Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

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

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**This version is prepared in the original Chinese language and has not been reviewed by the CPA.

INDEPENDENT AUDITORS' REVIEW REPORT

Loyalty Founder Enterprise Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Loyalty Founder Enterprise Co., Ltd. and its subsidiaries (collectively, the "Group") as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2026 and 2025, 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 conduct our reviews in accordance with the Standards on Review Engagements of 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.

Basis for Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, the investments accounted for using the equity method were NT$31,572 thousand and NT$86,608 thousand as of March 31, 2026 and 2025, respectively. The equities in profit and loss of the associates were gain NT$772 thousand, and loss NT$20,798 thousand of the consolidated net income for the three months ended March 31, 2026 and 2025. These investment amounts and related disclosures are based on these investees' unreviewed financial statements for the same reporting periods as those of the Group.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of investees that are accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended 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.

Deloitte Taiwan

CPA Wang Teng-Wei	CPA Li Chi-Chen
No. of Approval Document from the Financial Supervisory Commission Jin-Guan-Zheng-Shen-Zi No. 1100356048	No. of Approval Document from the Securities and Futures Commission Tai-Cai-Zheng-Liu-Zi No. 0920123784

May 12, 2026

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Consolidated Balance Sheet
Unit: NTD thousand

Code	Asset	March 31, 2026 (Reviewed) Amount	%	December 31, 2025 (Audited) Amount	%	March 31, 2025 (Reviewed) Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 732,173	15	$ 297,679	5	$ 586,076	10
1110	Financial assets measured at fair value through profit/loss – current (Note 7)	1,826	-	2,327	-	45,924	1
1136	Financial assets measured at amortized cost – current (Notes 8 and 29)	349,205	7	754,445	14	110,426	2
1150	Notes receivable (Notes 9)	1,429	-	159,152	3	3,269	-
1170	Accounts receivable (Notes 9)	415,331	8	371,178	7	384,603	7
1180	Accounts receivable – related parties (Notes 9 and 28)	1,598,222	32	2,056,179	37	2,195,019	38
1200	Other receivables	40,342	1	21,260	-	18,149	-
1210	Other receivables – related parties (Note 28)	12,817	-	12,008	-	11,430	-
1220	Current income tax assets	-	-	-	-	131	-
130X	Inventory (Note 10)	982,337	19	1,020,475	18	1,118,089	20
1410	Prepayments (Note 16)	90,468	2	123,192	2	183,973	3
1479	Other current assets - other	5,448	-	5,588	-	3,921	-
11XX	Total current assets	4,229,598	84	4,823,483	86	4,661,010	81
	Non-current assets						
1535	Financial assets measured at amortized cost – non-current (Notes and 8)	46,290	1	44,960	1	274,380	5
1550	Investments accounted for using the equity method (Note 12)	31,572	1	30,801	1	86,608	2
1600	Property, plant and equipment (Notes 13)	607,519	12	606,290	11	596,587	10
1755	Right-of-use assets (Note 14)	46,670	1	46,899	1	57,729	1
1760	Net investment property (Note 15)	4,373	-	4,446	-	6,369	-
1780	Other intangible assets	4,527	-	4,677	-	4,870	-
1840	Deferred income tax assets	18,361	-	18,314	-	14,736	-
1920	Deposits paid	3,483	-	3,387	-	3,471	-
1975	Net defined benefit assets – non-current (Notes 4)	27,004	1	26,909	-	24,844	1
15XX	Total non-current assets	789,799	16	786,683	14	1,069,594	19
1XXX	Total assets	$ 5,019,397	100	$ 5,610,166	100	$ 5,730,604	100
Code	**Liabilities and equity**						
	Current liabilities						
2100	Short-term loans (Note 17)	$ 328,756	7	$ 844,805	15	$ 45,000	1
2130	Contract liabilities – current (Note 22)	110,228	2	84,433	2	86,672	2
2170	Accounts payable (Note 18)	802,113	16	978,886	17	1,560,090	27
2180	Accounts payable – related parties (Notes 18 and 28)	209,049	4	268,212	5	439,288	8
2219	Other payables (Note 19)	241,921	5	274,230	5	233,582	4
2220	Other payables – related parties (Note 28)	15,964	1	7,786	-	6,509	-
2230	Current income tax liabilities (Note 4)	64,782	1	54,658	1	60,872	1
2280	Lease liabilities – current (Note 14)	6,133	-	6,288	-	14,193	-
2300	Other current liabilities (Note 19)	59,204	1	68,109	1	64,081	1
21XX	Total current liabilities	1,838,150	37	2,587,407	46	2,510,287	44
	Non-current liabilities						
2570	Deferred income tax liabilities	5,382	-	5,382	-	5,366	-
2580	Lease liabilities – non-current (Note 14)	19,142	-	20,419	1	22,547	-
2645	Deposits received	4,145	-	4,026	-	4,076	-
25XX	Total non-current liabilities	28,669	-	29,827	1	31,989	-
2XXX	Total liabilities	1,866,819	37	2,617,234	47	2,542,276	44
	Equity attributable to shareholders of the parent (Note 21)						
3100	Share capital	1,476,826	30	1,476,826	26	1,476,826	26
3200	Capital reserves	315,269	6	315,269	6	315,269	6
	Retained earnings						
3310	Legal reserves	179,443	4	179,443	3	152,376	3
3320	Special reserves	43,960	1	43,960	1	117,866	2
3350	Undistributed earnings	474,476	9	416,357	7	536,761	9
3300	Total retained earnings	697,879	14	639,760	11	807,003	14
3400	Other equity	43,086	1	(29,261)	-	6,863	-
31XX	Equity attributable to shareholders of the parent	2,533,060	51	2,402,594	43	2,605,961	46
36XX	Non-controlling interest (Note 11)	619,518	12	590,338	10	582,367	10
3XXX	Total equity	3,152,578	63	2,992,932	53	3,188,328	56
	Total liabilities and equity	$ 5,019,397	100	$ 5,610,166	100	$ 5,730,604	100

The notes attached hereto constitute part of this consolidated financial report.

Chairman: Wang Chun-Tung President: Wang Chun-Tung Accounting Manager: Chen Fang-Ting

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the Three Months Ended March 31			
		2026		2025	
Code		Amount	%	Amount	%
4100	Operating revenue (Notes 22 and 28)	$ 1,072,506	100	$ 1,568,705	100
5110	Operating cost (Notes 10, 23 and 28)	916,544	86	1,333,681	85
5900	Gross operating profit	155,962	14	235,024	15
	Operating expense (Notes 9, 23 and 28)				
6100	Marketing expense	22,083	2	20,875	1
6200	Management expense	37,664	3	46,916	3
6300	R&D expense	19,335	2	18,484	1
6450	Expected credit impairment loss	-	-	178	-
6000	Total operating expenses	79,082	7	86,453	5
6900	Net operating profit	76,880	7	148,571	10
	Non-operating revenues and expenses (Notes 12, 23 and 28)				
7100	Interest income	5,560	1	6,565	-
7010	Other incomes	8,475	1	6,091	-
7020	Other profits and losses	(9,533)	(1)	3,270	-
7050	Financial cost	(1,745)	-	(748)	-
7060	Share of losses of associates accounted for using the equity method	(234)	-	(23,515)	(1)
7000	Total non-operating revenues and expenses	2,523	1	(8,337)	(1)
7900	Pre-tax net profit	79,403	8	140,234	9
7950	Income tax expenses (Notes 4 and 24)	9,745	1	23,403	2

Code		For the Three Months Ended March 31			
		2026		2025	
		Amount	%	Amount	%
8200	Net profit	69,658	7	116,831	7
	Other comprehensive income				
8360	Items likely to be subsequently reclassified as profit or loss:				
8361	Exchange differences on translation foreign operations	$ 88,982	8	$ 60,050	4
8370	Share of other comprehensive income of associates accounted for using the equity method	1,006	-	2,717	-
8300	Other comprehensive income, net of income tax	89,988	8	62,767	4
8500	Total comprehensive income	$ 159,646	15	$ 179,598	11
8600	Net profit attributable to:				
8610	Shareholders of the parent	$ 58,119	5	$ 92,985	6
8620	Non-controlling interests	11,539	1	23,846	1
		$ 69,658	6	$ 116,831	7
8700	Total comprehensive income attributable to:				
8710	Shareholders of the parent	$ 130,466	12	$ 143,808	9
8720	Non-controlling interests	29,180	3	35,790	2
		$ 159,646	15	$ 179,598	11
	EPS (Note 25)				
9750	Basic	$ 0.39		$ 0.63	
9850	Diluted	0.39		0.63	

The notes attached hereto constitute part of this consolidated financial report.

