

Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Financial Statements and Independent Auditors'
Review Report
Q1 2026 and 2025
(Stock code: 6568)

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Notice to Readers

The reader is advised that these 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.

Rafael Microelectronics, Inc. and Subsidiaries
Q1 2026 and 2025 Consolidated Financial Statements and Independent Auditors'
Review Report
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(English Translation of a Report Originally Issued in Chinese)

Independent Auditors' Review Report

(2026) Financial Audit Report No. 26000047

To Shareholders and the Board of Directors of Rafael Microelectronics, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Rafael Microelectronics, Inc. (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter referred to as the “Group”) as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as “the consolidated financial statements”). It is the management’s responsibility to prepare consolidated financial statements with fair presentations based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. Our responsibility is to draw a conclusion for the consolidated financial statements based on the review results.

Scope

Except as stated in the Basis for Qualified Conclusion paragraph, we conducted our review in accordance with the TWSRE 2410 “Review of Financial Statements.” The procedures for reviewing the consolidated financial statements include inquiries (mainly with the responsible personnel in finance and accounting), analytical procedures and other review procedures. The scope of review work is significantly smaller than the scope of audit work. Therefore, we may not be able to detect all the material matters that can be identified through the audit work; hence, we cannot express an audit opinion.

Basis of Qualified Conclusion

As stated in Note 4.(3) and Note 6.(7) to the consolidated financial statements, the financial statements of non-material subsidiaries included in the consolidated financial statements above and the investment under the equity method have not been reviewed by us. The total assets (including investment under the equity method) as of March 31, 2026 and 2025 were NT\$26,867 thousand and NT\$31,772 thousand, respectively, accounting for 1% and 2% of the total consolidated assets, respectively; the total liabilities were NT\$1,899 thousand and NT\$7,241 thousand, respectively, accounting for 1% and 3% of the total consolidated liabilities; the comprehensive income (including the share of profit or loss of affiliates and joint ventures under the equity method) for the three months ended March 31, 2026 and 2025 were NT\$(6,144) thousand and NT\$(5,630) thousand, respectively, accounting for (15)% and (14)% of the consolidated comprehensive income.

Qualified Conclusion

Based on our review results, except for the effects of possible adjustments to the consolidated financial statements due to the financial statements of non-material subsidiaries and investments accounted for using the equity method that are not reviewed by us as described in the basis for the qualified conclusion, the consolidated financial statements present the consolidated financial position of the Group as of March 31, 2026 and 2025, and the consolidated financial performance and consolidated cash flow for the three months ended then in all material aspects according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effectiveness by the FSC.

PwC Taiwan

Liao A-Shen

CPAs

Li Tien-Yi

Approval reference number of the Former Financial Supervisory
Commission, Executive Yuan: Jin-Guan-Zheng-Shen-Zi No. 1010015969
Approval reference number of the Financial Supervisory Commission: Jin-
Guan-Zheng-Shen-Zi No. 1020028992

May 5, 2026

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers 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 a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Balance Sheet
March 31, 2026, and December 31 and March 31, 2025

Unit: NT\$1,000

			March 31, 2026		December 31, 2025		March 31, 2025	
			Amount	%	Amount	%	Amount	%
Assets								
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 486,936	26	\$ 436,474	24	\$ 425,294	25
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		36,496	2	36,876	2	44,890	3
1136	Financial assets measured at	6(4)						
	amortized cost - current		504,700	27	504,700	28	354,700	21
1170	Net accounts receivable	6(5)	191,926	11	160,839	9	106,394	6
1180	Net accounts receivable (including	6(5) and 7						
	those from related parties)		2,413	-	7,138	-	3,634	-
1200	Other receivables		6,569	-	8,672	1	29,159	2
1210	Other receivables (including those	7						
	from related parties)		358	-	723	-	-	-
130X	Inventory	6(6)	231,215	13	236,156	13	361,870	23
1410	Prepayment		16,081	1	27,361	2	5,398	-
1479	Other current assets - others		82	-	-	-	31	-
1482	Net contract performance cost -	6(18)						
	current		1,587	-	1,613	-	1,615	-
11XX	Total current assets		1,478,363	80	1,420,552	79	1,332,985	80
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		831	-	831	-	1,152	-
1550	Investments accounted for using	6(7)						
	the equity method		5,004	-	5,023	1	5,569	-
1600	Property, plant and equipment	6(8)	286,373	16	286,686	16	289,498	17
1755	Right-of-use assets	6(9)	448	-	1,084	-	1,567	-
1780	Intangible assets	6(10)	51,064	3	57,828	3	26,336	2
1840	Deferred income tax assets		24,072	1	21,231	1	23,064	1
1990	Other non-current assets - others		2,065	-	2,058	-	2,562	-
15XX	Total non-current assets		369,857	20	374,741	21	349,748	20
1XXX	Total assets		\$ 1,848,220	100	\$ 1,795,293	100	\$ 1,682,733	100

(Continued)

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Balance Sheet
March 31, 2026, and December 31 and March 31, 2025

Unit: NT\$1,000

Liabilities and equity		Note	March 31, 2026		December 31, 2025		March 31, 2025	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2120	Financial liabilities at fair value	6(2)						
	through profit or loss - current		\$ 163	-	\$ -	-	\$ -	-
2130	Contract liabilities - current	6(18)	12,277	1	10,973	1	11,313	1
2170	Accounts payable		100,940	5	80,949	5	55,484	3
2200	Other payables	6(11) and 7	147,733	8	115,595	6	124,620	8
2230	Income tax liabilities of the period		50,568	3	38,011	2	39,373	2
2280	Lease liabilities - current		455	-	1,095	-	1,611	-
2300	Other current liabilities		4,961	-	512	-	46	-
21XX	Total current liabilities		<u>317,097</u>	<u>17</u>	<u>247,135</u>	<u>14</u>	<u>232,447</u>	<u>14</u>
Non-current liabilities								
2570	Deferred income tax liabilities		1,611	-	1,150	-	1,871	-
25XX	Total non-current liabilities		<u>1,611</u>	<u>-</u>	<u>1,150</u>	<u>-</u>	<u>1,871</u>	<u>-</u>
2XXX	Total liabilities		<u>318,708</u>	<u>17</u>	<u>248,285</u>	<u>14</u>	<u>234,318</u>	<u>14</u>
Equity								
	Share capital	6(14)						
3110	Ordinary share capital		308,179	17	308,290	17	310,080	18
3170	Share capital to be written off		-	-	(6)	-	(80)	-
	Capital reserve	6 (15)						
3200	Capital reserve		386,926	21	386,981	21	392,297	23
	Retained earnings	6(16)						
3310	Legal reserve		190,776	10	190,776	11	179,065	11
3320	Special reserve		17,445	1	17,445	1	15,558	1
3350	Unappropriated earnings		654,360	35	674,477	38	617,835	37
	Other equity	6(17)						
3400	Other equity		(28,174)	(1)	(30,955)	(2)	(45,210)	(3)
3500	Treasury shares	6(14)	-	-	-	-	(21,130)	(1)
3XXX	Total equity		<u>1,529,512</u>	<u>83</u>	<u>1,547,008</u>	<u>86</u>	<u>1,448,415</u>	<u>86</u>
3X2X	Total liabilities and equity		<u>\$ 1,848,220</u>	<u>100</u>	<u>\$ 1,795,293</u>	<u>100</u>	<u>\$ 1,682,733</u>	<u>100</u>

The enclosed notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the three months ended March 31, 2026 and 2025

Unit: NT\$1,000
(except that earnings per share is in NT\$)

	Item	Note	For the three months ended March 31, 2026		For the three months ended March 31, 2025	
			Amount	%	Amount	%
4000	Operating income	6(18) and 7	\$ 345,254	100	\$ 269,723	100
5000	Operating cost	6(6)(18)	(219,542)	(64)	(151,563)	(56)
5900	Gross profit		125,712	36	118,160	44
5910	Unrealized gain on sales		(106)	-	(182)	-
5950	Net income		125,606	36	117,978	44
	Operating expenses	6(13) (23) (24)				
6100	Selling expenses		(7,222)	(2)	(7,914)	(3)
6200	Management expenses		(20,605)	(6)	(17,922)	(7)
6300	R&D expenses		(52,438)	(15)	(50,183)	(19)
6450	Expected credit impairment loss	12(2)	(415)	-	(311)	-
6000	Total operating expenses		(80,680)	(23)	(76,330)	(29)
6900	Operating gains		44,926	13	41,648	15
	Non-operating income and expenses					
7100	Interest income	6(4)(19)	2,756	1	1,465	1
7010	Other income	6(20)	3	-	34	-
7020	Other gains and losses	6(2)(21)	3,702	1	5,347	2
7050	Financial cost	6(9)(22)	(8)	-	(17)	-
7060	Share of profit or loss of affiliates and joint ventures accounted for using the equity method	6(7)	(81)	-	(7)	-
7000	Total non-operating income and expenses		6,372	2	6,822	3
7900	Net profit before tax		51,298	15	48,470	18
7950	Income tax expenses	6(25)	(10,297)	(3)	(9,607)	(4)
8200	Net profit of the period		\$ 41,001	12	\$ 38,863	14
	Other comprehensive income					
	Items not reclassified to profit or loss					
	Items that may be reclassified to profit or loss subsequently					
8361	Exchange differences arising from the translation of financial statements of foreign operations	6(17)	\$ 508	-	\$ 347	-
8300	Other comprehensive income (net)		\$ 508	-	\$ 347	-
8500	Total comprehensive income of the period		\$ 41,509	12	\$ 39,210	14
	Net profit attributable to:					
8610	Owners of the parent company		\$ 41,001	12	\$ 38,863	14
	Total comprehensive income attributable to:					
8710	Owners of the parent company		\$ 41,509	12	\$ 39,210	14
	Earnings per share	6(26)				
9750	Basic		\$ 1.34		\$ 1.28	
9850	Diluted		\$ 1.33		\$ 1.26	

The enclosed notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
For the three months ended March 31, 2026 and 2025

