M3 Technology 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
M3 Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of M3 Technology Inc. and its subsidiaries (collectively, the "Group") as of March 31, 2026 and 2025, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

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

The engagement partners on the reviews resulting in this independent auditors' review report are Chih-Feng Yu and Pi-Yu Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 29, 2026

<u>Notice to Readers</u>

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

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

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2026		December 31, 2025		March 31, 2025	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash (Note 6)	$ 292,416	15	$ 316,795	17	$ 313,504	17
Financial assets at amortized cost - current (Notes 7 and 28)	1,075,697	56	1,102,285	58	952,092	52
Notes receivable (Notes 8 and 19)	9,234	1	6,916	-	5,610	-
Trade receivables (Notes 8 and 19)	182,332	10	158,837	8	170,175	9
Other receivables	1,051	-	1,199	-	942	-
Inventories (Note 9)	142,625	8	111,483	6	128,005	7
Prepayments	7,218	-	2,477	-	3,998	-
Other current assets	51	-	1	-	64,592	4
Total current assets	1,710,624	90	1,699,993	89	1,638,918	89
NON-CURRENT ASSETS						
Property, plant and equipment (Note 11)	162,735	9	163,086	9	163,490	9
Right-of-use assets (Note 12)	6,602	-	7,604	-	5,467	-
Intangible assets (Note 13)	9,092	-	10,800	1	10,120	1
Deferred tax assets (Notes 4 and 21)	11,163	1	16,386	1	12,007	1
Prepayments for equipment	1,689	-	36	-	1,461	-
Refundable deposits	848	-	832	-	1,505	-
Other non-current assets	2,013	-	1,949	-	-	-
Total non-current assets	194,142	10	200,693	11	194,050	11
TOTAL	$ 1,904,766	100	$ 1,900,686	100	$ 1,832,968	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 14)	$ -	-	$ 30,000	2	$ -	-
Contract liabilities - current (Note 19)	440	-	149	-	424	-
Notes payable	17	-	17	-	3	-
Trade payables	62,176	3	56,579	3	49,880	3
Other payables (Note 15)	198,519	10	114,264	6	204,431	11
Current tax liabilities (Notes 4 and 21)	33,308	2	27,418	1	31,311	2
Provisions - current (Note 16)	9,433	1	9,354	1	9,785	1
Lease liabilities - current (Note 12)	4,381	-	4,286	-	2,936	-
Other current liabilities	1,987	-	1,448	-	1,424	-
Total current liabilities	310,261	16	243,515	13	300,194	17
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 21)	1,188	-	-	-	2,661	-
Lease liabilities - non-current (Note 12)	2,317	-	3,393	-	2,606	-
Total non-current liabilities	3,505	-	3,393	-	5,267	-
Total liabilities	313,766	16	246,908	13	305,461	17
EQUITY (Notes 18 and 23)						
Share capital						
Ordinary share	437,116	23	437,056	23	430,591	24
Share capital awaiting retirement	(594)	-	(40)	-	-	-
Total share capital	436,522	23	437,016	23	430,591	24
Capital surplus	583,757	31	590,054	31	592,718	32
Retained earnings						
Legal reserve	96,510	5	96,510	5	84,354	5
Unappropriated earnings	505,845	27	564,943	30	468,495	25
Total retained earnings	602,355	32	661,453	35	552,849	30
Other equity						
Exchange differences on translation of foreign financial statements	16	-	149	-	405	-
Unearned compensation	(3,225)	-	(6,469)	-	(20,631)	(1)
Total other equity	(3,209)	-	(6,320)	-	(20,226)	(1)
Treasury shares	(28,425)	(2)	(28,425)	(2)	(28,425)	(2)
Total equity	1,591,000	84	1,653,778	87	1,527,507	83
TOTAL	$ 1,904,766	100	$ 1,900,686	100	$ 1,832,968	100

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

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 19 and 27)				
Sales revenue	$ 242,388	100	$ 247,511	101
Sales returns	-	-	(561)	-
Sales discounts	-	-	(1,062)	(1)
Total operating revenue, net	242,388	100	245,888	100
OPERATING COSTS (Notes 9 and 20)	128,900	53	121,338	49
GROSS PROFIT	113,488	47	124,550	51
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	12,560	6	14,269	6
General and administrative expenses	17,230	7	19,142	8
Research and development expenses	34,031	14	37,720	15
Total operating expenses	63,821	27	71,131	29
PROFIT FROM OPERATIONS	49,667	20	53,419	22
NON-OPERATING INCOME AND EXPENSES				
Interest income	6,051	3	6,654	3
Other income	163	-	433	-
Other gains and losses	(79)	-	(143)	-
Financial costs	(60)	-	(50)	-
Foreign exchange gains, net (Note 20)	7,318	3	8,336	3
Total non-operating income and expenses	13,393	6	15,230	6
PROFIT BEFORE INCOME TAX	63,060	26	68,649	28
INCOME TAX EXPENSE (Notes 4 and 21)	(13,944)	(6)	(19,833)	(8)
NET PROFIT FOR THE PERIOD	49,116	20	48,816	20
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(133)	-	(472)	-
Other comprehensive income for the period	(133)	-	(472)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 48,983	20	$ 48,344	20
EARNINGS PER SHARE (Note 22)				
Basic	$ 1.14		$ 1.16	
Diluted	$ 1.13		$ 1.13	