Chairman: Wang Chun-Tung President: Wang Chun-Tung Accounting Manager: Chen Fang-Ting

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity
(Reviewed, Not Audited)
Unit: NTD thousand

		Equity Attributable to Shareholders of the Parent								
				Retained Earnings			Other equity			
Code		Share capital	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Total	Non-controlling interest	Total equity
A1	January 1, 2026	$ 1,476,826	$ 315,269	$ 179,443	$ 43,960	$ 416,357	($ 29,261)	$ 2,402,594	$ 590,338	$ 2,992,932
D1	Net Income	-	-	-	-	58,119	-	58,119	11,539	69,658
D3	Other comprehensive income, net of income tax	-	-	-	-	-	72,347	72,347	17,641	89,988
D5	Total comprehensive income	-	-	-	-	58,119	72,347	130,466	29,180	159,646
Z1	March 31, 2026	$ 1,476,826	$ 315,269	$ 179,443	$ 43,960	$ 474,476	$ 43,086	$ 2,533,060	$ 619,518	$ 3,152,578
A1	January 1, 2025	$ 1,476,826	$ 315,269	$ 152,376	$ 117,866	$ 443,776	($ 43,960)	$ 2,462,153	$ 546,577	$ 3,008,730
D1	Net Income	-	-	-	-	92,985	-	92,985	23,846	116,831
D3	Other comprehensive income, net of income tax	-	-	-	-	-	50,823	50,823	11,944	62,767
D5	Total comprehensive income	-	-	-	-	92,985	50,823	143,808	35,790	179,598
Z1	March 31, 2025	$ 1,476,826	$ 315,269	$ 152,376	$ 117,866	$ 536,761	$ 6,863	$ 2,605,961	$ 582,367	$ 3,188,328

The notes attached hereto constitute part of this consolidated financial report.

Chairman: Wang Chun-Tung President: Wang Chun-Tung Accounting Manager: Chen Fang-Ting

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars)

Code		For the three Months Ended March 31 2026	2025
	Cash flow from operating activities		
A10000	Pre-tax net profit in the current year	$ 79,403	$ 140,234
A20000	Profits, expenses and losses:		
A20100	Depreciation expense	26,877	29,529
A20200	Amortization expense	344	409
A20300	Expected credit impairment loss	-	178
A20400	Net loss (profit) on financial assets and liabilities measured at fair value through profit or loss	562	(3,725)
A20900	Financial cost	1,745	748
A21200	Interest income	(5,560)	(6,565)
A22300	Share of losses of associates accounted for using the equity method	234	23,515
A22500	Loss (gain) on disposal of property, plant and equipment	87	(40)
A23900	Provision for (reversal of) refund liabilities	(9,872)	8,935
A23700	Gain on reversal of inventory write-down and obsolescence loss	(4,448)	(1,413)
A29900	Gain on lease modification	(799)	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	160,291	248
A31150	Accounts receivable	(43,144)	(23,385)
A31160	Accounts receivable-related parties	523,678	(617,666)
A31180	Other receivables	(18,365)	(11,653)
A31190	Other receivables-related parties	(809)	7,131
A31200	Inventory	71,142	(95,930)
A31230	Prepayments	35,212	(62,588)
A31240	Other current assets	306	(989)
A32125	Contract liabilities	25,795	1,804
A32150	Accounts payable	(202,405)	317,343
A32160	Accounts payable-related parties	(66,194)	90,751
A32180	Other payables	(39,934)	(14,977)
A32190	Other payables-related parties	8,178	4,490
A32230	Other current liabilities	949	3,163
A32240	Net defined benefit liabilities	(95)	(93)

Code		For the three Months Ended March 31 2026	2025
A33000	Cash generated from (used in) operations	543,178	(210,546)
A33100	Interest received	5,850	6,932
A33300	Interest paid	(1,745)	(748)
A33500	Income tax paid	(424)	(1,252)
AAAA	Net cash inflows (outflows) from operating activities	546,859	(205,614)
	Cash flow from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	($ 4,267)	($ 237,319)
B00050	Disposal of financial assets measured at amortized cost	49,206	11,735
B00200	Disposal of financial assets measured at fair value through profit/loss	-	607,804
B02700	Purchase of property, plant and equipment	(7,772)	(10,528)
B02800	Proceeds from disposal of property, plant and equipment	-	40
B04500	Acquisition of intangible assets	(87)	-
BBBB	Net cash inflows (outflows) from investing activities	37,080	371,732
	Cash flow from financing activities		
C00100	Increase in short-term loans	543,911	45,000
C00200	decrease in short-term loans	(698,860)	-
C03000	Increase in guarantee deposits received	-	(647)
C04020	Repayment of principal of lease	(1,607)	(5,099)
CCCC	Net cash inflow (outflow) from financing activities	(156,556)	39,254
DDDD	Effect of changes in exchange rate on cash and cash equivalents	7,111	3,522
EEEE	Increase (Decrease) in cash and cash equivalents in the current year	434,494	208,894
E00100	Starting balance of cash and cash equivalents	297,679	377,182
E00200	Ending balance of cash and cash equivalents	$ 732,173	$ 586,076

The notes attached hereto constitute part of this consolidated financial report.

Chairman: Wang Chun-Tung President: Wang Chun-Tung Accounting Manager: Chen Fang-Ting

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements
For the Three Months Ended March 31, 2026 and 2025
(Reviewed, Not Audited)
(All amounts are in NTD thousand unless otherwise specified)

I. History of LFE

Loyalty Founder Enterprise Co., Ltd. (hereinafter "LFE") was founded on July 23, 1984, and the scope of its primary business includes the manufacturing, processing and sales of precision steel mold and stamping die products for computers and server chassis, the manufacturing of data storage and processing equipment and the import and export of the foregoing products. On November 8, 2000, the stocks of LFE were listed for trading at the Taipei Exchange.

On June 13, 2016, Compucase Enterprise Co., Ltd. (a public company; stock code: 3032) gained a majority of the seats of directors at LFE and has since been the ultimate parent company of LFE, holding 50.62% of the shares of LFE as of March 31, 2026.

This consolidated financial report is presented in NTD, our functional currency.

II. Date and procedures of approval of the financial report

This consolidated financial report was approved by the Board of Directors on May 12, 2026.

III. Application of new and amended standards and interpretations

(I) The initial application of 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) did not result in any material changes to the Company's consolidated accounting policies.

(II) 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 (Note1)
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 (Note2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including 2025 amendments)	January 1, 2027
Amendments to IAS 21 Translation into a Hyperinflationary Presentation Currency	January 1, 2027

Note1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the Financial Supervisory Commission (FSC) announced that entities in Taiwan are required to adopt IFRS 18 “Presentation and Disclosure in Financial Statements” effective from January 1, 2028. Early adoption is permitted upon endorsement of IFRS 18 by the FSC.

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

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

- The Group shall assess whether it has specific principal activities of investing in particular types of assets and providing financing to customers, and, based on such assessment, classify the income and expense items in the statement of profit or loss into operating, investing, financing, income tax, and discontinued operations categories.
- The statement of profit or loss shall present 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 Corporation and its subsidiaries as a whole, the Corporation and its subsidiaries 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”:

- When the Group prepares cash flows from operating activities using the indirect method, the reconciliation shall start from operating profit or loss.
- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities.

  If the Group, based on its assessment, has specific principal revenue-producing activities, it shall consider the nature of dividend income, interest income, and interest expense as presented in the statement of profit or loss to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows. However, each of the aforementioned cash flows shall be classified consistently within a single category of activities in the statement of cash flows.

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment completed.

IV. Summary of material accounting policies

(I) Statement of compliance

The 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 financial statements.

(II) Basis of preparation

Except for financial instruments measured at fair value and net defined benefit assets recognized at the present value of defined benefit obligations less the fair value of plan assets, this consolidated financial report has been prepared on the basis of historical cost.

For fair value measurements, the inputs are categorized into Level 1, 2, and 3 based on their observability and priority:

1. Level 1 inputs: Quoted prices in active markets for identical assets or liabilities accessible on the measurement date (unadjusted).
2. Level 2 inputs: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e. the price) or indirectly (i.e. deriving from the price).
3. Level 3 inputs: Unobservable inputs for the asset or liability.

(III) Basis of consolidation

This consolidated financial report includes the financial reports of LFE and the entities controlled by LFE (subsidiaries). The financial reports of subsidiaries have been adjusted to ensure their accounting policies are consistent with those of the consolidated company. All transactions, account balances, profits, expenses and losses between entities have been eliminated during preparation of the consolidated financial report. The total comprehensive income of a subsidiary is attributable to the owners of LFE and non-controlling interests, even when non-controlling interests become a loss balance as a result.

Changes in the ownership interest of the consolidated company in a subsidiary that do not result in a loss of control are treated as equity transactions. The carrying amount of the consolidated company and non-controlling interests have been adjusted to reflect changes in their relative equity in the subsidiary. The difference between the adjusted amount of non-controlling interests and the fair value of considerations paid or received is directly recognized in equity and attributable to the owners of LFE.

For the details, shareholdings and scope of business of subsidiaries, see Note 11 and Tables 5 and 6.

(IV) Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2025.

1. Derecognition of financial liabilities

Financial liabilities are derecognized when the contractual obligations specified in the relevant contracts are discharged, cancelled, or expire, or when an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are substantially modified. Upon derecognition of a financial liability, the difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

2.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 plan amendments, settlements, or other significant one-off events.

3.Taxation

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

V. Main sources of uncertainty of material accounting judgments, estimates and assumptions

The same material accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2025.