Unit: NT\$1,000

		Equity attributable to owners of the parent company										
		Share capital		Retained earnings				Other equity				
	Note	Ordinary share capital	Share capital to be written off	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising from the translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unearned remuneration of employees	Treasury shares	Total equity
<u>For the three months ended March 31, 2025</u>												
Balance on January 1, 2025		\$ 310,120	(\$ 40)	\$ 423,704	\$ 179,065	\$ 15,558	\$ 609,984	\$ 545	(\$ 17,990)	(\$ 33,403)	(\$ 21,130)	\$ 1,466,413
Net profit of the period		-	-	-	-	-	38,863	-	-	-	-	38,863
Other comprehensive income of the period	6(17)	-	-	-	-	-	-	347	-	-	-	347
Total comprehensive income of the period		-	-	-	-	-	38,863	347	-	-	-	39,210
Earning distribution and allocation for 2024:												
Cash dividends	6(16)	-	-	-	-	-	(31,012)	-	-	-	-	(31,012)
Distribution of cash dividends from the capital reserve	6 (15)	-	-	(31,012)	-	-	-	-	-	-	-	(31,012)
Transactions with share-based payment	6(13)(14)(15)	(40)	(40)	(395)	-	-	-	-	-	5,291	-	4,816
Balance on March 31, 2025		\$ 310,080	(\$ 80)	\$ 392,297	\$ 179,065	\$ 15,558	\$ 617,835	\$ 892	(\$ 17,990)	(\$ 28,112)	(\$ 21,130)	\$ 1,448,415
<u>For the three months ended March 31, 2026</u>												
Balance on January 1, 2025		\$ 308,290	(\$ 6)	\$ 386,981	\$ 190,776	\$ 17,445	\$ 674,477	\$ 77	(\$ 18,311)	(\$ 12,721)	\$ -	\$ 1,547,008
Net profit of the period		-	-	-	-	-	41,001	-	-	-	-	41,001
Other comprehensive income of the period	6(17)	-	-	-	-	-	-	508	-	-	-	508
Total comprehensive income of the period		-	-	-	-	-	41,001	508	-	-	-	41,509
Earning distribution and allocation for 2025:												
Cash dividends	6(16)	-	-	-	-	-	(61,118)	-	-	-	-	(61,118)
Transactions with share-based payment	6(13)(14)(15)	(111)	6	(55)	-	-	-	-	-	2,273	-	2,113
Balance on March 31, 2026		\$ 308,179	\$ -	\$ 386,926	\$ 190,776	\$ 17,445	\$ 654,360	\$ 585	(\$ 18,311)	(\$ 10,448)	\$ -	\$ 1,529,512

The enclosed notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Consolidated Statement of Cash Flow
For the three months ended March 31, 2026 and 2025

Unit: NT\$1,000

	Note	For the three months ended March 31, 2026	For the three months ended March 31, 2025
<u>Cash flow from operating activities</u>			
Net profit before tax of the period		\$ 51,298	\$ 48,470
Adjustment items			
Income and expense items			
Depreciation expenses	6(8)(9)		
	(23)	2,214	3,101
Amortization expenses	6(10)(23)	7,391	6,930
Expected credit impairment loss	12(2)	415	311
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(21)	382	(148)
Interest expenses	6(9)(22)	8	17
Interest income	6(19)	(2,756)	(1,465)
Cost of remuneration with share-based payment	6(13)	2,113	4,816
Share of profit or loss of affiliates and joint ventures accounted for using the equity method	6(7)		
unrealized gain on sales		81	7
		106	182
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss - current		161	-
Accounts receivable		(31,502)	8,645
Accounts receivable - related parties		4,725	244
Other receivables		2,799	1,144
Other receivables - related parties		365	-
Inventory		4,941	26,637
Prepayment		11,280	1,046
Other current assets - others		(82)	147
Net contract performance cost - current		26	(27)
Net changes in liabilities related to operating activities			
Contract liabilities - current		1,304	(6,983)
Accounts payable		19,991	(16,739)
Other payables		(10,971)	(11,290)
Other current liabilities		4,449	(380)
Cash inflow from operations		68,738	64,665
Interest received		2	4
Interest paid		(8)	(17)
Income tax paid		(120)	(56)
Net cash inflow from operating activities		68,612	64,596
<u>Cash flow from investing activities</u>			
Increase in financial assets measured at amortized cost - current		-	(175,000)
Disposal of financial assets at fair value through profit or loss	6(27)	-	157,337
Acquisition of property, plant and equipment	6(8)	(1,213)	(346)
Acquisition of intangible assets	6(27)	(18,636)	-
Interest received		2,058	703
Net cash outflow from investing activities		(17,791)	(17,306)
<u>Cash flow from financing activities</u>			
Repayment of lease principal	6(28)	(667)	(1,047)
Net cash outflow from financing activities		(667)	(1,047)
Impact of changes in exchange rate on cash and cash equivalents		308	239
Increase in cash and cash equivalents		50,462	46,482
Balance of cash and cash equivalents at the beginning of the period		436,474	378,812
Balance of cash and cash equivalents at the end of the period		\$ 486,936	\$ 425,294

The enclosed notes to the consolidated financial statements are an integral part of the consolidated financial statements.
Please also refer to the enclosed notes.

Chairman: Cheng David

Manager: JJ Chen

Chief Accountant: Su, Chin-Ya

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
2026 and 2025 Q1

Unit: NT\$1,000
(unless otherwise specified)

I. Company history

Rafael Microelectronics, Inc. (the “Company”) was approved for establishment on November 6, 2006. The main scope of business of the Company and its subsidiaries (collectively, the “Group”) is the research, design, manufacture and sales of products related to RFIC and integrated RF systems. Flexium Interconnect, Inc. holds 29.92% of the Company's equity, and it is the ultimate parent company of the Group. The Company's shares have been traded on the Taipei Exchange since December 2016.

II. Date and procedure for the approval of financial statements

The consolidated financial statements were released after being approved by the board of directors (the “Board”) on May 5, 2026.

III. Application of new and amended standards and interpretations

(I) Impacts of the adoption of new or amended International Financial Reporting Standards (“IFRS”) and International Auditing Standards (“IAS”) as endorsed and issued into effect by the Financial Supervisory Commission (“FSC”)

New standards, revisions, amendments, and interpretations of IFRSs and IASs endorsed and issued into effect by the FSC from 2026 are as follows:

New standards, revisions, amendments, and interpretations	Effective date announced by the International Accounting Standards Board (the “IASB”)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-Dependent Electricity”	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Annual improvements to IFRSs and IASs - Vol. 11	January 1, 2026

Except for the items described below, the Group assessed that the above standards and interpretations would not have a material impact on the Group's financial position or financial performance.

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

It is updated that the fair value shall be disclosed for equity instruments measured at fair value through other comprehensive income (FVOCI) based on the respective categories, and it is no longer necessary to disclose the fair value information based on each target. In addition, the amount of gain or loss on fair value recognized in other comprehensive income during the reporting period shall be otherwise disclosed. The amount of gain or loss on fair value related to investments derecognized during the reporting period, the amount of gain or loss on fair value related to investments held after the end of the reporting period, and accumulated gain or loss transferred to equity during the reporting period due to the derecognition of investments during the reporting period shall be listed separately. Please refer to Note 6(3) for the related disclosures.

(II) Impacts of not adopting the new and amended IFRSs and IASs endorsed by the FSC

None.

(III) Impacts of IFRSs and IASs issued by the IASB but not yet endorsed by the FSC

New standards, revisions, amendments, and interpretations of IFRSs and IASs issued by the IASB but not yet endorsed by the FSC are as follows:

New standards, revisions, amendments, and interpretations	Effective date announced by the International Accounting Standards Board (the "IASB")
Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by the IASB
IFRS 18 "Expression and Disclosure of Financial Statements"	January 1, 2027 (Note)
IFRS 19 "Subsidiaries without Public Accountability: Disclosure"	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Currency"	January 1, 2027

Note: In a press release dated September 25, 2025, the FSC announced that public companies shall adopt International Financial Reporting Standard 18 (hereinafter referred to as IFRS 18) starting from the fiscal year 2028. Furthermore, companies needing early adoption of IFRS 18 may elect to apply the provisions of IFRS 18 in advance after the FSC endorses the standard.

Except for those described below, the above standards and interpretations have no significant impact on the Group's financial condition and financial performance based on the Group's assessment. The relevant amount of impacts is to be disclosed after the evaluation is completed:

IFRS 18 "Expression and Disclosure of Financial Statements"

IFRS 18, "Expression and Disclosure of Financial Statements," superseded IAS 1, updated the structure of the statement of comprehensive income, added the disclosure of management performance measurement, and strengthened the summary and division principles used in the main financial statements and notes.

IV. Summary of significant accounting policies

Regarding the significant accounting policies, except for the statement of compliance, the basis of preparation, the basis of consolidation, and the new parts described as follows, the remaining parts are the same as the Note 4 to the 2025 consolidated financial statements. These policies have been consistently applied to all the periods presented unless otherwise stated.

(I) Statement of Compliance

1. These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS34 “Interim Financial Reporting” endorsed and issued into effectiveness by the FSC.
2. The consolidated financial statements shall be read together with the 2025 consolidated financial statements.

(II) Basis of preparation

1. Except for the following items, consolidated financial statements have been prepared based on historical cost:
 - (1) Financial assets and liabilities at fair value through profit or loss (including derivatives).
 - (2) Financial assets at fair value through other comprehensive income.
2. The preparation of financial statements in conformity with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the FSC (collectively, the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. The preparation principle of consolidated financial statements:

The preparation principles of the consolidated financial statements are the same as those of the 2025 consolidated financial statements.
2. Subsidiaries included in the consolidated financial statements:

Investor	Name of subsidiary	Business nature	Shareholding percentage			Description
			March 31, 2026	December 31, 2025	March 31, 2025	
Rafael Microelectronics, Inc.	Han Tang Co., Ltd.	General investment	100%	100%	100%	Note
Rafael Microelectronics, Inc.	Rafael Microelectronics Korea	Promotion of RFIC products	100%	100%	100%	Note
Han Tang Co., Ltd.	Hong Yu Co., Ltd.	General investment	100%	100%	100%	Note
Hong Yu Co., Ltd.	ShenZhen Rafael Microsystems, Inc.	Technical consulting and services for RFIC products	100%	100%	100%	Note
ShenZhen Rafael Microsystems, Inc.	ShenZhen Rafael Semiconductors, Inc.	Design and sales of RFIC products	100%	100%	100%	Note

Note: As it does not meet the definition of an important subsidiary, its financial statements as of March 31, 2026 and 2025, have not been reviewed by the CPAs.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Different adjustments and treating methods of subsidiaries during the fiscal period: Not applicable.
5. Material restrictions: None
6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Income tax

The income tax expenses of the interim period are calculated based on the average effective tax rate of the year of estimation and the profit or loss before tax of the interim period, and relevant information is disclosed in accordance with the abovementioned policies.

