Asia Optical Co., Inc. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Asia Optical Co., Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Asia Optical Co., Inc. and its subsidiaries (collectively, 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. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements No. 2410, "Review of Interim Financial Information performed by the Independent auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note 12, the financial statements of certain non-significant subsidiaries were prepared and not reviewed by the independent auditors as of and for the three months ended March 31, 2026 and 2025. Total assets of these subsidiaries amounted to NT$5,880,338 thousand and NT$4,943,813 thousand, representing 21% and 19% of the related consolidated totals, and total liabilities amounted to NT$1,325,401 thousand and NT$1,263,031 thousand, representing 12% and 13% of the related consolidated totals, as at March 31, 2026 and 2025, respectively. Total comprehensive income of these subsidiaries amounted to NT$138,654 thousand and NT$ 132,723 thousand, representing 17% and 24% of the related consolidated totals for the three-month periods ended March 31, 2026 and 2025. Also, as Note 14 indicated, the un-reviewed balance of investment amounted to NT$21,542 thousand and NT$55,891 thousand; the recognized share of (loss) profits of associates under the equity method of these investments amounted to (NT$3,011) thousand and NT$2,232 thousand for the three months ended March 31, 2026 and 2025, respectively.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of Mach 31, 2026 and 2025, its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shui-Ching Chiang and Hsiang-Min Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 30, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2026, DECEMBER 31 AND MARCH 31 2025
(In Thousands of New Taiwan Dollars)

	March 31, 2026		December 31, 2025		March 31, 2025	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 12,314,492	45	$ 12,151,793	44	$ 13,178,591	50
Financial assets at amortized cost - current (Note 9)	152,880	1	151,632	-	156,778	1
Notes receivable (Note 23)	82,787	-	72,560	-	91,391	-
Trade receivables from unrelated parties (Notes 10 and 23)	4,776,021	17	5,451,803	20	4,278,779	16
Trade receivables from related parties (Notes 23 and 31)	-	-	208	-	6	-
Other receivables(Note 31)	50,862	-	37,564	-	48,375	-
Inventories (Note 11)	5,526,621	20	5,363,715	20	4,426,434	17
Other current assets (Note 13)	244,185	1	158,876	1	131,584	1
Total current assets	23,147,848	84	23,388,151	85	22,311,938	85
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	20,994	-	23,856	-	30,373	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	6,200	-	27,134	-	45,087	-
Investments accounted for using the equity method (Note 14)	21,542	-	23,834	-	55,891	-
Property, plant and equipment (Note 15)	3,312,304	12	3,180,724	12	2,790,075	11
Right-of-use assets (Note 16)	347,953	1	355,043	2	359,382	2
Investment property (Note 17)	257,391	1	260,408	1	301,462	1
Other intangible assets (Note 18)	138,978	1	51,512	-	68,004	-
Deferred tax assets (Notes 4 and 25)	41,698	-	24,604	-	80,749	-
Prepayments for equipment	91,244	1	54,578	-	125,976	1
Refundable deposits	18,272	-	18,278	-	13,748	-
Total non-current assets	4,256,576	16	4,019,971	15	3,870,747	15
TOTAL	$ 27,404,424	100	$ 27,408,122	100	$ 26,182,685	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities – current (Note 23)	$ 339,024	1	$ 343,569	1	$ 442,129	2
Notes payable	2,298	-	2,562	-	2,053	-
Trade payables to unrelated parties	5,214,528	19	5,926,229	22	4,660,623	18
Trade payables to related parties (Note 31)	15,803	-	3,273	-	15,681	-
Other payables (Note 19)	4,285,450	16	2,905,521	11	3,779,590	14
Current tax liabilities (Notes 4 and 25)	327,567	1	311,897	1	399,065	2
Lease liabilities - current (Note 16)	24,671	-	27,111	-	18,786	-
Other current liabilities (Note 23)	131,331	1	124,132	-	107,638	-
Total current liabilities	10,340,672	38	9,644,294	35	9,425,565	36
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 25)	229,612	1	237,875	1	207,884	1
Lease liabilities - non-current (Note 16)	26,169	-	31,176	-	21,559	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	71,856	-	76,625	-	83,616	-
Guarantee deposits received	7,907	-	7,668	-	7,958	-
Other non-current liabilities (Note 20)	2,368	-	2,362	-	2,345	-
Total non-current liabilities	337,912	1	355,706	1	323,362	1
Total liabilities	10,678,584	39	10,000,000	36	9,748,927	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
Capital Stock	2,792,439	10	2,792,439	11	2,792,439	11
Capital surplus	5,486,524	20	5,486,514	20	5,476,803	21
Retained earnings						
Legal reserve	2,335,641	9	2,335,641	8	2,171,975	8
Special reserve	5,797	-	5,797	-	368,933	2
Unappropriated earnings	3,286,221	12	4,276,527	16	2,458,919	9
Other equity	374,118	1	(23,437)	-	716,463	3
Equity attributable to owners of the parent	14,280,740	52	14,873,481	55	13,985,532	54
NON-CONTROLLING INTERESTS	2,445,100	9	2,534,641	9	2,448,226	9
Total equity	16,725,840	61	17,408,122	64	16,433,758	63
TOTAL	$ 27,404,424	100	$ 27,408,122	100	$ 26,182,685	100

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
NET REVENUES (Notes 23 and 31)	$ 6,209,310	100	$ 5,409,219	100
COSTS OF REVENUES (Notes 11, 21, 24 and 31)	5,135,323	83	4,482,814	83
GROSS PROFIT	1,073,987	17	926,405	17
OPERATING EXPENSES (Notes 21 and 24)				
Selling and marketing	49,908	1	62,251	1
General and administrative	335,347	5	358,163	6
Research and development	204,544	3	201,980	4
Expected credit loss (gain) (Note 10)	2,141	-	(1,559)	-
Total operating expenses	591,940	9	620,835	11
INCOME FROM OPERATIONS	482,047	8	305,570	6
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 31)	16,778	-	15,009	-
Other gains and losses (Note 24)	490	-	(404)	-
Finance costs (Note 16)	(577)	-	(283)	-
Share of profits of associates (Note 14)	(3,011)	-	2,232	-
Interest income	74,138	1	102,646	2
Loss on financial assets at FVTPL, net	(3,019)	-	(2,351)	-
Foreign exchange loss, net	(151,570)	(2)	(6,522)	-
Total non-operating income and expenses	(66,771)	(1)	110,327	2
INCOME BEFORE INCOME TAX	415,276	7	415,897	8
INCOME TAX EXPENSE (Notes 4 and 25)	60,805	1	99,991	2
NET INCOME	354,471	6	315,906	6
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at FVTOCI	(20,934)	(1)	(9,662)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	477,276	8	249,124	4
TOTAL COMPREHENSIVE INCOME	$ 810,813	13	$ 555,368	10

(Continued)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
NET IMCOME ATTRIBUTE TO:				
Owner of the parent	$ 294,216	5	$ 220,557	4
Non-controlling interests	60,255	1	95,349	2
	$ 354,471	6	$ 315,906	6
COMPREHENSIVE INCOME ATTRIBUTE TO:				
Owner of the parent	$ 691,771	11	$ 429,948	8
Non-controlling interests	119,042	2	125,420	2
	$ 810,813	13	$ 555,368	10
EARNINGS PER SHARE (Note 26)				
Basic	$ 1.05		$ 0.79	
Diluted	$ 1.04		$ 0.78	