VI. Cash and cash equivalents

	March 31, 2026	December 31 2025	March 31, 2025
Cash on hand and working capital	$ 571	$ 557	$ 565
Bank checks and demand deposits	235,449	169,642	360,419
Cash equivalents			
Time deposits at banks with an original date of maturity within 3 months	380,153	22,480	225,092
Bonds with conditions for repurchase	116,000	105,000	-
	$ 732,173	$ 297,679	$ 586,076

The following are the interest rate ranges of cash equivalents on the balance sheet date:

	March 31, 2026	December 31 2025	March 31, 2025
Time deposits at banks with an original date of maturity within 3 months	1.4%～1.62%	1.4%	1.72%～4.15%
Bonds with conditions for repurchase	1.45%	1.45%	-%

VII. Financial instruments measured at fair value through profit/loss

	March 31, 2026	December 31 2025	March 31, 2025
Financial assets – current			
Financial assets mandatorily classified as at FVTPL			
Derivative instrument–forward foreign exchange contract(I)	$ 1,826	$ 2,327	$ 194
Hybrid financial assets–Structured deposits(II)	-	-	45,730
	$ 1,826	$ 2,327	$ 45,924

(I) The following are forward foreign exchange contracts which do not apply hedge accounting and are yet to mature on the balance sheet date:

March 31, 2026

	Currency	Maturity period	Contractual amount (NTD thousand)
Forward foreign exchange sold	USD to RMB	115.04～115.09	USD 25,000／CNY 172,333

December 31, 2025

	Currency	Maturity period	Contractual amount (NTD thousand)
Forward foreign exchange sold	USD to RMB	115.01～115.05	USD 17,950／CNY 125,548

March 31, 2025

	Currency	Maturity period	Contractual amount (NTD thousand)
Forward foreign exchange sold	USD to RMB	114.04～114.06	USD 4,820／CNY 34,903

(II) A structured deposit includes an embedded derivative that is not closely related to the main contract. Since the underlying contract in the hybrid agreement falls within the scope of IFRS 9, it is classified as a financial asset measured at fair value through profit or loss based on the overall assessment of the hybrid contract.

VIII. Financial assets measured at amortized cost – current

	March 31, 2026	December 31 2025	March 31, 2025
Current			
Time deposits at banks with an original date of maturity beyond 3 months	$ 324,030	$ 343,011	$ 100,584
Restricted bank deposits	25,175	411,434	9,842
	$ 349,205	$ 754,445	$ 110,426
Non-current			
Time deposits with an original date of maturity beyond 3 months	$ 46,290	$ 44,960	$ 274,380

(I) The interest rate ranges of time deposits with an original date of maturity beyond 3 months were as follows:

	March 31, 2026	December 31 2025	March 31, 2025
Time deposits at banks with an original date of maturity beyond 3 months	2.3%～3%	2.3%～3.82%	1.65%～4.14%

(II) For the information of pledges, see Note 29.

IX. Accounts receivable (including related parties)

	March 31, 2026	December 31 2025	March 31, 2025
Notes receivable			
Measured at amortized cost			
Total carrying amount	$ 1,429	$ 159,152	$ 3,269
Less: Loss allowance	-	-	-
	$ 1,429	$ 159,152	$ 3,269
Accounts receivable– non-related parties			
Measured at amortized cost			
Total carrying amount	$ 415,331	$ 371,178	$ 385,131
Less: Loss allowance	-	-	528
	$ 415,331	$ 371,178	$ 384,603
Accounts receivable – related parties	$ 1,598,222	$ 2,056,179	$ 2,195,019

The average loan period of the consolidated company for sales of goods is 30 to 270 days, with zero interest accrued on accounts receivable. In order to mitigate credit risk, the management of the consolidated company has designated special teams for determination of credit lines, approval of loans and other monitoring procedures to ensure that appropriate actions are taken to recover overdue payments receivable. Furthermore, the consolidated company reviews the recoverable amounts of payments receivable separately on the balance sheet date to ensure that irrecoverable payments receivable have been accounted for in appropriate impairment losses. Accordingly, the management of the consolidated company considers that its credit risks have reduced significantly.

The consolidated company recognizes the loss allowance for accounts receivable based on the full lifetime expected credit losses. The full lifetime expected credit losses are calculated using a provision matrix with consideration of the default history and current financial condition of a customer and the economic trend of the industry. An assessment by the management of the consolidated company has indicated no concern about impairment to payments of related parties. Since the historical experience of the consolidated company in credit losses has shown no significant difference in the types of loss between distinct customer bases of non-related parties, the provision matrix has made no further distinction between the customer bases and has only set the expected credit loss rate based on the number of days of accounting of accounts receivable from non-related parties.

If there is any evidence indicating that the counterparty is faced with severe financial difficulties and that the consolidated company is not able to reasonably expect any recoverable amount, e.g., the counterparty is undergoing liquidation, the consolidated company directly writes off the relevant accounts receivable, and it will continue to pursue recourse actions. All amounts recovered through recourse are recognized in profit/loss.

Notes receivable

None of the Notes receivable of the consolidated company were overdue, and no expected credit losses were set aside for notes receivable.

Accounts receivable

The loss allowance for accounts receivable (including related parties) of the consolidated company is analyzed by aging based on days past due as follows:

March 31, 2026

	Not past due	Past due 1–90 days	Past due 91–180 days	Past due 181–365 days	Past due over 365 days	Total
Credit loss rate	0%	0%	0%	0%	100%	
Total carrying amount	$ 1,195,005	$ 818,544	$ 4	$ -	$ -	$ 2,013,553
Loss allowance (full lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	$ 1,195,005	$ 818,544	$ 4	$ -	$ -	$ 2,013,553

December 31, 2025

	Not past due	Past due 1–90 days	Past due 91–180 days	Past due 181–365 days	Past due over 365 days	Total
Credit loss rate	0%	0%	0%	0%	100%	
Total carrying amount	$ 1,221,555	$ 1,205,750	$ 52	$ -	$ -	$ 2,427,357
Loss allowance (full lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	$ 1,221,555	$ 1,205,750	$ 52	$ -	$ -	$ 2,427,357

The loss allowances of the consolidated company for accounts receivable (including related parties) are analyzed by aging based on the invoice date as follows:

March 31, 2025

	0 to 90 days	91 to 180 days	181 to 365 days	366 or more days	Total
Credit loss rate	0%～0.06%	0%～0.22%	0%～19.8%	100%	
Total carrying amount	$ 2,183,433	$ 393,867	$ 2,850	$ -	$ 2,580,150
Loss allowance (full lifetime expected credit losses)	(167)	(159)	(202)	-	(528)
Amortized cost	$ 2,183,266	$ 393,708	$ 2,648	$ -	$ 2,579,622

The information of changes in loss allowance for accounts receivable is as follows:

	For the Three Months Ended March 31,2025
Starting balance	$ 350
Net remeasurement of loss allowance	178
Ending balance	$ 528

X. Inventory

	March 31, 2026	December 31 2025	March 31, 2025
Raw materials	$ 257,348	$ 273,694	$ 364,072
Work in process	89,338	56,948	186,405
Semi-finished products	181,382	174,782	138,113
Finished goods	454,269	515,051	429,499
	$ 982,337	$ 1,020,475	$ 1,118,089

The costs of inventories recognized as operating costs for the three months ended March 31, 2026 and 2025 were NT$916,544 thousand and NT$1,333,681 thousand, respectively, including the gains on reversal of inventory write-downs of NT$4,448 thousand and NT$1,413 thousand, respectively. The gains on reversal of inventory write-downs were mainly attributable to the sale of previously written-down inventories.

XI. Subsidiary

(I) Subsidiaries included in the Consolidated Financial Statements:

Entities in the consolidated financial report prepared are as follows:

Name of investor company	Name of subsidiary	Nature of business	Shareholding (%) March 31, 2026	Shareholding (%) December 31, 2025	Shareholding (%) March 31, 2025
LFE	Axxion Group Corp. (Axxion)	Import and sales of computers, server chassis and their associated components	100%	100%	100%
	Loyalty Founder Enterprise Corp. Ltd. (LFKY) (Note)	General investments	100%	100%	100%
	Axxion Mexico-LFE S.A. de C.V. (Axxion Mexico)	Manufacturing of computers, server chassis and their associated components	99%	99%	99%
LFKY	Loyalty Founder Enterprise Co. (H.K.)Ltd.(LFHK) (Note)	Import and export of computers, server chassis, keyboards, scanners, dies and other components	100%	100%	100%
LFHK	Loyalty Founder Enterprise Company (D.G) Ltd. (LFDG)	Manufacturing, import and export of electronics, optoelectronic products, precision dies and precision plastic injectors	79.87%	79.87%	79.87%

Note: In May 2025, LFE made a capital increase of USD760 thousand in the subsidiary LFKY; In May 2025, LFKY made a capital increase of USD1,000 thousand in the subsidiary LFHK, and the registrations have completed.

(II) Information of subsidiaries with material non-controlling interests

Name of subsidiary	Shareholding and voting rights of non-controlling interests (%) March 31, 2026	December 31 2025	March 31, 2025
LFDG	20.13%	20.13%	20.13%

For information regarding the principal place of business and the country of registration of the subsidiary, see Table 6.