V. Major sources of uncertainty over significant accounting judgments, estimations, and assumptions

There is no significant change in the current period. Please refer to Note 5 to the 2025 consolidated financial statements.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	\$ 633	\$ 646	\$ 655
Check deposits and demand deposits	486,303	435,828	424,639
	<u>\$ 486,936</u>	<u>\$ 436,474</u>	<u>\$ 425,294</u>

1. Financial institutions that deal with the Group have favorable credit quality, and the Group deals with multiple financial institutions to spread credit risks. It is expected that the possibility of a default is low.
2. The Group does not pledge cash and cash equivalents.

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

Item	March 31, 2026	December 31, 2025	March 31, 2025
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed shares	<u>\$ 36,496</u>	<u>\$ 36,876</u>	<u>\$ 44,890</u>
Financial liabilities held for trading - forward exchange contracts	<u>\$ 163</u>	<u>\$ -</u>	<u>\$ -</u>

1. The Group recognized net (losses) gains of NT\$(382) and NT\$148 on financial assets and liabilities measured at fair value through profit or loss for the three months ended March 31, 2026 and 2025, respectively.
2. The information on the transactions and contracts of derivative financial assets and liabilities with hedging accounting not applicable contracted by the Group is described as follows:

Derivative financial liabilities	March 31, 2026	
	Contract amount (nominal principal)	Contract period
Current items:		
Forward exchange contracts	USD 700 thousand	2026.3 - 2026.4

December 31, 2025 and March 31, 2025: None.

3. The Group does not pledge financial assets at fair value through profit or loss.
4. For information on the credit risks of financial assets at fair value through profit or loss, please refer to Note 12(2) for details.

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

Item	March 31, 2026	December 31, 2025	March 31, 2025
Non-current items:			
Equity instruments			
Non-listed shares	\$ 831	\$ 831	\$ 1,152

1. The Group elected to classify equity investments held for strategic purposes as financial assets measured at fair value through other comprehensive income.
2. The amounts of financial assets at fair value through other comprehensive income recognized in comprehensive income for the three months ended March 31, 2026 and 2025 were both NT\$0, respectively.
3. The Group does not pledge financial assets at fair value through other comprehensive income.

(IV) Financial assets measured at amortized cost

Item	March 31, 2026	December 31, 2025	March 31, 2025
Current items:			
Time deposits with a maturity of more than three months	\$ 504,700	\$ 504,700	\$ 354,700

1. The breakdown of the financial assets measured at amortized cost recognized in profit or loss is as follows:

Item	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Interest income	\$ 2,133	\$ 800

- Without considering the collateral or other credit enhancements held, the maximum amount of exposure that best represents the credit risk of the financial assets measured at amortized cost held by the Group as of March 31, 2026, and December 31 and March 31, 2025, was NT\$504,700, NT\$504,700, and NT\$354,700, respectively.
- For information on the credit risks of financial assets measured at amortized cost, please refer to Note 12(2) for details. The counterparties of the Group's investment in negotiable certificates of deposit are financial institutions with good credit quality. It is expected that the possibility of a default is low.
- The Group does not pledge financial assets measured at amortized cost.

(V) Net accounts receivable

	March 31, 2026	December 31, 2025	March 31, 2025
Accounts receivable	\$ 214,671	\$ 186,493	\$ 130,952
Less: Loss allowance	(22,745)	(22,346)	(24,558)
Less: Allowance for sales returns and discounts	-	(3,308)	-
	<u>\$ 191,926</u>	<u>\$ 160,839</u>	<u>\$ 106,394</u>
Accounts receivable - related parties	\$ 5,302	\$ 10,011	\$ 3,634
Less: Loss allowance - related parties	(917)	(901)	-
Less: Allowance for sales returns and discounts - related parties	(1,972)	(1,972)	-
	<u>\$ 2,413</u>	<u>\$ 7,138</u>	<u>\$ 3,634</u>

- The aging analysis of accounts receivable is as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
0 - 90 days	\$ 196,311	\$ 173,260	\$ 110,028
91 - 180 days	-	-	-
181 - 365 days	-	-	952
More than 1 year	23,662	23,244	23,606
	<u>\$ 219,973</u>	<u>\$ 196,504</u>	<u>\$ 134,586</u>

The above aging analysis is based on the number of overdue days.

- The balance of accounts receivable as of March 31, 2026, and December 31 and March 31, 2025, were generated from customer contracts. In addition, the balance of accounts receivable from customer contracts on January 1, 2025 was NT\$143,475.
- The Group does not pledge its accounts receivable as collateral.
- Without considering the collateral or other credit enhancements held, the maximum amount of exposure that best represents the credit risk of accounts receivable of the Group as of March 31, 2026, and December 31 and March 31, 2025, was NT\$194,339, NT\$167,977, and NT\$110,028, respectively.
- For the credit risk information of accounts receivable, please refer to Note 12(2).

(VI) Inventory

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	\$ 30,581	\$ 35,124	\$ 50,205
Work-in-progress and semi-finished goods	119,307	120,573	125,119
Finished goods	81,327	80,459	186,546
	<u>\$ 231,215</u>	<u>\$ 236,156</u>	<u>\$ 361,870</u>

The Group recognized inventory costs recorded as expenses and losses of NT\$219,542 and NT\$151,563 for the three months ended March 31, 2026 and 2025, respectively. Such amounts included an increase in cost of goods sold of NT\$11,836 for the three months ended March 31, 2026 resulting from the write-down of inventories from cost to net realizable value due to declines in net realizable value, and a decrease in cost of goods sold of NT\$1,653 for the three months ended March 31, 2025 resulting from the disposal of inventories for which inventory valuation losses had previously been recognized, thereby causing a reversal of inventory write-downs.

(VII) Investments accounted for using the equity method

	March 31, 2026		December 31, 2025		March 31, 2025	
	Amount	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio
Affiliates:						
ShenZhen AluXsen Hongxin Technology Co., Ltd.	<u>\$ 5,004</u>	49%	<u>\$ 5,023</u>	49%	<u>\$ 5,569</u>	49%

1. The share of operating results of the company is as follows:

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Net loss of continuing operations of the period (i.e., total comprehensive income of the period)	<u>(\$ 81)</u>	<u>(\$ 7)</u>

2. The Group's investments accounted for using the equity method for the three months ended March 31, 2025 and 2024, were based on the valuation of financial statements not reviewed by CPAs of the company for the same period.

(VIII) Property, plant and equipment

1. The information on the carrying amount of property, plant and equipment is as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Land	\$ 192,981	\$ 192,981	\$ 192,981
Houses and buildings	86,617	87,158	88,782
Machinery and equipment	4,818	4,401	6,929
Office equipment	1,957	2,146	806
	<u>\$ 286,373</u>	<u>\$ 286,686</u>	<u>\$ 289,498</u>

2. Changes in property, plant and equipment during the period are as follows:

For the three months ended March 31, 2026					
Cost	Opening balance	Amount increased and transferred during the period	Amount decreased during the period	Impact of exchange rate	Closing balance
Land	\$ 192,981	\$ -	\$ -	\$ -	\$ 192,981
Houses and buildings	104,276	-	-	-	104,276
Machinery and equipment	19,333	1,146	(3,673)	117	16,923
Office equipment	5,445	67	(267)	84	5,329
	<u>\$ 322,035</u>	<u>\$ 1,213</u>	<u>(\$ 3,940)</u>	<u>\$ 201</u>	<u>\$ 319,509</u>

For the three months ended March 31, 2025					
Cost	Opening balance	Amount increased and transferred during the period	Amount decreased during the period	Impact of exchange rate	Closing balance
Land	\$ 192,981	\$ -	\$ -	\$ -	\$ 192,981
Houses and buildings	104,276	-	-	-	104,276
Machinery and equipment	25,788	313	(825)	45	25,321
Office equipment	4,919	33	(801)	36	4,187
	<u>\$ 327,964</u>	<u>\$ 346</u>	<u>(\$ 1,626)</u>	<u>\$ 81</u>	<u>\$ 326,765</u>

For the three months ended March 31, 2026					
Accumulated depreciation and impairment	Opening balance	Increase during the period	Amount decreased during the period	Impact of exchange rate	Closing balance
Houses and buildings	\$ 17,118	\$ 541	\$ -	\$ -	\$ 17,659
Machinery and equipment	14,932	746	(3,673)	100	12,105
Office equipment	3,299	265	(3,673)	75	3,372
	<u>\$ 35,349</u>	<u>\$ 1,552</u>	<u>(\$ 3,940)</u>	<u>\$ 175</u>	<u>\$ 33,136</u>

For the three months ended March 31, 2025					
Accumulated depreciation and impairment	Opening balance	Increase during the period	Amount decreased during the period	Impact of exchange rate	Closing balance
Houses and buildings	\$ 14,952	\$ 542	\$ -	\$ -	\$ 15,494
Machinery and equipment	17,838	1,340	(825)	39	18,392
Office equipment	3,953	197	(801)	32	3,381
	<u>\$ 36,743</u>	<u>\$ 2,079</u>	<u>(\$ 1,626)</u>	<u>\$ 71</u>	<u>\$ 37,267</u>

3. For the three months ended March 31, 2026 and 2025, there was no capitalization of borrowing costs for property, plant and equipment.

4. The Group does not pledge property, plant and equipment as collateral.
5. None of the Group's property, plant and equipment are assets under operating leases.

(IX) Lease transaction - Lessee

1. The underlying assets leased by the Group are buildings, and the period of the lease contracts is one year; however, the Group has the right of first refusal. Lease contracts are negotiated individually and contain various terms and conditions. Except that the assets leased to others cannot be used for leasing, sublet, or any other acts affecting the ownership of the lessor, there are no other restrictions.
2. The lease period of some of the offices and parking spaces rented by the Group does not exceed 12 months.
3. The information on the carrying amount of right-of-use assets and the depreciation expenses recognized is as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
	Carrying amount	Carrying amount	Carrying amount
Houses	\$ 448	\$ 1,084	\$ 1,567

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
	Depreciation expenses	Depreciation expenses
Houses	\$ 662	\$ 1,022

4. The increase in the Group's right-of-use assets for the three months ended March 31, 2026 and 2025 was NT\$0.
5. The information on profit and loss items related to lease contracts is as follows:

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
<u>Items affecting current profit or loss</u>		
Interest expenses on lease liabilities	\$ 8	\$ 17
Expenses relating to short-term lease contracts and leases of low-value assets	58	77

6. The total cash outflow from the leases of the Group for the three months ended March 31, 2026 and 2025, was NT\$733 and NT\$1,141, respectively.
7. Both parties confirmed the early termination of the lease in June 2025, resulting in a decrease in the Group's right-of-use assets and lease liabilities of NT\$755 and NT\$775. The gain on lease modification was recognized in profit or loss for 2025.
8. Extension and termination options for leases
 - (1) The lease targets among buildings in the Group's lease contract contain the extension option that is exercisable by the Group.
 - (2) When deciding the lease period, the Group considers all facts and circumstances that give rise to economic incentives to exercise the extension option. When any material event that may give rise to the evaluation of exercising the extension option occurs, the lease period shall be re-estimate.