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

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Notes 18 and 23)				Capital Surplus (Notes 18 and 23)	Retained Earnings (Note 18)			Other Equity (Notes 18 and 23)			Treasury Shares (Note 18 and 23)	Total Equity
	Number of Shares (In Thousands)	Amount	Share capital awaiting retirement	Total		Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unearned Compensation	Total		
BALANCE AT JANUARY 1, 2025	42,832	$ 428,321	$ -	$ 428,321	$ 591,465	$ 84,354	$ 504,805	$ 589,159	$ 877	($ 25,893)	($ 25,016)	($ 28,425)	$ 1,555,504
Appropriation of the 2024 earnings													
Cash dividends distributed by the Company	-	-	-	-	-	-	(85,126)	(85,126)	-	-	-	-	(85,126)
Employee compensation cost for restricted employee shares	-	-	-	-	-	-	-	-	-	5,262	5,262	-	5,262
Net profit for the three months ended March 31, 2025	-	-	-	-	-	-	48,816	48,816	-	-	-	-	48,816
Other comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	-	-	-	(472)	-	(472)	-	(472)
Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	-	48,816	48,816	(472)	-	(472)	-	48,344
Issuance of ordinary shares under employee share options	227	2,270	-	2,270	1,253	-	-	-	-	-	-	-	3,523
BALANCE AT MARCH 31, 2025	43,059	$ 430,591	$ -	$ 430,591	$ 592,718	$ 84,354	$ 468,495	$ 552,849	$ 405	($ 20,631)	($ 20,226)	($ 28,425)	$ 1,527,507
BALANCE AT JANUARY 1, 2026	43,706	$ 437,056	($ 40)	$ 437,016	$ 590,054	$ 96,510	$ 564,943	$ 661,453	$ 149	($ 6,469)	($ 6,320)	($ 28,425)	$ 1,653,778
Appropriation of the 2025 earnings													
Cash dividends distributed by the Company	-	-	-	-	-	-	(108,508)	(108,508)	-	-	-	-	(108,508)
Employee compensation cost for restricted employee shares	-	-	-	-	-	-	-	-	-	(3,706)	(3,706)	-	(3,706)
Cash dividend redemption for share-based payment	-	-	-	-	-	-	294	294	-	-	-	-	294
Net profit for the three months ended March 31, 2026	-	-	-	-	-	-	49,116	49,116	-	-	-	-	49,116
Other comprehensive income for the three months ended March 31, 2026	-	-	-	-	-	-	-	-	(133)	-	(133)	-	(133)
Total comprehensive income for the three months ended March 31, 2026	-	-	-	-	-	-	49,116	49,116	(133)	-	(133)	-	48,983
Issuance of ordinary shares under employee share options	10	100	-	100	59	-	-	-	-	-	-	-	159
Cancellation of employee restricted shares	(4)	(40)	(554)	(594)	(6,356)	-	-	-	-	6,950	6,950	-	-
BALANCE AT MARCH 31, 2026	43,712	$ 437,116	($ 594)	$ 436,522	$ 583,757	$ 96,510	$ 505,845	$ 602,355	$ 16	($ 3,225)	($ 3,209)	($ 28,425)	$ 1,591,000

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

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 63,060	$ 68,649
Adjustments for		
Depreciation expense	11,233	10,344
Amortization expense	1,800	1,309
Financial costs	60	50
Interest income	(6,051)	(6,654)
(Reversal) compensation cost of restricted employee shares	(3,706)	5,262
Gain on lease modifications	-	(2)
Loss on disposal of other assets	-	9
Write-down (reversal) of inventories	4,175	(1,849)
Unrealized gain on foreign currency exchange	(2,741)	(3,903)
Recognition of provisions	79	136
Changes in operating assets and liabilities		
Notes receivable	(2,318)	781
Trade receivables	(23,378)	(12,530)
Other receivables	(67)	508
Inventories	(35,262)	13,593
Prepayments	(4,404)	1,180
Other current assets	(50)	(70)
Contract liabilities	291	417
Trade payables	5,256	3,355
Other payables	(20,753)	6,533
Other current liabilities	539	(8,565)
Net cash (used in) generated from operations	(12,237)	78,553
Interest received	6,266	6,711
Interest paid	(65)	(50)
Income tax paid	(2,035)	(648)
Net cash (used in) generated from operating activities	(8,071)	84,566
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(161,378)	(579,293)
Proceeds from disposal of financial assets at amortized cost	190,923	479,638
Acquisition of property, plant and equipment	(13,225)	(10,575)
Increase in refundable deposits	(5)	-
Acquisition of intangible assets	(90)	(2,045)
Increase in prepayments for equipment	(1,653)	(1,462)
Net cash generated from (used in) investing activities	14,572	(113,737)

(Continued)

M3 TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments from short-term borrowings	($ 30,000)	$ -
Repayment of the principal portion of lease liabilities	(1,064)	(1,253)
Exercise of employee share options	159	3,523
Cash dividend redemption for share-based payment	294	-
Net cash (used in) generated from financing activities	(30,611)	2,270
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(269)	(527)
NET DECREASE IN CASH	(24,379)	(27,428)
CASH AT THE BEGINNING OF PERIOD	316,795	340,932
CASH AT THE END OF THE PERIOD	$ 292,416	$ 313,504

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

M3 TECHNOLOGY INC. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

M3 Technology Inc. (hereinafter referred to as the "Company") was incorporated in September 2010, upon approval of the Ministry of Economic Affairs. The Company mainly engages in the design, development and sale of power management ICs and provides related application services.

Upon approval of Taipei Exchange (TPEx) in November 2020, the Company started trading on Emerging Stock Board of The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since May 12, 2022.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on April 29, 2026.

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

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

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

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"

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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the 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 MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim 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. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

c. Basis of consolidation

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

See Note 10 and Tables 2 and 3 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

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

Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2025 for the material accounting judgments and key sources of estimation uncertainty.

6. CASH

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	$ 116	$ 115	$ 116
Checking accounts and demand deposits	292,300	316,680	313,388
	$ 292,416	$ 316,795	$ 313,504

Interest rate ranges for demand deposits on the balance sheet date were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Demand deposits	0.001%-3.30%	0.005%-0.675%	0.005%-0.80%

7. 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	$ 1,070,957	$ 1,097,585	$ 947,268
Restricted time deposit	4,740	4,700	4,824
	$ 1,075,697	$ 1,102,285	$ 952,092

The ranges of interest rates for time deposits were approximately 1.52%-4.09%, 1.52%-4.25% and 1.42%-4.47% per annum as of March 31, 2026, December 31, 2025 and March 31, 2025, respectively.