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Parent									
			Retained Earnings (Note 22)			Other Equity				
	Capital Stock (Note 22)	Capital Surplus (Note 22)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Loss on investments in equity instruments at FVTOCI	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2025	$ 2,792,439	$ 5,476,803	$ 2,171,975	$ 368,933	$ 3,355,338	$ 532,836	($ 25,764)	$ 14,672,560	$ 2,614,229	$ 17,286,789
Appropriation of 2024 earnings										
Cash dividends, NT$4.00 per share	-	-	-	-	(1,116,976)	-	-	(1,116,976)	-	(1,116,976)
Net income for the three months ended March 31, 2025	-	-	-	-	220,557	-	-	220,557	95,349	315,906
Other comprehensive income for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	219,053	(9,662)	209,391	30,071	239,462
Total comprehensive income for the three months ended March 31,2025	-	-	-	-	220,557	219,053	(9,662)	429,948	125,420	555,368
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(291,423)	(291,423)
BALANCE AT MARCH 31, 2025	$ 2,792,439	$ 5,476,803	$ 2,171,975	$ 368,933	$ 2,458,919	$ 751,889	($ 35,426)	$ 13,985,532	$ 2,448,226	$ 16,433,758
BALANCE AT JANUARY 1, 2026	$ 2,792,439	$ 5,486,514	$ 2,335,641	$ 5,797	$ 4,276,527	$ 36,142	($ 59,579)	$ 14,873,481	$ 2,534,641	$ 17,408,122
Appropriation of 2025 earnings										
Cash dividends, NT$4.60 per share	-	-	-	-	(1,284,522)	-	-	(1,284,522)	-	(1,284,522)
Net income for the three months ended March 31, 2026	-	-	-	-	294,216	-	-	294,216	60,255	354,471
Other comprehensive income for the three months ended March 31, 2026, net of income tax	-	-	-	-	-	418,489	(20,934)	397,555	58,787	456,342
Total comprehensive income for the three months ended March 31, 2026	-	-	-	-	294,216	418,489	(20,934)	691,771	119,042	810,813
Actual acquisition of interests in subsidiaries	-	10	-	-	-	-	-	10	(10)	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(208,573)	(208,573)
BALANCE AT MARCH 31, 2026	$ 2,792,439	$ 5,486,524	$ 2,335,641	$ 5,797	$ 3,286,221	$ 454,631	($ 80,513)	$ 14,280,740	$ 2,445,100	$ 16,725,840

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 415,276	$ 415,897
Adjustments for:		
Depreciation expense	173,333	189,995
Amortization expense	10,292	8,032
Reversal of expected credit loss (gain)	2,141	(1,559)
Loss on financial assets at fair value through profit or loss, net	3,019	2,351
Finance costs	577	283
Interest income	(74,138)	(102,646)
Share of profits of associates	3,011	(2,232)
Loss (gain) on disposal of property, plant and equipment, net	(664)	5
Write-downs of inventories and obsolescence loss (reversal)	1,255	(6,761)
Loss (gain) on foreign exchange, net	117,090	26,108
Recognition of provisions	6	6
Changes in operating assets and liabilities:		
Notes receivable	(7,686)	(12,429)
Trade receivables	818,862	555,826
Other receivables	(12,057)	(8,177)
Inventories	(50,259)	(764,694)
Other current assets	(82,406)	28,353
Contract liabilities	(6,115)	65,776
Notes payable	(236)	147
Trade payables	(966,105)	(54,322)
Other payables	(197,648)	(176,040)
Other current liabilities	6,027	5,369
Net defined benefit liabilities	(4,650)	(3,685)
Cash generated from operations	148,925	165,603
Interest received	74,138	102,646
Interest paid	(577)	(283)
Income tax paid	(73,830)	(138,966)
Net cash generated from operating activities	148,656	129,000

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

	Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	($ 24,945)	($ 65,988)
Proceeds from disposal of financial assets at amortized cost	24,902	65,880
Acquisition of property, plant and equipment	(210,828)	(141,103)
Proceeds from disposal of property, plant and equipment	903	36
Increase in refundable deposits	(18)	(62)
Acquisition of intangible assets	(97,746)	(16,367)
Increase in prepayments for equipment	(44,639)	(34,450)
Net cash used in investing activities	(352,371)	(192,054)
CASH FLOWS FROM FINANCING ACTIVITES		
Repayment of the principal portion of lease liabilities	(7,045)	(89,940)
Acquisition of additional interests in subsidiaries	(32)	-
Net cash used in financing activities	(7,077)	(89,940)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	373,491	189,805
NET INCREASE IN CASH AND CASH EQUIVALENTS	162,699	36,811
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,151,793	13,141,780
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 12,314,492	$ 13,178,591

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

1. GENERAL INFORMATION

Asia Optical Co., Inc. (the "Company") was incorporated in the Republic of China (ROC) in October, 1980 according to the Company Law of the ROC. The Company mainly manufactures, processes and sells cameras, riflescopes, photocopier lens, scanner lens and optical components.

The Company's shares were listed on the Taiwan Stock Exchange (TWSE) since August, 2002.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Company's Board of Directors on April 30, 2026.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

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

1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and

- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

b) To clarify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting

in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

b. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements as required by International Financing standard (IFRS).

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer Note 12 to Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other Significant Accounting Policies

Except for the following, please refer the other Significant accounting policies to the consolidated financial statements for the year ended December 31, 2025.

1) Defined retirement benefits

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

2) Income tax expense

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION, UNCERTAINTY AND ASSUMPTION

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

When developing material accounting estimates, the Group considers the possible impacts on the measure in response of US reciprocal tariffs, including on the cash flow projections, growth rates, discount rates, profitability, and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgments, estimates, and assumptions uncertainty. For the critical accounting judgments and key sources of

estimation, uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2025.

6. CASH AND CASH EQUIVALENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand and petty cash	$ 27,443	$ 36,520	$ 44,136
Checking and savings accounts	2,499,075	4,048,473	2,593,324
Cash equivalent (Time deposits with original maturities of less than three months)	9,787,974	8,066,800	10,541,131
	$ 12,314,492	$ 12,151,793	$ 13,178,591
Interest rate intervals of cash in bank (%)	0.001-4.22	0.001-5.10	0.001-4.61

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS- NON-CURRENT

	March 31, 2026	December 31, 2025	March 31, 2025
Unlisted shares			
OTO Brite Electronics, Inc. (“OTO Brite”)	$ 16,169	$ 19,188	$ 25,545
Guangdong Xinwei Automobile Technology Co., Ltd (“Guangdong Xinwei”)	4,825	4,668	4,828
B-STORM. CO., LTD. (“B-STORM”)	-	-	-
Shisei Datum Ltd. (“Shisei Datum”)	-	-	-
	$ 20,994	$ 23,856	$ 30,373

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	March 31, 2026	December 31, 2025	March 31, 2025
Unlisted shares			
Myrias Optics, Inc. (‘Myrias”）	$ -	$ 20,934	$ 45,087
Chang Hwa Golf Co., Ltd.	6,200	6,200	-
	$ 6,200	$ 27,134	$ 45,087

The Group invests in the aforementioned companies in line with its medium to long-term strategic purposes and expects to make profits through long-term investments. The management level of the Group believes that if the short-term fair value fluctuations of these investments are included in profit and loss, it’d be inconsistent with the long-term investment plan previously mentioned. Therefore, the investment has been specified as financial assets measured at fair value through other comprehensive income.

9. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

	March 31, 2026	December 31, 2025	March 31, 2025
Time deposits with original maturities of more than 3 months	$ 152,880	$ 151,632	$ 156,778
Market rate intervals of time deposits (%)	0.65-1.71	1.29-1.71	0.80-1.705

10. TRADE RECEIVABLES FROM UNRELATED PARTIES

	March 31, 2026	December 31, 2025	March 31, 2025
At amortized cost			
Gross carrying amount	$ 4,808,555	$ 5,481,629	$ 4,303,664
Less: Loss Allowance	(32,534)	(29,826)	(24,885)
	$ 4,776,021	$ 5,451,803	$ 4,278,779

The average credit period of sales of goods is 30 to 240 days. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and reviewed by the management annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables:

	Less than 90 days	91 to 120 Days	121 to 150 Days	151 to 180 Days	181 to 210 Days	Over 211 Days	Total
March 31, 2026							
Expected credit loss rate (%)	0-1.00	0-5.56	0-23.91	0-32.63	0-100	0-100	
Gross carrying amount	$ 4,537,093	$ 234,399	$ 15,502	$ 6,652	$ 681	$ 14,228	$ 4,808,555
Loss allowance (Lifetime ECLs)	(20,459)	(1,451)	(338)	(419)	(232)	(9,635)	(32,534)
Amortized cost	$ 4,516,634	$ 232,948	$ 15,164	$ 6,233	$ 449	$ 4,593	$ 4,776,021
December 31, 2025							
Expected credit loss rate (%)	0-1.00	0-5.56	0-23.91	0-32.63	0-90.78	0-100	
Gross carrying amount	$ 5,226,319	$ 204,847	$ 23,363	$ 10,122	$ 4,207	$ 12,771	$ 5,481,629
Loss allowance (Lifetime ECLs)	(15,989)	(600)	(551)	(328)	(2,556)	(9,802)	(29,826)
Amortized cost	$ 5,210,330	$ 204,247	$ 22,812	$ 9,794	$ 1,651	$ 2,969	$ 5,451,803
March 31, 2025							
Expected credit loss rate (%)	0-1.00	0-5.56	0-23.91	0- 36.61	0-40.49	0-100	
Gross carrying amount	$ 3,833,690	$ 415,440	$ 17,581	$ 17,718	$ 2,221	$ 17,014	$ 4,303,664
Loss allowance (Lifetime ECLs)	(10,142)	(1,922)	(331)	(575)	(350)	(11,565)	(24,885)
Amortized cost	$ 3,823,548	$ 413,518	$ 17,250	$ 17,143	$ 1,871	$ 5,449	$ 4,278,779