(X) Intangible assets

		2026			
		Patent rights	Computer software	Mask	Total
January 1					
Cost		\$ 2,455	\$ 49,410	\$ 38,703	\$ 90,568
Accumulated amortization		(1,856)	(20,848)	(10,036)	(32,740)
		<u>\$ 599</u>	<u>\$ 28,562</u>	<u>\$ 28,667</u>	<u>\$ 57,828</u>
January 1		\$ 599	\$ 28,562	\$ 28,667	\$ 57,828
Increase during the period - acquired separately		-	627	-	627
Derecognize upon expiry - cost		(167)	(1,242)	-	(1,409)
Derecognize upon expiry - accumulated amortization		167	1,242	-	1,409
Amortization of the period		(120)	(4,087)	(3,184)	(7,391)
March 31		<u>\$ 479</u>	<u>\$ 25,102</u>	<u>\$ 25,483</u>	<u>\$ 51,064</u>
March 31					
Cost		\$ 2,288	\$ 48,795	\$ 38,703	\$ 89,786
Accumulated amortization		(1,809)	(23,693)	(13,220)	(38,722)
		<u>\$ 479</u>	<u>\$ 25,102</u>	<u>\$ 25,483</u>	<u>\$ 51,064</u>
		2025			
		Patent rights	Computer software	Mask	Total
January 1					
Cost		\$ 3,463	\$ 44,802	\$ 46,049	\$ 94,314
Accumulated amortization		(2,264)	(30,219)	(28,565)	(61,048)
		<u>\$ 1,199</u>	<u>\$ 14,583</u>	<u>\$ 17,484</u>	<u>\$ 33,266</u>
January 1		\$ 1,199	\$ 14,583	\$ 17,484	\$ 33,266
Derecognize upon expiry - cost		(223)	(128)	(9,288)	(9,639)
Derecognize upon expiry - accumulated amortization		223	128	9,288	9,639
Amortization of the period		(162)	(3,705)	(3,063)	(6,930)
March 31		<u>\$ 1,037</u>	<u>\$ 10,878</u>	<u>\$ 14,421</u>	<u>\$ 26,336</u>
March 31					
Cost		\$ 3,240	\$ 44,674	\$ 36,761	\$ 84,675
Accumulated amortization		(2,203)	(33,796)	(22,340)	(58,339)
		<u>\$ 1,037</u>	<u>\$ 10,878</u>	<u>\$ 14,421</u>	<u>\$ 26,336</u>

The breakdown of the amortization of intangible assets is as follows:

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Management expenses	\$ 151	\$ 131
R&D expenses	7,240	6,799
	<u>\$ 7,391</u>	<u>\$ 6,930</u>

(XI) Other payables

	March 31, 2026	December 31, 2025	March 31, 2025
Dividends payable	\$ 61,118	\$ -	\$ 62,024
Employee remuneration and Director remuneration payable	47,914	42,022	35,727
Salaries and bonuses payable	15,862	31,231	15,100
Payables for intangible assets	14,770	32,779	\$ -
Others	8,069	9,563	11,769
	<u>\$ 147,733</u>	<u>\$ 115,595</u>	<u>\$ 124,620</u>

(XII) Pension

1. The Company has established the regulations for the defined contribution of pension in accordance with the "Labor Pension Act" that applies to employees in the Republic of China. For the employees of the Group's companies in Taiwan who choose to apply the labor pension system under the "Labor Pension Act," the Company contributes 6% of the monthly salary to the individual account of the employees at the Bureau of Labor Insurance. The monthly pension or one-off pension is adopted for the collection of the payment of employees' pensions based on the amount in the individual pension accounts and accumulated gains of the employees.
2. The subsidiaries in China adopt a pension system under the requirements of the government of the People's Republic of China and make monthly contributions based on a certain percentage of employees' total monthly salaries. The pension of each employee shall be managed and arranged by the government.
3. Other foreign subsidiaries appropriate pension to relevant pension management businesses according to local laws and regulations.
4. For the three months ended March 31, 2026 and 2025, the Group recognized pension costs of NT\$2,089 and NT\$1,784, respectively, in accordance with the abovementioned regulations for pension.

(XIII) Share-based payment

1. The Group's share-based payment arrangement is as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
RSA plan	2024.10.28	400 thousand shares	3 years	Service period and performance conditions

The abovementioned share-based payment agreements are settled in equity.

2. The detailed information of the RSA plan is as follows: (Unit: thousand shares)

	2026	2025
RSAs on January 1	270	403
Released from restrictions during the period	-	(7)
Recovered during the period	(11)	(8)
RSAs on March 31	259	388

- (1) The restricted rights and interests of RSAs issued by the Group before fulfilling the vesting conditions are as follows:

The Group granted RSAs on October 28, 2024. The duration of the plan is three years. One year after receiving the rights, employees may have shares of a certain percentage vested when fulfilling certain service conditions and achieving the performance conditions set by the Company. Restricted rights and interests of employees after receiving new shares but without fulfilling the vesting conditions:

- A. Employees shall not engage in the disposal, pledge, transfer, gift to others, creation of rights, or disposal via other means of RSAs.
- B. The trust institution or custodian bank is engaged to exercise the attendance, proposal, speech, voting and voting rights at the shareholders' meeting on employees' behalf according to the agreement.
- C. Employees cannot participate in share dividends and cash dividends; however, they are not entitled to the rights to subscribe shares under capital increase in cash.

In case of the voluntary resignation, retirement, and lay-offs of employees, unvested RSAs are deemed failing to meet the vesting conditions on the effective date; the Company will retrieve and cancel their shares without any compensation according to the law.

- (2) As of March 31, 2026, the outstanding RSAs of the Group are summarized as follows:

Grant date	Number of shares issued (thousand shares)	Share subscription price (NT\$)	Fair value per unit (NT\$)	Number of restricted shares at the end of the period (thousand shares)
2024.10.28	400	-	120.398~ 127.415	259

As of March 31, 2025, the outstanding RSAs of the Group are summarized as follows:

Grant date	Number of shares issued (thousand shares)	Share subscription price (NT\$)	Fair value per unit (NT\$)	Number of restricted shares at the end of the period (thousand shares)
2024.10.28	400	-	120.398~ 127.415	388

- (3) As of March 31, 2026 and 2025, the RSAs accounted for under the capital reserve were NT\$20,285 and NT\$32,602, respectively; the unearned remuneration of employees was NT\$10,448 and NT\$28,112, respectively.
3. Expenses arising from transactions with share-based payment are as follows:

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Settle in equity - RSAs	\$ 2,113	\$ 4,816

(XIV) Share capital

1. As of March 31, 2026, the Company's authorized capital was NT\$500,000, divided into 50,000 thousand shares, and the paid-in capital was NT\$308,179, with a par value of NT\$10 per share. The payment for the issued shares of the Company has been fully collected. The reconciliation of the number of outstanding ordinary shares of the Company at the beginning and the end of the period is as follows: (Unit: thousand shares)

	2026	2025
January 1	30,829	30,844
Cancellation of RSAs	(11)	(4)
March 31	30,818	30,818

2. The Board of the Company resolved to issue RSAs on October 28, 2024; please refer to the description in Note 6(13). The base date for the issuance of new shares is November 15, 2024, with a subscription price of nil per share. Regarding the new shares issued under the capital increase, the rights of shares are restricted before employees fulfill the vesting conditions. After employees fulfill the vesting conditions, the rights and obligations of their shares are equivalent to those of the issued ordinary shares of the Company.
3. During Q1 of 2026, the Company retrieved 11 thousand RSAs that have been issued. As of March 31, 2026, the change registration for the stock cancellation has been completed.

In Q1 2025, the Company retrieved 8 thousand RSAs that have been issued. As of March 31, 2025, the abovementioned shares are accounted for as share capital to be canceled in the amount of NT\$80 due to the non-completion of the alteration registration.

4. Treasury shares

- (1) Reasons for the retrieval of shares and the quantity:

On March 31, 2026 and December 31, 2025, the Group completed the cancellation of all repurchased shares, and it has no treasury shares at present.

Name of the company with shareholding	Reason for recovery	March 31, 2025	
		Thousand shares	Carrying amount
The Company	For the transfer of shares to employees	168	\$ 21,130

- (2) According to the Securities and Exchange Act, the quantity and percentage of outstanding shares repurchased by the Company shall not exceed 10% of the total issued shares of the Company, and the total amount for purchasing the shares shall not exceed the amount of retained earnings plus the premium of issued shares and the realized capital reserve.
- (3) According to the Securities and Exchange Act, treasury shares held by the Company may not be pledged, and the Company shall not be entitled to any shareholders' rights and interests before the transfer.
- (4) According to the Securities and Exchange Act, the shares repurchased for transferring to employees shall be transferred within five years from the date of repurchase. Those that are not transferred past due are deemed unissued shares of the Company, and the alteration registration to cancel such shares shall be performed. The shares repurchased for the protection of the credit of the Company and shareholders' rights and interests shall be canceled within six months from the date of the repurchase.
- (5) The Company's Board resolved on May 2, 2025 to cancel 168 thousand treasury shares repurchased by the Company from April 21, 2020 to June 4, 2020 and set June 4, 2025 as the base day. The alteration registration for the abovementioned proposal for a capital reduction through the cancellation of treasury shares had been completed.

(XV) Capital reserve

1. According to the Company Act, the premium from the issuance of shares at a price higher than the par value and the capital reserve from the receipt of gifts may be used to offset a deficit. When the Company has no accumulated deficit, new shares or cash may be distributed based on the initial shareholding ratio. In addition, according to relevant requirements of the Securities and Exchange Act, when the abovementioned capital reserve is appropriated to capital, the total shall not exceed 10% of the paid-in capital each year. The Company may not make up the losses with the capital reserve unless the earnings are insufficient to make up the capital losses.