Please refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable			
At amortized cost			
Gross carrying amount	$ 9,234	$ 6,916	$ 5,610
Trade receivables			
At amortized cost			
Gross carrying amount	$ 182,332	$ 158,837	$ 170,175

The average credit period of sales of goods was 30-60 days, and no interest was charged on trade receivables.

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

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

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

March 31, 2026

	Not Past Due	1-90 Days Past Due	91-180 Days Past Due	181-365 Days Past Due	More than 365 Days Past Due	Total
Gross carrying amount	$182,332	$ -	$ -	$ -	$ -	$182,332
Allowance for impairment loss (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$182,332	$ -	$ -	$ -	$ -	$182,332

December 31, 2025

	Not Past Due	1-90 Days Past Due	91-180 Days Past Due	181-365 Days Past Due	More than 365 Days Past Due	Total
Gross carrying amount	$158,837	$ -	$ -	$ -	$ -	$158,837
Allowance for impairment loss (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$158,837	$ -	$ -	$ -	$ -	$158,837

March 31, 2025

	Not Past Due	1-90 Days Past Due	91-180 Days Past Due	181-365 Days Past Due	More than 365 Days Past Due	Total
Gross carrying amount	$169,629	$ 546	$ -	$ -	$ -	$170,175
Allowance for impairment loss (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$169,629	$ 546	$ -	$ -	$ -	$170,175

The Group did not recognize allowance for impairment loss because the Group estimated that the recoverable amount was equal to the original account amount.

9. INVENTORIES

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	$ 24,836	$ 18,874	$ 20,729
Work in progress	56,468	48,421	48,589
Finished goods	61,321	44,188	58,687
	$ 142,625	$ 111,483	$ 128,005

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

	For the Three Months Ended March 31	
	2026	2025
Cost of inventories sold	$ 124,725	$ 123,187
Inventory write-downs (reversed)	4,175	(1,849)
	$ 128,900	$ 121,338

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) March 31, 2026	December 31, 2025	March 31, 2025
The Company	M3 Technology (Dallas), Inc. (“M3 Dallas”)	Product research, design and development	100%	100%	100%
The Company	Blink Electronic Co., Ltd. (“Blink”)	Holding company	100%	100%	100%
Blink	Xi An M3 Semiconductor Corporation (“Xi An M3”)	Product research, design and development	100%	100%	100%
Blink	Shenzhen M3 Technology Inc. (“Shenzhen M3”)	Product sales	100%	100%	100%

M3 Dallas was established in November 2016 in the United States. As of March 31, 2026, the Company has not injected capital into M3 Dallas.

Shenzhen M3 was established in September 2024 in China. As of March 31, 2026 the Company has injected capital of US$300 thousand into Shenzhen M3.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Office Equipment	Leasehold Improvement	Test Equipment	Other Equipment	Total
Cost								
Balance at January 1, 2025	$ 96,231	$ 23,020	$ 34,645	$ 11,562	$ 6,474	$ 170,738	$ 2,174	$ 344,844
Additions	-	-	441	-	134	8,434	-	9,009
Reclassification	-	-	1,765	-	-	-	-	1,765
Effect of foreign currency exchange differences	-	-	127	45	56	-	-	228
Balance at March 31, 2025	$ 96,231	$ 23,020	$ 36,978	$ 11,607	$ 6,664	$ 179,172	$ 2,174	$ 355,846
Accumulated depreciation								
Balance at January 1, 2025	$ -	$ 1,471	$ 24,973	$ 5,342	$ 4,652	$ 144,999	$ 1,664	$ 183,101
Depreciation expense	-	286	1,182	766	325	6,415	99	9,073
Effect of foreign currency exchange differences	-	-	104	40	38	-	-	182
Balance at March 31, 2025	$ -	$ 1,757	$ 26,259	$ 6,148	$ 5,015	$ 151,414	$ 1,763	$ 192,356
Carrying amount at March 31, 2025	$ 96,231	$ 21,263	$ 10,719	$ 5,459	$ 1,649	$ 27,758	$ 411	$ 163,490
Cost								
Balance at January 1, 2026	$ 96,231	$ 23,020	$ 44,782	$ 12,917	$ 6,623	$ 198,585	$ 2,283	$ 384,441
Additions	-	-	1,010	-	-	8,728	-	9,738
Effect of foreign currency exchange differences	-	-	201	74	82	-	-	357
Balance at March 31, 2026	$ 96,231	$ 23,020	$ 45,993	$ 12,991	$ 6,705	$ 207,313	$ 2,283	$ 394,536
Accumulated depreciation								
Balance at January 1, 2026	$ -	$ 2,613	$ 30,615	$ 8,546	$ 5,604	$ 171,907	$ 2,070	$ 221,355
Depreciation expense	-	286	1,520	862	162	7,207	113	10,150
Effect of foreign currency exchange differences	-	-	166	62	68	-	-	296
Balance at March 31, 2026	$ -	$ 2,899	$ 32,301	$ 9,470	$ 5,834	$ 179,114	$ 2,183	$ 231,801
Carrying amount at December 31, 2025 and January 1, 2026	$ 96,231	$ 20,407	$ 14,167	$ 4,371	$ 1,019	$ 26,678	$ 213	$ 163,086
Carrying amount at March 31, 2026	$ 96,231	$ 20,121	$ 13,692	$ 3,521	$ 871	$ 28,199	$ 100	$ 162,735

No impairment loss was recognized for the three months ended March 31, 2026 and 2025 after assessment performed.

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

Buildings	8 to 34 years
Machinery and equipment	2 to 5 years
Office equipment	3 to 5 years
Leasehold improvement	3 to 5 years
Test equipment	2 years
Other equipment	2 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount			
Buildings	$ 6,602	$ 7,604	$ 5,467

	For the Three Months Ended March 31	
	2026	2025
Additions to right-of-use assets	$ -	$ 4,732
Depreciation charge for right-of-use assets		
Buildings	$ 1,083	$ 1,271

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2026 and 2025.