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

	Three Months Ended March 31	
	2026	2025
Balance at January 1	$ 29,826	$ 26,178
Less: Reversal	2,141	(1,559)
Effect of exchange rate changes	567	266
Balance at March 31	$ 32,534	$ 24,885

11. INVENTORIES

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	$ 3,191,548	$ 3,082,448	$ 2,738,114
Supplies	46,180	71,260	51,628
Work in progress	933,823	790,416	559,848
Finished goods	1,355,070	1,419,591	1,076,844
	$ 5,526,621	$ 5,363,715	$ 4,426,434

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

	Three Months Ended March 31	
	2026	2025
Cost of inventories sold	$ 5,134,068	$ 4,489,575
Inventory loss (reversal) from write-down	1,255	(6,761)
	$ 5,135,323	$ 4,482,814

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

		% of Ownership		
Investor	Investee	March 31, 2026	December 31, 2025	March 31, 2025
Asia Optical	Asia Optical International Ltd. (“Asia International”)	100	100	100
	Powerlink Electronic International Ltd. (“Powerlink”)	100	100	100
	Richman International Group Co., Ltd. (“Richman”)	100	100	100
	Taiwan Top Optical Co., Ltd. (“Taiwan Top”)	94	94	94
	Asia Tech Image, Inc. (“Asia Tech”)	26	26	26
	Powerlink Electronic International (Cayman) Ltd. (“Powerlink Cayman”)	100	100	100
	Asia Optical Philippines Inc. (“AOPI”)	100	100	100
Asia Optical and Asia International	AOE Optronics Co., Ltd. (“AOE Optronics”)	93	93	93
Asia Optical, Richman and Asia International	Dong-Guan Tailien Optical Co., Ltd. (“Dong-Guan Tailien”)	100	100	90
Asia International	Dong-Guan Sintai Optical Co., Ltd. (“Dong-Guan Sintai”)	100	100	100
	Shen Zhen Sintai Optical Co., Ltd. (“Shen Zhen Sintai”)	100	100	100

Investor	Investee	% of Ownership		
		March 31, 2026	December 31, 2025	March 31, 2025
	Sintai Photonics Technology (Shang Hai) Ltd. (“Shang Hai Sintai”)	100	100	100
	AOI Development Center, Limited (“AOIDC”)	100	100	100
	Myanmar Asia Optical International Co., Ltd. (“Myanmar Asia”)	100	100	100
	Myanmar Asia Optical International Mandalay Factory Co., Ltd. (“Myanmar Mandalay”)	100	-	-
Richman	Crosszone Limited (“Crosszone”)	100	100	100
Richman and Asia International	Yorkey Optical International (Cayman) Ltd. (“Yorkey Cayman”)	100	100	100
Powerlink	Scopro Optical Co., Ltd. (“Scopro”)	100	100	100
Asia Tech	Asia Image (Samoa) Technology Limited (“Asia Tech Samoa”)	100	100	100
Asia Tech Samoa	Atii Tech Image (Shen Zhen) Co., Ltd. (“Shen Zhen Atii”)	100	100	100
AOE Optronics	AOE International (Cayman) Limited (“AOE Cayman”)	100	100	100
	AOE Optronics (Thailand) Co., Ltd.（“AOE THAILAND”）	100	100	-
AOE Cayman	AOE Optronics (Shen Zhen) Ltd. (“AOE Shen Zhen”)	100	100	100
Powerlink Cayman	Asia Scopro Optics Co., Inc. (“Asia Scopro”)	100	100	100
	ASAM Industries Inc. (“ASAM”)	100	100	100
Yorkey Cayman	Yorkey Optical Technology Limited (“Yorkey Technology”)	100	100	100
Yorkey Technology	Dong-Guan Yorkey Optical Co., Ltd. (“Dong-Guan Yorkey”)	100	100	100

The Company invested NT$6,509 thousand to establish AOPI in November 2024. The Company obtained 100% ownership interest in AOPI through the investment amounts of NT$317,749 thousand in 2025.

Asia International adopted its Board of Directors resolution to approve the capital increased by US$10,586 thousand out of debt for equity swap to Myanmar Asia in January, 2025.

AOE Optronics invested NT$1,808 thousand to establish AOE THAILAND in July 2025. AOE Optronics obtained 100% ownership interest in AOE THAILAND through the investment amounts of NT$30,029 thousand in October, 2025.

Asia International acquired 10.37% of the shares of Dong-Guan Tailien in October 2025, resulting in an increase in the Group’s ownership interest from 89.63% to 100%. The transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

Asia International invested US$10 thousand to establish Myanmar Mandalay and obtained 100%

ownership interest in January 2026.

The Company acquired 0.03% of the shares of Taiwan Top in March 2026, resulting in an increase in the Group's ownership interest from 93.62% to 93.65%. The transactions were accounted for as equity transaction, since the Group did not cease to have control over these subsidiaries. Please refer to Note 27.

Restricted by local laws, the Company entrusted others to invest in Scopro, Asia Scopro, ASAM and AOE THAILAND; the Company still has a 100% ownership interest in the subsidiaries mentioned above.

The financial statements for the three months ended March 31, 2026 and 2025 of Asia International, Asia Tech, AOE Optronics, Shen Zhen Sintai, Asia Tech Samoa, Shen Zhen Atii, Myanmar Asia, Yorkey Cayman, AOE Cayman and AOE Shen Zhen and the financial statements for the three months ended March 31, 2026 of AOE THAILAND were reviewed by independent auditors. Other financial statements of non-significant subsidiaries were not reviewed.

b. Details of subsidiaries that have material non-controlling interests

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
Name of Subsidiary	**March 31, 2026**	**December 31, 2025**	**March 31, 2025**
Asia Tech	74	74	74

Refer to Table 5 and Table 6 for the information on principal place of business and place of incorporation.

13. OTHER CURRENT ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Prepayments	$ 199,145	$ 108,118	$ 103,479
Net input VAT	7,266	8,086	13,382
Other	37,774	42,672	14,723
	$ 244,185	$ 158,876	$ 131,584

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2026		December 31, 2025		March 31, 2025	
Investee	**Carrying Amount**	**% of Ownership**	**Carrying Amount**	**% of Ownership**	**Carrying Amount**	**% of Ownership**
Unlisted companies						
Dong-Guan Nikon Surveying Instruments Co., Ltd. (Dong-Guan Nikon)	$ 21,542	40	$ 23,834	40	$ 55,891	40

Refer to Table 6 for the nature of activities, principal place of business and country of incorporation of the associate.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

Three Months Ended March 31, 2026

	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, March 31
Cost						
Land	$ 305,287	$ -	$ -	$ -	$ 107	$ 305,394
Buildings	2,582,581	395	(155)	118	58,255	2,641,194
Machinery and equipment	7,803,222	30,564	(103,510)	1,658	200,501	7,932,435
Office equipment	397,365	35	(40)	-	7,082	404,442
Other equipment	3,319,098	84,539	(43,462)	19,035	108,146	3,487,356
Construction in progress	307,792	110,786	-	(11,695)	(4,911)	401,972
	14,715,345	$ 226,319	($ 147,167)	$ 9,116	$ 369,180	15,172,793
Accumulated depreciation						
Buildings	2,079,555	$ 13,874	($ 155)	$ -	$ 53,989	2,147,263
Machinery and equipment	6,683,113	62,637	(103,416)	-	179,715	6,822,049
Office equipment	386,068	222	(40)	-	6,901	393,151
Other equipment	2,385,885	76,597	(43,317)	-	78,861	2,498,026
	11,534,621	$ 153,330	($ 146,928)	$ -	$ 319,466	11,860,489
	$ 3,180,724					$ 3,312,304