2026					
	Issuance premium	Trading of treasury shares	RSAs	Others	Total
January 1	\$ 359,129	-	\$ 20,340	\$ 7,512	\$ 386,981
RSAs	-	-	(55)	-	(55)
March 31	\$ 359,129	\$ -	\$ 20,285	\$ 7,512	\$ 386,926

2025					
	Issuance premium	Trading of treasury shares	RSAs	Others	Total
January 1	\$ 376,885	\$ 4,743	\$ 34,564	\$ 7,512	\$ 423,704
Distribution of cash from the capital reserve	(31,012)	-	-	-	(31,012)
RSAs	1,567	-	(1,962)	-	(395)
March 31	\$ 347,440	\$ 4,743	\$ 32,602	\$ 7,512	\$ 392,297

2. The Board of the Company resolved on February 14, 2025 and reported at the shareholders' meeting on May 27, 2025 to distribute a cash dividend of NT\$31,012 (NT\$1 per share) from the capital reserve.

(XVI) Retained earnings

1. According to the Articles of Incorporation, if there are any earnings in the annual final accounts, they shall be distributed in the following order:
 - (1) Pay taxes.
 - (2) Compensate losses.
 - (3) Appropriate 10% as the legal reserve; however, this shall not apply when the accumulated legal reserve has reached the paid-in capital of the Company.
 - (4) Appropriate or reserve the special reserve according to laws and regulations or requirements of the competent authority.
 - (5) Regarding the balance in subparagraphs 1 to 4 in paragraph 1 of this article plus the retained earnings at the beginning of the period, retain them or distribute them as shareholders' bonuses through the resolution of the shareholders' meeting.

According to paragraph 5, Article 240 of the Company Act, the Company authorizes the Board to distribute dividends or bonuses to be distributed or the entire or partial legal reserve and capital reserve as stated in paragraph 1, Article 241 of the Company Act in cash with the resolution approved by more than half of the attending Directors at a meeting attended by more than two-thirds of the Directors and report to the shareholders' meeting.

2. The Company's dividend policy is as follows: The Company is a technology-intensive technology business and is within its period of growth. To accommodate the long-term capital planning and satisfy the shareholders' demand for cash flow, the Company adopts a residual dividend policy to strengthen the growth and sustainable operation of the Company. The expanded operating scale and the demand for cash flow in the future shall be considered upon the distribution of shareholders' bonuses; however, cash dividends each year shall not be less than 10% of the total shareholders' bonuses of the year.
3. Except for offsetting the Company's losses and distributing new shares based on the initial shareholding ratio of shareholders, the legal reserve may not be used; however, the issuance of new shares or cash shall be no more than 25% of the part that the reserve exceeds the paid-in capital.
4. When the Company distributes earnings, it is required by laws and regulations to set aside a special reserve for the debit balance, an other equity item, on the balance sheet date of the year. Subsequently, when the debit balance, an other equity item, is reversed, the amount reversed may be included in earnings available for distribution.
5. The Board of the Company resolved to approve the distribution of a dividend of NT\$1 per ordinary share from earnings with a dividend totaling NT\$31,012 on February 14, 2025, which was reported to the shareholders' meeting on May 27, 2025.

The Board of the Company resolved to approve the distribution of a dividend of NT\$2 per ordinary share from earnings with a dividend totaling NT\$61,118 on March 2, 2026.

(XVII) Other equity items

	2026			
	Foreign currency translation	Unearned remuneration of employees	Unrealized valuation gain or loss	Total
January 1	\$ 77	(\$ 12,721)	(\$ 18,311)	(\$ 30,955)
Difference from foreign currency translation				
- The Group	508	-	-	508
Remuneration cost of share-based payment	-	2,273	-	2,273
March 31	<u>\$ 585</u>	<u>(\$ 10,448)</u>	<u>(\$ 18,311)</u>	<u>(\$ 28,174)</u>

	2025			
	Foreign currency translation	Unearned remuneration of employees	Unrealized valuation gain or loss	Total
January 1	\$ 545	(\$ 33,403)	(\$ 17,990)	(\$ 50,848)
Difference from foreign currency translation				
- The Group	347	-	-	347
Remuneration cost of share-based payment	-	5,291	-	5,291
March 31	<u>\$ 892</u>	<u>(\$ 28,112)</u>	<u>(\$ 17,990)</u>	<u>(\$ 45,210)</u>

(XVIII) Operating income

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Income from customer contracts		
Sales of products	\$ 337,931	\$ 265,042
Provision of services	7,323	4,681
	<u>\$ 345,254</u>	<u>\$ 269,723</u>

1. Breakdown of income from customer contracts

The Group's source of income is from the transfer of products at a certain point in time and the transfer of services gradually over time; income can be divided into the following major geographical areas:

For the three months ended March 31, 2026	Taiwan	China	Other parts of Asia	Europe and America	Total
Income from contracts with external customers	\$ 8,712	\$ 301,868	\$ 30,287	\$ 4,387	\$ 345,254
Point of time of income recognition					
Income recognized at a certain point in time	\$ 8,712	\$ 301,868	\$ 22,964	\$ 4,387	\$ 337,931
Income recognized gradually over time	-	-	7,323	-	7,323
	\$ 8,712	\$ 301,868	\$ 30,287	\$ 4,387	\$ 345,254
For the three months ended March 31, 2025	Taiwan	China	Other parts of Asia	Europe and America	Total
Income from contracts with external customers	\$ 8,523	\$ 241,326	\$ 17,233	\$ 2,641	\$ 269,723
Point of time of income recognition					
Income recognized at a certain point in time	\$ 7,431	\$ 241,326	\$ 13,644	\$ 2,641	\$ 265,042
Income recognized gradually over time	1,092	-	3,589	-	4,681
	\$ 8,523	\$ 241,326	\$ 17,233	\$ 2,641	\$ 269,723

2. Contract liabilities

(1) Contract liabilities related to income from customer contracts recognized by the Group are as follows:

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Contract liabilities:				
- Sales of products	\$ 9,252	\$ 7,948	\$ 8,288	\$ 15,271
- Provision of services	3,025	3,025	3,025	3,025
	\$ 12,277	\$ 10,973	\$ 11,313	\$ 18,296

- (2) Contract liabilities at the beginning of the period recognized as income during the period

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Balance of contract liabilities at the beginning of the period recognized as income during the period	\$ 4,421	\$ 9,720

- (3) Transaction price allocated to the unperformed performance obligations

As of March 31, 2026 and 2025, the contract transaction price allocated to the part of the contracts of the entrusted design project entered into between the Group and customers that is not fully performed was NT\$9,903 and NT\$34,600, respectively.

3. Assets recognized from the cost of contract performance

The cost generated from the entrusted design projects of the Group will be transferred to operating costs when recognizing income upon fulfilling the performance obligations in the future and presented as the cost of contract performance in the balance sheet. As of March 31, 2026 and 2025, the balances were NT\$1,587 and NT\$1,615, respectively. The amounts amortized and recognized as costs for the three months ended March 31, 2026 and 2025 were NT\$4,450 and NT\$1,231, respectively.

(XIX) Interest income

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Interests on bank deposits	\$ 2,756	\$ 1,465

(XX) Other income

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Other income - others	\$ 3	\$ 34

(XXI) Other gains and losses

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Net gain on foreign currency exchange	\$ 4,598	\$ 6,182
Net (loss) gain on financial assets at fair value through profit or loss	(382)	148
Others	(514)	(983)
	\$ 3,702	\$ 5,347

(XXII) Financial cost

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Interest expenses:		
Interest on lease liabilities	\$ 8	\$ 17

(XXIII) Additional information on the nature of expenses

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Employee benefit expenses	\$ 59,737	\$ 54,573
Depreciation expenses on property, plant and equipment	1,552	2,079
Depreciation expenses on right-of-use assets	662	1,022
Amortization expenses of intangible assets	7,391	6,930

(XXIV) Employee benefit expenses

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Salary expenses	\$ 52,827	\$ 48,382
Labor and insurance health expenses	3,863	3,554
Pension expenses	2,089	1,784
Other personnel expenses	958	853
	<u>\$ 59,737</u>	<u>\$ 54,573</u>

1. According to the Articles of Incorporation, if the Company records profits for the year, it shall appropriate no less than 4% and no more than 4% as the remuneration of employees and the remuneration of Directors, respectively. In the amount of the remuneration of employees in the preceding paragraph, no less than 5% of profits shall be appropriated for the distribution of the remuneration of executive employees. However, if the Company has accumulated losses, it shall make compensation first.
2. The estimated amount of employee remuneration of the Company for the three months ended March 31, 2026 and 2025 was NT\$10,250 and NT\$4,998, respectively; the estimated amount of Director remuneration was NT\$1,000 and NT\$1,000, respectively. The aforementioned amount was recorded as salary expenses.

The amount for the three months ended March 31, 2026 is estimated based on the profiting status up to the current period at a certain percentage.

The amount of 2025 remuneration of employees and remuneration of Directors resolved by the Board is consistent with the amount recognized in the 2025 financial statements. The remuneration of employees and remuneration of Directors for 2025 have not yet been distributed.

For information on remuneration of employees and remuneration of Directors approved by the Board of the Company, please visit MOPS for inquiries.

