English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 4979

LuxNet Corporation and Subsidiaries
Consolidated Financial Statements
With Review Report of Independent Auditors
As of June 30, 2026 and 2025
And For The Six -month Periods Then Ended

Address: No. 6, Hejiang Road, Zhongli, Taoyuan City, Taiwan 32061
Telephone: (03)452-5188

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Financial Statements and a Report Originally Issued in Chinese

Consolidated Financial Statements
Index

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English Translation of Consolidated Financial Statements Originally Issued in Chinese

REVIEW REPORT OF INDEPENDENT AUDITORS

To The Board of Directors and shareholders of
LuxNet Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of LuxNet Corporation (the "Company") and its subsidiaries as of June 30, 2026 and 2025, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, the related consolidated statements of changes in equity and cash flows for the six-month periods then ended, and the notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

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Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2026 and 2025, and their consolidated financial performance for the three-month and six-month periods then ended and cash flows for the six-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Cheng, Ching-Piao   Cheng, Ching-Piao.

Chen, Kuo-Shuai   Chen, Kuo-Shuai

Ernst & Young
Taiwan, R.O.C.
August 13th, 2026

<u>Notices to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the standards on auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of June 30, 2026		As of December 31, 2025		As of June 30, 2025	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$2,987,573	48	$2,543,737	48	$3,109,914	62
1136	Financial assets measured at amortized cost	6(3)	500,000	8	600,000	11	-	-
1170	Accounts receivable, net	6(5),6(16)	699,346	11	559,646	11	456,728	9
1200	Other receivables	6(16)	35,499	-	23,501	-	26,620	1
1220	Current tax assets	4	-	-	-	-	2,451	-
130x	Inventories	6(6)	663,093	11	419,141	8	414,945	8
1419	Other prepaid expenses		10,420	-	10,275	-	6,323	-
1421	Prepayments		776	-	960	-	1,208	-
1470	Other current assets		10,692	-	11,341	-	8,023	-
11xx	Total current assets		4,907,399	78	4,168,601	78	4,026,212	80
	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2)	2,773	-	5,657	-	-	-
1517	Financial assets at fair value through other comprehensive income	6(4)	90,074	-	82,339	2	46,732	1
1600	Property, plant and equipment	6(7),7,8	1,102,907	18	1,038,026	19	909,844	18
1755	Right-of-use assets	4,6(17)	395	-	477	-	-	-
1780	Intangible assets	6(8)	3,422	-	3,661	-	886	-
1900	Other non-current assets	6(9),6(10)	160,472	4	29,977	1	48,523	1
15xx	Total non-current assets		1,360,043	22	1,160,137	22	1,005,985	20
1xxx	Total Assets		$6,267,442	100	$5,328,738	100	$5,032,197	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets(continued)

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

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of June 30, 2026		As of December 31, 2025		As of June 30, 2025	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2130	Contract liabilities	6(15)	$883	-	$2,344	-	$387	-
2170	Accounts payable		646,081	10	429,401	8	436,801	8
2200	Other payables	6(11)	520,321	8	175,801	4	387,267	8
2220	Other payables - related parties	7	772	-	3,585	-	735	-
2230	Current income tax liabilities	4,6(21)	125,661	2	10,830	-	2,051	-
2280	Lease liabilities	6(17)	162	-	160	-	-	-
2365	Refund liabilities		55,790	1	44	-	-	-
2399	Other current liabilities		39,155	1	2,862	-	2,491	-
21xx	Total current liabilities		1,388,825	22	625,027	12	829,732	16
	Non-current liabilities							
2500	Financial liabilities at fair value through profit or loss	6(12)	-	-	-	-	1,320	-
2530	Bonds payable	6(13)	426,241	7	724,034	13	752,554	15
2580	Lease liabilities	6(17)	236	-	318	-	-	-
25xx	Total non-current liabilities		426,477	7	724,352	13	753,874	15
2xxx	Total liabilities		1,815,302	29	1,349,379	25	1,583,606	31
31xx	Equity attributable to shareholders of the parent	6(14)						
3100	Capital							
3110	Common stock		1,423,593	23	1,408,398	26	1,408,398	28
3130	Bond conversion rights certificates		4,427	-	2,165	-	-	-
3200	Capital surplus		1,495,392	24	1,210,248	23	1,174,245	24
3300	Retained earnings							
3310	Legal reserve		184,944	3	108,438	2	108,438	2
3320	Special reserve		64,095	1	59,656	1	59,655	1
3350	Unappropriated earnings		1,224,708	19	1,254,549	24	797,557	16
3400	Other components of equity		54,981	1	(64,095)	(1)	(99,702)	(2)
3xxx	Total equity		4,452,140	71	3,979,359	75	3,448,591	69
3x2x	Total liabilities and equity		$6,267,442	100	$5,328,738	100	$5,032,197	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three-month and six-month periods ended June 30, 2026 and 2025

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	For the three-month period ended June 30, 2026 Amount	%	For the three-month period ended June 30, 2025 Amount	%	For the six-month period ended June 30, 2026 Amount	%	For the six-month period ended June 30, 2025 Amount	%
4000	Operating revenues	6(15),7	$1,289,108	100	$1,087,486	100	$2,482,586	100	$2,154,392	100
5000	Operating costs	6(6)	(999,781)	(78)	(899,095)	(83)	(1,889,906)	(76)	(1,726,396)	(80)
5900	Gross profit		289,327	22	188,391	17	592,680	24	427,996	20
6000	Operating expenses	7								
6100	Sales and marketing		(2,716)	-	(2,620)	-	(5,853)	-	(4,771)	-
6200	General and administrative		(31,935)	(3)	(20,542)	(2)	(66,692)	(3)	(44,399)	(2)
6300	Research and development		(17,775)	(1)	(14,995)	(1)	(32,795)	(1)	(31,490)	(2)
6450	Expected credit gains (losses)	6(16)	(449)	-	82	-	(239)	-	129	-
	Total operating expenses		(52,875)	(4)	(38,075)	(3)	(105,579)	(4)	(80,531)	(4)
6900	Operating income		236,452	18	150,316	14	487,101	20	347,465	16
7000	Non-operating incomes and expenses	6(19)								
7100	Interest income		14,631	1	13,801	1	28,333	1	25,719	1
7010	Other incomes		225	-	369	-	772	-	454	-
7020	Other gains or losses		(479)	-	(65,126)	(6)	22,200	1	(56,117)	(3)
7050	Finance costs		(3,066)	-	(4,745)	-	(7,371)	-	(9,460)	-
7055	Reversal of expected credit losses	6(16)	-	-	-	-	3,003	-	-	-
	Total non-operating incomes and expenses		11,311	1	(55,701)	(5)	46,937	2	(39,404)	(2)
7900	Income before income tax		247,763	19	94,615	9	534,038	22	308,061	14
7950	Income tax expense	4,6(21)	(63,510)	(5)	-	-	(120,132)	(5)	-	-
8200	Net income		184,253	14	94,615	9	413,906	17	308,061	14
8300	Other comprehensive income (loss)	6(20)								
8310	Items that not be reclassified subsequently to profit or loss									
8316	Unrealized gains (losses) on equity instruments investment measured at fair value through other comprehensive income		57,932	5	(14,169)	(2)	63,777	2	(40,047)	(2)
8300	Total other comprehensive income (loss), net of tax		57,932	5	(14,169)	(2)	63,777	2	(40,047)	(2)
8500	Total comprehensive income		$242,185	19	$80,446	7	$477,683	19	$268,014	12
9750	Earnings per share-basic (in NTD)	6(22)	$1.29		$0.67		$2.91		$2.19	
9850	Earnings per share-diluted (in NTD)	6(22)	$1.29		$0.67		$2.89		$2.16	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six-month periods ended June 30, 2026 and 2025