Name of subsidiary	Profit/Loss distributed to non-controlling interests For the Three Months Ended March 31 2026	2025
LFDG	$ 11,539	$ 23,846

Name of subsidiary	Non-controlling interest March 31, 2026	December 31 2025	March 31, 2025
LFDG	$ 619,497	$ 590,317	$ 582,345

The consolidated financial information of the following subsidiary is prepared based on the amounts of inter-company transactions prior to write-off:

LFDG

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	$ 3,824,680	$ 4,578,911	$ 4,141,030
Non-current assets	706,036	703,020	935,487
Current liabilities	(1,426,565)	(2,321,976)	(2,153,363)
Non-current liabilities	(22,632)	(23,436)	(24,832)
Equity	$ 3,081,519	$ 2,936,519	$ 2,898,322
Equity attributable to:			
Shareholders of the parent	$ 2,461,209	$ 2,345,398	$ 2,314,889
Non-controlling interests	620,310	591,121	583,433
	$ 3,081,519	$ 2,936,519	$ 2,898,322

	For the Three Months Ended March 31 2026	2025
Operating revenue	$ 1,020,471	$ 1,442,781
Net profit in the current year	$ 57,367	$ 116,373
Other comprehensive income	87,633	59,333
Total comprehensive income	$ 145,000	$ 175,706
Net profit attributable to:		
Shareholders of the parent	$ 45,819	$ 92,947
Non-controlling interests	11,548	23,426
	$ 57,367	$ 116,373
Total comprehensive income attributable to:		
Shareholders of the parent	$ 115,811	$ 140,336
Non-controlling interests	29,189	35,370
	$ 145,000	$ 175,706

	For the Three Months Ended March 31	
	2026	2025
Cash flows		
Operating activities	$ 508,715	($ 220,457)
Investing activities	7,821	327,653
Fundraising activities	(306,378)	(5,024)
Net cash inflows	$ 210,158	$ 102,172

XII. Investments accounted for using the equity method

	March 31, 2026	December 31, 2025	March 31, 2025
Associates with materiality			
Optima Healthcare Inc. (OPT)	$ -	$ -	$ 55,145
Individual immaterial associates			
Super Laser Precision Machinery Ltd.（Super Laser）	31,572	30,801	31,463
	$ 31,572	$ 30,801	$ 86,608

Associates with materiality

Company name	Nature of business	Principal place of business	Shareholding and voting rights (%) March 31, 2026	December 31, 2025	March 31, 2025
OPT	Manufacturing and sales of medical devices and equipment	Taiwan	35.07%	35.07%	35.07%

In 2025, OPT, an associate of the Company, based on the outcome of an international arbitration award, primarily recognized estimated litigation expenses and compensation losses, resulting in negative shareholders' equity. The consolidated company recognized its share of comprehensive loss and impairment loss only to the extent of its interest, reducing the carrying amount of the investment accounted for using the equity method to zero, and accordingly ceased recognizing further losses. The Company's share of OPT's current and cumulative unrecognized losses, as extracted from OPT's financial statements, is as follows:

	For the Three Months Ended March 31, 2026
Current amounts	($ 24,116)
Cumulative amounts	($ 513,005)

The investment of the consolidated company using the equity method and its share of profit and loss and other comprehensive profit and loss are recognized in accordance with the financial statements of each affiliated enterprise for the same period that have not been reviewed by an accountant.

XIII. Property, plant and equipment

For the statement of changes in property, plant and equipment, see Table 7.

The depreciation expense is accounted for on a straight-line basis over the following useful lives:

Premises and buildings	
Main factory buildings	50 years
Others	2 to 21 years
Machine/Equipment	2 to 15 years
Office equipment	2 to 11 years
Other equipment	2 to 10 years

The consolidated company engaged in the following investment activities with transactions in cash:

	For the Three Months Ended March 31	
	2026	2025
Increase in property, plant and equipment	$ 8,634	$ 7,892
Decrease(Increase) in other payables – payments for equipment	(862)	2,636
Cash paid for property, plant and equipment	$ 7,772	$ 10,528

XIV. Lease agreement

(I) Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount of right-of-use assets			
Land	$ 23,846	$ 23,617	$ 21,907
Buildings	22,711	23,136	35,575
Other equipment	113	146	247
	$ 46,670	$ 46,899	$ 57,729

	For the Three Months Ended March 31	
	2026	2025
Increase of right-of-use assets	$ 439	$ 270
Depreciation expense of right-of-use assets		
Land	$ 463	$ 444
Buildings	1,312	4,740
Other equipment	34	34
	$ 1,809	$ 5,218

For the three months ended March 31, 2026 and 2025, the right-of-use assets of the consolidated company were not subject to any material sublease or impairment except for the expenses for addition and recognition of depreciation listed above.

(II) Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount of lease liabilities			
Current	$ 6,133	$ 6,288	$ 14,193
Non-current	$ 19,142	$ 20,419	$ 22,547

The discount rate ranges for lease liabilities are as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Land	2.12%	2.12%	1.3%
Buildings	1.51%～2.6%	1.51%～1.83%	1.3%～1.83%
Other equipment	1.86%	1.86%	1.86%

(III) Material lease activities and terms

The consolidated company has rented certain land, buildings and equipment for operating purposes with a lease term of 2 to 50 years. The rights of the subsidiary LFDG to use its land in Mainland China will expire during 2055 to 2057.

(IV) Other lease information

	For the Three Months Ended March 31	
	2026	2025
Expenses on lease of short-term and low-value assets	$ 5,272	$ 1,343
Total cash outflow from lease	$ 6,968	$ 6,566

The consolidated company opts to apply the recognition exemption to leases of certain equipment constituting short-term leases and leases of low-value assets, and do not recognize right-of-use assets and lease liabilities relevant to such leases.

XV. Investment property

Except for the recognized depreciation expenses, there were no major additions, disposals and impairments of the investment real estate of the merged company for the nine months ended March 31, 2026 and 2025.

The investment real estate of the merged company is the factory building in Qingxi Town, Dongguan City, Guangdong Province, Mainland China. Due to the infrequent market transactions and the inability to obtain reliable alternative fair value estimates, the fair value cannot be reliably determined.

Investment property is depreciated according to the useful life from 9.5 to 21 years.

XVI. Prepayments

	March 31, 2026	December 31 2025	March 31, 2025
Prepayments for goods	$ 46,996	$ 64,226	$ 52,656
Overpaid sales tax	2,225	2,153	5,297
Purchase tax	33,365	48,955	118,762
Others	7,882	7,858	7,258
	$ 90,468	$ 123,192	$ 183,973

XVII. Short-term loans

	March 31, 2026	December 31 2025	March 31, 2025
Credit loans from banks	$ 150,000	$ -	$ 45,000
Secured bank loans（Note29）	178,756	844,805	-
	$ 328,756	$ 844,805	$ 45,000

The annual interest rates of short-term borrowings were as follows:

	March 31, 2026	December 31 2025	March 31, 2025
Credit loans	1.95%	-	1.85%
Secured loans	0.61%～1.25%	0.61%～1.05%	-

XVIII. Accounts payable (including related parties)

The accounts payable (including related parties) of the consolidated company have all arisen from its operations. For purchases, the average credit period is 90 days on a monthly basis. The consolidated company has established financial risk management policies to ensure that all accounts payable are paid off within the pre-agreed credit period.

XIX. Other current liabilities

	March 31, 2026	December 31 2025	March 31, 2025
Other payables			
Salaries and bonuses payable	$ 53,410	$ 65,167	$ 59,835
Contribution payable to housing funds	46,679	45,182	45,513
Remuneration payable to employees, directors	19,309	15,423	24,911
Repair expenses payable(Note30)	15,154	14,718	-
Commissions payable	5,454	5,358	5,904
Advertising fees payable	-	-	4,155
Equipment and construction payments payable	2,643	1,781	3,149
Others	99,272	126,601	90,115
	$ 241,921	$ 274,230	$ 233,582
Other current liabilities			
Refund liabilities	$ 56,955	$ 66,827	$ 59,445
Others	2,249	1,282	4,636
	$ 59,204	$ 68,109	$ 64,081

XX. Post-employment benefit plans

Employee benefits expense in respect of the Group's defined retirement benefit plans was $94 thousand and $93 thousand for the three months ended March 31, 2026 and 2025, respectively, and were calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2025 and 2024, respectively.

XXI. Equity

(I) Common share capital

	March 31, 2026	December 31, 2025	March 31, 2025
Number of authorized shares (thousand shares)	250,000	250,000	250,000
Authorized share capital	$ 2,500,000	$ 2,500,000	$ 2,500,000
Number of issued shares with full payment received (thousand shares)	147,683	147,683	147,683
Issued share capital	$ 1,476,826	$ 1,476,826	$ 1,476,826
Publicly issued common shares	$ 822,194	$ 822,194	$ 822,194
Privately placed common shares	654,632	654,632	654,632
	$ 1,476,826	$ 1,476,826	$ 1,476,826

Common shares are issued at a par value of NTD10, with each share entitled to one voting right and the right to receive dividends.

On June 13, 2008, our annual shareholders' meeting adopted a resolution for capital increase by cash via private placement. On February 3, 2009, the Board of Directors adopted a resolution for private placement of 120,000 thousand common shares at NTD2.5 per share totaling NTD300,000 thousand, with March 31, 2009 set as the record date for the capital increase via private placement. After capital reductions to offset losses and return share payments in the following years, a total of NTD654,632 thousand with 65,463 thousand privately placed common shares has remained.