(XXV) Income tax

1. Income tax expenses

Components of income tax expenses:

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Current income tax		
Income tax generated from current income	\$ 12,677	\$ 9,370
Deferred income tax:		
The initial generation and reversal of temporary differences	(2,380)	237
Income tax expenses	<u>\$ 10,297</u>	<u>\$ 9,607</u>

2. The Company's profit-seeking enterprise income tax has been approved by the tax authorities up to 2023.

(XXVI) Earnings per share

	For the three months ended March 31, 2026		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Basic earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to the ordinary shareholders of the parent company	<u>\$ 41,001</u>	<u>30,559</u>	<u>\$ 1.34</u>
<u>Diluted earnings per share</u>			
Net profit attributable to the ordinary shareholders of the parent company	\$ 41,001	30,559	
Effects of potential diluted ordinary shares			
Remuneration of employees	-	161	
RSAs	-	127	
Effect of net profit of the period attributable to the ordinary shareholders of the parent company plus potential ordinary shares	<u>\$ 41,001</u>	<u>30,847</u>	<u>\$ 1.33</u>

	For the three months ended March 31, 2025		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Basic earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to the ordinary shareholders of the parent company	<u>\$ 38,863</u>	<u>30,440</u>	<u>\$ 1.28</u>
<u>Diluted earnings per share</u>			
Net profit attributable to the ordinary shareholders of the parent company	\$ 38,863	30,440	
Effects of potential diluted ordinary shares			
Remuneration of employees	-	117	
RSAs	-	204	

	For the three months ended March 31, 2025		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Basic earnings per share (NT\$)
Effect of net profit of the period attributable to the ordinary shareholders of the parent company plus potential ordinary shares	\$ 38,863	30,761	\$ 1.26

(XXVII) Supplementary information on cash flow

1. Investing activities partially paid/received in cash:

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Consideration of the disposal of financial assets at fair value through profit or loss - current	\$ -	\$ 162,374
Less: Other receivables at the end of the period	-	(5,037)
Cash received during the period	\$ -	\$ 157,337
Acquisition of intangible assets	\$ 627	\$ -
Add: Other payables at the beginning of the period	32,779	-
Less: Other payables at the end of the period	(14,770)	-
Cash paid during the period	\$ 18,636	\$ -

2. Financing activities that do not affect cash flow:

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Cash dividends announced but not yet distributed	\$ 61,118	\$ 62,024

(XXVIII) Changes in liabilities from financing activities

	2026	2025
	Lease liabilities	Lease liabilities
January 1	\$ 1,095	\$ 2,648
Changes in cash flow from financing	(667)	(1,047)
Effects of changes in the exchange rate	27	10
March 31	\$ 455	\$ 1,611

VII. Related party transactions

(I) Parent company and ultimate controller

The Company is controlled by Flexium Interconnect, Inc. (registered in the Republic of China), and it owns 29.92% of the Company's shares. The remaining 70.08% is held by the public. The Company's ultimate parent company is Flexium Interconnect, Inc..

(II) Name of and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
ShenZhen Aluksen Hongxin Technology Co., Ltd. (Hongxin)	Affiliate
QuantumZ Inc. (QuantumZ)	Affiliate

(III) Major transactions with related parties

1. Operating income

	<u>For the three months ended March 31, 2026</u>	<u>For the three months ended March 31, 2025</u>
Hongxin	<u>\$ 6,948</u>	<u>\$ 6,701</u>

There is no significant difference between the transaction price of the sales of the Company's products and the payment terms with non-related parties.

The unrealized gross profit from sales with related parties has been written off in proportion to the equity ratio.

2. Amounts receivable from related parties

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts receivable:			
Hongxin	<u>\$ 2,413</u>	<u>\$ 7,138</u>	<u>\$ 3,634</u>
Other receivables:			
QuantumZ	<u>\$ 358</u>	<u>\$ 723</u>	<u>\$ -</u>

The amounts receivable from related parties are mainly from sales transactions, with a payment term of a monthly settlement of 30 days. As of March 31, 2026, and December 31 and March 31, 2025, the Company has provided an allowance loss of NT\$917, NT\$901, and NT\$952, respectively, according to the Company's policy for the overdue amounts receivable from related parties.

3. Amounts payables to related parties

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Other receivables:			
Hongxin	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,972</u>

4. Service income (recognized as a deduction of salary expenses)

	<u>For the three months ended March 31, 2026</u>	<u>For the three months ended March 31, 2025</u>
QuantumZ	<u>\$ 1,174</u>	<u>\$ -</u>

(IV) Information on the remuneration of key management personnel

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Short-term employee benefits	\$ 7,263	\$ 5,260
Post-employment benefits	126	98
Share-based payment	627	1,005
	<u>\$ 8,016</u>	<u>\$ 6,363</u>

VIII. Pledged assets

None.

IX. Major contingent liabilities and unrecognized contractual commitments

(I) Contingency

None.

(II) Commitment

None.

X. Major disaster losses

None.

XI. Major events after the reporting period

None.

XII. Others

(I) Capital management

The Group's capital management objective is to ensure the Group's continuous operations, maintain the optimal capital structure to reduce the cost of capital, and provide returns to shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or dispose of assets to reduce liabilities. The Group's strategy is to achieve a balanced capital structure.

(II) Financial instruments

1. Categories of financial instrument

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 36,496</u>	<u>\$ 36,876</u>	<u>\$ 44,890</u>
Financial assets at fair value through other comprehensive income			
Investments in	<u>\$ 831</u>	<u>\$ 831</u>	<u>\$ 1,152</u>

	March 31, 2026	December 31, 2025	March 31, 2025
equity instruments selected and designated			
Financial assets measured at amortized cost			
Cash and cash equivalents	\$ 486,936	\$ 436,474	\$ 425,294
Financial assets measured at amortized cost	504,700	504,700	354,700
Accounts receivable (including those from related parties)	194,339	167,977	110,028
Other receivables (including those from related parties)	6,927	9,395	29,159
Refundable deposits	311	304	808
	<u>\$ 1,193,213</u>	<u>\$ 1,118,850</u>	<u>\$ 919,989</u>
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 163	\$ -	\$ -
Financial liabilities measured at amortized cost			
Accounts payable	\$ 100,940	\$ 80,949	\$ 55,484
Other payables	147,733	115,595	124,620
	<u>\$ 248,673</u>	<u>\$ 196,544</u>	<u>\$ 180,104</u>
Lease liabilities	<u>\$ 455</u>	<u>\$ 1,095</u>	<u>\$ 1,611</u>

2. Risk management policy

- (1) The Group's daily operations are affected by multiple financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group identifies, assesses and manages the aforementioned risks based on its policy and risk preferences.
- (2) The Group has established appropriate policies, procedures and internal control for the aforementioned financial risk management in accordance with relevant regulations. Major financial activities shall be reviewed by the Board and the Audit Committee in accordance with relevant regulations and the internal control system. During the execution period of financial management activities, the Group shall strictly comply with the regulations related to financial risk management it established.

3. Nature and severity of significant financial risks

(1) Market risk

Exchange rate risk

- A. The Group's exchange rate risk is mainly related to its main operating activities (when income or expenses are denominated in a currency other than the Group's functional currency) and net investments in foreign operations.
- B. The Group avoids exchange rate risks with forward exchange rate transactions; however, hedging accounting is not applicable. For details of financial assets or liabilities at fair value through profit or loss. In addition, net investments in foreign operations are strategic investments; therefore, the Group does not engage in hedging for such investments.
- C. The businesses of the Group involve a number of non-functional currencies (NTD, RMB, and KRW are the functional currencies of the Company and partial subsidiaries); therefore, the Group is affected by exchange rate fluctuations. The information on assets and liabilities denominated in foreign currencies with influences of significant exchange rate fluctuations is as follows:

March 31, 2026			
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD: NTD	\$ 9,009	31.945	\$ 287,793
RMB: NTD	7,191	4.61673	33,199
EUR: NTD	146	36.51	5,330
KRW: NTD	205,682	0.01917	3,943
Non-monetary items			
RMB: NTD	1,084	4.61673	5,004
Financial liabilities			
Monetary item			
USD: NTD	3,663	31.945	117,015
RMB: NTD	403	4.61673	1,861

December 31, 2025					
		Foreign currency (in thousands)	Exchange rate	Carrying amount (NT\$)	
(Foreign currency: functional currency)					
Financial assets					
Monetary item					
USD: NTD	\$	7,386	31.380	\$	231,773
RMB: NTD		8,558	4.46449		38,207
EUR: NTD		105	36.70		3,854
KRW: NTD		180,018	0.02006		3,611
Non-monetary items					
RMB: NTD		1,125	4.46449		5,023

December 31, 2025			
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NT\$)
Financial liabilities			
Monetary item			
USD: NTD	3,640	31.380	114,223
RMB: NTD	731	4.46449	3,264
March 31, 2025			
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: functional currency)			
Financial assets			
Monetary item			
USD: NTD	\$ 8,700	33.155	\$ 288,449
RMB: NTD	7,059	4.61885	32,604
EUR: NTD	461	35.77	16,490
KRW: NTD	196,180	0.02082	4,084
Non-monetary items			
RMB: NTD	1,206	4.61885	5,569
Financial liabilities			
Monetary item			
USD: NTD	1,734	33.155	57,491
RMB: NTD	425	4.61885	1,963

D. For the three months ended March 31, 2026 and 2025, the aggregate amount of all exchange gains (realized and unrealized) on monetary items of the Group with significant influence due to exchange rate fluctuations was NT\$4,598 and NT\$6,182, respectively.

E. The Group's foreign currency market risk analysis due to influences of significant exchange rate fluctuations is as follows:

For the three months ended March 31, 2026				
Sensitivity analysis				
	Range of change	Effects on profit and loss	Effects on other comprehensive income	
(Foreign currency: functional currency)				
Financial assets				
Monetary item				
USD: NTD	1%	\$ 2,878	\$ -	-
RMB: NTD	1%	332	-	-
EUR: NTD	1%	53	-	-
KRW: NTD	1%	39	-	-
Non-monetary items				
RMB: NTD	1%	-	50	
Financial liabilities				
Monetary item				
USD: NTD	1%	1,170	-	-
RMB: NTD	1%	19	-	-

For the three months ended March 31, 2025				
Sensitivity analysis				
	Range of change	Effects on profit and loss	Effects on other comprehensive income	
(Foreign currency: functional currency)				
Financial assets				
Monetary item				
USD: NTD	1%	\$ 2,884	\$ -	-
RMB: NTD	1%	326	-	-
EUR: NTD	1%	165	-	-
KRW: NTD	1%	41	-	-
Non-monetary items				
RMB: NTD	1%	-	-	56
Financial liabilities				
Monetary item				
USD: NTD	1%	575	-	-
RMB: NTD	1%	20	-	-

Price risk

- A. The Group is exposed to equity instruments with price risks. Such instruments are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held and accounted for. The Group set a limit for investments in single and overall preferred shares and equity securities through diversified investments to manage the price risk of preferred shares and equity securities. The information on the portfolio of investments in preferred shares and equity securities shall be provided to the senior management of the Group periodically. The Board shall review and approve all the decisions on the investment in preferred shares and equity securities.
- B. The Group mainly invests in equity instruments issued by domestic companies. The prices of such equity instruments are affected by the uncertainty of the future values of the investment targets. If the prices of such equity instruments rise or drop by 1%, with all other factors remaining unchanged, the net profit before tax for the three months ended March 31, 2026 and 2025 will increase or decrease by NT\$365 or NT\$449, respectively, due to the gain or loss on equity instruments measured at fair value through profit or loss; the gain or loss on investments in equity at fair value through other comprehensive income will increase or decrease by NT\$8 and NT\$12, respectively.