(Amounts Expressed In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent								
		Common Stock			Retained Earnings			Others		
		Common Stock	Bond conversion rights certificates	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized gains (losses) on equity instruments investment measured at fair value through other comprehensive income	Total	Total Equity
Code	Items	3100	3130	3200	3310	3320	3350	3420	31xx	3xxx
A1	Balance as of January 1, 2025	$1,408,398	$-	$1,174,245	$55,089	$14,599	$805,447	$(59,655)	$3,398,123	$3,398,123
	Appropriation and distribution of 2024 earnings :									
B1	Legal reserve				53,349		(53,349)		-	-
B3	Special reserve					45,056	(45,056)		-	-
B5	Cash dividends-common shares						(217,546)		(217,546)	(217,546)
D1	Net income for the six-month period ended June 30, 2025						308,061		308,061	308,061
D3	Other comprehensive income (loss), net of tax, for the six-month period ended June 30, 2025							(40,047)	(40,047)	(40,047)
D5	Total comprehensive income	-	-	-	-	-	308,061	(40,047)	268,014	268,014
Z1	Balance as of June 30, 2025	$1,408,398	$-	$1,174,245	$108,438	$59,655	$797,557	$(99,702)	$3,448,591	$3,448,591
A1	Balance as of January 1, 2026	$1,408,398	$2,165	$1,210,248	$108,438	$59,656	$1,254,549	$(64,095)	$3,979,359	$3,979,359
	Appropriation and distribution of 2025 earnings :									
B1	Legal reserve				76,506		(76,506)		-	-
B3	Special reserve					4,439	(4,439)		-	-
B5	Cash dividends-common shares						(307,503)		(307,503)	(307,503)
D1	Net income for the six-month period ended June 30, 2026						413,906		413,906	413,906
D3	Other comprehensive income (loss), net of tax, for the six-month period ended June 30, 2026							63,777	63,777	63,777
D5	Total comprehensive income	-	-	-	-	-	413,906	63,777	477,683	477,683
I1	Conversion of converitible bonds	15,195	2,262	285,144					302,601	302,601
Q1	Disposal of financial assets at fair value through other comprehensive income						(55,299)	55,299	-	-
Z1	Balance as of June 30, 2026	$1,423,593	$4,427	$1,495,392	$184,944	$64,095	$1,224,708	$54,981	$4,452,140	$4,452,140

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six-month periods ended June 30, 2026 and 2025

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the six-month periods ended June 30,	
		2026	2025
AAAA	Cash flows from operating activities：		
A10000	Income before income tax	$534,038	$308,061
A20000	Adjustments：		
A20010	Income and expense adjustments：		
A20100	Depreciation (including right-of-use-assets)	44,360	28,865
A20200	Amortization	1,810	2,204
A20300	Expected credit (gain) losses	(2,764)	(129)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit of loss	325	(1,680)
A20900	Interest expense	7,371	9,460
A21200	Interest income	(28,333)	(25,719)
A22500	Loss (gain) on disposal of property, plant and equipment	288	3,964
A23700	Impairment loss on non-financial assets	662	-
A23800	Reversal of impairment loss on non-financial assets	(288)	(3,964)
A29900	Other - loss (gain) related to inventories	7,987	9,357
A30000	Changes in operating assets and liabilities：		
A31150	Accounts receivable	(139,939)	(56,182)
A31180	Other receivables	(8,785)	21,094
A31200	Inventories	(251,939)	(38,921)
A31230	Prepayments	39	(3,385)
A31240	Other current assets	649	(915)
A32125	Contract liabilities	(1,461)	(79)
A32150	Accounts payable	216,680	(14,824)
A32180	Other payables	35,188	14,173
A32190	Other payables - related parties	(2,813)	735
A32230	Other current liabilities	36,293	(442)
A32240	Net defined benefit liabilities	(70)	(76)
A32990	Refund liabilities	55,746	-
A33000	Cash generated from (used in) operations	505,044	251,597
A33100	Interest received	28,123	24,543
A33500	Income tax paid	(5,301)	(6,733)
AAAA	Net cash provided by (used in) operating activities	527,866	269,407

Code	Items	For the six-month periods ended June 30,	
		2026	2025
BBBB	Cash flows from investing activities：		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(32,142)	-
B00020	Disposal of financial assets at fair value through other comprehensive income	88,184	-
B00050	Disposal of financial assets at amortised cost	100,000	-
B02700	Acquisition of property, plant and equipment	(235,138)	(286,631)
B03700	Decrease (increase) in refundable deposits	(163)	-
B04500	Acquisition of intangible assets	(3,480)	(463)
B06700	Decrease (increase) in other non-current assets	(1,207)	(142)
BBBB	Net cash provided by (used in) investing activities	(83,946)	(287,236)
CCCC	Cash flows from financing activities：		
C04020	Cash payments for the principal portion of the lease liabilities	(84)	-
CCCC	Net cash provided by (used in) financing activities	(84)	-
EEEE	Increase (decrease) in cash and cash equivalents	443,836	(17,829)
E00100	Cash and cash equivalents at beginning of period	2,543,737	3,127,743
E00200	Cash and cash equivalents at end of period	$2,987,573	$3,109,914

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

1. HISTORY AND ORGANIZATION

LuxNet Corporation (referred to "the Company") was incorporated on November 15, 2001, and registered under the Ministry of Economic Affairs, ROC. The address of the Company's registered office is No. 6, Hejiang Road, Zhongli, Taoyuan.

The major business activities of Company and subsidiaries (together referred to as "the Group") were the manufacturing, processing and sale of electronic components and active components for optical communication and the retail sale of electronic materials.

The Company's common shares were publicly listed on the Taipei Exchange ("TPEx") on December 12, 2011.

2. DATE AND PROCEDURE OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUANCE

The consolidated financial statements of the Company and its subsidiaries ("the Group") were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on August 13, 2026.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2026. The adoption of these new standards and amendments had no material impact on the Group.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Standards or interpretations issued, revised or amended, by IASB which have been endorsed by FSC, and not yet adopted by the Group as at the date when the Group's financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)
B	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
C	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027
D	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2027 (Note)

Note: On September 25, 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028. In addition, entities in Taiwan with a need for early adoption may elect to early adopt IFRS 18.

(A)IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(1)Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analysing entities' performance and make it easier to compare entities.

(2)Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3)Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(B)Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendment permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(C)Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

(1)Clarify that when the entity's functional currency is that of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.

(2)In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3)When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

(D)Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)

The amendments are:

(1)Clarify that the entity that has a main business activity of investing in particular types of assets (as set out in paragraph 49(a) of IFRS 18) is eligible to elect the fair value option in IAS 28; and

(2)Require the entity to apply the amendments to IAS 28 at the same time, and on the same basis, as it applies IFRS 18.

The abovementioned standards, amendments and interpretations have been issued by the IASB, endorsed by the FSC, and are effective for annual reporting periods beginning on or after January 1, 2027. Except for the standards, amendments and interpretations described in (A), which are expected to affect the presentation and disclosures of the Group's financial statements, the Group has assessed that the remaining new or amended standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Group as at the date when the Group's financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 20 "Regulatory Assets and Regulatory Liabilities"	January 1, 2029

(A)IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(B)IFRS 20 "Regulatory Assets and Regulatory Liabilities"

This Standard sets out the requirements for the recognition, measurement, presentation and disclosure of regulatory assets, regulatory liabilities, regulatory income and regulatory expense, and will replace IFRS 14 Regulatory Deferral Accounts.

The abovementioned standards and interpretations issued by the IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assessed that the new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements for the six-month periods ended June 30, 2026 and 2025 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34, "Interim Financial Reporting," as endorsed and became effective by the FSC.