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount			
Current	$ 4,381	$ 4,286	$ 2,936
Non-current	$ 2,317	$ 3,393	$ 2,606

Discount rate for lease liabilities was as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Buildings	2.38%-2.39%	2.38%-2.39%	2.39%-2.40%

c. Other lease information

	For the Three Months Ended March 31	
	2026	2025
Expenses relating to short-term leases	$ 627	$ 598
Total cash outflow for leases	$ 1,733	$ 1,901

The Group's leases of certain buildings qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INTANGIBLE ASSETS

	Computer Software	Specific Technology	Patents	Total
Cost				
Balance at January 1, 2025	$ 41,464	$ 1,000	$ 9,168	$ 51,632
Additions	2,271	-	-	2,271
Effect of foreign currency exchange differences	-	-	2	2
Balance at March 31, 2025	$ 43,735	$ 1,000	$ 9,170	$ 53,905
Accumulated amortization				
Balance at January 1, 2025	$ 34,232	$ 1,000	$ 7,243	$ 42,475
Amortization expense	1,048	-	261	1,309
Effect of foreign currency exchange differences	-	-	1	1
Balance at March 31, 2025	$ 35,280	$ 1,000	$ 7,505	$ 43,785
Carrying amount at March 31, 2025	$ 8,455	$ -	$ 1,665	$ 10,120
Cost				
Balance at January 1, 2026	$ 49,618	$ 1,000	$ 9,462	$ 60,080
Additions	90	-	-	90
Disposals	-	(1,000)	-	(1,000)
Effect of foreign currency exchange differences	1	-	2	3
Balance at March 31, 2026	$ 49,709	$ -	$ 9,464	$ 59,173

(Continued)

	Computer Software	Specific Technology	Patents	Total
Accumulated amortization				
Balance at January 1, 2026	$ 40,017	$ 1,000	$ 8,263	$ 49,280
Amortization expense	1,598	-	202	1,800
Disposals	-	(1,000)	-	(1,000)
Effect of foreign currency exchange differences	-	-	1	1
Balance at March 31, 2026	$ 41,615	$ -	$ 8,466	$ 51,081
Carrying amount at December 31, 2025 and January 1, 2026	$ 9,601	$ -	$ 1,199	$ 10,800
Carrying amount at March 31, 2026	$ 8,094	$ -	$ 998	$ 9,092

(Concluded)

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 to 5 years
Specific technology	2 years
Patents	5 years

An analysis of Amortization by function:

	For the Three Months Ended March 31	
	2026	2025
General and administrative expenses	$ 1,077	$ 105
Research and development expenses	723	1,204
	$ 1,800	$ 1,309

14. BORROWINGS (MARCH 31, 2026 AND 2025: NONE)

	December 31, 2025
Unsecured borrowings	
Line of credit loans	$ 30,000

The range of interest rates on revolving bank loans was 1.88% per annum at December 31, 2025.

15. OTHER LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
Current			
Other payables			
Payable for dividend	$ 108,508	$ -	$ 85,126
Payable for compensation of employees	47,616	49,015	62,444
Payable for salaries	22,149	38,422	27,109
Payable for purchases of equipment	9,396	12,890	17,220
Payable for professional expenses	2,665	2,657	1,656
Payable for labor and national health insurances	1,241	944	1,083
Payable for pension	778	794	770
Payable for remuneration of directors	632	2,031	2,591
Payable for business tax	74	903	1,414
Others	5,460	6,608	5,018
	$ 198,519	$ 114,264	$ 204,431

16. PROVISIONS

	March 31, 2026	December 31, 2025	March 31, 2025
Current			
Warranties	$ 9,433	$ 9,354	$ 9,785

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends.

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of Group's subsidiaries in China are members of a state-managed retirement benefit plans operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

18. EQUITY

a. Share capital

Ordinary shares

	March 31, 2026	December 31, 2025	March 31, 2025
Number of shares authorized (in thousands)	60,000	60,000	60,000
Shares authorized	$ 600,000	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	43,712	43,706	43,059
Shares issued	$ 437,116	$ 437,056	$ 430,591

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

For the three months ended March 31, 2026 and 2025, the Company issued 10 thousand and 227 thousand new shares respectively due to the employee share options exercised. As of the date the consolidated financial statements were authorized for issue, the registration of the issuance of new shares for the three months ended March 31, 2026 has not been completed.

The Company's board of directors resolved to issue 32 thousand and 682 thousand employee restricted shares within the quota approved by the FSC on July 30, 2024 and September 14, 2023. The Company recalled and canceled 59 thousand employee restricted shares due to employee resignations before the vesting date the three months ended March 31, 2026, respectively. As of the date the consolidated financial statements were authorized for issue, the registration of 59 thousand shares the three months ended March 31, 2026 has not been processed, the share capital awaiting retirement was $594 thousand.

Please refer to Note 23 for information relating to employee share options and employee restricted shares.

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)			
Issuance of ordinary shares	$ 527,510	$ 527,502	$ 508,067
Exercised employee share options	17,092	17,017	13,464
Issuance of ordinary shares for cash capital increase reserved for employee share options	260	260	260
Treasury share transactions	24,692	24,692	24,692
May only be used to offset a deficit			
Gain on disgorgement	380	380	380

(Continued)

	March 31, 2026	December 31, 2025	March 31, 2025
May not be used for any purpose			
Employee restricted shares	$ 13,823	$ 20,179	$ 44,482
Employee share options	-	24	1,373
	$ 592,718	$ 591,465	$ 566,303

(Concluded)

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 to once a year).

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation (the "Articles"), the proposal for profit distribution or offsetting of losses may be made at the end of each quarter, where the Company made a profit in a quarter, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the Company's paid-in capital, 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, until the accumulated legal reserve equals the Company's paid-in capital. 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. The board of directors is authorized to adopt a special resolution (more than two-thirds of the directors of the board are present, and more than half of the directors present agree) to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting, distribution of earnings by the issuance of shares should be approved by the shareholders in their meetings. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 20-c.