The foregoing privately placed common shares are, in accordance with the Securities and Exchange Act, subject to restrictions on circulation and transfer, and an application for their OTC listing and trading may be filed only after a lapse of 3 years from the date of their delivery and following their public listing. The rights and obligations of privately placed common shares are same as those of our outstanding common shares.

(II) Capital reserves

	March 31, 2026	December 31, 2025	March 31, 2025
Usable for offsetting of losses, distribution of cash or contribution to share capital (Note 1)			
Shares issued in excess of par value	$ 219,022	$ 219,022	$ 219,022
Usable only for offsetting of losses (Note 2)			
Recognized changes in ownership equity in subsidiaries	94,772	94,772	94,772
Changes in net equity of associates accounted for using the equity method	1,474	1,474	1,474
Exercise of disgorgement	1	1	1
	$ 315,269	$ 315,269	$ 315,269

Note 1: This category of capital reserves may be used to offset losses, or to distribute cash dividends or be contributed to the share capital if LFE has no losses, provided that such contribution to the share capital does not exceed a certain percentage of the paid-in share capital each year.

Note 2: This category of capital reserves is the effect of equity transactions recognized due to changes in the equity of subsidiaries or the adjustment to the capital reserves of associates accounted for using the equity method by LFE, where LFE has not actually acquired or disposed of the equity of subsidiaries.

(III) Retained earnings and dividend policy

According to LFE's earnings distribution policy in the Articles of Incorporation, where LFE has earnings in the final accounts of a fiscal year, it shall set aside 10% thereof as legal reserves after paying taxes and offsetting accumulated losses as legally required, unless the amount of such legal reserves equals or exceeds LFE's paid-in capital. The remaining amount of the foregoing earnings shall be set aside or reversed as special reserves. If there is still any balance thereof, the Board of Directors shall prepare a proposal for distribution of earnings in respect of such balance plus the accumulated undistributed earnings and submit the proposal to a shareholders' meeting for a resolution on distribution of dividends and bonuses to shareholders. For the policy on distribution of the remuneration for employees, directors and supervisors in the Articles of Incorporation, see "(7) Remuneration for employees, directors" under "Pre-tax profit" in Note 23.

Taking into account LFE's capital plan and funding needs in the future, cash dividends must account for no less than 5% of the dividends to be distributed, adjustable based on the financial conditions.

Legal reserves may be used to offset losses. Where LFE has no losses and if legal reserves exceed the total paid-in capital by 25%, the excess amount may be contributed to the share capital or distributed in cash.

The appropriations of earnings for 2025 and 2024 had been proposed by the board of directors in March 2026 and approved in the shareholders' meeting in June 2025, respectively. The appropriations and dividends per share were as follows:

	Distribution of earnings		Dividends per share (NTD)	
	2025	2024	2025	2024
Legal reserves	$ 19,157	$ 27,067		
Special reserves set aside (reversed)	(14,699)	(73,906)		
Cash dividends	177,219	265,829	$ 1.2	$ 1.8

The appropriations of earnings for 2025 are subject to the resolution of the shareholder's meeting to be held in June 2026.

XXII. Revenue

	For the Three Months ended March 31	
	2026	2025
Revenue from contracts with customers		
Sales revenue	$ 1,072,506	$ 1,568,705

(I) Contract balance

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Payments receivable	$ 2,014,982	$ 2,586,509	$ 2,582,891	$ 1,894,756
Contract liabilities – current				
Sales of goods	$ 110,228	$ 84,433	$ 86,672	$ 84,868

(II) Sub-items of revenue from contracts with customers

	For the Three Months ended March 31	
	2026	2025
Power supplies	$ 414,141	$ 836,878
Computers, server chassis and their components	643,816	695,955
Others	14,549	35,872
	$ 1,072,506	$ 1,568,705

XXIII. Pre-tax net profit

(I) Interest income

	For the Three Months ended March 31	
	2026	2025
Bank deposits	$ 5,560	$ 3,369
Others	-	3,196
	$ 5,560	$ 6,565

(II) Other incomes

	For the Three Months ended March 31	
	2026	2025
Rent revenue	$ 4,922	$ 4,886
Others	3,553	1,205
	$ 8,475	$ 6,091

(III) Other profits and losses

	For the Three Months ended March 31	
	2026	2025
Profit (Loss) on foreign currency exchange	($ 12,713)	$ 1,600
Profit (Loss) on disposal of property, plant and equipment	(87)	40

	For the Three Months ended March 31	
	2026	2025
Net profit (loss) on financial assets measured at fair value through profit/loss	2,669	2,749
Gain on lease modification	799	-
Others	(201)	(1,119)
	($ 9,533)	$ 3,270

(IV) Financial cost

	For the Three Months ended March 31	
	2026	2025
Interest of bank loans	$ 1,656	$ 624
Interest of lease liabilities	89	124
	$ 1,745	$ 748

(V) Depreciation and amortization

	For the Three Months ended March 31	
	2026	2025
Property, plant and equipment	$ 24,866	$ 23,192
Right-of-use assets	1,809	5,218
Investment property	202	1,119
Other intangible assets	344	409
	$ 27,221	$ 29,938
Summary of depreciation expenses by purpose		
Operating costs	$ 21,931	$ 21,638

	For the Three Months ended March 31	
	2026	2025
Operating expense	4,744	6,772
Non-operating expenses	202	1,119
	$ 26,877	$ 29,529
Summary of amortization expenses by purpose		
Operating costs	$ 34	$ 34
Operating expense	310	375
	$ 344	$ 409

(VI) Employee benefit expenses

	For the Three Months ended March 31	
	2026	2025
Short-term employee benefits	$ 127,660	$ 127,358
Post-employment benefits		
Defined contribution plan	9,662	9,561
Defined benefit plan (Note 20)	(94)	(93)
	9,568	9,468
	$ 137,228	$ 136,826
Summarized by purpose		
Operating costs	$ 90,272	$ 87,758
Operating expense	46,956	49,068
	$ 137,228	$ 136,826

(VII) Remuneration for employees and directors

According to the Company's Articles of Incorporation, employees' compensation and remuneration of directors are appropriated at the rates of 3% to 10% and no higher than 5%, respectively, of profit before income tax, employees' compensation, and remuneration of directors for the year. Pursuant to the amendments to the Securities and Exchange Act in August 2024, the Company amended its Articles of Incorporation as approved at the 2025 shareholders' meeting, stipulating that no less than 15% of the employees' compensation appropriated for the current year shall be designated as compensation for frontline employees. The estimated employees' compensation and remuneration of directors for the three months ended March 31, 2026 and 2025 were as follows:

Estimated percentage

	For the Three Months ended March 31	
	2026	2025
Remuneration for employees	3.94%	4%
Remuneration for directors	1.97%	2%

Amount

	For the Three Months ended March 31	
	2026	2025
Remuneration for employees	$ 2,591	$ 4,272
Remuneration for directors	$ 1,295	$ 2,136

Any change in the amount after the date of approval and publication of the annual consolidated financial report is treated as a change in accounting estimates and will be adjusted to be accounted for in the next year.
The remuneration for employees and directors in 2025 and 2024 was approved by the Board of Directors in March 2026 and 2025, respectively, as follows:

Amount

	2025	2024
Remuneration for employees	$ 10,282	$ 12,269
Remuneration for directors	$ 5,141	$ 6,134

There is no difference between the actually distributed amounts of the remuneration for employees, directors in 2025 and 2024 and the amounts recognized in the consolidated financial report of each year.
For information of the remuneration for employees, directors as approved by the Board of Directors, visit the "Market Observation Post System" of the Taiwan Stock Exchange.

(VIII) (Loss) Profit on foreign currency exchange

	For the Three Months ended March 31	
	2026	2025
Total profit on foreign currency exchange	$ 10,859	$ 4,765
Total loss on foreign currency exchange	(23,572)	(3,165)
Net profit(loss)	($ 12,713)	$ 1,600

XXIV. Income tax

(I) Income taxes recognized in profit/loss

Income tax expenses consist of the following main items:

	For the Three Months ended March 31	
	2026	2025
Current income tax		
Incurred in the current period	$ 9,752	$ 23,070
Deferred income tax		
Incurred in the current period	(7)	333
	$ 9,745	$ 23,403

(II) Approval of income tax

The return of our profit-seeking enterprise income tax up until 2023 was approved by the tax authority.

XXV. Earnings per share

The earning and the weighted average number of common shares used for calculation of EPS are as follows:

Net profit in the current year

	For the Three Months ended March 31	
	2026	2025
Net profit attributable to the owners of LFE	$ 58,119	$ 92,985

Number of shares

Unit: thousand shares

	For the Three Months ended March 31	
	2026	2025
Weighted average number of common shares used for calculation of basic EPS	147,683	147,683
Effect of dilutive potential common shares:		
Remuneration for employees	393	367
Weighted average number of common shares used for calculation of diluted EPS	148,076	148,050

Where the consolidated company chooses to distribute the remuneration for employees in shares or cash, the diluted EPS is calculated by adding the number of dilutive potential common shares to the weighted average number of outstanding shares under the assumption that the remuneration for employees will be distributed in shares. The dilutive effect of the potential common shares will continue to be taken into account when calculating the diluted EPS before a resolution is adopted in the next year on the number of shares distributable as the remuneration for employees.