Except for the following 4(3)～4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2025. For more details, please refer to Note 4 of the Group's consolidated financial statements for the year ended December 31, 2025.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(3) Basis of consolidation

The same principles of consolidation have been applied in the Group's consolidated financial statements as those applied in the Group's consolidated financial statements for the year ended December 31, 2025. For the principles of consolidation, please refer to Note 4(3) of the Group's consolidated financial statements for the year ended December 31, 2025.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

			Percentage of Ownership (%), as of		
Investor	Subsidiary	Main business	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
The Company	Toplight Corporation	Holding Company	100%	100%	100%
Toplight Corporation	Toptrans Corporation Limited	Holding Company	100%	100%	100%

(4)Post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5)Income tax

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. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, “Income Tax.” The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

5.SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The same significant accounting judgments, estimates and assumptions have been applied in the Group's consolidated financial statements for the six-month period ended June 30, 2026 as those applied in the Group's consolidated financial statements for the year ended December 31, 2025. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Group's consolidated financial statements for the year ended December 31, 2025.

6.CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Cash and petty cash	$47	$47	$45
Checking and saving	2,432,726	359,380	320,369
Time deposit (Note)	554,800	1,814,300	2,601,600
Cash equivalents – Investments in bonds under resale agreements	-	220,010	87,900
Cash equivalents – Investments in notes under resale agreements	-	150,000	100,000
Total	$2,987,573	$2,543,737	$3,109,914

Note: The contract will expire within three months and it must be readily convertible to a known amount of cash and be subject to an insignificant risk of change in value.

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

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Mandatorily measured at fair value through profit or loss:			
Derivatives not designated as hedging instruments			
Embedded derivatives – redemption, put options	$2,773	$5,657	$-

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Current	$-	$-	$-
Non-current	2,773	5,657	-
Total	$2,773	$5,657	$-

No financial assets at fair value through profit or loss was pledged as collateral.

(3)Financial assets measured at amortized cost

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Time deposits	$500,000	$600,000	$-
Current	$500,000	$600,000	$-
Non-current	-	-	-
Total	$500,000	$600,000	$-

The Group classifies certain of its financial assets as financial assets measured at amortized cost, which were not pledged. Please refer to Note 12 for more details on credit risk.

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

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Equity instruments investments measured at fair value through other comprehensive income – Non-current:			
Unlisted company stocks	$90,074	$82,339	$46,732

The Group classifies certain of its financial assets as financial assets at fair value through other comprehensive income, which were not pledged.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group's equity instrument investments measured at fair value through other comprehensive income for the six-month periods ended June 30, 2026 and 2025 are as follows:

(a)Movement for the six-month periods ended June 30, 2026

	Unlisted company stocks
As of Jan. 1, 2026	$82,339
Investments acquired during the period	32,142
Valuation gains (losses)	
Related to investments held at the period ended	57,932
Related to investments derecognized	5,845
The fair value of the investments at the date of derecognition	(88,184)
As of Jun. 30, 2026	$90,074

Movement for the six-month periods ended June 30, 2025

	Unlisted company stocks
As of Jan. 1, 2025	$86,779
Valuation gains (losses)	
Related to investments held at the period ended	(40,047)
As of Jun. 30, 2025	$46,732

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Derecognition

In consideration of the Group's investment strategy, the Group disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments are as follows:

	For the six-month period ended June 30, 2026
The fair value of the investments at the date of derecognition	$88,184
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	(55,299)

(5)Accounts receivable, net

A. Details of accounts receivable, net

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Accounts receivable arising from operating activities	$747,195	$607,256	$504,304
Less: loss allowance	(47,849)	(47,610)	(47,576)
Total accounts receivable, net	$699,346	$559,646	$456,728

Accounts receivable are generally on 30～105 days terms. The total carrying amount were NT$747,195 thousand, NT$607,256 thousand and NT$504,304 thousand as of June 30, 2026, December 31, 2025 and June 30, 2025, respectively. Please refer to Note 6(16) for more details on loss allowance of accounts receivable for the six-month periods ended June 30, 2026 and 2025, respectively. Please refer to Note 12 for more details on credit risk.

B.Accounts receivable were not pledged.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6)Inventories

A. Details of inventories:

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Raw material	$320,651	$196,847	$160,008
Work in process	154,740	104,658	124,694
Finished goods	187,702	117,636	130,243
Total	$663,093	$419,141	$414,945

B. The cost of inventories recognized in expenses amounted to NT$999,781 thousand and NT$899,095 thousand, NT$1,889,906 thousand and NT$1,726,396 thousand for the three-month and six-month periods ended June 30, 2026 and 2025, respectively.

The following loss (gains) were included in cost of sale:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
Item	2026	2025	2026	2025
Loss (Gain) from inventory market decline and write-off obsolescence	$(9,500)	$12,113	$(7,872)	$8,842
Loss from disposed	15,859	-	15,859	-
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	-	4,835	-	9,620
Inventory gains and losses from physical count	-	43	-	515
Gains on sale of scrap	(1,119)	(287)	(1,631)	(346)
Total	$5,240	$16,704	$6,356	$18,631

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group recognized gains on reversal of inventory market decline because the net realizable value of certain inventories previously provided with market loss or obsolescence were recovered or obsolescence were disposed for the three-month and six-month periods ended June 30, 2026.

C. The inventories were not pledged.

(7)Property, plant and equipment

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
A.Owner occupied property, plant and equipment	$1,102,907	$1,038,026	$909,844

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Equipment awaiting inspection	Total
Cost:							
As of Jan. 1, 2026	$382,721	$482,638	$1,408,575	$11,515	$548	$128,219	$2,414,216
Additions	-	-	-	-	-	109,821	109,821
Disposals	-	-	(5,939)	-	-	-	(5,939)
Reclassification	-	129,680	46,055	369	-	(176,104)	-
As of Jun. 30, 2026	$382,721	$612,318	$1,448,691	$11,884	$548	$61,936	$2,518,098
As of Jan. 1, 2025	$247,696	$367,278	$1,326,543	$5,239	$548	$20,592	$1,967,896
Additions	-	-	-	-	-	323,551	323,551
Disposals	-	-	(26,844)	-	-	-	(26,844)
Reclassification	135,025	96,531	27,075	3,250	-	(261,881)	-
As of Jun. 30, 2025	$382,721	$463,809	$1,326,774	$8,489	$548	$82,262	$2,264,603

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Equipment awaiting inspection	Total
Depreciation and impairment:							
As of Jan. 1, 2026	$-	$150,598	$1,219,255	$5,789	$548	$-	$1,376,190
Depreciation	-	10,875	32,651	752	-	-	44,278
Impairment loss	-	-	374	-	-	-	374
Disposal	-	-	(5,651)	-	-	-	(5,651)
As of Jun. 30, 2026	$-	$161,473	$1,246,629	$6,541	$548	$-	$1,415,191
As of Jan. 1, 2025	$-	$137,138	$1,209,959	$5,239	$402	$-	$1,352,738
Depreciation	-	5,303	23,417	54	91	-	28,865
Reversal of impairment losses	-	-	(3,964)	-	-	-	(3,964)
Disposal	-	-	(22,880)	-	-	-	(22,880)
As of Jun. 30, 2025	$-	$142,441	$1,206,532	$5,293	$493	$-	$1,354,759
Net carrying amount:							
As of Jun. 30, 2026	$382,721	$450,845	$202,062	$5,343	$-	$61,936	$1,102,907
As of Dec. 31, 2025	$382,721	$332,040	$189,320	$5,726	$-	$128,219	$1,038,026
As of Jun. 30, 2025	$382,721	$321,368	$120,242	$3,196	$55	$82,262	$909,844

B. For the six-month periods ended June 30, 2026, the NT$662 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. These has been recognized in the statement of comprehensive income. The recoverable value is measured at the value in use at the cash generating unit level.