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

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

	For the Year Ended December 31	
	2025	2024
Legal reserve	$ 15,724	$ 12,156
Cash dividends	$ 108,508	$ 85,126
Cash dividends per share (NT$)	$ 2.50	$ 2.00

The above appropriations for cash dividends were resolved by the Company's board of directors on February 25, 2026 and February 26, 2025, respectively; the other proposed appropriations for 2024 had been resolved by the shareholders in their meeting on May 22, 2025. The other proposed appropriations for 2025 will be resolved by the shareholders in their meeting to be held on May 22, 2026.

The cash dividends per share in 2024 were adjusted to NT$1.98790252 due to the employee share options exercised and the employee restricted shares recalled.

If there is a change in the number of shares outstanding resulting from the employee share options exercised or the employee restricted shares recalled and canceled, the dividend per share shall be adjusted proportionately.

d. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands)
Number of shares at January 1 and March 31, 2026 and 2025	269

For the purpose of transferring shares to employees, the Company's board of directors approved a share buyback program on October 11, 2022, the Company bought back 1,276 thousand shares by $134,835 thousand between October 12, 2022 to December 9, 2022.

The Company's board of directors resolved to transfer 971 thousand shares to employees on May 2, 2024. The grant date was May 9, 2024, and the stock subscription date was May 13, 2024. The actual number of shares transferred was 897 thousand, and the transfer price was $94,795 thousand.

The Company's board of directors resolved to transfer 272 thousand shares to employees on September 11, 2024. The grant date was September 12, 2024, and the stock subscription date was September 11, 2024. The actual number of shares transferred was 110 thousand, and the transfer price was $11,625 thousand.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares before transferring.

19. REVENUE

	For the Three Months Ended March 31	
	2026	2025
Revenue from contracts with customers		
Revenue from the sale of goods	$ 242,388	$ 245,888

Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Notes and trade receivables (Note 8)	$ 191,566	$ 165,753	$ 175,785	$ 164,473
Contract liabilities				
Sale of goods	$ 440	$ 149	$ 424	$ 7

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

20. NET PROFIT

a. Depreciation and amortization

	For the Three Months Ended March 31	
	2026	2025
Property, plant and equipment	$ 10,150	$ 9,073
Right-of-use assets	1,083	1,271
Intangible assets	1,800	1,309
	$ 13,033	$ 11,653
An analysis of depreciation by function		
Operating costs	$ 1,231	$ 864
Operating expenses	10,002	9,480
	$ 11,233	$ 10,344
An analysis of amortization by function		
Operating expenses	$ 1,800	$ 1,309

Refer to Note 13 for information relating to the line items in which any amortization of intangible assets is included.

b. Employee benefits expense

	For the Three Months Ended March 31	
	2026	2025
Post-employment benefits (Note 17)		
Defined contribution plan	$ 2,283	$ 1,750
Share-based payments		
Equity-settled	(3,706)	5,262
Salary and bonus expense	51,351	50,587
	$ 50,103	$ 58,132
An analysis of employee benefits expense by function		
Operating costs	$ 7,244	$ 7,519
Operating expenses	42,859	50,613
	$ 50,103	$ 58,132

c. Compensation of employees and remuneration of directors

The shareholders held their regular meeting on May 22, 2025 and resolved the amendments to the Company's Articles of Incorporation (the "Articles"). According to the Articles, the Company accrues compensation of employees and remuneration of directors at the rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. When the Company has accumulated losses, the losses should be offset first. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of no less than 1% of net profit before income tax, compensation of employees, and remuneration of directors. Furthermore, no less than 1% of the total compensation of employees shall be distributed to non-executive employees.

According to the Articles before the amendments, the Company accrues compensation of employees and remuneration of directors at the rates of no less than 6% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. When the Company has accumulated losses, the losses should be offset first.

The accrued compensation of employees (including non-executive employees) and the remuneration of directors for the three months ended March 31, 2026, and the accrued compensation of employees and the remuneration of directors for the three months ended March 31, 2025, which were approved by the Company's board of directors on April 29, 2026 and April 29, 2025, respectively, are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2026	**2025**
Compensation of employees	1%	6%
Remuneration of directors	1%	1%

Amount

	For the Three Months Ended March 31	
	2026	**2025**
Compensation of employees	$ 632	$ 4,429
Remuneration of directors	632	738

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.

The appropriations of employees' compensation and remuneration of directors for 2025 and 2024 that were resolved by the board of directors on February 25, 2026, and February 26, 2025, respectively, are as shown below:

Amount

	For the Year Ended December 31	
	2025	**2024**
Compensation of employees	$ 2,031	$ 11,117
Remuneration of directors	2,031	1,853

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

Information on the 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.

d. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2026	2025
Foreign exchange gains	$ 11,734	$ 10,207
Foreign exchange losses	(4,416)	(1,871)
Net gains	$ 7,318	$ 8,336

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2026	2025
Current tax		
In respect of the current period	$ 7,533	$ 21,163
Deferred tax		
In respect of the current period	6,411	(1,330)
Income tax expense recognized in profit or loss	$ 13,944	$ 19,833

b. Income tax assessments

The income tax returns of the Company through 2023 have been assessed by the tax authorities. In 2024, according to the Income Tax Act, the Company fulfilled its withholding obligations for the contracted research expenses paid to subsidiaries and applied for tax refunds at the applicable preferential tax rates as stipulated by relevant directives of the Income Tax Act. The withholding tax rate for the contracted research expenses paid to subsidiaries has been approved by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended March 31	
	2026	2025
Basic earnings per share	$ 1.14	$ 1.16
Diluted earnings per share	$ 1.13	$ 1.13

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

Net Profit for the Year

	For the Three Months Ended March 31	
	2026	**2025**
Earnings used in the computation of basic and diluted earnings per share	$ 49,116	$ 48,816

Number of ordinary shares

Unit: In thousands of shares

	For the Three Months Ended March 31	
	2026	**2025**
Weighted average number of ordinary shares used in the computation of basic earnings per share	43,255	42,212
Effect of potentially dilutive ordinary shares		
Employee share options	1	754
Employee restricted shares	105	221
Compensation of employees	23	97
Weighted average number of ordinary shares used in the computation of diluted earnings per share	43,384	43,284

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. 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.

23. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

In order to retain and reward employees and improve employees' morale. The Company's board of directors resolved to issue 1,000 units of the first type of option and 2,000 units of the second type of option according to the different nature of rewards and remunerations on February 20, 2020. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. Employees of the Company or its subsidiaries who meet certain conditions would be included. The options granted are valid for 6 and 10 years, respectively, and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price of $10 and $18, respectively. For any subsequent changes in the Company's capital, the exercise price is adjusted according to subscription rules. The Company has granted 2,798 units of first type and second type of option in March 2020.

Information relating to issued employee share options was as follows:

	For the Three Months Ended March 31			
	2026		2025	
Employee Share Options	Units of Options (Each Equal to Thousand Shares)	Weighted-average Exercise Price Per Share (NT$)	Units of Options (Each Equal to Thousand Shares)	Weighted-average Exercise Price Per Share (NT$)
Balance, beginning of period	10	$ 15.90	928	$ 13.96
Options exercised	(10)	15.90	(227)	15.52
Balance, end of period	-	-	701	13.46
Options exercisable, end of period	-	-	701	13.46

The weighted-average share prices on the exercise date of the share options for the three months ended March 31, 2026 and 2025 were $82.5 and $109.27.

Information on outstanding options was as follows:

	March 31, 2026		December 31, 2025		March 31, 2025	
Issue Date	Exercise Price Per Share (NT$)	Weighted Average Remaining Contractual Life (Years)	Exercise Price Per Share (NT$)	Weighted Average Remaining Contractual Life (Years)	Exercise Price Per Share (NT$)	Weighted Average Remaining Contractual Life (Years)
March 19, 2020 (Type First)	$ 10	-	$ 10	0.17	$ 10	0.92
March 19, 2020 (Type Second)	15.9	-	15.9	4.17	16.3	4.92

b. Employee restricted share

n the shareholders’ meeting on May 26, 2022, the shareholders approved a restricted share plan for issuing no more than 800 thousand shares to employees without charge. The plan has been approved by the FSC on August 8, 2022. The shares may be issued at once or in installments within two years from the effective date depending on actual needs. The Company’s board of directors resolved to issue 682 thousand employee restricted shares on September 14, 2023. The capital increase base date was November 1, 2023. The Company’s board of directors resolved to issue 32 thousand employee restricted shares on July 30, 2024. The capital increase base date was July 31, 2024.

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

1) The employees cannot sell, pledge, transfer, donate or, in any other way, dispose of these shares.

2) The attendance, proposal, speech, voting rights of shareholders’ meeting and other relevant shareholder equity matters of the Company shall be exercised by the commissioned trust/custody institution.
3) When the Company executes cash capital reduction, capital reduction to offset the accumulated deficit, which is not required by law, the restricted employee shares shall also be nullified in proportion to the capital reduction.

If an employee fails to meet the vesting conditions, the Company will recall and cancel the employee's restricted shares.

Information of the employee restricted shares were as follow:

	For the Three Months Ended March 31	
	2026	2025
Employee restricted shares	**Number of Shares (In Thousands)**	**Number of Shares (In Thousands)**
Balance, beginning of period	187	413
Shares cancelled	(59)	-
Balance, end of year	128	413

Information of the employee restricted shares granted by the Company as follows:

Grant Date	Fair Value Per Share - Grant Date (NT$)	Shares Granted (In Thousands of Shares)	Vesting Period
November 1, 2023	$ 117	682	1 year-3 years
July 31, 2024	$ 124.5	32	1 year-3 years

The vesting conditions of employee restricted shares are that after an employee is granted employee restricted shares, and remains employed after one, two, and three years from the base date of the capital increase and their performance meets the requirements of the parent Company. The maximum percentage of shares that may vest each year shall be 34%, 33%, and 33% respectively.

Compensation cost (reversal) recognized was ($3,706) thousand and $5,262 thousand for the three months ended March 31, 2026 and 2025, respectively.

24. CASH FLOW INFORMATION

a. Non-cash transactions

The Group paid for the acquisition of property, plant and equipment and intangible assets for the three months ended March 31, 2026 and 2025 are as follows:

	For the Three Months Ended March 31	
	2026	2025
Additions of property, plant and equipment	$ 9,738	$ 9,009
Additions of intangible assets	90	2,271
Changes in other payables	3,487	1,340
Cash paid	$ 13,315	$ 12,620

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2026

	January 1, 2026	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Amortization of Interest Expense	Non-cash Changes: Disposal	Non-cash Changes: Change in Exchange Rate	March 31, 2026
Lease liabilities	$ 7,679	($ 1,106)	$ -	$ 42	$ -	$ 83	$ 6,698

For the three months ended March 31, 2025

	January 1, 2025	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Amortization of Interest Expense	Non-cash Changes: Disposal	Non-cash Changes: Change in Exchange Rate	March 31, 2025
Lease liabilities	$ 2,144	($ 1,303)	$ 4,732	$ 50	($ 137)	$ 56	$ 5,542

25. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity (comprising issued share capital, capital surplus, retained earnings and other equity) and loans.

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

Management regularly reviews the Group's capital structure and considers the costs and risks of different capital structures. In general, the Group has a prudent risk management strategy.

26. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
Financial assets at amortized cost (1)	$ 1,561,532	$ 1,586,864	$ 1,443,828
Financial liabilities			
Financial liabilities at amortized cost (2)	188,221	108,751	158,903

1) The balances include financial assets measured at amortized cost, which comprise cash, time deposits financial assets at amortized cost, notes receivable, trade receivables, other receivables (excluding tax receivable) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables and other payables.

b. Financial risk management objectives and policies

The Group's major financial instruments include time deposits financial assets at amortized cost, notes receivable, trade receivables, other receivables, refundable deposits, borrowings, notes payable, trade payables, other payables, and lease liabilities. The Group's financial risk management objectives are to manage the market risk, credit risk and liquidity risk with respect to the Group's operations. To lower the financial risks, the Group seeks to identify, evaluate, and avoid market uncertainty, to minimize the potential unfavorable impact on the Group due to market volatility.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The Group have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the period are set out in Note 29.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts its translation at the end of the period for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Impact of USD	
	For the Three Months Ended March 31	
	2026	**2025**
Profit or loss*	$ 3,497	$ 6,193

* The result was mainly attributable to the exposure on outstanding U.S. dollar-denominated deposits, financial assets at amortized cost, trade receivables, other receivables, trade payables and other payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate.

The carrying amounts of the Group's financial assets and financial 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	$ 1,075,697	$ 1,102,285	$ 952,092
Financial liabilities	$ 6,698	$ 7,679	$ 5,542
Cash flow interest rate risk			
Financial assets	$ 289,699	$ 313,548	$ 304,321
Financial liabilities	$ -	$ 30,000	$ -

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the period was outstanding for the whole year. A fluctuation of 0.25% was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2026 and 2025 would have increased by $181 thousand and $190 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, comes from the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group's credit risk is mainly concentrated in the Group's biggest customer. As of March 31, 2026, December 31, 2025 and March 31, 2025, the percentage of total trade receivables from the aforementioned customer was 52%, 48% and 57%, respectively.

3) Liquidity risk

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

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

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. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

March 31, 2026

	On Demand or Less Than 3 Months	3 Months to 1 Year	1 to 2 Years
Non-derivative financial liabilities			
Non-interest bearing liabilities	$ 252,301	$ 8,411	$ -
Lease liabilities	1,111	3,373	2,329
	$ 253,412	$ 11,784	$ 2,329

December 31, 2025

	On Demand or Less Than 3 Months	3 Months to 1 Year	1 to 2 Years
Non-derivative financial liabilities			
Non-interest bearing liabilities	$ 170,149	$ 711	$ -
Lease liabilities	1,099	3,315	3,421
Variable interest rate liabilities	30,022	-	-
	$ 201,270	$ 4,026	$ 3,421

March 31, 2025

	On Demand or Less Than 3 Months	3 Months to 1 Year	1 to 2 Years
Non-derivative financial liabilities			
Non-interest bearing liabilities	$ 230,349	$ 23,965	$ -
Lease liabilities	1,093	1,929	2,652
	$ 231,442	$ 25,894	$ 2,652

b) Financing facilities

The Group’s usage of bank financing facilities on the balance sheet date were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Bank financing facilities			
Amount used	$ -	$ 30,000	$ -
Amount unused	160,000	130,000	150,000
	$ 160,000	$ 160,000	$ 150,000

27. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions, income and expenses 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. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and their relationships

Related Party Name	Related Party Category
ITE Tech. Inc. (ITE)	The Company's director

b. Operating revenue (For the Three Months Ended March 31, 2025: None)

Line Item	Related Party Category/Name	For the Three Months Ended March 31 2026
Sales revenue	The Company's director	$ 5

There is no material difference between the transaction conditions of related parties above and ordinary transactions.

c. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2026	2025
Short-term employee benefits	$ 20,056	$ 17,260
Share-based payments	(4,070)	4,328
Post-employment benefits	408	602
	$ 16,394	$ 22,190

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as guarantee for executing the purchasing contract with supplier and tariff guarantee for imported raw material:

	March 31, 2026	December 31, 2025	March 31, 2025
Pledged deposits (classified as financial assets at amortized cost)	$ 4,740	$ 4,700	$ 4,824

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2026

	Foreign Currency	Exchange Rate	Functional Currency	New Taiwan Dollar
Financial assets				
Monetary items				
USD	$ 13,606	31.995 (USD:NTD)	$ 435,339	$ 435,339
USD	58	6.9119 (USD:RMB)	398	1,841
Non-monetary items				
Investments accounted for using the equity method				
USD	66	31.995 (USD:NTD)	2,115	2,115
Financial liabilities				
Monetary items				
USD	2,067	31.995 (USD:NTD)	66,135	66,135
USD	668	6.9119 (USD:RMB)	4,619	21,381
Non-monetary items				
Credit balance on the carrying value of investments accounted for using the equity method				
USD	217	31.995 (USD:NTD)	6,942	6,942
RMB	1,499	0.1447 (RMB:USD)	217	6,942

December 31, 2025

	Foreign Currency	Exchange Rate	Functional Currency	New Taiwan Dollar
Financial assets				
Monetary items				
USD	$ 15,234	31.430 (USD:NTD)	$ 478,793	$ 478,793
USD	21	6.9907 (USD:RMB)	146	655
Non-monetary items				
Investments accounted for using the equity method				
USD	58	31.430 (USD:NTD)	1,836	1,836

(Continued)

	Foreign Currency	Exchange Rate	Functional Currency	New Taiwan Dollar
Financial liabilities				
Monetary items				
USD	$ 1,926	31.430 (USD:NTD)	$ 60,544	$ 60,544
USD	399	6.9907 (USD:RMB)	2,788	12,534
Non-monetary items				
Credit balance on the carrying value of investments accounted for using the equity method				
USD	152	31.430 (USD:NTD)	4,783	4,783
RMB	1,064	0.1430 (RMB:USD)	152	4,783

(Concluded)

March 31, 2025

	Foreign Currency	Exchange Rate	Functional Currency	New Taiwan Dollar
Financial assets				
Monetary items				
USD	$ 20,951	33.205 (USD:NTD)	$ 695,677	$ 695,677
USD	374	7.2611 (USD:RMB)	2,715	12,417
Non-monetary items				
Investments accounted for using the equity method				
USD	158	33.205 (USD:NTD)	5,231	5,231
RMB	1,465	0.1377 (RMB:USD)	202	6,699
Financial liabilities				
Monetary items				
USD	1,605	33.205 (USD:NTD)	53,283	53,283
USD	1,070	7.2611 (USD:RMB)	7,770	35,532
Non-monetary items				
Credit balance on the carrying value of investments accounted for using the equity method				
USD	842	33.205 (USD:NTD)	27,968	27,968
RMB	7,582	0.1377 (RMB:USD)	1,044	34,667