Three Months Ended March 31, 2025

	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, March 31
Cost						
Land	$ 306,898	$ -	$ -	$ -	$ 2,258	$ 309,156
Buildings	2,563,759	440	(3,000)	1,406	30,393	2,592,998
Machinery and equipment	7,823,605	27,641	(7,615)	36,503	98,771	7,978,905
Office equipment	411,282	644	(16)	-	5,257	417,167
Other equipment	2,983,090	46,432	(14,526)	6,279	43,364	3,064,639
Construction in progress	131,539	17,386	-	(37,766)	6,214	117,373
	14,220,173	$ 92,543	($ 25,157)	$ 6,422	$ 186,257	14,480,238
Accumulated depreciation						
Buildings	1,940,571	$ 62,053	($ 3,000)	$ -	$ 25,320	2,024,944
Machinery and equipment	6,795,615	56,871	(7,579)	-	87,184	6,932,091
Office equipment	387,379	329	(16)	-	4,949	392,641
Other equipment	2,268,065	53,533	(14,521)	-	33,410	2,340,487
	11,391,630	$ 172,786	($ 25,116)	$ -	$ 150,863	11,690,163
	$ 2,828,543					$ 2,790,075

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	25-50 years
Others	2-20 years
Machinery and equipment	2-12 years
Office equipment	2-8 years
Other equipment	2-35 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount			
Land	$ 297,525	$ 297,057	$ 325,019
Buildings	49,787	57,260	33,381
Other equipment	641	726	982
	$ 347,953	$ 355,043	$ 359,382

	Three Months Ended March 31	
	2026	2025
Additions to right-of use assets		
Land	$ -	$ 85,574
Buildings	-	678
Other equipment	-	735
	$ -	$ 86,987
Depreciation of right-of-use assets		
Land	$ 3,265	$ 3,354
Buildings	7,041	4,217
Other equipment	85	85
	$ 10,391	$ 7,656

Besides the addition and recognized depreciation expenses, there were no material subleases and impairment loss of the right-of-use assets of the Group for the three months ended March 31, 2026 and 2025.

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount			
Current	$ 24,671	$ 27,111	$ 18,786
Non-current	$ 26,169	$ 31,176	$ 21,559

Range of discount rates for lease liabilities was as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Land	2%	2%	2%
Buildings	1.5%-5%	1.5%-5%	1.5%-5%
Office equipment	2%-4.75%	2%-4.75%	2%-4.75%
Other equipment	1.5%-4.75%	1.5%-4.75%	1.5%-4.75%

	Three Months Ended March 31	
	2026	2025
Finance costs		

Interest expense from lease liabilities	$ 577	$ 283

c. Material lease-in activities and terms

The Group leases lands and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contracts for land located in the ROC's export processing zone specify that lease payments will be adjusted in the next month after change in land value prices is announced. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	Three Months Ended March 31	
	2026	**2025**
Expenses relating to short-term leases	$ 5,394	$ 4,846
Total cash outflow for leases	$ 13,016	$ 95,069

17. INVESTMENT PROPERTY

	Balance, January 1	Additions	Effect of Exchange Rate Changes	Balance, March 31
Three Months Ended March 31, 2026				
Cost	$ 1,158,975	$ -	$ 35,240	$ 1,194,215
Accumulated depreciation	(898,567)	($ 9,612)	($ 28,645)	(936,824)
	$ 260,408			$ 257,391
Three Months Ended March 31, 2025				
Cost	$ 1,186,404	$ -	$ 16,558	$ 1,202,962
Accumulated depreciation	(879,351)	($ 9,553)	($ 12,596)	(901,500)
	$ 307,053			$ 301,462

The investment properties are depreciated using the straight-line method over 20-50 years.

The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

18. OTHER INTANGIBLE ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Patent licensing	$ 76,163	$ -	$ -
Computer software	29,902	17,147	31,001
Goodwill	14,883	14,883	14,883
Others	18,030	19,482	22,120
	$ 138,978	$ 51,512	$ 68,004

Except for the recognition of amortization expenses, the consolidated company did not have any significant additions, disposals, or impairments in tangible assets for the three months ended March 31, 2026 and 2025. Amortization expenses are calculated on a straight-line basis according to the following useful lives:

Patent licensing	3 years
Computer software	1 to 10 years

The consolidated company's golf membership certificate represents a right of use, and the management of the consolidated company believes that the consolidated company has the intention and ability to continuously extend the useful life, so it is an intangible asset with an indefinite useful life. However, regardless of whether there are any indications of impairment, impairment tests are conducted regularly every year.

19. OTHER PAYABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Dividend payable	$ 1,493,063	$ -	$ 1,408,399
Salaries and bonus	1,020,150	1,281,331	868,082
Compensation of employees and remuneration of directors	614,724	533,331	555,971
Payables for consumables, supplies and packing charges	227,760	322,735	234,537
Payables for annual leave	99,819	97,832	92,644
Others	829,934	670,292	619,957
	$ 4,285,450	$ 2,905,521	$ 3,779,590

20. PROVISIONS

	March 31, 2026	December 31, 2025	March 31, 2025
Employee benefits (other non-current liabilities)	$ 2,368	$ 2,362	$ 2,345

Employee benefits refer to estimates of certain long-term benefits.

21. RETIREMENT BENEFIT PLANS

Relevant pension cost of defined benefit plans recognized for the three months ended March 31, 2026 and 2025 were determined by the pension cost rates of actuarial valuation as of December 31, 2025 and 2024, amounting to $256 thousand and $317 thousand, respectively.

22. EQUITY

a. Capital Stock

	March 31, 2026	December 31, 2025	March 31, 2025
Number of shares authorized (in thousands)	313,000	313,000	313,000
Capital authorized	$ 3,130,000	$ 3,130,000	$ 3,130,000
Number of shares issued and fully paid (in thousands)	279,244	279,244	279,244
Capital issued	$ 2,792,439	$ 2,792,439	$ 2,792,439

Each issued common stock with par value of NT$10 is entitled the right to vote and receive dividends.

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Additional paid-in capital	$ 430,838	$ 430,838	$ 430,838
From convertible bonds	4,660,886	4,660,886	4,660,886
Actual acquisition of partial subsidiaries' equity	9,721	9,711	-
May be used to offset a deficit only (2)			
From changes in ownership interest of subsidiaries	183,844	183,844	183,844
From interest payable compensation of convertible bonds	74,343	74,343	74,343
Others - share options expired	126,892	126,892	126,892
	$ 5,486,524	$ 5,486,514	$ 5,476,803

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

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, and/or from the relevant payable interest compensation and stock options occurred in converting the corporate bonds and not received before expiration time.

c. Retained earnings and dividends policy

According to the earnings distribution policy of the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the

shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 24.

In accordance with Article 240 of Company Act, the dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash in accordance with Article 241 of the Company Act after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting.

Under the Company Law of the ROC and the Company's Articles of Incorporation, in deciding its stock dividend policy, the Company should consider that it is currently expanding and has a great demand for capital. Thus, for a stable dividend policy, the board of directors should take into account the results of operations, financial position and capital demand of the Company when deciding the type of dividends (cash or shares) to be distributed. Total dividends paid should be less than 90% of retained earnings available for appropriation, and the cash dividends must be more than 10% of total dividends paid.

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

The Company specifies that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient for allocation, the after-tax net income plus items other than the after-tax net income of the current period will be added into the undistributed surplus of the current period for the allocation.

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

	Appropriation of Earnings		Dividends Per Share(NT$)	
	2025	2024	2025	2024
Legal reserve	$ 183,869	$ 163,666		
Special reserve (reversed)	23,437	(363,136)		
Cash dividends	1,284,522	1,116,976	$ 4.60	$ 4.00

The above appropriation for cash dividends for 2025 and 2024 were resolved by the Company's board of directors in March, 2026 and 2025, the other proposed appropriations for 2024 were already resolved by the shareholders meeting in May 2025. The other proposed appropriations for 2025 will be resolved by the shareholders meeting in May, 2026.

23. NET REVENUES

	Three Months Ended March 31	
	2026	2025
Revenues from Contracts with customers		
Sale of goods	$ 6,209,310	$ 5,409,219

The rate of discount is estimated using the most likely amount, taking into account the Group's accumulated historical experience of discount. The balance of refund liability classified as other current liability was as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Refund liability	$ 36,951	$ 36,951	$ 36,951

a. Contract information

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Notes receivable and trade receivables	$ 4,858,808	$ 5,524,571	$ 4,370,176	$ 4,897,154
Contract liabilities				
Sale of goods	$ 339,024	$ 343,569	$ 442,129	$ 374,558

b. Disaggregation of revenues

Refer to Note 35 for information about disaggregation of revenues.