C. For the six-month periods ended June 30, 2026 and 2025, the NT$288 thousand and NT$3,964 thousand gain on reversal of impairment loss represented the sold of certain property, plant, and equipment in the Group. These have been recognized in the statement of comprehensive income.

D. Please refer to Note 8 for more details on property, plant and equipment under pledged.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8)Intangible assets

	Computer software
Cost:	
As of Jan. 1, 2026	$36,857
Additions – acquired separately	750
Deduction	-
As of Jun. 30, 2026	$37,607
As of Jan. 1, 2025	$33,322
Additions – acquired separately	143
Deduction	-
As of Jun. 30, 2025	$33,465
Amortization and Impairment:	
As of Jan. 1, 2026	$33,196
Amortization	989
Deduction	-
As of Jun. 30, 2026	$34,185
As of Jan. 1, 2025	$32,157
Amortization	422
Deduction	-
As of Jun. 30, 2025	$32,579
Carrying amount, net:	
As of Jun. 30, 2026	$3,422
As of Dec. 31, 2025	$3,661
As of Jun. 30, 2025	$886

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Amounts of amortization recognized for intangible assets are as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Operating costs	$277	$141	$656	$282
Sales and marketing expenses	10	7	20	14
General and administrative expenses	70	44	140	88
Research and development expenses	86	19	173	38
Total	$443	$211	$989	$422

(9)Other non-current assets

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Prepayment for equipment	$151,173	$22,906	$42,248
Other non-current assets-others	4,486	2,491	3,449
Net defined benefit asset	3,750	3,680	2,826
Refundable deposits	1,063	900	-
Total	$160,472	$29,977	$48,523

(10)Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended June 30, 2026 and 2025 were NT$3,998 thousand and NT$3,272 thousand, respectively, while for the six-month periods ended June 30, 2026 and 2025 were NT$7,723 thousand and NT$6,325 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended June 30, 2026 and 2025 and for the six-month periods ended June 30, 2026 and 2025 were all NT$0.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11)Other payables

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Accrued expense	$197,625	$163,558	$145,939
Payables on equipment	15,193	12,243	23,782
Payables on dividend	307,503	-	217,546
Total	$520,321	$175,801	$387,267

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

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Mandatorily measured at fair value through profit or loss:			
Derivatives not designated as hedging instruments			
Embedded derivatives – redemption, put options	$-	$-	$1,320
Current	$-	$-	$-
Non-current	-	-	1,320
Total	$-	$-	$1,320

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13)Bonds payable

A.The details of the bonds payable as of June 30, 2026, December 31, 2025 and June 30, 2025 are as follows:

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Liability component:			
Convertible domestic bonds payable	$441,800	$760,000	$800,000
Discounts on bonds payable	(15,559)	(35,966)	(47,446)
Total	426,241	724,034	752,554
Less: current portion	-	-	-
Net	$426,241	$724,034	$752,554
Embedded derivative － redemption, put options	$(2,773)	$(5,657)	$1,320
Equity component － conversion right	$33,970	$70,976	$75,097

For the details of the gain or loss from valuation through profit or loss on embedded derivative - redemption, put options and the interest expense on the convertible bonds payable, please refer to Note 6 (19) for more details.

B.On December 9, 2024, the Group issued the 3rd unsecured domestic convertible bonds.

The terms of the bonds are as follows:

(A) Issue amount: NTD 600,000 thousand

(B) Issue date: December 9, 2024

(C) Issue price: Issued at par value

(D) Coupon rate: 0%

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(E) Period:	December 9, 2024 to December 9, 2027
(F) Repayment at maturity:	Unless the holders of the Convertible Bonds convert the bonds into the Company's common shares in accordance with Article 10 of these Terms, or the Company redeems the bonds early pursuant to Article 18, or the bondholders exercise their put options under Article 19, or the Company repurchases and cancels the bonds through securities firms, the Company shall repay the Convertible Bonds held by the bondholders in a lump-sum cash payment at their face value within ten business days after maturity (including the tenth business day). If the aforementioned date falls on a day when the Taiwan Stock Exchange is closed, the repayment date shall be deferred to the next business day.
(G)Conversion period:	The bondholders will have the right to convert their bonds at any time during the conversion period commencing March 10, 2025 (the 3 months following the issuing date) to December 09, 2027 (the maturity date), the bondholders may, at any time, request conversion of the Convertible Bonds into the Company's common shares in accordance with these Terms by notifying Taiwan Depository & Clearing Corporation ("TDCC") through their securities brokers, who will then forward such request to the Company's stock transfer agent for processing, subject to the provisions of Articles 10, 11, 12, and 16 hereof. The foregoing right of conversion shall not apply during the following periods: (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends；(iii) subscription of new shares due to capital increase to the date ending on (and including) such record date; (iv) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares

of the Company are reissued after such capital reduction; no request for conversion other than the starting date of the stop of conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.

The commencement date of suspension of conversion (subscription) for a par value change referred to in the preceding paragraph shall mean the business day immediately preceding the date on which the application for registration of such change is filed with the Ministry of Economic Affairs. The Company shall officially announce the suspension period of at least four business days prior to such commencement date.

(H)Conversion price and adjustment: The conversion price was originally at NT$178 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

The Company distributed common share cash dividends in 2025. Therefore an adjustment to the conversion price was made in accordance with the Company's regulations governing the third domestic unsecured convertible bond issuance and conversion. On July 30, 2025, the conversion price was adjusted from NT$178 to NT$176.50.

(I)Redemption option of the issuer: Under the following circumstances, effective from three month after the issuance until 40 days to maturity, the Company may recall the bonds at par value:

a. The closing price of the Company's common stock exceeds 30% of the last adjusted conversion price for a period of 30 consecutive business days.

b. The balance of the Company's total bonds currently in circulation falls lower than 10% of par value.

(J)Put option of the bondholders: The bondholders can execute put option after two years from issuance date (December 9, 2026). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the put option base date. TPEx (Taipei Exchange) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 30 days after the TPEx's announcement. The redemption value is the bonds face value plus interest. After two years maturity period, the convertible bonds will be redeemed at 101.0025% of their face value (effective yield of 0.5%). After accepting the redemption request, the Company should redeem the bonds by cash within five business days after the maturity date.

C.On December 25, 2024, the Group issued the 4th unsecured domestic convertible bonds.

The terms of the bonds are as follows:

(A) Issue amount: NTD 200,000 thousand

(B) Issue date: December 25, 2024

(C) Issue price: Issued at 112.08% of par value

(D) Coupon rate: 0%

(E) Period: December 25, 2024 to December 25, 2027

(F) Repayment at maturity: Pursuant to Article 5 of these Terms, the coupon rate of the Convertible Bonds is 0%; therefore, no interest payment dates or methods are specified. Unless the holders of the Convertible Bonds convert the bonds into the Company's common shares in accordance with Article 10 of these Terms, or the Company redeems the bonds early pursuant to Article 18, or the bondholders exercise their put options under Article 19, or the Company repurchases and cancels the bonds through securities firms, the Company shall repay the Convertible Bonds held by the bondholders in a lump-sum cash payment at their face value within ten business days after maturity (including the tenth business day). If the aforementioned date falls on a day when the Taiwan Stock Exchange is closed, such date shall be deferred to the next business day.

