	Saudi Arabian International	—	Financial assets at amortized cost — non-current	-	31,152	-	30,071	—
The First Issue of 2024 for unsecured Cumulative Subordinated Corporate Bonds of Cathay Life Insurance Co., Ltd.	—	Financial assets at amortized cost — non-current	-	15,000	-	15,030	—	
The Second Issue of 2024 for US-dollar-denominated unsecured cumulative subordinated corporate Bonds of Cathay Life Insurance Co., Ltd	—	Financial assets at amortized cost — non-current	-	63,990	-	63,990	—	

Note: For relevant information on investment in subsidiaries, please refer to Table 4 and Table 5.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLIONS OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company	Counterparty	Relationship	Transaction Details				The Transaction Terms Different from Normal Transactions		Notes & Accounts Receivable (Payable)		Note
			Purchase (Sales)	Amount	Percentage of Total Purchase (Sales)	Credit Terms	Unit Price	Credit Terms	Balance	Percentage of Total Notes & Accounts Receivable (Payable)	
The Company	M31 Technology USA, Inc.	Subsidiaries	Sales	\$ 27,332	6.92%	30~90 days	\$ -	—	\$ 24,108	8.58%	—

Note: If the terms of the related party transaction are different from the normal terms of the transaction, the differences and the reasons for the differences should be described in the columns of unit price and credit period.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
0	M31 Technology Corporation	M31 Technology USA, Inc.	1	Accounts receivable— related-party	\$ 24,108	Net 90 days from the end of the transaction month	1
			1	Service revenue	27,332	Decided by mutual agreement based on market price	7
		Hepha IP Technology Ltd.	1	Accounts receivable— related-party	8,414	Net 30 days from the end of the transaction month	-
1	M31 Technology USA, INC.	M31 Technology Corporation	2	Accounts receivable— related-party	15,870	Net 30 days from the end of the transaction month	1
			2	Marketing revenue	28,950	Decided by mutual agreement based on market price	7
			2	Accounts receivable— related-party	9,582	Net 30 days from the end of the transaction month	-
2	M31 Technologies India Private Ltd.	M31 Technology Corporation	2	Technical service revenue	29,130	Decided by mutual agreement based on market price	7

Note 1: Transactions between parent company and subsidiaries should be detailed on the column of No. The meaning of the numbers are as follow:

- (1) Number 0 represents the parent company.
- (2) Subsidiaries are numbered in sequence from Number 1.

Note 2: The transaction relationships are classified as the following three types. Just mark the number of the relationship type:

- (1) Transactions from parent company to subsidiary.
- (2) Transactions from subsidiary to parent company.
- (3) Transactions from subsidiary to subsidiary.

Note 3: In the computation of percentage of consolidated revenue/assets, if the amount is the ending balance of assets or liabilities, the accounts percentage will be calculated by dividing the consolidated assets; if the amount is the amount of income or expense, the accounts percentage will be cumulated by dividing the consolidated revenues in the same period.

Note 4: This form is presented in New Taiwan Dollar (NTD). The amount involves foreign currencies will be translated into NTD at the exchange rate on balance sheet date, while the amount related to gains and losses are translated into NTD at the average annual exchange rate.

Note 5: This table only shows one-way transaction information. The above transactions have been written off when the consolidated financial statement was prepared.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2026	December 31, 2025	Number of Shares	%	Carrying Amount			
The Company	M31 Technology USA, INC.	USA	Product marketing and technical service	\$ 30,416	\$ 30,416	1,000,000	100	\$ 55,995	\$ 1,712	\$ 1,712	Subsidiaries accounted by USD
	Sirius Venture Ltd.	Republic of Seychelles	Investment Holdings	32,067	32,067	985,000	100	24,152	(36)	(36)	Subsidiaries accounted by USD
	M31 Technologies India Private Ltd.	India	Technical service	194	194	49,990	100	24,020	3,159	3,159	Subsidiaries accounted by INR

Note 1: The above transactions were written off when the consolidated financial statement was prepared.

Note 2: For relevant information on investee companies in mainland China, please refer to Table 5.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars or United States Dollars)**

1. The name of investee companies in mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment gain or loss, carrying amount of the investment, repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2026	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2026	Net Income (Loss) of the investee	Ownership of Direct or Indirect Investment %	Investment Gain (Loss) (Note 2 and Note 3)	Carrying Amount as of March 31, 2026 (Note 2 and Note 3)	Accumulated Repatriation of Investment Income as of March 31, 2026	Note
					Outward	Inward							
Hepha IP Technology Ltd.	Product marketing and technical service	USD 900	(2)	\$ 29,459	\$ -	\$ -	\$ 29,459	(\$ 36)	100%	(\$ 36)	\$ 23,615	\$ -	—

2. Limit on the amount of investment in the mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2026	Investment Amount Approved by the Department of Investment Review, MOEA	Upper Limit on the Amount of Investments Stipulated by the Department of Investment Review, MOEA
\$ 29,459	\$ 29,459	\$ 1,081,227

Note 1: Three investment methods are listed below. Just mark the method number.

- (1) Direct investment in mainland China companies.
- (2) Indirect investment in mainland China companies through a company in a third region (Sirius Venture Ltd.).
- (3) Other methods of investing in mainland China.

Note 2: Columns for the current Investment Gain (Loss) and the Carrying Value:

Sirius Venture Ltd. had recognized the Investment Loss on the investment in the Investee Company Hepha IP Technology Ltd. for the three months ended March 31, 2026 and the Carrying Value as of March 31, 2026

Note 3: Calculated based on the audited annual financial report of the parent company in Taiwan.

Note 4: The above transactions have been written off when the consolidated financial statement was prepared.

3. Significant transaction with investee companies in mainland China, either directly or indirectly through a third party:

- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.
- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.
- (3) The amount of property transactions and the amount of the resultant gains or losses: None.
- (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.
- (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.
- (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.