	Three Months Ended March 31	
	2026	2025
Timing of revenue recognition		
Obligation satisfied at a point in time	$ 6,209,310	$5,409,219

24. NET INCOME FROM CONTINUING OPERATIONS

a. Other income

	Three Months Ended March 31	
	2026	2025
Rental income (Note 31)	$ 4,888	$ 4,965
Others	11,890	10,044
	$ 16,778	$ 15,009

b. Other gains and losses

	Three Months Ended March 31	
	2026	2025
Gain (loss) on disposal of property, plant and equipment	$ 664	($ 5)
Other losses	(174)	(399)
	$ 490	($ 404)

c. Employee benefits, depreciation and amortization expenses

	Three Months Ended March 31					
	2026			2025		
	Recognized in Cost of Revenues	Recognized in Operating Expenses	Total	Recognized in Cost of Revenues	Recognized in Operating Expenses	Total

Employee benefits expense						
Salaries and bonuses	$846,944	$316,619	$1,163,563	$ 738,336	$ 305,191	$ 1,043,527
Other employee benefits	103,701	50,065	153,766	89,627	46,249	135,876
Post-employment benefits						
Defined contribution plans	62,178	23,564	85,742	51,837	22,216	74,053
Defined benefit plans	93	163	256	110	207	317
Depreciation	140,453	32,880	173,333	137,237	52,758	189,995
Amortization	125	10,167	10,292	265	7,767	8,032

d. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company shall accrue compensation of employees and remuneration of directors at rates of 5% to 20% and no higher than 3.5%, respectively, of net income before income tax. In accordance with the amendments to Securities and Exchange Act in August, 2024, the Company anticipates that the amended articles to its Articles of Incorporation will be approved through the resolution of the Company's 2025 Annual General Meeting, which be specified that amount of employee compensation in current year shall be no less in 1% appropriated as compensation to the entry level employees.

The compensation of employees and remuneration of directors for the three months ended March 31, 2026 and 2025 respectively, were as follows:

	Three Months Ended March 31			
	2026		2025	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	15%	$ 56,500	15%	$ 45,255
Remuneration of directors	2%	7,500	2%	6,034

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

The compensation of employees and remuneration of directors for the year ended December 31, 2025 and 2024 were resolved by the board of directors in March 2026 and 2025, respectively, as follows:

	2025		2024	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	15%	$ 370,070	15%	$ 310,500
Remuneration of directors	2%	49,340	2%	40,000

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

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

25. INCOME TAX

a. Major Components of tax expense in profit or loss

Income tax expense consisted of the following:

	Three Months Ended March 31	
	2026	2025
Current tax expense		
Current tax expense recognized in the current period	$ 95,196	$ 115,116
Income tax adjustments on prior years	588	57
	95,784	115,173
Deferred income tax expense		
Current tax expense recognized in the current period	(34,979)	(15,182)
Income tax expense recognized in profit or loss	$ 60,805	$ 99,991

b. Income tax examination

The income tax returns of the Company, Taiwan Top Optical Co., Ltd., and Asia Tech through 2023 have been examined. The income tax returns of AOE Optronics through 2024 have been examined by the tax authorities.

26. EARNINGS PER SHARE

	Net Income (Numerator)	Number of Shares (In Thousands) (Denominator)	Earnings Per Share (In Dollars)
Three months ended March 31, 2026			
Basic EPS			
Net income available to shareholders of the common shares	$ 294,216	279,244	$ 1.05
Dilutive effects			
Subsidiaries' compensation of employees	(595)	-	
Company's compensation of employees	-	2,302	
Diluted EPS			
Net income available to owners of the parent	$ 293,621	281,546	$ 1.04
Three months ended March 31, 2025			
Basic EPS			
Net income available to shareholders of the common shares	$ 220,557	279,224	$ 0.79
Dilutive effects			
Subsidiaries' compensation of employees	(283)	-	
Company's compensation of employees	-	1,453	
Diluted EPS			
Net income available to owners of the parent	$ 220,274	280,697	$ 0.78

If the Company offered to settle compensation paid to employees in cash or shares, the Company

assumed the entire amount of the compensation will be settled in shares and the resulting potential shares, if dilutive, are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Company acquired 0.03% of the shares of Taiwan Top Optical Co., Ltd. in March, 2026, resulting in an increase in the Group's ownership interest from 93.62% to 93.65%.

The above transaction was accounted for as equity transaction since they did not have an effect on the Group's control over the subsidiary.

	Taiwan Top Optical
	Three Months Ended March 31, 2026
Consideration paid	($ 32)
The proportionate share of the carrying amount of the nest assets of the subsidiary transferred from non-controlling interests	42
Differences recognized from equity transactions	$ 10
Line items adjusted for equity transaction	
Capital reserve－Actual acquisition of interests in subsidiary	$ 10

28. NON-CASH TRANSACTIONS

For the three months ended March 31, 2026 and 2025, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

(1) The Group reclassified prepayments for equipment in the amount of $9,116 thousand and $6,422 thousand to property, plant and equipment for the three months ended March 31, 2026 and 2025, respectively.
(2) On March 31, 2026 and 2025, the cash dividends of non-controlling interests resolved by the board meeting have been not yet distributed which are $208,541 thousand and $291,423 thousand, respectively.
(3) On March 31, 2026 and 2025, the cash dividends resolved by the board meeting have been not yet distributed which are $1,284,522 thousand and $1,116,976 thousand, respectively.

29. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued

or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
March 31, 2026				
Financial assets at FVTPL				
Foreign unlisted shares	$ -	$ 4,825	$ -	$ 4,825
Domestic unlisted shares	-	16,169	-	16,169
Financial assets at FVTOCI				
Foreign unlisted shares	-	-	-	-
Domestic unlisted shares	-	6,200	-	6,200
December 31, 2025				
Financial assets at FVTPL				
Foreign unlisted shares	-	4,668	-	4,668
Domestic unlisted shares	-	19,188	-	19,188
Financial assets at FVTOCI				
Foreign unlisted shares	-	20,934	-	20,934
Domestic unlisted shares	-	6,200	-	6,200
March 31, 2025				
Financial assets at FVTPL				
Foreign unlisted shares	-	4,828	-	4,828
Domestic unlisted shares	-	25,545	-	25,545
Financial assets at FVTOCI				
Foreign unlisted shares	-	45,087	-	45,087

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

Financial Instruments	Valuation Techniques and Inputs
Unlisted shares	Market approach: using the market transaction price and other relevant information of same or comparable (similar) assets and liabilities, or a group of assets and liabilities (e.g., operation). Income approach: utilizing discounted cash flows to determine the present value of the expected future economic benefits that will be derived from investment. Asset approach: measuring the fair value of individual assets and liabilities at net asset value.

b. Categories of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
Financial assets at amortized cost (Note 1)	$ 17,395,314	$ 17,883,838	$ 17,767,668
Financial assets at FVTPL Mandatorily at FVTPL	20,994	23,856	30,373
Financial assets at FVTOCI Equity instruments	6,200	27,134	45,087
Financial liabilities			
Financial liabilities at amortized cost (Note 2)	6,298,230	6,932,759	5,540,809

(Note 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, notes and trade receivables, other receivables and refundable deposits and so on.

(Note 2) The balances include financial liabilities at amortized cost, which comprise notes and trade payables, other payables and guarantee deposits received and so on.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity, trade receivables, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities are shown in Note 33.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and RMB.

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

denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Numbers below indicate the change in pre-tax profit or loss associated with the New Taiwan dollar strengthening 1% against the relevant currency:

	Three Months Ended March 31	
	2026	**2025**
Profit or loss		
USD impact	$ 2,449	$ 881
RMB impact	23,328	9,352
JPY impact	576	183

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

2) Interest rate risk

The Group was exposed to interest rate risk because the Group's deposits and lease liabilities are at both fixed and floating interest rates.

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

	March 31, 2026	**December 31,2025**	**March 31, 2025**
Fair value interest rate risk			
Financial assets	$ 9,940,854	$ 8,218,432	$ 10,697,909
Lease liabilities	50,840	58,287	40,345
Cash flow interest rate risk			
Financial assets	2,409,769	3,890,966	2,528,511

Sensitivity analysis

If interest rates had been 5% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the three months ended March 31, 2026 and 2025 would have increased/decreased by $557 thousand and $729 thousand, respectively. A 5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount that may be payable in relation to financial guarantees issued by the Group, regardless of its probability.