(G) Conversion period: The bondholders will have the right to convert their bonds at any time during the conversion period commencing March 26, 2025 (the 3 months following the issuing date) to December 25, 2027 (the maturity date), the bondholders may, at any time, request conversion of the Convertible Bonds into the Company's common shares in accordance with these Terms by notifying Taiwan Depository & Clearing Corporation ("TDCC") through their securities brokers, who will then forward such request to the Company's stock transfer agent for processing, subject to the provisions of Articles 10, 11, 12, and 16 hereof. The foregoing right of conversion shall not apply during the following periods: (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends；(iii) subscription of new shares due to capital increase to the date ending on (and including) such record date; (iv) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction; no request for conversion other than the starting date of the stop of conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.

The commencement date of suspension of conversion (subscription) for a par value change referred to in the preceding paragraph shall mean the business day immediately preceding the date on which the application for registration of such change is filed with the Ministry of Economic Affairs. The Company shall publicly announce the suspension period at least four business days prior to such commencement date.

(H) Conversion price and adjustment:

The conversion price was originally at NT$206 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

The Company distributed common share cash dividends in 2025. Therefore an adjustment to the conversion price was made in accordance with the Company's regulations governing the third domestic unsecured convertible bond issuance and conversion. On July 30, 2025, the conversion price was adjusted from NT$206 to NT$204.30.

(I) Redemption clauses:

Under the following circumstances, effective from three month after the issuance until 40 days to maturity, the Company may recall the bonds at par value:

a. The closing price of the Company's common stock exceeds 30% of the last adjusted conversion price for a period of 30 consecutive business days.

b. The balance of the Company's total bonds currently in circulation fall lower than 10% of par value.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(J) Put option of the bondholders:	The bondholders can execute put option after two years from issuance date (December 25, 2026). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the put option base date. TPEx (Taipei Exchange) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 30 days after the TPEx's announcement. The redemption value is the bonds face value plus interest. After two years maturity period, the convertible bonds will be redeemed at 100.0000% of their face value (effective yield of 0%). After accepting the redemption request, the Company should redeem the bonds by cash within five business days after the maturity date.

D. The Group's domestic unsecured convertible bonds have applied for conversion in the amount of NT$318,200 thousand as of June 30, 2026, resulting in the issuance of 1,746 thousand common shares. The net amount to be converted (including the face amount of the convertible bond and discount, etc.) which exceeded the par value of the shares amounted to NT$322,150 thousand, which was credited to capital surplus. In addition, due to the exercise of the convertible bond conversion right, the originally recognized capital surplus-convertible bond equity was decreased by NT$37,006 thousand and discount on bonds payable decreased by NT$13,040 thousand.

(14)Equity

A. Common stock

The Company's authorized capital were all NT$2,000,000 thousand as of June 30, 2026, December 31, 2025 and June 30, 2025. The Company's paid-in capital were NT$1,423,593 thousand, NT$1,408,398 thousand and NT$1,408,398 thousand, respectively, each share at par value of NT$10, divided into 142,359 thousand shares, 140,840 thousand shares and 140,840 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company issued its third domestic unsecured corporate bonds and applied for conversion in the amount of NT$26,900 thousand from January 1 to December 31, 2025. A total of 152 thousand ordinary shares in the amount of NT$1,524 thousand were issued.

The Company issued its fourth domestic unsecured corporate bonds and applied for conversion in the amount of NT$13,100 thousand from January 1 to December 31, 2025. A total of 64 thousand ordinary shares in the amount of NT$641 thousand were issued.

The Company issued its third domestic unsecured corporate bonds and applied for conversion in the amount of NT$244,200 thousand from January 1 to June 30, 2026. A total of 1,384 thousand ordinary shares in the amount of NT$13,835 thousand were issued. As of June 30, 2026, the 376 thousand ordinary shares of the conversion has been accounted for under the bond conversion rights certificates as change registration was still pending completion.

The Company issued its fourth domestic unsecured corporate bonds and applied for conversion in the amount of NT$74,000 thousand from January 1 to June 30, 2026. A total of 362 thousand ordinary shares in the amount of NT$3,622 thousand were issued. As of June 30, 2026, the 67 thousand ordinary shares of the conversion has been accounted for under the bond conversion rights certificates as change registration was still pending completion.

B. Capital surplus

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Additional paid-in capital	$1,095,017	$1,095,017	$1,095,017
Conversion premium	362,274	40,124	-
Restricted stocks for employees	3,650	3,650	3,650
Unclaimed cash dividends beyond the statutory period	481	481	481
Stock option － Other	33,970	70,976	75,097
Total	$1,495,392	$1,210,248	$1,174,245

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

(a) Earning distribution

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion may be distributed, in whole or in part, as dividends and bonuses by issuing new shares, if any, will be resolved in the shareholders' meeting.
f. The distribution of the remaining portion may be distributed, in whole or in part, as dividends and bonuses by issuing new shares or in cash, if any, will be resolved in the shareholders' meeting.

According to the Company's Articles of Incorporation, if the distribution of dividends and bonuses or legal reserve and capital surplus was made in cash, the resolution shall be adopted by a majority of Board of Directors attended by two-thirds of the total number of directors, and shall report the distribution to shareholders' meeting.

(b) Dividend policies

The Company is at its growth stage and it considers its future cash demand and long-term financial plans. The distribution could be appropriately made in cash or in the form of dividend shares, when allocating the earnings for each year, the cash dividend shall not be less than 10 percent of the total dividends.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Based on the resolution approved through the shareholders' meetings held on May 27, 2026 and June 14, 2025, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2025	2024	2025	2024
Legal reserve	$76,506	$53,349		
Special reserve	4,439	45,056		
Common stock – cash dividend	307,503	217,546	2.18	1.5446
Total	$388,448	$315,951		

Please refer to Note 6(18) for details on employees' compensation and remuneration to directors.

(15) Operating revenue

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Revenue from customer contracts				
Sales of goods	$1,289,108	$1,087,486	$2,482,586	$2,154,392

A. Disaggregation of revenue

	Single Department			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
a. Primary geographical markets				
Taiwan	$182,916	$111,789	$332,605	$204,544
China	21,088	18,833	35,808	31,235
North America	1,073,973	948,449	2,096,780	1,902,549
Other	11,131	8,415	17,393	16,064
Total	$1,289,108	$1,087,486	$2,482,586	$2,154,392

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Single Department			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
b. Major product				
Active components for optical communication and modules	$1,040,378	$939,264	$2,033,947	$1,884,982
Chips	189,982	113,176	344,822	203,535
Other	58,748	35,046	103,817	65,875
Total	$1,289,108	$1,087,486	$2,482,586	$2,154,392
The timing for revenue recognition:				
At a point in time	$1,289,108	$1,087,486	$2,482,586	$2,154,392

B. Contract balances

Contract liabilities – current

	As of			
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025	Jan. 1, 2025
Sales of goods	$883	$2,344	$387	$466

For the six-month period ended June 30, 2026 and 2025, contract liabilities decreased because certain performance obligations embedded in the beginning contract liabilities were fulfilled and recognized as revenues.

C. Transaction price allocated to unsatisfied performance obligations

As of June 30, 2026, December 31, 2025 and June 30, 2025, there were no information of unsatisfied performance obligations provided in the consolidated financial statements because the durations of the Group’s revenue contracts were all less than one year.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Assets recognized from costs to fulfill a contract

None.