XXVI. Capital risk management

The consolidated company engages in capital management to ensure its ability to remain a going concern, maintain the best capital structure to reduce capital costs, and provide returns to shareholders. For the purpose of maintaining or adjusting the capital structure, the consolidated company may reduce debts by adjusting the amount of dividends paid to shareholders, returning capital, issuing new shares or selling assets. The consolidated company monitors its capital using the liabilities ratio, which is calculated according to its total liabilities less its total assets.

The capital structure of the consolidated company consists of equity (i.e., share capital, capital reserves, retained earnings and other equity).

The consolidated company is not required to comply with other external capital requirements.

XXVII. Financial instruments

(I) Fair value information – financial instruments not measured at fair value
The management of the consolidated company considers that it is reasonable for the carrying value of financial assets and liabilities not measured at fair value to be near its fair value.

(II) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2026

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/loss				
Derivative instruments	$ -	$ 1,826	$ -	$ 1,826

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/loss				
Derivative instruments	$ -	$ 2,327	$ -	$ 2,327

March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/loss				
Derivative instruments	$ -	$ 194	$ -	$ 194
Structured deposits	-	-	45,730	45,730
	$ -	$ 194	$ 45,730	$ 45,924

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2026 and 2025.

2. Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets	For the Three Months ended March 31,2025
Starting balance	$ 644,832
Recognized in profit or loss (included in interest income)	3,196
Repayments	(607,804)
Recognized in other comprehensive income (included in exchange differences on the translation of the financial statements of foreign operations)	5,506
Ending balance	$ 45,730

3. Valuation techniques and inputs for Level 2 fair value measurement

Type of financial instruments	Valuation techniques and inputs
Derivative instrument – forward foreign exchange contract	Method of discounted cash flow: Future cash flows are estimated using observable forward exchange rates at the end of period and the exchange rates determined in contracts, and are discounted at a discount rate able to reflect the credit risk of each counterparty.

4. Valuation techniques and inputs applied for Level 3 fair value measurement

Fair value through profit or loss – Structured deposits are measured at fair value using the net asset value method.

(III) Types of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
Measured at fair value through profit or loss			
Held for transactions	$ 1,826	$ 2,327	$ 45,924
Financial assets measured at amortized cost (Note 1)	3,199,292	3,720,248	3,586,823
Financial liabilities			
Financial liabilities measured at amortized cost (Note 2)	1,601,948	2,377,945	2,288,545

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, financial assets measured at amortized cost, note receivable, accounts receivable (including related parties), other receivables (including related parties) and guarantee deposits paid.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, accounts payable (including related parties), other payables (including related parties) and deposits received.

(IV) Purposes and policies of financial risk management

The primary financial instruments of the consolidated company include cash and cash equivalents, accounts receivable, payments payable and short-term loans. The financial management department of the consolidated company is responsible for providing services to business units, planning and coordinating operations for entry into domestic and international financial markets, and monitoring and managing financial risks in relation to operations of the consolidated company using internal risk reports that analyze risk exposure based on the level and scope of risks. Such risks include market risks (including exchange rate risk and interest rate risk), credit risk and liquidity risk. Important financial activities of the consolidated company are reviewed by the Board of Directors according to relevant regulations and the internal control system, and internal auditors review compliance with policies and risk exposure limits on an ongoing basis. The consolidated company does not engage in any transaction of financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risks

The risks of change in foreign exchange rates (see (1) below) and in interest rates (see (2) below) are the major financial risks borne by the consolidated company as a result of its operating activities.

There has been no change in exposure of the consolidated company to the market risks of financial instruments or our methods for management and measurement of such exposure.

(1) Exchange rate risk

The consolidated company engages in transactions of the sale and purchase of goods denominated in foreign currencies, exposing it to the risk of change in foreign exchange rates. For the management of exposure of the consolidated company to exchange rate risk, forward foreign exchange contracts are used to manage risks to the extent permitted by policies.

For the carrying amounts of monetary assets and liabilities of the consolidated company denominated in non-functional currencies on the balance sheet date (including the monetary items denominated in non-functional currencies and written off in the consolidated financial statements), see Note 31.

Sensitivity analysis

The consolidated company is affected primarily by fluctuations in the exchange rates of USD.

The following table describes in detail the sensitivity analysis of the consolidated company in the event where the exchange rate of its functional currency to USD increases or decreases by 1%. 1% is the sensitivity rate used in an internal report to the primary management of the consolidated company regarding exchange rate risk, and also represents the range of reasonable possible change in foreign exchange rates as assessed by its management. The positive number in the following table means the amount of decrease (increase) in the pre-tax net profit when the functional currency appreciates by 1% against each foreign currency. When the functional currency depreciates by 1% against each foreign currency, the effect on the pre-tax net profit is a negative number of the same amount.

	For the Three Months ended March 31	
	2026	2025
USD	$ 8,942	$ 9,957

(2) Interest rate risk

The carrying amounts of the financial assets and liabilities of the consolidated company exposed to the interest rate risk on the balance sheet date are as follows:

	March 31, 2026	December 31 2025	March 31, 2025
With cash flow interest rate risk			
－Financial assets	$ 223,580	$ 169,642	$ 360,419

The Group assessed that there was no significant fair value risk associated with its fixed-rate time deposits, bonds purchased under resale agreements, short-term borrowings and lease liabilities.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivative instruments at the balance sheet date. For floating-rate assets and liabilities, the analysis assumes that the amounts of assets and liabilities outstanding at the balance sheet date were outstanding throughout the reporting period. A 1% increase or decrease in interest rate is the rate of change used in the Group's internal reporting to key management personnel regarding interest rate risk and represents management's assessment of the range of reasonably possible changes in interest rates.

If the interest rate increases or decreases by 1% with all other variables held constant, the Group's profit before income tax for the three months ended March 31, 2026 and 2025 would increase or decrease by NT$559 thousand and NT$901 thousand, respectively, mainly due to the Group's exposure to cash flow interest rate risk arising from its floating-rate deposits.

2. Credit risk

Credit risk means the risk of financial loss incurred by the group as a result of a delay by the counterparty in fulfilling contractual obligations. The greatest credit risk exposure of financial losses the consolidated company is likely to incur as of the balance sheet date due to failure of the counterparty to fulfill its obligations primarily arises from the carrying amount of financial assets recognized in the consolidated balance sheet.

The balances of accounts receivable from customers with a significant concentration of credit risk are as follows:

	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
Company A	$1,072,224	53	$ 1,481,090	61	$ 1,470,319	57
Company B	445,162	22	469,035	19	640,136	25

3. Liquidity risk

The consolidated company manages and maintains cash and cash equivalents for sufficient positions to sustain the group's operations and mitigate the effects of fluctuations in cash flows, and it continues to maintain sufficient undisbursed amounts for loan commitments.

Bank loans are an important source of liquidity for the consolidated company. For undisbursed financing amounts of the consolidated company, see the description in "(3) Financing limit" below.

(1) Table of liquidity and interest rate risks of non-derivative financial liabilities

The analysis of maturity of the remaining contracts of non-derivative financial liabilities is prepared based on the earliest date when the consolidated company is likely to be required to make repayment and the undiscounted cash flow of financial liabilities (including principal and estimated interest). Thus, any bank loan for which the consolidated company is likely to be required to make immediate repayment is listed within the earliest period in the following table, regardless of the probability of the bank enforcing its rights immediately, and the analysis of maturity of other non-derivative financial liabilities is prepared based on the agreed repayment date.

For the cash flow of interest paid at a floating interest rate, the undiscounted amount of interest is derived according to the yield curve on the balance sheet date.

March 31, 2026

	Within 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 1,269,047	$ -	$ 4,145
Lease liabilities	1,613	4,816	19,575
Instruments with fixed interest rate	328,929	-	-
	$ 1,599,589	$ 4,816	$ 23,720

December 31, 2025

	Within 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 1,529,114	$ -	$ 4,026
Lease liabilities	1,682	5,046	21,125
Instruments with fixed interest rate	388,242	458,887	-
	$ 1,919,038	$ 463,933	$ 25,151

March 31, 2025

	Within 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities			
Non-interest-bearing liabilities	$ 2,239,469	$ -	$ 4,076
Lease liabilities	5,290	9,400	23,504
Instruments with fixed interest rate	45,126	-	-
	$ 2,289,885	$ 9,400	$ 27,580

(2) Table of liquidity and interest rate risks of derivative financial liabilities

In terms of derivative instruments settled on a gross basis, the analysis of the liquidity of derivative financial instruments is prepared based on the total undiscounted cash inflows and outflows. Where the amount receivable or payable is not fixed, the disclosed amount is determined at an interest rate estimated according to the yield curve on the balance sheet date.