The Group adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

Liquidity risk

The Group's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Thus, the Group's bank loans that may be required to pay immediately were listed in the soonest period of the list, regardless of the probability that a bank may request immediate repayments. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment date

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
March 31, 2026				
Non-interest bearing payables	$ 7,783,386	$ 7,907	$ -	$ 7,791,293
Lease liabilities	26,435	27,337	555	54,327
	$ 7,809,821	$ 35,244	$ 555	$ 7,846,620
December 31, 2025				
Non-interest bearing payables	$ 6,925,091	$ 7,668	$ -	$ 6,932,759
Lease liabilities	28,682	35,504	570	64,756
	$ 6,953,773	$ 43,172	$ 570	$ 6,997,515
March 31, 2025				
Non-interest bearing payables	$ 6,941,250	$ 7,958	$ -	$ 6,949,208
Lease liabilities	19,234	21,182	614	41,030
	$ 6,960,484	$ 29,140	$ 614	$ 6,990,238

31. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Dong-Guan Nikon	Associate

b. Trading transactions

Line Item	Related Party Category	Three Months Ended March 31	
		2026	2025
Net revenues	Associate	$ -	$ 5
Purchases of goods	Associate	$ 16,051	$ 20,391
Rental income	Associate	$ 401	$ 396

Purchases were made at discounted market price to reflect the quantity of goods purchased and relationships between the parties. The payment terms to related parties were not significantly different from those of purchases from third parties.

The rentals were based on the market rentals in the area, and were paid monthly.

c. Receivables from related parties

Line Item	Related Party Category	March 31, 2026	December 31, 2025	March 31, 2025
Trade Receivables	Associate	$ -	$ 208	$ 6
Other Receivables	Associate	$ 142	$ 137	$ 142

d. Payables to related parties

Line Item	Related Party Category	March 31, 2026	December 31, 2025	March 31, 2025
Trade payables	Associate	$ 15,803	$ 3,273	$ 15,681

e. Compensation of key management personnel

	Three Months Ended March 31	
	2026	2025
Short-term employee benefits	$ 13,899	$ 13,521

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group were as follows:

In order to provide for sufficient operating funds, the Company obtained a syndicated loan with a credit line of NT$1.5 billion with Chinatrust Commercial Bank and the related management group.

The Group is required to maintain its current ratio at no less than 100%, its debt ratio less than 110%, its interest coverage ratio at no less than 4 times and the value of its net tangible assets at no less than NT$12 billion for semi-annual and annual financial statements during the contractual period of the loan agreement. The Company has not drawn against the credit line as of March 31, 2026.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	March 31, 2026			
	Foreign Currency	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 123,605	31.9950	(USD:NTD)	$ 3,954,742
USD	193,107	6.9194	(USD:RMB)	6,178,458
USD	10,526	60.7346	(USD:PHP)	336,779
JPY	1,315,083	0.0434	(JPY:RMB)	263,913
JPY	1,173,962	0.2005	(JPY:NTD)	236,634
RMB	504,569	0.1445	(RMB:USD)	2,332,763
Financial liabilities				
Monetary items				
USD	266,086	31.9950	(USD:NTD)	8,513,422
USD	39,353	6.9194	(USD:RMB)	1,259,099
USD	29,452	60.7346	(USD:PHP)	942,317
JPY	2,197,732	0.2005	(JPY:NTD)	442,994

	December 31, 2025			
	Foreign Currency	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 178,528	31.4300	(USD:NTD)	$ 5,611,135
USD	183,702	7.0288	(USD:RMB)	5,773,754
USD	9,269	58.9128	(USD:PHP)	291,325
JPY	2,480,795	0.0449	(JPY:RMB)	498,081
JPY	3,215,352	0.2008	(JPY: NTD)	646,774
RMB	209,771	0.1423	(RMB:USD)	938,198
Financial liabilities				
Monetary items				
USD	253,917	31.4300	(USD:NTD)	7,980,611
USD	31,328	7.0288	(USD:RMB)	984,639
USD	26,865	58.9128	(USD:PHP)	844,367
JPY	3,388,748	0.2008	(JPY:NTD)	681,653
HKD	25,668	0.1285	(HKD:USD)	103,667

	March 31, 2025

	Foreign Currency	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 111,137	33.205	(USD:NTD)	$ 3,690,304
USD	176,547	7.1782	(USD:RMB)	5,862,243
USD	11,043	57.2401	(USD:PHP)	366,683
JPY	2,587,308	0.0481	(JPY:RMB)	575,607
JPY	2,100,222	0.2227	(JPY:NTD)	467,244
RMB	202,181	0.1393	(RMB:USD)	935,179
Financial liabilities				
Monetary items				
USD	242,750	33.205	(USD:NTD)	8,060,514
USD	36,699	7.1782	(USD:RMB)	1,218,590
USD	21,931	57.2401	(USD:PHP)	728,219
JPY	4,769,744	0.2227	(JPY:NTD)	1,061,142

For three months ended March 31, 2026 and 2025, realized and unrealized net foreign exchange loss were $151,570 thousand, $6,522 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investment in subsidiaries and associates): None.

4) Marketable securities acquired and disposed at costs or prices at least NT$100 million or 20% of the paid-in capital: Table 2.

5) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.

6) Intercompany relationships and significant intercompany transactions: Table 4.

b. Information on investees: Table 5.

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 6.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 2.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 2.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 31.

35. SEGMENT INFORMATION

The analysis of revenue and profits by reportable segments are as below:

a. Segment revenue and results

	Segment Revenue		Segment Profit (Loss)	
	Three Months Ended March 31		Three Months Ended March 31	
	2026	2025	2026	2025
Optical components	$ 2,629,824	$ 2,319,930	$ 8,847	$ (25,812)
Digital camera	1,603,630	978,316	247,874	76,189
Contact image sensor	951,263	1,101,790	94,603	149,503
Optronics components	827,254	708,921	65,808	41,015
Optronics products	277,625	383,923	64,917	64,678
	$ 6,289,596	$ 5,492,880	$ 482,049	$ 305,573

b. Reconciliation of segment revenue and segment profit (loss)

1) Segment revenue

	Three Months Ended March 31	
	2026	2025
Reportable segment revenue	$ 6,289,596	$ 5,492,880
Eliminated intersegment revenue	(80,286)	(83,661)
Net revenue	$ 6,209,310	$ 5,409,219

2) Segment profit (loss)

	Three Months Ended March 31	
	2026	2025
Reportable segment profit	$ 482,049	$ 305,573

Other segment profit and loss	(2)	(3)
Other income	16,778	15,009
Other gains and losses	490	(404)
Financial costs	(577)	(283)
Share of profit of associates	(3,011)	2,232
Interest income	74,138	102,646
Foreign exchange loss, net	(151,570)	(6,522)
Loss on fair value of financial assets at FVTPL, net	(3,019)	(2,351)
Income before income tax	$ 415,276	$ 415,897

Segment profit represents the profit earned by each segment without allocation of central administration expenses and directors' compensation, share of profit of associates, interest income, rental income, gain or loss on disposal of assets, net exchange gain or loss, valuation gain or loss on financial instruments, interest expense and income tax expense. This is the amount reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

TABLE 1

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Shen Zhen Sintai	Shang Hai Sintai	Receivables from related parties	Yes	$ 101,250 (RMB 21,900)	$ 94,315 (RMB 20,400)	$ 94,315 (RMB 20,400)	0.5	Short-term financing	$ -	For working capital	$ -	-	$ -	$ 1,000,000	$ 2,000,000
Total						$ 94,315	$ 94,315			$ -		$ -		$ -		

Note 1: The lending amount to a company shall not exceed forty percent (40%) of the net worth of the Company, and the aggregate amount for lending shall not exceed fifty percent (50%) of the net worth of the Company. The restriction of these term shall not apply to inter-company loans for funding between 100% owned subsidiaries, and the Group sets an additional rule that the amount available for lending purpose between 100% owned subsidiaries shall be (a) no more than NT$1 billion for the individual financier and (b) no more than NT$2 billion in total.