(16)Expected credit losses (gains)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Operating expenses – Expected credit losses (gains)				
Account receivables	$449	$(82)	$239	$(129)

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivables (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of June 30, 2026, December 31, 2025 and June 30, 2025, respectively, are as follow:

A. The Group considers the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

As of June 30, 2026

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$673,962	$25,833	$-	$47,400	$747,195
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	-	(449)	-	(47,400)	(47,849)
Carrying amount of accounts receivable	$673,962	$25,384	$-	$-	$699,346

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2025

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$557,932	$1,924	$-	$47,400	$607,256
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	-	(210)	-	(47,400)	(47,610)
Carrying amount of accounts receivable	$557,932	$1,714	$-	$-	$559,646

As of June 30, 2025

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$442,366	$14,104	$435	$47,399	$504,304
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	(45)	(2)	(130)	(47,399)	(47,576)
Carrying amount of accounts receivable	$442,321	$14,102	$305	$-	$456,728

B. The movement in the provision for impairment of note receivable, accounts receivable and other receivable during the six-month periods ended June 30, 2026 and 2025, respectively, is as follows:

	Note receivable	Accounts receivable	Other receivable
As of Jan. 1, 2026	$-	$47,610	$3,003
Addition (reversal) to the current period	-	239	(3,003)
As of Jun. 30, 2026	$-	$47,849	$-
As of Jan. 1, 2025	$-	$47,705	$3,003
Addition (reversal) to the current period	-	(129)	-
As of Jun. 30, 2025	$-	$47,576	$3,003

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17)Leases

A.The group as a lessee

The Group leases transportation equipments. These leases term for three years. The Group may not be allowed to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follow:

(A) Amounts recognized in the balance sheet

I. Right-of-use asset

The carrying amount of right-of-use assets

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Transportation equipments	$395	$477	$-

II. Lease liabilities

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Lease liabilities	$398	$478	$-
Current	$162	$160	$-
Non-current	236	318	-
Total	$398	$478	$-

Please refer to Note 6(19) for the interest on lease liabilities recognized during the three-month and six-month periods ended June 30, 2026 and 2025 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of June 30, 2026, December 31, 2025 and June 30, 2025.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Transportation equipment	$42	$-	$82	$-

(C) Income and costs relating to leasing activities

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
The expenses relating to short-term leases	$38	$39	$70	$54

As of June 30, 2026, December 31, 2025 and June 30, 2025, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT$0.

(D) Cash outflow relating to leasing activities

During the six-month periods ended June 30, 2026 and 2025, the Group’s total cash outflow for leases amounting to NT$154 thousand and NT$54 thousand, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18)Summary of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	For the three-month period ended June 30,					
	2026			2025		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salaries and wages	$84,981	$33,131	$118,112	$67,433	$21,017	$88,450
Labor and health insurance	9,085	1,425	10,510	7,075	1,296	8,371
Pension	3,261	737	3,998	2,570	702	3,272
Other employee benefits expense	5,021	1,635	6,656	4,353	1,337	5,690
Depreciation	21,298	2,030	23,328	12,078	2,772	14,850
Amortization	725	184	909	950	88	1,038

Function / Nature	For the six-month period ended June 30,					
	2026			2025		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salaries and wages	$161,140	$67,971	$229,111	$127,506	$48,070	$175,576
Labor and health insurance	17,526	3,066	20,592	13,703	2,744	16,447
Pension	6,228	1,495	7,723	4,952	1,373	6,325
Other employee benefits expense	9,710	3,126	12,836	8,471	2,566	11,037
Depreciation	40,274	4,086	44,360	23,552	5,313	28,865
Amortization	1,441	369	1,810	2,028	176	2,204

According to the Company's Articles of Incorporation, between 5% to 15% of profit of the current year is distributable as employees' compensation and no more than 5% of profit of the current year is distributable as remuneration to directors. According to the amended Articles of Incorporation, 1% of profit of the current year included above shall be allocated as non - management employees' compensation, However, the Company's accumulated losses shall first have been covered.

The employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit, the Company estimated 5%～15% of the employees' compensation and not higher than 5% of remuneration to directors for the three-month periods ended June 30, 2026 amounted to NT$13,321 thousand, and NT$5,329 thousand respectively, while for the six-month periods ended June 30, 2026 amounted to NT$28,712 thousand, and NT$11,485 thousand respectively. The employees' compensation and remuneration to directors were recognized as salary expenses.

Based on profit, the Company estimated 5%～15% of the employees' compensation and not higher than 5% of remuneration to directors for the three-month periods ended June 30, 2025 amounted to NT$5,086 thousand, and NT$2,035 thousand respectively, while for the six-month periods ended June 30, 2025 amounted to NT$16,562 thousand, and NT$6,625 thousand respectively. The employees' compensation and remuneration to directors were recognized as salary expenses.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$41,838 thousand and NT$16,735 thousand, respectively for the year ended December 31, 2025 in a meeting held on March 5, 2026. No differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2025.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$29,239 thousand and NT$11,696 thousand, respectively for the year ended December 31, 2024, in a meeting held on March 13, 2025. No differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2024.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(19)Non-operating incomes and expenses

A.Interest incomes

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Interest income				
Financial assets measured at amortized cost	$14,631	$13,801	$28,333	$25,719

B.Other incomes

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Other incomes-others	$225	$369	$772	$454

C.Other gains and losses

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Gains (losses) on disposal of property, plant and equipment	$(164)	$(3,964)	$(288)	$(3,964)
Reversal of impairment losses on property, plant and equipment	164	3,964	288	3,964
Impairment losses on property, plant and equipment	(662)	-	(662)	-
Gains (losses) on financial assets / liabilities at fair value through profit or loss	(997)	2,040	(325)	1,680
Foreign exchange gain (loss), net	1,180	(67,166)	23,187	(57,797)
Total	$(479)	$(65,126)	$22,200	$(56,117)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D.Finance costs

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Interest on bonds payable	$3,064	$4,745	$7,367	$9,460
Interests on lease liabilities	2	-	4	-
Total	$3,066	$4,745	$7,371	$9,460

(20)Components of other comprehensive income

For the three-month period ended June 30, 2026

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) on equity instruments investments measured at fair value through other comprehensive income	$57,932	$-	$57,932	$-	$57,932

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the three-month period ended June 30, 2025

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) on equity instruments investments measured at fair value through other comprehensive income	$(14,169)	$-	$(14,169)	$-	$(14,169)

For the six-month period ended June 30, 2026

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) on equity instruments investments measured at fair value through other comprehensive income	$63,777	$-	$63,777	$-	$63,777

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the six-month period ended June 30, 2025

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) on equity instruments investments measured at fair value through other comprehensive income	$(40,047)	$-	$(40,047)	$-	$(40,047)

(21)Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Current income tax expense (income):				
Current income tax expense	$67,831	$-	$124,453	$-
Adjustment in respect of current income tax of prior periods	(4,321)	-	(4,321)	-
Total income tax expense	$63,510	$-	$120,132	$-

B. The assessment of income tax return

As of June 30, 2026, income tax returns of the Company was assessed and approved up to 2024.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22)Earnings per share

A.Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the ordinary shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$184,253	$94,615	$413,906	$308,061
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	142,514	140,840	142,096	140,840
Basic earnings per share (NT$)	$1.29	$0.67	$2.91	$2.19

B.Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$184,253	$94,615	$413,906	$308,061
Interest expense from convertible bonds (in thousand NT$)	2,451	3,795	5,893	7,567
Valuation adjustments of financial assets/liabilities measured at fair value through profit or loss (in thousand NT$)	799	(1,632)	260	(1,344)
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$187,503	$96,778	$420,059	$314,284
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	142,514	140,840	142,096	140,840
Effect of dilution:				
Employee bonus－stock (in thousand shares)	28	28	98	155
Convertible bonds (in thousand shares)	2,704	4,342	3,122	4,342
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	145,246	145,210	145,316	145,337
Diluted earnings per share (in NT$)	$1.29	$0.67	$2.89	$2.16

C. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7.RELATED PARTY TRANSACTIONS

(1)Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Optoway Technology Incorporation	The entity with significant influence over the Group
CHIEN, HUI-BIN	Second-degree relatives of the Company's chairman

(2)Significant transactions with related parties

A. Sales

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Optoway Technology Incorporation	$38	$-	$308	$123

Selling prices to related parties are similar to those to third party customers. The collection terms with related parties were about 30 days after monthly closing, whereas the terms with other customers were 30 to 105 days after monthly closing.