March 31, 2026

	Within 3 months	4 to 6 months
Gross settlement		
Forward foreign exchange contract		
– inflow	$ 513,916	$ 283,813
– outflow	515,612	280,291
	($ 1,696)	$ 3,522

December 31, 2025

	Within 3 months	4 to 6 months
Gross settlement		
Forward foreign exchange contract		
– inflow	$ 251,940	$ 312,522
– outflow	235,492	326,643
	$ 16,448	($ 14,121)

March 31, 2025

	Within 3 months	4 to 6 months
Gross settlement		
Forward foreign exchange contract		
– inflow	$ 159,607	$ -
– outflow	159,413	-
	$ 194	$ -

(3) Financing limit

	March 31, 2026	December 31 2025	March 31, 2025
Limit of unsecured bank loan			
Disbursed amount	$ 150,000	$ -	$ 45,000
Undisbursed amount	960,000	1,110,000	1,015,000
	$ 1,110,000	$ 1,110,000	$ 1,060,000
Limit of secured loan			
Disbursed amount	$ 666,802	$ 1,117,838	$ 153,196
Undisbursed amount	2,517,950	2,020,370	1,218,705
	$ 3,184,752	$ 3,138,208	$ 1,371,901

(V) Financial asset transfer information

The information of undue forfeiting account receivable is as follows:

March 31, 2026

Counterparty	Amont Forfeited	Amount Advanced	Interest rate (%)
PingAn Bank	$1,212,798	$1,212,798	1.09%～1.25%
Agricultural Bank	$ 921,171	$ 921,171	0.58%～0.77%
Construction Bank	$ 173,125	$ 173,125	0.88%～1.24%

December 31, 2025

Counterparty	Amont Forfeited	Amount Advanced	Interest rate (%)
PingAn Bank	$1,319,576	$1,319,576	0.85%～1.39%
Agricultural Bank	$1,074,544	$1,074,544	0.5%～0.79%
Construction Bank	$ 13,488	$ 13,488	0.82%

March 31, 2025

Counterparty	Amont Forfeited	Amount Advanced	Interest rate (%)
PingAn Bank	$1,467,933	$1,467,933	1%～1.60%

The consolidated company discounted the banker's acceptance and letter of credit issued by WSE. The discount interest of the acceptance bill and letter of credit will be borne by the issuer.

According to the contract, losses arising from commercial disputes (such as sales returns or discounts, etc.) shall be borne by the consolidated company, and losses arising from credit risks shall be borne by bank.

(VI) Offsetting of financial assets and financial liabilities

Some financial assets and financial liabilities of the Group with Ping An Bank and China Merchants Bank are eligible for offsetting. Accordingly, the net amount of the financial assets, after offsetting the gross amount of the financial liabilities against the gross amount of the financial assets, is presented in the consolidated balance sheets.

The following table lists the above-mentioned quantitative information on financial assets and financial liabilities that are regulated by the above-mentioned mutual offset, enforceable net delivery agreement or similar agreement.

March 31, 2026

Financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
Financial assets measured at amortized cost	$ 497,590	$ 497,590	$ -

Financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
Financial liabilities measured at amortized cost	$ 497,590	$ 497,590	$ -

December 31, 2025

Financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
Financial assets measured at amortized cost	$ 273,033	$ 273,033	$ -

Financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
Financial liabilities measured at amortized cost	$ 273,033	$ 273,033	$ -

March 31, 2025

Financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
Financial assets measured at amortized cost	$ 153,196	$ 153,196	$ -

Financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
Financial liabilities measured at amortized cost	$ 153,196	$ 153,196	$ -

XXVIII. Related party transactions

The following are material transactions between the consolidated company and related parties:

(I) Names of related parties and their relationship with LFE

Name of related party	Relationship with the consolidated company
HEC	Parent company of LFE
WCX	Brother corporation
WYT	Brother corporation
WSE	Brother corporation
WSF	Brother corporation
DWC	Brother corporation
WCF	Brother corporation
OPT	Associate
FD	Associate
Dongguan Chaofeng	Associate

(II) Operating revenue

		For the Three Months Ended March 31	
Account item	Type/Name of related party	2026	2025
Sales revenue	Parent company	$ 236,418	$ 335,951
	Brother corporation		
	WSE	462,872	869,529
	Others	49,170	50,054
	Associate	9,576	7,174
		$ 758,036	$ 1,262,708

In terms of the transaction price of the consolidated company's sales to a related party, there is no comparable case of transaction with a non-related party. The receipt and loan period for a related party is approximately 3 months, while that for a regular customer is approximately 1–3 months.

(III) Purchase

Type/Name of related party	For the Three Months Ended March 31 2026	2025
Parent company	$ 2,919	$ 1,174
Brother corporation	5,635	-
Associate	18,904	9,004
	$ 27,458	$ 10,178

In terms of the transaction prices of the Group's purchases from related parties, there were no comparable transactions with non-related parties. The credit period granted by related parties was approximately three months, and payments were made based on the Group's overall funding position. The payment period for non-related parties was approximately two to three months.

(IV) Receivable from related parties

Account item	Type/Name of related party	March 31, 2026	December 31, 2025	March 31, 2025
Accounts Receivable – related parties	Parent company	$ 445,162	$ 469,035	$ 640,136
	Brother corporation			
	WSE	1,072,224	1,481,090	1,470,319
	Others	44,754	63,937	79,469
	Associate	36,082	42,117	5,095
		$ 1,598,222	$ 2,056,179	$ 2,195,019
Other Receivable – related parties	Parent company	$ 1,526	$ 6,107	$ 2,195
	Brother corporation	1,275	329	1,437
	Associate			
	FD	9,727	5,297	7,660
	Others	289	275	138
		$ 12,817	$ 12,008	$ 11,430

The receivable from related parties is not mortgaged and interest-bearing, and no provision for loss is made.

(V) Payables to related parties

Account item	Type/Name of related party	March 31, 2026	December 31, 2025	March 31, 2025
Accounts payable–related parties	Parent company	$ 2,880	$ 637	$ 766
	Brother corporation			
	WCF	129,299	174,786	334,308
	Others	53,186	60,869	94,770
	Associate	23,684	31,920	9,444
		$ 209,049	$ 268,212	$ 439,288
Other payables – related parties	Parent company	$ 3,923	$ 2,099	$ 5,494
	Associate	10,398	4,878	573
	Brother corporation	1,643	809	442
		$ 15,964	$ 7,786	$ 6,509

(VI) Lease agreement

	For the Three Months Ended March 31	
Type of related party	2026	2025
Rent expense		
Parent company	$ 57	$ 57
Brother corporation	75	-
	$ 132	$ 57

The Group rented offices from the parent company. The lease term was one year. The rental was determined with reference to market rates and was paid on a monthly basis.

The Group rented vehicles from fellow subsidiaries. The lease term was one year. The rental was determined with reference to market rates and was paid on a monthly basis.

(VII) Rental agreement

Rental via operating lease

The consolidated company has rented warehouses and premises to its associates and brother corporations via operating lease, and the rent was agreed in contracts to be paid on a monthly basis. The respective lease terms expire in March 2026 and May 2027.

The lease revenues are summarized as follows:

	For the Three Months Ended March 31	
Type/Name of related party	2026	2025
Lease revenue		
Associate		
FD	$ 4,330	$ 4,277
Brother corporation	592	585
	$ 4,922	$ 4,862

The total lease payments receivable in the future are summarized as follows:

Type/Name of related party	March 31, 2026	December 31, 2025	March 31, 2025
Associate			
FD	$ 20,478	$ 24,152	$ 37,069
Brother corporation	-	582	2,339
	$ 20,478	$ 24,734	$ 39,408

(VIII) Endorsements/guarantees

Acquisition of endorsements/guarantees

Type/Name of related party	March 31, 2026	December 31, 2025	March 31, 2025
Parent company			
Guaranteed amount	$ 474,201	$ 461,214	$ 166,025

(IX) Other related party transactions

Type/Name of related party	For the Three Months Ended March 31	
	2026	2025
Processing fee		
Brother corporation		
WCF	$ 37,013	$ 75,378
DWC	10,434	19,734
WSF	6,742	19,144
	$ 54,189	$ 114,256
Management and service fees		
Parent company	$ 3,515	$ 3,529
Other fees		
Parent company	$ 60	$ 60
Associate	-	7
	$ 60	$ 67
Other incomes		
Associate	$ -	$ 132

(X) Remuneration for key management

	For the Three Months Ended March 31	
	2026	2025
Remuneration and other short-term employee benefits	$ 5,180	$ 7,523

The remuneration for directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

XXIX. Pledged and mortgaged assets

The following assets have been provided to financial institutions as collateral for the forward foreign exchange guarantees of the consolidated company:

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets measured at amortized cost – current (deposit accounts)	$ 25,175	$ 411,434	$ 9,842

XXX. Other

A fire incident occurred at subsidiary LFDG in October 2025, resulting in damage to certain inventories and right-of-use assets – buildings. The lease term for the right-of-use assets – buildings expired in October 2025; however, the subsidiary remains responsible for restoration obligations. Losses arising from damaged inventories and building restoration costs resulting from the fire amounted to NT$67,089 thousand, which were recognized under other gains and losses for the year ended December 31, 2025. Related insurance claims are currently under application, and the insurance compensation income will be recognized only when receipt becomes virtually certain.