Cash flow and fair value interest rate risk

Interest rate risks are risks of fair value or future cash flow fluctuations of financial instruments due to changes in the market interest rate. The interest rate risk of the Group mainly arises from time deposits with floating interest rates. The period of the Group's time deposits is generally shorter periods; therefore, cash flow risk arising from changes in interest rate is relatively low.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss incurred when a counterparty of transactions fails to perform its contractual obligations. The Group's credit risk arises from operating activities (mainly accounts receivable) and financing activities (mainly bank deposits and other financial instruments).
- B. Each department of the Group manages credit risk in accordance with credit risk policies, procedures and controls. The credit risk assessment of all counterparties of transactions generally considers the financial position, ratings of the credit rating agencies, historical transaction experience of the counterparties of transactions, current economic situation, the Group's internal assessment standards, and other factors. The Group also adopts certain credit enhancement tools at appropriate times to reduce the credit risk of specific counterparties of transactions.
- C. When the Group's contract payment is overdue for over a certain number of days under the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since initial recognition.
- D. When the debtor experiences major financial difficulties or has gone bankrupt, the Group shall deem it a breach of contract in accordance with the credit risk management.
- E. The indicators used by the Group to determine the credit impairment of financial assets are as follows:
 - (A) The possibility of the issuer having major financial difficulties or entering bankruptcy or other financial restructuring increases significantly;
 - (B) The issuer delays or fails to pay interest or principal.
- F. The Group divides the accounts receivable of customers into groups based on the credit rating, region, industry, and other factors of counterparties of transactions and adopts the simplified approach to estimate ECL based on the allowance.
- G. The Group has adjusted the loss rate established based on historical and current information of a specific period based on future-looking considerations to estimate the loss allowance of accounts receivable. The allowance matrix on March 31, 2026, and December 31 and March 31, 2025 based on customer classification is disclosed as follows:

Group 1	March 31, 2026						Total
	Not past due	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	
Total Carrying amount	\$ 196,311	\$ -	\$ -	\$ -	\$ -	\$ 917	\$ 197,228
Allowance for sales returns and discounts	(1,972)	-	-	-	-	-	(1,972)
Carrying amount	194,339	-	-	-	-	917	195,256
Loss rate	0%	5%	10%	30%	70%	100%	
Loss allowance	-	-	-	-	-	(917)	(917)
Carrying amount	\$ 194,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,339

March 31, 2026							
Group 2	Not past due	121 to 150 days	151 to 180 days	181 to 270 days	271 to 300 days	More than 301 days	Total
Total Carrying amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,745	\$ 22,745
Loss rate	0%	5%	10%	30%	70%	100%	
Loss allowance	-	-	-	-	-	(22,745)	(22,745)
Carrying amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2025							
Group 1	Not past due	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	Total
Total Carrying amount	\$ 173,194	\$ 66	\$ -	\$ -	\$ -	\$ 901	\$ 174,161
Allowance for sales returns and discounts	(5,280)	-	-	-	-	-	(5,280)
Carrying amount	167,914	66	-	-	-	901	168,881
Loss rate	0%	5%	10%	30%	70%	100%	
Loss allowance	-	(3)	-	-	-	(901)	(904)
Carrying amount	\$ 167,914	\$ 63	\$ -	\$ -	\$ -	\$ -	\$ 167,977
Group 2	Not past due	121 to 150 days	151 to 180 days	181 to 270 days	271 to 300 days	More than 301 days	Total
Total Carrying amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,343	\$ 22,343
Loss rate	0%	5%	10%	30%	70%	100%	
Loss allowance	-	-	-	-	-	(22,343)	(22,343)
Carrying amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
March 31, 2025							
Group 1	Not past due	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 121 days	Total
Total Carrying amount	\$ 110,028	\$ -	\$ -	\$ -	\$ -	\$ 952	\$ 110,980
Loss rate	0%	5%	10%	30%	70%	100%	
Loss allowance	-	-	-	-	-	(952)	(952)
Carrying amount	\$ 110,028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,028
Group 2	Not past due	121 to 150 days	151 to 180 days	181 to 270 days	271 to 300 days	More than 301 days	Total
Total Carrying amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,606	\$ 23,606
Loss rate	0%	5%	10%	30%	70%	100%	
Loss allowance	-	-	-	-	-	(23,606)	(23,606)
Carrying amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

H. The statement of loss allowance of accounts receivables made by adopting the simplified approach is as follows:

	2026	2025
January 1	\$ 23,247	\$ 24,247
Provision of impairment loss	415	311
March 31	\$ 23,662	\$ 24,558

(3) Liquidity risk

- A. The cash flow forecast is summarized by the Financial Department of the Group based on the implementation of operating entities within the Group. The Group's Finance Department monitors the forecast of the Group's demand for working capital to ensure that it has sufficient funds to meet operational needs and maintains sufficient unspent borrowing commitment limit at all times.
- B. If the remaining cash held by each operating entity exceeds the management requirement for the working capital, the remaining funds will be invested in interest-bearing demand deposits, time deposits, and securities, and the instruments selected shall have appropriate maturity day or sufficient liquidity to respond to the forecast above and provide sufficient liquidity. On March 31, 2026, and December 31 and March 31, 2025, the monetary market positions held by the Group were NT\$1,027,499, NT\$977,404 and NT\$824,229. It is expected to instantly generate cash flow to manage liquidity risk.
- C. The following table is the non-derivative financial liabilities and derivative financial liabilities settled at net or in total of the Group that are grouped based on relevant maturity date; non-derivative financial liabilities were analyzed based on the remaining period from the balance sheet date to the maturity date of contracts; derivative financial liabilities were analyzed based on the remaining period from the balance sheet date to the expected maturity date. The amounts of the contractual cash flow disclosed in the following table are undiscounted amounts.

	Within 1 year	1 to 2 years	More than 2 year
March 31, 2026			
<u>Non-derivative</u>			
<u>financial liabilities:</u>			
Accounts payable	\$ 100,940	\$ -	\$ -
Other payables	147,733	-	-
Lease liabilities	457	-	-
<u>Derivative financial</u>			
<u>liabilities:</u>			
Forward exchange contracts	163	-	-
December 31, 2025			
<u>Non-derivative</u>			
<u>financial liabilities:</u>			
Accounts payable	\$ 80,949	\$ -	\$ -
Other payables	115,595	-	-
Lease liabilities	1,105	-	-
<u>Derivative financial</u>			
<u>liabilities:</u> None.			
March 31, 2025			
<u>Non-derivative</u>			
<u>financial liabilities:</u>			
Accounts payable	\$ 55,484	\$ -	\$ -
Other payables	124,620	-	-
Lease liabilities	1,623	-	-
<u>Derivative financial</u>			
<u>liabilities:</u> None.			

(III) Information on fair value

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

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the listed shares invested by the Group belongs to this level.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the derivatives invested by the Group belongs to this level.
Level 3:	Unobservable inputs for the asset or liability. Equity instruments with no active market invested by the Company belong to this level.

2. Financial instruments not measured at fair value:

The carrying amount of the Group's financial instruments not measured at fair value include cash and cash equivalents, financial assets measured at amortized cost, accounts receivable (including from related parties), other receivables (including from related parties), refundable deposits (presented as "other non-current assets"), accounts payables, other payables, and lease liabilities is a reasonable approximate to the fair value.

3. For financial and non-financial instruments measured at fair value, the Group classifies them according to the nature, characteristics, risks, and fair value of the assets and liabilities. The relevant information is as follows:

- (1) The Group classified assets based on their nature. The relevant information is as follows:

March 31, 2026	Level 1	Level 2	Level 3	Total
Assets				
<u>Repetitive fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 36,496	\$ -	\$ -	\$ 36,496
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	831	831
	<u>\$ 36,496</u>	<u>\$ -</u>	<u>\$ 831</u>	<u>\$ 37,327</u>
Liabilities				
<u>Repetitive fair value</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 163	\$ -	\$ 163

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
<u>Repetitive fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 36,876	\$ -	\$ -	\$ 36,876
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	831	831
	<u>\$ 36,876</u>	<u>\$ -</u>	<u>\$ 831</u>	<u>\$ 37,707</u>
 March 31, 2025	 Level 1	 Level 2	 Level 3	 Total
Assets				
<u>Repetitive fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 44,890	\$ -	\$ -	\$ 44,890
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	1,152	1,152
	<u>\$ 44,890</u>	<u>\$ -</u>	<u>\$ 1,152</u>	<u>\$ 46,042</u>

(2) The methods and assumptions used by the Group to measure fair value are described as follows:

A. If the Group adopts market quotation as the input value of fair value (i.e., Level 1), the characteristics of the instruments are set out as follows:

	Listed shares
Market quotation	Closing price

B. Forward exchange contracts are generally valued based on current forward exchange rates.

C. Except for the financial instruments with an active market, as mentioned above, the fair value of other financial instruments is obtained through valuation techniques or by referencing counterparty quotes. The fair value obtained through the valuation techniques can be calculated with reference to the current fair value of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow approach, or other valuation techniques, including the market information utilization model available on the consolidated balance sheet date.

D. For financial instruments with higher complexity, the Group measures the fair value based on the valuation approaches and techniques extensively used by peers and the valuation models developed internally. Such valuation models are usually used in debt instruments of derivatives and embedded derivatives or securitized products. Partial parameters used in such valuation models are not observable information in the market. The Group is required to make appropriate estimates based on the assumptions. For the effects of

parameters not observable in the market on the valuation of financial instruments, please refer to the description in Note 12(3)8.

4. There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2026 and 2025.
5. The following table sets out the changes in Level 3 for the three months ended March 31, 2026 and 2025:

	2026	2025
	Non-derivative equity instruments	Non-derivative equity instruments
January 1 (i.e. March 31)	\$ 831	\$ 1,152

6. There was no inward or outward transfer to or from Level 3 for the three months ended March 31, 2026 and 2025.
7. For the valuation procedures of fair value classified in Level 3, the Financial Department of the Group carries out independent fair value verification based on the actuarial report issued by an external expert to align valuation results with the market status based on the data from an independent source to confirm that the data source is independent, reliable, consistent with other resources, and represent an executable price, regularly performs calibration of the valuation models, carries out retrospective tests, updates inputs and data required by valuation models, and makes any other necessary adjustments to fair value to ensure that the valuation results are reasonable.
8. The quantitative information on the significant unobservable inputs used in the valuation models of Level 3 fair value measurement items and the sensitivity analysis of changes in significant unobservable inputs are described as follows:

		March 31, 2026		Valuation techniques	Significant unobservable inputs	Interval (weighted average)	Relation between the input and fair value
		Fair value					
Non-derivative equity instruments:							
Non-listed shares	\$	831	Market approach	Price-to-sales ratio	0.92		The higher the multiple is, the higher the fair value is.
				Lack of market liquidity discount	25%		The higher the lack of market liquidity discount, the lower the fair value.
		December 31, 2025		Valuation techniques	Significant unobservable inputs	Interval (weighted average)	Relation between the input and fair value
		Fair value					
Non-derivative equity instruments:							
Non-listed shares	\$	831	Market approach	Price-to-sales ratio	0.92		The higher the multiple is, the higher the fair value is.
				Lack of market liquidity discount	25%		The higher the lack of market liquidity discount, the lower the fair value.