B. For the six-month period ended June 30, 2026 and 2025, the Group provide Optoway Technology Incorporation the technical services in the amount of NT$1,786 thousand and NT$3,963 thousand, which was recorded under research and development expenses. As of June 30, 2026 and 2025, the amount of NT$735 thousand and NT$712 thousand has not been paid, which were recorded under other payables-related parties.

C. For the six-month period ended June 30, 2026 and 2025, the Group provide CHIEN, HUI-BIN the consulting services in the amount of NT$218 thousand and NT$180 thousand, which was recorded under general and administrative expenses. As of June 30, 2026 and 2025, the amount of NT$37 thousand and NT$23 thousand has not been paid, which were recorded under other payables-related parties.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Salaries and rewards to key management of the Group

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2026	2025	2026	2025
Short-term employee benefits	$20,758	$13,327	$25,603	$17,748
Post-employee benefits	85	72	186	147
Total	$20,843	$13,399	$25,789	$17,895

8. ASSETS PLEDGED AS COLLATERALS

The following assets of the Group are pledged as collaterals:

	Carrying Amount As of			
Item	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025	Secured liabilities
Property, plant and equipment – land	$247,696	$247,696	$247,696	Long-term secured loans
Property, plant and equipment – buildings	292,357	295,835	284,210	Long-term secured loans
Total	$540,053	$543,531	$531,906	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of June 30, 2026, December 31, 2025, and June 30, 2025, the details of significant contingencies and unrecognized contract commitments were as follows (in thousand dollars):

	As of		
Nature of Contract	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Guarantee notes issued as collateral for bank loans	USD 18,000	USD 18,000	USD 17,500
	NTD 1,180,000	NTD 1,180,000	NTD 1,180,000

10. SIGNIFICANT DISASTER LOSS

None.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Financial assets at fair value through other comprehensive income	$90,074	$82,339	$46,732
Financial assets at fair value through profit or loss:			
Financial assets mandatorily measured at fair value through profit or loss	2,773	5,657	-
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	2,987,526	2,543,690	3,109,869
Financial assets measured at amortized cost	500,000	600,000	-
Accounts receivables	699,346	559,646	456,728
Other receivables	35,499	23,501	26,620
Refundable deposits	1,063	900	-
Subtotal	4,223,434	3,727,737	3,593,217
Total	$4,316,281	$3,815,733	$3,639,949

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities

	As of		
	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Financial liabilities at fair value through profit or loss:			
Financial liabilities mandatorily measured at fair value through profit or loss	$-	$-	$1,320
Financial liabilities at amortized cost:			
Accounts payables	646,081	429,401	436,801
Other payables (includes related parties)	521,093	179,386	388,002
Lease liabilities	398	478	-
Bonds payables	426,241	724,034	752,554
Total	$1,593,813	$1,333,299	$1,578,677

(2) Financial risk management objectives and policies

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, the due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependence between risk variables.

Foreign currency risk

The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s operating activities (when revenue or expense is denominated in a different currency from the Group’s functional currency) and the Group’s net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables; therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group’s profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group’s foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analyses is as follows:

When NTD is strengthened/weakened against foreign currency USD by 5%, the profit for the six-month periods ended June 30, 2026 and 2025 decreased/increased by NT$45,669 thousand and NT$34,001 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates. If interest rate increases/decreases by 10 basis points, the net income (loss) for the six-month periods ended June 30, 2026 and 2025 would increase/decrease by NT$2,433 thousand and by NT$320 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities measured at financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of June 30, 2026, December 31, 2025 and June 30, 2025, accounts receivables from top ten customers represented 93%, 92% and 90% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivable is relatively insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for accounts receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss are purchased based on low credit risk, and the Group makes an assessment on each balance sheet date as to whether the credit risk rises significantly since original recognition and then further determines the method of measuring the loss allowance and the loss rate.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to a balance between continuity of funding and flexibility through the use cash and cash equivalents, bank loans, bond payables, lease liabilities etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
As of June 30, 2026			
Accounts payables	$646,081	$-	$646,081
Other payables (includes related parties)	521,093	-	521,093
Lease liabilities	169	240	409
Bonds payables	-	441,800	441,800
As of December 31, 2025			
Accounts payables	$429,401	$-	$429,401
Other payables (includes related parties)	179,386	-	179,386
Lease liabilities	169	324	493
Bonds payables	-	760,000	760,000
As of June 30, 2025			
Accounts payables	$436,801	$-	$436,801
Other payables (includes related parties)	388,002	-	388,002
Bonds payables	-	800,000	800,000

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six-month period ended June 30, 2026:

	Bonds payables	Lease liabilities	Total liabilities from financing activities
As of Jan. 1, 2026	$724,034	$478	$724,512
Cash flows	-	(84)	(84)
Non-cash flows	(297,793)	4	(297,789)
As of Jun. 30, 2026	$426,241	$398	$426,639

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the six-month period ended June 30, 2025:

	Bonds payables	Total liabilities from financing activities
As of Jan. 1, 2025	$743,094	$743,094
Cash flows	-	-
Non-cash flows	9,460	9,460
As of Jun. 30, 2025	$752,554	$752,554

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments. Fair value is the price that would be received to sell a financial assets or paid to transfer a financial liabilities in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities etc.) at the report date.

(c) Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Fair value of bank loans, bond payables and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period.

B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of		
	Jun.30 2026	Dec.31 2025	Jun.30 2025
Financial liabilities			
Bonds payable	$426,241	$724,034	$752,554

	Fair value as of		
	Jun.30 2026	Dec.31 2025	Jun.30 2025
Financial liabilities			
Bonds payable	$427,758	$729,660	$759,020

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of June 30, 2026 is as follows:

Embedded derivatives

The embedded derivative financial instruments identified by the Group arising from the issuance of convertible bonds have been separated from the host contract and are accounted for at fair value through profit or loss. For contractual information regarding this transaction, please refer to Note 6.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis.

As of June 30, 2026, December 31, 2025 and June 30, 2025, fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of June 30, 2026

Financial assets:	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income	$-	$-	$90,074	$90,074
Financial assets measured at fair value through profit or loss				
Embedded derivatives	$-	$-	$2,773	$2,773

As of December 31, 2025

Financial assets:	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income	$-	$-	$82,339	$82,339
Financial assets measured at fair value through profit or loss				
Embedded derivatives	$-	$-	$5,657	$5,657

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of June 30, 2025

Financial assets:	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income	$-	$-	$46,732	$46,732
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Embedded derivatives	$-	$-	$1,320	$1,320

Transfers between Level 1 and Level 2 during the period

For the six-month period ended June 30, 2026 and 2025, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliations for fair value measurement in Level 3 of the fair value hierarchy

For the six-month period ended June 30, 2026 and 2025, the fair value hierarchy for movements during the period is as follows:

	Assets/(Liabilities)	
	Financial assets measured at fair value through other comprehensive income	Derivative instruments measured at fair value through profit or loss
As of Jan. 1, 2026	$82,339	$5,657
Conversion for the period	-	(2,559)
Total profit and loss recognized for the period		
Recognized in profit or loss (reported under “Other gains and losses “)	-	(325)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Assets/(Liabilities)	
	Financial assets measured at fair value through other comprehensive income	Derivative instruments measured at fair value through profit or loss
Recognized in other comprehensive income (presented in "Unrealized gains (losses) on equity instruments investments measured at fair value through other comprehensive income)	63,777	-
Addition for the period	32,142	-
Disposition for the period	(88,184)	-
As of Jun. 30, 2026	$90,074	$2,773