Note 2: Intercompany accounts and transactions have been eliminated.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable or (Payable)		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Asia Optical	Shen Zhen Sintai	Note 1	Purchases	$ 230,121	21	30-180 days	-	-	($ 1,310,426)	(20)	Note 2
	Scopro	Note 1	Purchases	137,141	13	30-180 days	-	-	(211,735)	(3)	Note 2
	Myanmar Asia	Note 1	Purchases	193,255	18	30-180 days	-	-	(689,155)	(11)	Note 2
	ASIA SCOPRO	Note 1	Sales	(112,841)	(8)	30-180 days	-	-	177,753	15	Note 2
Asia Tech	Asia Tech Samoa	Note 1	Purchases	721,598	100	30-180 days	-	-	(1,727,558)	(100)	Note 2
Asia Tech Samoa	Asia Tech	Note 1	Sales	(721,598)	(100)	30-180 days	-	-	1,727,558	100	Note 2
	Shen Zhen Atii	Note 1	Purchases	370,157	54	30-180 days	-	-	(1,442,949)	(75)	Note 2
Shen Zhen Atii	Asia Tech Samoa	Note 1	Sales	(370,157)	(84)	30-180 days	-	-	1,442,949	97	Note 2
AOE Shen Zhen	Shen Zhen Sintai	Note 1	Purchases	145,642	16	30-180 days	-	-	(71,428)	(4)	Note 2
	AOE Cayman	Note 1	Sales	(298,934)	(23)	30-180 days	-	-	99,751	9	Note 2
AOE Cayman	AOE Shen Zhen	Note 1	Purchases	298,934	65	30-180 days	-	-	(99,751)	(18)	Note 2
	AOE Optronics	Note 1	Sales	(271,569)	(71)	30-180 days	-	-	215,201	36	Note 2
AOE Optronics	AOE Cayman	Note 1	Purchases	271,569	33	30-180 days	-	-	(195,207)	(73)	Note 2
Shen Zhen Sintai	Asia Optical	Note 1	Sales	(230,121)	(35)	30-180 days	-	-	1,487,160	56	Note 2
	AOE Shen Zhen	Note 1	Sales	(145,642)	(22)	30-180 days	-	-	99,429	4	Note 2
Myanmar Asia	Asia Optical	Note 1	Sales	(193,255)	(78)	30-180 days	-	-	699,870	100	Note 2
Doan-Guan Yorkey	Yorkey Technology	Note 1	Sales	(260,545)	(34)	30-180 days	-	-	2,017,985	79	Note 2
Yorkey Technology	Dong-Guan Yorkey	Note 1	Purchases	260,545	77	30-180 days	-	-	(2,017,985)	(96)	Note 2
Scopro	Asia Optical	Note 1	Sales	(137,141)	(100)	30-180 days	-	-	206,208	100	Note 2
ASIA SCOPRO	Asia Optical	Note 1	Purchases	112,841	66	30-180 days	-	-	(144,814)	(28)	Note 2

Note 1: Refer to Note 12 to the consolidated financial statements.

Note 2: Intercompany accounts and transactions have been eliminated.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2026
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Asia Optical	Scopro	Affiliate	$ 159,312	Note 1	$ -	-	$ -	$ -
	AOPI	Subsidiary of Asia Optical	149,759	Note 1	-	-	-	-
	AOE Cayman	Subsidiary of Asia Optical	163,270	Note 1	-	-		-
	ASIA SCOPRO	Subsidiary of Asia Optical	177,753	Note 1	-	-		-
Asia International	Myanmar Asia	Subsidiary of Asia International	1,155,462	Note 1	-	-	-	-
	AOE Cayman	Affiliate	194,463	Note 1	-	-	-	-
	Asia Optical	Parent company of Asia International	3,267,277	Note 1	-	-	-	-
	Dong-Guan Tailien	Affiliate	182,565	Note 1	-	-	-	-
AOE Cayman	AOE Shen Zhen	Subsidiary of AOE Cayman	145,227	Note 1	-	-	-	-
	AOE Shen Zhen	Subsidiary of AOE Cayman	931,887	Note 1	-	-	-	-
	AOE Optronics	Parent company of AOE Cayman	215,201	Note 1	-	-	-	-
	ASIA SCOPRO	Affiliate	213,166	Note 1	-	-	-	-
Dong-Guan Sintai	Asia Optical	Parent company of Asia International	271,316	Note 1	-	-	-	-
	Asia International	Parent company of Dong-Guan Sintai	118,119	Note 1	-	-	-	-
Dong-Guan Tailien	Asia Optical	Parent company of Asia International	195,798	Note 1	-	-	-	-
Shen Zhen Sintai	Asia International	Parent company of Shen Zhen Sintai	800,982	Note 1	-	-		-
	Asia Optical	Parent company of Asia International	1,487,160	Note 1	-	-		-
Myanmar Asia	Asia Optical	Parent company of Asia International	699,870	Note 1	-	-		-
Powerlink Cayman	Scopro	Affiliate	221,931	Note 1	-	-	-	-
	ASIA SCOPRO	Parent company of Asia Scopro	186,801	Note 1	-	-	-	-
Asia Tech Samoa	Asia Tech	Parent company of Asia Tech Samoa	1,727,558	Note 1	-	-	230,005	-
Shen Zhen Atii	Asia Tech Samoa	Parent company of Shen Zhen Atii	1,442,949	Note 1	-	-	51,222	-
Dong-Guan Yorkey	Yorkey Technology	Parent company of Dong-Guan Yorkey	2,017,985	Note 1	-	-		-
Scopro	Asia Optical	Affiliate	206,208	Note 1	-	-		-

Note 1: The receivables resulted from purchases of materials and property, plant, and equipment on behalf of Asia International and loan transaction; thus, turnover analysis was not suitable.
Note 2: Intercompany accounts and transactions have been eliminated.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction In Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
0	Asia Optical	Asia International	1	Trade payables	$ 3,094,475	30-180 days	11
				Other payables	254,509	-	1
		Dong-Guan Tailien	1	Purchases	51,655	30-180 days	1
				Trade payables	194,224	30-180 days	1
		Dong-Guan Sintai	1	Purchases	99,808	30-180 days	2
				Trade payables	262,457	-	1
		Shen Zhen Sintai	1	Purchases	230,121	30-180 days	4
				Trade payables	1,310,426	-	5
				Other payables	177,439	30-180 days	1
		Myanmar Asia	1	Purchases	193,255	30-180 days	3
				Trade payables	689,155	-	3
		Scopro	1	Sales	48,655	30-180 days	1
				Purchases	137,141	30-180 days	2
				Trade receivables	159,312	30-180 days	1
				Trade payables	211,735	30-180 days	1
		AOE Cayman	1	Trade receivables	163,270	30-180 days	1
		ASIA SCOPRO	1	Sales	112,841	30-180 days	2
				Purchases	42,359	30-180 days	1
				Trade receivables	177,753	30-180 days	1
		AOPI	1	Other receivables	149,759	30-180 days	1
1	Asia International	Shen Zhen Sintai	2	Purchases	45,778	30-180 days	1
				Trade payables	599,898	30-180 days	2
				Other payables	201,084	30-180 days	1
		Myanmar Asia	2	Trade receivables	1,155,462	30-180 days	4
				Purchases	54,879	30-180 days	1
		AOE Cayman	2	Trade receivables	194,463	30-180 days	1
		Dong-Guan Tailien	2	Trade receivables	182,565	30-180 days	1
		AOIDC	2	Prepayment for purchases	153,999	30-180 days	1
2	AOE Optronics	AOE Cayman	2	Purchases	271,569	30-180 days	4
				Trade payables	195,207	30-180 days	1
		ASIA SCOPRO	2	Purchases	64,632	30-180 days	1
3	Asia Tech	Asia Tech Samoa	2	Purchases	721,598	30-180 days	12
				Trade payables	1,727,558	30-180 days	6
4	Asia Tech Samoa	Shen Zhen Atii	2	Purchases	370,157	30-180 days	6
				Trade payables	1,442,949	30-180 days	5

(Continued)

Number	Company Name	Counter-party	Relationship (Note 1)	Transaction In Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
5	AOE Cayman	ASIA SCOPRO	2	Trade receivables	$ 213,166	30-180 days	1
		AOE Shen Zhen	2	Sales	59,097	30-180 days	1
				Purchases	298,934	30-180 days	5
				Trade receivables	145,227	30-180 days	1
				Other receivables	931,887	-	3
6	Shen Zhen Sintai	AOE Shen Zhen	2	Sales	145,642	30-180 days	2
7	Powerlink Cayman	SCOPRO	2	Trade receivables	221,931	30-180 days	1
		ASIA SCOPRO	2	Trade receivables	186,801	30-180 days	1
8	Yorkey Technology	Dong-Guan Yorkey	2	Purchases	260,545	30-180 days	4
				Trade payables	2,017,985	30-180 days	7

(Concluded)

Note 1: 1. From the parent company to the subsidiary.