	March 31, 2025		Significant unobservable inputs	Interval (weighted average)	Relation between the input and fair value
	Fair value	Valuation techniques			
Non-derivative equity instruments:					
Non-listed shares	\$	1,152	Market approach	1.95	The higher the multiple is, the higher the fair value is.
			Lack of market liquidity discount	25%	The higher the lack of market liquidity discount, the lower the fair value.

9. The Group carefully selects valuation models and evaluation parameters; however, different valuation models or parameters may lead to different valuation results. For financial assets classified within Level 3, changes in valuation parameters would not have a material impact on profit or loss or other comprehensive income for the current period.

XIII. Additional disclosures

(I) Information on significant transactions

- Loans to others: None.
- Provision of endorsements and guarantees to others: None.
- Material securities held at the end of the period (excluding investment in the equity of subsidiaries, affiliates, and joint ventures): Please refer to Table 1.
- Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of the paid-in capital or more: None.
- Receivables from related parties reaching NT\$100 million or 20% of the paid-in capital or more: None.
- Business relationships and significant transactions between the parent company and its subsidiaries: Please refer to Table 2.

(II) Information on investees

Name and location of investees and other relevant information (excluding investees in Mainland China): Please refer to Table 3.

(III) Information on investments in China

- Basic data: Please refer to Table 4.
- Major transactions with investees in China directly or indirectly through a third regional business: None.

XIV. Segment information

(I) General information

The Company and its subsidiaries engage in the research, design, manufacture and sales of products related to RFIC and integrated RF systems. The Company evaluates performance and allocates resources based on the overall Group, and the Group is a single reportable segment as identified.

(II) Segment information

The Group evaluates the performance of operating segments based on net profit after tax. This measurement standard excludes the impact of non-regular expenses of operating departments. The accounting policies of the operating department are the same as the description in Note 4 Summary of significant accounting policies of the financial statements.

(III) Information on the reconciliation of segment profit or loss

For the information on the reportable segment provided to the chief operating decision-maker, please refer to the consolidated balance sheet and the consolidated statement of comprehensive income.

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(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Material securities held at the end of the period (excluding investment in subsidiaries, affiliates, and joint ventures)
March 31, 2026

Table 1

Unit: NT\$1,000
(unless otherwise specified)

Company held	Types and names of securities	Relations with securities issuers	Subject	End of period				Remarks
				Number of shares	Carrying amount	Shareholding ratio (Note 1)	Fair value	
Rafael Microelectronics, Inc.	Ordinary shares - Fubon Financial Holding Co., Ltd.	None	Financial assets at fair value through profit or loss - current	11,416	\$ 982	-	\$ 982	
	Class B preferred shares - Fubon Financial Holding Co., Ltd.	None	Financial assets at fair value through profit or loss - current	185,000	11,562	-	11,562	
	Class C preferred shares - Fubon Financial Holding Co., Ltd.	None	Financial assets at fair value through profit or loss - current	304,262	15,700	-	15,700	
	Class B preferred shares - KGI Financial Holding Co., Ltd.	None	Financial assets at fair value through profit or loss - current	399,000	3,244	-	3,244	
	Class B Preferred Shares - CTBC Financial Holding Co., Ltd.	None	Financial assets at fair value through profit or loss - current	78,000	5,008	-	5,008	
	Ordinary shares - BKS TEC Corp.	None	Financial assets at fair value through other comprehensive income - non-current	600,000	831	-	831	

Note 1: The shareholding ratio is less than 5%; therefore, it is not disclosed.

Table 1

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Business relationships and significant transactions between the parent company and its subsidiaries
For the three months ended March 31, 2026

Table 2

Unit: NT\$1,000
(unless otherwise specified)

No. (Note 1)	Trader	Counterparty of the transaction	Relationship with the trader (Note 2)	Transaction status			Ratio to total consolidated operating income or total assets (Note 3)
				Item	Amount	Transaction conditions	
0	Rafael Microelectronics, Inc.	ShenZhen Rafael Microsystems, Inc.	1	Commission research expenses	\$ 5,979	Subject to the contract	1.7%
0	Rafael Microelectronics, Inc.	Rafael Microelectronics Korea	1	Commission service expenses	1,246	Subject to the contract	0.4%

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

- (1) Parent company is "0."
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: There are three types of the relationship with the transaction party as follows. Please indicate the type only (In the case of the same transaction between the parent company and subsidiaries or between its subsidiaries, duplicate disclosure is not required. For example, if the parent company has already disclosed its transactions with the subsidiary, it is not necessary for the subsidiary to duplicate disclosure for some part of the information; the same goes for transactions between subsidiaries. If one of the subsidiaries has made the disclosure, the other party does not have to do so):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding the ratio of transaction amount to consolidated total operating income or total assets, it is computed based on the closing balance of transaction to consolidated total assets for balance sheet items and based on the accumulated transaction amount for the period to consolidate total operating income for income statement items.

Table 2

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Name and Location of Investees and Other Relevant Information (excluding investees in Mainland China)
For the three months ended March 31, 2026

Table 3

Unit: NT\$1,000 (unless otherwise specified)											
Investor	Investee	Location	Main scope of business	Initial investment amount		Held at the end of the period			Profit or loss of the investee for the period	Investment gain or loss recognized for the period	Remarks
				End of the period	End of last year	Number of shares	Ratio	Carrying amount			
Rafael Microelectronics, Inc.	Hann Tang Co., Ltd.	Seychelles	Investee	\$ 22,585	\$ 22,585	707,000	100	\$ 21,050	\$ 55	\$ 55	Note 1
Rafael Microelectronics, Inc.	Rafael Microelectronics Korea	South Korea	Promotion of RFIC products	2,843	2,843	200,000	100	3,918	511	511	Note 2
Hann Tang Co., Ltd.	Hong Yu Co., Ltd.	Seychelles	Investee	22,521	22,521	704,500	100	21,111	55	-	Note 3 and 4

Note 1: The initial investment amount of (US\$707 thousand) was translated based on the exchange rate of NT\$31.945 as of March 31, 2026.

Note 2: The initial investment amount of US\$89 thousand was translated based on the exchange rate of NT\$31.945 as of March 31, 2026.

Note 3: The initial investment amount of US\$705 thousand was translated based on the exchange rate of NT\$31.945 as of March 31, 2026.

Note 4: It has been included in the current (loss) profit of investees under the equity method of the Company for the Company to calculate the investment (loss) gain at once.

Table 3

(English Translation of a Report Originally Issued in Chinese)
Rafael Microelectronics, Inc. and Subsidiaries
Information on Investment in Mainland China - Basic Data
For the three months ended March 31, 2026

Table 4

Unit: NT\$1,000

(unless otherwise specified)

Investee in Mainland China	Main scope of business	Paid-in capital	Method of investment (Note 1)	Accumulated amount of remittance from Taiwan to	Amount remitted from Taiwan to Mainland China/amount remitted back to Taiwan during the period		Accumulated amount of remittance from	Profit or loss of the investee for the period	Shareholding ratio under the Company's direct or indirect investment	Investment gain or loss recognized for the period	Carrying amount of investments at the end of period	Accumulated amount of investment income remitted back to Taiwan as of the	Remarks
				Mainland China at the beginning of the period	Remitted to Mainland China	Remitted back to Taiwan	Taiwan to Mainland China at the end of the period					period	
ShenZhen Rafael Microsystems, Inc.	Technical consulting and services for RFIC products	\$ 11,181	2	\$ 11,181	\$ -	\$ -	\$ 11,181	\$ 136	100	\$ 136	\$ 15,746	\$ -	Notes 2, 5, and 9
ShenZhen Aluksen Hongxin Technology Co., Ltd.	Design, development, trading, and technical consulting for optic fiber products and services	23,084	2	11,117	-	-	11,117	(165)	49	(81)	5,004	-	Notes 2, 6, 7, and 9
ShenZhen Rafael Semiconductors, Inc.	Design and sales of RFIC products	4,155	2	4,155	-	-	4,155	(10)	100	(10)	4,144	-	Notes 2, 8, and 10
Company name	Accumulated amount of remittance from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA (Note 3)	Investment amount approved by the Investment Commission, MOEA (Note 4)										
Rafael Microelectronics, Inc.	\$ 22,298	\$ 22,298	\$ 917,707										

Note 1: Investment methods are divided into the following three types:

1. Direct investments in Mainland China
2. Investments in Mainland China through a company in a third region
3. Other methods

Note 2: Investment gain or loss recognized in the financial statements not reviewed by the CPAs.

Note 3: The amount of investment approved by the Investment Commission, MOEA, of (US\$698 thousand) was translated based on the exchange rate of NT\$31.945 as of March 31, 2026.

Note 4: The limit for investments in Mainland China is based on 60% of the net worth or consolidated net worth (whichever is higher) as stated by the investment limit in Mainland China by the Investment Commission, MOEA.

Note 5: For the paid-in capital, the investment amount of (US\$350 thousand) was translated based on the exchange rate of NT\$31.945 as of March 31, 2026.

Note 6: The paid-in capital of RMB5,000 thousand was translated based on the exchange rate of NT\$4.61673 as of March 31, 2026.

Note 7: The investment amount of US\$348 thousand was translated based on the exchange rate of NT\$31.945 as of March 31, 2026.

Note 8: For the paid-in capital, the investment amount of RMB900 thousand was translated based on the exchange rate of NT\$4.61673 as of March 31, 2026.

Note 9: By investing in Hann Tang Co., Ltd. in a third region, the Company invests in Mainland China through Hong Yu Co., Ltd., invested by Hann Tang Co., Ltd.

Note 10: By investing in Hann Tang Co., Ltd. in a third region, the Company invests in the company in Mainland China through ShenZhen Rafael Microsystems, Inc., invested by Hong Yu Co., Ltd., invested by Hann Tang Co., Ltd.

Table 4