	Assets/(Liabilities)	
	Financial assets measured at fair value through other comprehensive income	Derivative instruments measured at fair value through profit or loss
As of Jan. 1, 2025	$86,779	$(3,000)
Issue for the period	-	-
Total profit and loss recognized for the period		
Recognized in profit or loss (reported under "Other gains and losses ")	-	1,680
Recognized in other comprehensive income (presented in "Unrealized gains (losses) on equity instruments investments measured at fair value through other comprehensive income)	(40,047)	-
As of Jun. 30, 2025	$46,732	$(1,320)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Total gains and losses recognized in profit or loss for the six-month periods ended June 30, 2026 and 2025, in the table above contain gains and losses related to assets/liabilities on hand as of June 30, 2026 and 2025, in the amount of NT$(325) thousand and NT$1,680 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of June 30, 2026

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market comparable listed company approach	Multiplier of price-to book ratio	11.48	The higher the multiplier of price-to book ratio, the higher the fair value of the stocks	Increase (decrease) in the book to market ratio multiples by 5% would result in increase (decrease) in the Group's equity by NT$4,675 thousand/NT$(4,363) thousand.

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
	Discount for lack of marketability	Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value of the stocks	Increase (decrease) in the book to market ratio multiples by 5% would result in decrease (increase) in the Group's equity by NT$6,545 thousand.
Financial assets:					
At fair value through profit or loss					
Embedded derivatives	Binary-tree model for valuation of convertible bonds	Volatility	72.71%	The higher the volatility, the higher the fair value of embedded derivatives	Increase (decrease) in the volatility by 2% would result in increase (decrease) in the Group's profit or loss by NT$133 thousand/NT$(154) thousand.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2025

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market comparable listed company approach	Multiplier of price-to book ratio	5.269	The higher the multiplier of price-to book ratio, the higher the fair value of the stocks	Increase (decrease) in the book to market ratio multiples by 10% would result in decrease (increase) in the Group's equity by NT$8,234 thousand.
	Discount for lack of marketability	Discount for lack of marketability	33.00%	The higher the discount for lack of marketability, the lower the fair value of the stocks	Increase (decrease) in the book to market ratio multiples by 10% would result in decrease (increase) in the Group's equity by NT$3,529 thousand.
Financial assets:					
At fair value through profit or loss					
Embedded derivatives	Binary-tree model for valuation of convertible bonds	Volatility	61.29%	The higher the volatility, the higher the fair value of embedded derivatives	Increase (decrease) in the volatility by 2% would result in increase (decrease) in the Group's profit or loss by NT$229 thousand/NT$(112) thousand.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of June 30, 2025

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market comparable listed company approach	Multiplier of price-to book ratio	5.17	The higher the multiplier of price-to book ratio, the higher the fair value of the stocks	Increase (decrease) in the book to market ratio multiples by 10% would result in decrease (increase) in the Group's equity by NT$4,673 thousand.
		Discount for lack of marketability	33.00%	The higher the discount for lack of marketability, the lower the fair value of the stocks	Increase (decrease) in the book to market ratio multiples by 10% would result in decrease (increase) in the Group's equity by NT$2,003 thousand.
Financial liabilities:					
At fair value through profit of loss					
Embedded derivatives	Binary-tree model for valuation of convertible bonds	Volatility	65.21%	The higher the volatility, the higher the fair value of embedded derivatives	Increase (decrease) in the volatility by 1%would result in increase (decrease) in the Group's profit or loss by NT$100 thousand/NT$(200) thousand.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of June 30, 2026

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (please refer to Note 6(13))	$-	$-	$427,758	$427,758

As of December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (please refer to Note 6(13))	$-	$-	$729,660	$729,660

As of June 30, 2025

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (please refer to Note 6(13))	$-	$-	$759,020	$759,020

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's financial department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(10) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Group's significant financial assets and liabilities denominated in foreign currencies was listed below (In thousands dollars):

	As of					
	Jun. 30, 2026			Dec. 31, 2025		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$47,286	31.85	$1,506,057	$41,179	31.43	$1,294,260
Financial liabilities						
Monetary items:						
USD	$18,608	31.85	$592,680	$13,085	31.43	$411,269

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of Jun. 30, 2025		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$36,617	29.30	$1,072,879
Financial liabilities			
Monetary items:			
USD	$13,408	29.30	$392,859

The above information is disclosed based on the carrying amount of foreign currency (after converted to functional currency).

The Group's entities' functional currency are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain (loss) were NT$1,180 thousand and NT$(67,166) thousand for the three-month periods ended June 30, 2026 and 2025, respectively. The foreign exchange gain (loss) were NT$23,187 thousand and NT$(57,797) thousand for the six-month periods ended June 30, 2026 and 2025, respectively.

(11) Capital management

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

13. OTHER DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others for the six-month period ended June 30, 2026: None.

B. Endorsement/Guarantee provided to others for the six-month period ended June 30, 2026: None.

C. Marketable securities held as of June 30, 2026 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 1.

D. Related party transactions for purchases or sales amount of at least of NT$100 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2026: None.

E. Receivables from related parties of at least of NT$100 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2026: None.

(2) Information on investees

A. Name, locations and related information of investees (excluding investees in Mainland China): Please refer to Attachment 2.

B. If an investee is controlled by an investor, the related information for the investee shall be disclosed as the same as Note 13(1):

(a) Financing provided to others for the six-month period ended June 30, 2026: None.

(b) Endorsement/Guarantee provided to others for the six-month period ended June 30, 2026: None.

(c) Material marketable securities held as of June 30, 2026 (excluding investments in subsidiaries, associates and joint ventures) : None.

(d)Related party transactions for purchases or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2026: None.

(e)Receivables from related parties of at least of NT$100 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2026: None.

(3) Information on investments in Mainland China: None.

14. OPERATING SEGMENT

The Group’s revenues are mainly from active components for optical communication. The chief operating decision maker (CODM) of the Group used overall operating results as the basis for evaluating performance and considered the Group a single segment and is prepared on the same basis as the summary of significant accounting policies described in Note 4.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of June 30, 2026

Attachment 1

(In Thousands Shares / Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of June 30, 2026				Note
				Shares	Book Value	Percentage of ownership (%)	Fair Value	
	Stock:							
Luxnet Corporation	BANDWIDTH10, INC	-	Financial assets at fair value through other comprenensive income	220	$2,951	4.43%	$-	
Luxnet Corporation	SILITH TECHNOLOGY LIMITED	-	Financial assets at fair value through other comprenensive income	979	32,142	0.33%	90,074	
					35,093		$90,074	
	Add: Unrealized gains (losses) on equity instruments investment measured at fair value through other comprenensive income				54,981			
	Total				$90,074			

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION AND SUBSIDIARIES

Names, locations and related information of investees (Excluding Investees in Mainland China)

As of June 30, 2026

Attachment 2

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Ending balance			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of Jun. 30, 2026	As of Dec. 31, 2025	Shares	Precentage of ownership(%)	Book Value			
Luxnet Corporation	Toplight Corporation	Seychelles	Holding company	$122,980	$122,980	$4,000	100.00%	$- (Note 1)	$1 (Note 1)	$1 (Note 1)	Subsidary
Toplight Corporation	Toptrans Corporation Limited	Hong Kong	Holding company	122,980	122,980	4,000	100.00%	- (Note 1)	1 (Note 1)	1 (Note 1)	Sub-subsidary

Note 1: Transactions are eliminated when preparing the consolidated financial statements.