2. From the subsidiary to the subsidiary.

Note 2: The percentage of transactions to consolidated assets and liabilities items are calculated at the balance as of the end of reporting period; income and expense items are calculated at the accumulated amount of consolidated sales.

Note 3: Intercompany accounts and transactions have been eliminated.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2026	December 31, 2025	Shares	Percentage of Ownership	Carrying Value			
Asia Optical	Asia International	British Virgin Islands	Sale of riflescopes, lenses and optical components	$ 2,701,520	$ 2,701,520	15,686,000	100	$ 14,631,382	$ 78,611	$ 78,611	Subsidiary
	Asia Tech	New Taipei	Sale of precision instruments and image sensors	231,753	231,753	19,027,964	26	845,800	79,097	20,700	Subsidiary
	Powerlink Cayman	Cayman Islands	Holding company	44,392	44,392	1,500,000	100	509,109	(34,845)	(34,845)	Subsidiary
	AOE Optronics	Taichung	Design, manufacture and sale of mobile consumer electronic products	1,938,431	1,938,431	19,179,577	91	1,337,862	27,385	24,444	Subsidiary
	Richman	British Virgin Islands	Holding company	99,520	99,520	2,566,000	100	203,931	2,487	2,487	Subsidiary
	Taiwan Top	Changhua	Manufacture and sale of cameras, copy machines, printers and facsimile machines	588,137	588,105	8,250,348	94	132,120	504	472	Subsidiary
	Powerlink	British Virgin Islands	Holding company	14,000	14,000	50,000	100	(81,316)	3,993	3,993	Subsidiary
	AOPI	Malvar, Philippines	Manufacture and sale of rifle scopes, telescopes, lenses, and optical machines	324,258	324,258	6,000,000	100	313,905	462	462	Subsidiary
Asia International	Yorkey Cayman	Cayman Islands	Holding company	2,663,778	2,663,778	776,346,000	95	2,495,382	69,522	66,167	Indirect Subsidiary
	AOE Optronics	Taichung	Design, manufacture and sale of mobile consumer electronic products	298,179	298,179	506,880	2	35,380	27,385	657	Subsidiary
	AOIDC	Japan	Development and technology services	22,071	22,071	100	100	29,821	641	641	Indirect Subsidiary
	Myanmar Asia	Yangon, Myanmar	Manufacture of lens and related products	985,581	985,581	5,582,305	100	(8,555)	(4,025)	(4,025)	Indirect Subsidiary
	Myanmar Asia Optical International Mandalay Factory Company Limited	Mandalay, Myanmar	Manufacture of rubber and plastic products, computer, electronic and optical products	320	-	10,000	100	320	-	-	Indirect Subsidiary
Powerlink Cayman	Asia Scopro	Calamba, Philippines	Manufacture and sale of rifle scopes, telescopes, lenses, and optical machines	17,043	17,043	241,000	100	(170,381)	(34,165)	(34,165)	Indirect Subsidiary
	ASAM	Calamba, Philippines	Anode processing factory	9,690	9,690	150,000	100	23,196	(2,968)	(2,968)	Indirect Subsidiary
Asia Tech	Asia Tech Samoa	Samoa	Sale of precision instruments and image sensors	845,520	845,520	18,662,310	100	2,824,499	(18,117)	(18,117)	Indirect Subsidiary
Powerlink	Scopro	Manila, Philippines	Manufacture and sale of rifle scopes, telescopes, lenses, and optical machines	5,119	5,119	4,000,000	100	(89,675)	3,930	3,930	Indirect subsidiary
Richman	Yorkey Cayman	Cayman Islands	Holding company	291,289	291,289	40,000,000	5	128,548	69,522	3,407	Indirect Subsidiary
	Crosszone	British Virgin Islands	Trading company	1,568	1,568	50,000	100	(3,694)	(134)	(134)	Indirect Subsidiary
AOE Optronics	AOE Cayman	Cayman Islands	Sale of mobile consumer electronic products	1,311,447	1,311,447	44,176,066	100	1,269,512	11,682	11,682	Indirect Subsidiary
	AOE THAILAND	Thailand	Trading company	31,837	31,837	338,800	100	28,775	(2,710)	(2,710)	Indirect Subsidiary
Yorkey Cayman	Yorkey Technology	Samoa	Trading company	302,910	302,910	550,001	100	1,297,523	68,257	68,257	Indirect Subsidiary

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2026	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2026	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2025	Accumulated Repatriation of Investment Income as of March 31, 2025
					Outward	Inward						
Shen Zhen Sintai	Manufacture of laser printers, cameras, scanners and plastic products	US$ 38,000	(2)	$ 1,270,274 (US$ 38,000)	$ -	$ -	$ 1,270,274 (US$ 38,000)	($ 52,894)	100	($ 52,894)	$ 3,341,241	$ -
Dong-Guan Sintai	Manufacture of optical components and finished products	US$ 16,600	(2)	1,234,670 (US$ 35,937)	-	-	1,234,670 (US$ 35,937)	(5,031)	100	(5,031)	520,438	454,587 (US$ 14,000)
Shen Zhen Atii	Manufacture and sale of image sensor	US$ 10,000	(2)	170,256 (US$ 5,400)	-	-	170,256 (US$ 5,400)	(21,475)	26	(5,700)	473,111	-
Shang Hai Sintai	Manufacture and sale of parts of DVs, DSCs, parts and accessories for DVs, DSC-related parts and accessories	US$ 34,000	(2)	1,098,606 (US$ 34,000)	-	-	1,098,606 (US$ 34,000)	(580)	100	(580)	56,501	-
Dong-Guan Tailien	Manufacture and processing of cameras and parts	US$ 3,160	(2)	123,440 (US$ 4,000)	-	-	123,440 (US$ 4,000)	(9,347)	71	(6,617)	245,195	149,145 (US$ 4,778)
			(3)	11,163 (US$ 420)	-	-	11,163 (US$ 420)	(9,347)	17	(1,597)	58,647	57,727 (US$ 1,823)
			(2)	22,614 (US$ 700)	-	-	22,614 (US$ 700)	(9,347)	12	(1,077)	39,526	31,070 (US$ 971)
Dong-Guan Yorkey	Manufacture of plastic and metallic parts, molds and cases of optical and optronics products	US$ 20,680	(2)	291,289 (US$ 9,079)	-	-	291,289 (US$ 9,079)	50,097	5	2,455	124,572	-
			(2)	2,663,778 (US$ 93,994)	-	-	2,663,778 (US$ 93,994)	50,097	95	47,693	2,418,215	-
Dong-Guan Nikon	Research and manufacture of equipment for electronic use	US$ 2,000	(2)	27,772 (US$ 800)	-	-	27,772 (US$ 800)	(7,528)	40	(3,011)	21,542	23,403 (RMB$ 5,209)
AOE Shen Zhen	Manufacture of mobile consumer electronic products	US$ 12,000	(2)	360,186 (US$ 12,000)	-	-	360,186 (US$ 12,000)	11,709	91	10,214	242,657	-
				-	-	-	-	11,709	2	281	6,403	-
Guangdong Xinwei	Manufacture of car parts	RMB$ 9,100	(3)	-	-	-	-	-	38	-	4,825	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2026	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$ 7,791,858 (US$ 235,131)	$ 10,280,622 (US$ 328,042)	(Note 3)

Note 1: The investments were made as follows:
(1) The investment was made directly by a subsidiary located in mainland China.
(2) The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China (refer to Note 12 to the accompanying consolidated financial statements; in addition, Asia International is the investor of Dong-Guan Nikon).
(3) Others

Note 2: Investment gain (loss) was recognized based on the financial un-reviewed statements except for Shen Zhen Sintai, Shen Zhen Atii, and AOE Shen Zhen.

Note 3: Under the “Regulations for the Screening of Applications to Engage in Technical Cooperation in Mainland China” issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, the amount of investment in mainland China has no limit since the parent company, Asia Optical Co., Inc. had acquired the approval by the Industrial Development Bureau to establish operating headquarters in Taiwan.