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

Foreign Currency	For the Three Months Ended March 31, 2026		For the Three Months Ended March 31, 2025	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange (Losses) Gains	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange (Losses) Gains
USD	31.6505 (USD:NTD)	$ 7,401	32.8968 (USD:NTD)	$ 8,115
USD	6.9257 (USD:RMB)	(83)	7.2884 (USD:RMB)	221
		$ 7,318		$ 8,336

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. Information on investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Significant marketable securities held (excluding investments in subsidiaries) (None)

4) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

5) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

6) Other:Intercompany relationships and significant intercompany transactions (Table 1)

b. Information on investees (Table 2)

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, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 3)

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 (None)

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 1)

   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 ending balance, the interest rate range, and total current period interest with respect to the financing of funds (None)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (Table 1)

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker is for the purposes of resource allocation and assessment of segment performance. Under IFRS 8 “Operating Segments”, if the operating revenue of an operating segment accounts for up to 90% of the Group’s total revenue, the Group is considered as having only one reportable segment.

M3 TECHNOLOGY INC. AND SUBSIDIARIES

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

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms (Note 5)	% of Total Sales or Assets (Note 3)
0	M3 Technology Inc.	Xi An M3 Semiconductor Corporation	1	Contracted research expense	$ 19,608	There is no significant difference from those to third parties	8.09%
0	M3 Technology Inc.	Xi An M3 Semiconductor Corporation	1	Prepayments	9,926	-	0.52%
0	M3 Technology Inc.	M3 Technology (Dallas), Inc.	1	Contracted research expense	3,144	There is no significant difference from those to third parties	1.30%
0	M3 Technology Inc.	M3 Technology (Dallas), Inc.	1	Other payables	920	-	0.05%
0	M3 Technology Inc.	Shenzhen M3 Technology Inc.	1	Operating revenue	21,079	There is no significant difference from those to third parties	8.70%
0	M3 Technology Inc.	Shenzhen M3 Technology Inc.	1	Trade receivables	21,381	-	1.12%

Note 1: The Company and subsidiaries listed on the table are coded according to the following rules:

a. The Company is coded “0”.
b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: The three types of relationships are as follows:

No. 1 - The parent company to the subsidiary.
No. 2 - The subsidiary to the parent company.
No. 3 - The subsidiary to the subsidiary

Note 3: For the calculation of percentage, percentage for balance sheet items is calculated by dividing the year-end balance with consolidated assets. Percentage for income items is calculated by dividing the accumulated sum with total operating income for the year.

Note 4: The transactions have been eliminated upon consolidation.

Note 5: The terms of the transaction are based on mutual agreements.

M3 TECHNOLOGY INC. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		Balance as of March 31, 2026			Net (Loss) Income of the Investee (Notes 2 and 3)	Share of (Loss) Profit (Notes 2, 3 and 4)	Note
				March 31, 2026	December 31, 2025	Number of Shares	Percentage of Ownership (%)	Carrying Amount (Note 3)			
M3 Technology Inc.	Blink Electronic Co., Ltd.	Samoa	Holding company	$ 53,835 (US$ 1,800 thousand)	$ 53,835 (US$ 1,800 thousand)	1,800,000	100	($ 6,942)	($ 2,423) (US$ (77) thousand)	($ 2,423) (US$ (77) thousand)	Subsidiary
	M3 Technology (Dallas), Inc.	U.S.A.	Product research, design and development	-	-	Note5	100	2,115	243 (US$ 8 thousand)	243 (US$ 8 thousand)	Subsidiary

Note 1: Translation was based on the exchange rate at the time of investment acquisition.

Note 2: Translation was based on the average exchange rate of USD during the investment period.

Note 3: The numbers were calculated based on financial statements reviewed by the parent company’s ROC-based CPA for the same period.

Note 4: The balances have been eliminated upon consolidation.

Note 5: As of March 31, 2026, no capital has been invested therein.

Note 6: Please refer to Table 3 for information on investments in mainland China.

M3 TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2026 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2026 (Note 1)	Net Income (Loss) of the Investee (Notes 2 and 4)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2, 4 and 5)	Carrying Amount as of March 31, 2026	Accumulated Repatriation of Investment Income as of March 31, 2026
					Outward	Inward						
Xi An M3 Semiconductor Corporation	Product research, design and development	$ 29,082 (US$ 990 thousand)	Set up new companies in the third region by investing, and then invest in companies in mainland China.	$ 26,484 (US$ 905 thousand)	$ -	$ -	$ 26,484 (US$ 905 thousand)	($ 767) (RMB (168) thousand)	100	($ 767) (RMB (168) thousand)	($ 3,390)	$ -
Shenzhen M3 Technology Inc.	Product sales	9,817 (US$ 300 thousand)	Set up new companies in the third region by investing, and then invest in companies in mainland China.	9,817 (US$ 300 thousand)	-	-	9,817 (US$ 300 thousand)	(1,222) (RMB (267) thousand)	100	(1,222) (RMB (267) thousand)	($ 3,552)	-

Accumulated Outward Remittance for Investments from Taiwan to Mainland China as of March 31, 2026 (Note 1)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA (Note 3)
$36,301 (US$1,205 thousand)	$36,301 (US$1,205 thousand)	$954,600

Note 1: Translation was based on the exchange rate at the time of investment acquisition.

Note 2: Translation was based on the average exchange rate during the investment period.

Note 3: The calculation was based on 60% of the Company’s net value at March 31, 2026.

Note 4: The numbers were calculated based on financial statements reviewed by the parent company’s ROC-based CPA for the same period.

Note 5: The balances have been eliminated upon consolidation.