XXXI. Information of foreign currency assets and liabilities with significant effect

The following information is summarized and presented based on foreign currencies other than the functional currencies of the entities in the consolidated company. The disclosed exchange rate represents the rate at which each such foreign currency is translated to the functional currency. The following are foreign currency assets and liabilities with significant effect:

Unit: Foreign currency thousand / NTD thousand

March 31, 2026

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	$ 14,574	31.995 (USD:NTD)	$ 466,303
USD	31,966	6.9119 (USD:RMB)	1,018,970
Non-monetary item			
Associates accounted for using the equity method			
USD	987	31.995 (USD:NTD)	31,572
Foreign currency liabilities			
Monetary item			
USD	14,689	31.995 (USD:NTD)	469,981
USD	3,798	6.9119 (USD:RMB)	121,057

December 31, 2025

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	$ 12,412	31.43 (USD:NTD)	$ 390,104
USD	28,683	6.9907 (USD:RMB)	899,655
Non-monetary item			
Associates accounted for using the equity method			
USD	980	31.43 (USD:NTD)	30,801
Foreign currency liabilities			
Monetary item			
USD	12,626	31.43 (USD:NTD)	396,839
USD	2,843	6.9907 (USD:RMB)	89,159

March 31, 2025

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	$ 18,442	33.205 (USD:NTD)	$ 612,174
USD	29,953	7.2452 (USD:RMB)	992,428
Non-monetary item			
Associates accounted for using the equity method			
USD	891	33.205 (USD:NTD)	31,463

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Foreign currency liabilities			
Monetary item			
USD	9,563	33.205 （USD:NTD）	317,552
USD	8,794	7.2452 （USD:RMB）	291,369

The (realized and unrealized) foreign exchange profits/losses of the consolidated company for the three months ended March 31, 2026 and 2025 were loss of NTD12,713 thousand and profits of NTD1,600 thousand, respectively. Due to the great number of foreign currencies used for transactions, it is not possible to disclose the exchange profit/loss of each foreign currency with significant effect.

XXXII. Note disclosures

(I) Information of material transactions:

1. Financing provided: None.
2. Endorsements/guarantees provided: Table 1.
3. Securities held at end of period (excluding the equity of investee subsidiaries, associates and joint ventures): None.
4. Amount of purchase/sale of goods from/to related parties equaling or exceeding NTD100 million or 20% of the paid-up capital: Table 2.
5. Receivables from related parties equaling or exceeding NTD100 million or 20% of the paid-up capital: Table 3.
6. Others: The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries: Table 4.

(II) Information of investee companies (Table 5)

(III) Information of investments in Mainland China:

1. The names, scope of primary business and amounts of paid-in capital of the investee companies in Mainland China, the methods of investment, funds remitted inwardly and outwardly, shareholdings, profits/losses of current period and investment profits/losses recognized, the carrying amounts of investment at end of period, remitted investment profits/losses, and limits on the amount of investments in Mainland China: Table 6.
2. The following material transactions with the investee companies in Mainland China directly or indirectly through a third area, and the prices, payment terms and unrealized profits/losses of such transactions:

   (1) The amount and percentage of purchases, and the ending balance

and percentage of the relevant payments payable: Table 2.

(2) The amount and percentage of sales, and the ending balance and percentage of the relevant receivables: None.

(3) The amount of property transactions and the resulting amount of profits or losses: None.

(4) The ending balance and purposes of note endorsements/guarantees or collateral provided: Table 1.

(5) The maximum balance, ending balance, interest rate range and total current interest for financing of funds: None.

(6) Other transactions with significant effect on current profits/losses or the financial conditions, such as the rendering or receiving of services: None.

XXXIII. Segment information

(I) Description of the operating segment

Information provided to the chief operating decision maker for allocating resources and evaluating segment performance focuses on the operating management model of the managing body. The following are the reportable segments of the consolidated company identified by region, i.e. Taiwan, the U.S. and Mainland China:

Taiwan – Mainly LFE, where the primary functions are performed by the business, administrative and R&D departments.

U.S. – Mainly Axxion and Axxion Mexico under the consolidated company, where the primary functions are performed by the business, production and manufacturing departments.

Mainland China – Mainly LFKY, LFHK and LFDG under the consolidated company, where the primary functions include shareholdings in investee companies, production, manufacturing and R&D.

(II) Segment revenues and operating results

The following is an analysis of the revenues and operating results of the continuing operations of the consolidated company by reportable segment:

	Taiwan	U.S.	Mainland China	Adjustment and write-off	Amount after adjustment
For the Three Months Ended March 31, 2026					
Segment revenue from customers other than the company	$ 285,534	$ -	$ 786,972	$ -	$ 1,072,506
Segment revenue from other segments in the company	-	9,469	232,382	(241,851)	-
Total revenue	$ 285,534	$ 9,469	$ 1,019,354	($ 241,851)	$ 1,072,506
Segment profit/loss	$ 18,369	($ 224)	$ 58,778	($ 43)	$ 76,880
Interest income					5,560
Other incomes					8,475

	Taiwan	U.S.	Mainland China	Adjustment and write-off	Amount after adjustment
Other profits and losses					(9,533)
Financial cost					(1,745)
Share of losses of associates with investments using the equity method					(234)
Pre-tax net profit					$ 79,403
For the Three Months Ended March 31, 2025					
Segment revenue from customers other than the company	$ 285,683	$ -	$ 1,283,022	$ -	$ 1,568,705
Segment revenue from other segments in the company	-	9,871	162,368	(172,239)	-
Total revenue	$ 285,683	$ 9,871	$ 1,445,390	($ 172,239)	$ 1,568,705
Segment profit/loss	$ 26,066	$ 167	$ 120,252	$ 2,085	$ 148,571
Interest income					6,565
Other incomes					6,091
Other profits and losses					3,270
Financial cost					(748)
Share of losses of associates with investments using the equity method					(23,515)
Pre-tax net profit					$ 140,234

Segment profit means the profit earned by each segment, excluding the share of losses of associates accounted for using the equity method, rent revenue, interest income, the profit/loss on disposal of property, plant and equipment, the profit/loss on valuation of financial assets measured at fair value through profit/loss, the net profit (loss) on foreign currency exchange, financial cost and income tax expense. The measured amount is provided to the chief operating decision maker for allocating resources to a segment and evaluating its performance.

The chief operating decision maker of the consolidated company makes a decision based on the operating result of each segment and does not evaluate the information of classified assets and liabilities for the performance of different business activities. Therefore, only the operating results of the reportable segments are presented.

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Endorsements/guarantees provided
For the Three Months Ended March 31, 2026
(All amounts are in NTD thousand unless otherwise specified)
Table 1

No.	Name of company providing endorsement / guarantee	Endorsement/guarantee recipient		Limit of endorsement/ guarantee to a single company (Note 1)	Max. balance of endorsement/ guarantee for the current period	Balance of endorsement/ guarantee at end of the period	Actual amount disbursed	Amount of endorsement/ guarantee secured by property	Cumulative amount of endorsements/ guarantees as a share of the net value of the financial statements for the most recent period (%)	Max. amount of endorsement/ guarantee (Note 2)	Endorsement/guarantee from the parent company to a subsidiary	Endorsement/guarantee from a subsidiary to the parent company	Endorsement/guarantee to Mainland China	Remarks
		Company name	Relationship											
0	LFE	LFDG	Subsidiary – indirect shareholding 79.87%	$ 1,646,489	$ 474,201	$ 474,201	$ 2,560	$ -	18.72%	$ 2,026,448	Y	N	Y	—

Note 1: The total amount of endorsements/guarantees from LFE to a single company may not exceed 65% of the net value of LFE's financial statements for the most recent period.

Note 2: The total amount of endorsements/guarantees provided by LFE externally may not exceed 80% of the net value of LFE's financial statements for the most recent period.

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Amounts of purchase/sales transactions from/to related parties equaling or exceeding NTD100 million or 20% of the paid-up capital
For the Three Months Ended March 31, 2026
(All amounts are in NTD thousand unless otherwise specified)
Table 2

Purchasing (Selling) company	Counterparty	Relationship	Transaction details				Difference of the transaction terms with those of ordinary transactions, and reason for such difference		Notes or Accounts Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Share of total purchase (sale) (%)	Payment Terms	Unit price	Payment Terms	Balance	Share of total notes or accounts receivable (payable) (%)	
LFDG	HEC	Parent company	(Sales)	($ 227,096)	(22)	Mutually agreed	No comparable transaction with any non-related party	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	$ 432,430	21	—
	LFE	Parent company	(Sales)	(232,382)	(23)	Mutually agreed	No comparable transaction with any non-related party	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	446,689	22	—
	WSE	Brother corporation	(Sales)	(462,872)	(45)	Mutually agreed	No comparable transaction with any non-related party	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	1,072,224	52	—

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Receivable from related parties equaling or exceeding NTD100 million or 20% of the paid-up capital
March 31, 2026
(All amounts are in NTD thousand unless otherwise specified)
Table 3

Company Name	Counterparty	Relationship	Balance of receivable from the related party	Turnover	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
LFDG	HEC	Parent company	$ 433,956 (Note1)	2.04	$ -	—	$ 107,188	$ -
	LFE	Parent company	447,683 (Note 2)	2.29	-	—	147,931	-
	WSE	Brother corporation	1,072,680 (Note 3)	1.45	-	—	254,869	-

Note 1：Including accounts receivable of 432,430 thousand and other receivables of 1,526 thousand.

Note 2：Including accounts receivable of 446,689 thousand and other receivables of 994 thousand.

Note 3：Including accounts receivable of 1,072,224 thousand and other receivables of 456 thousand.

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries
For the Three Months Ended March 31, 2026
(All amounts are in NTD thousand unless otherwise specified)
Table 4

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction details			
				Financial Statements Item	Amount	Transaction terms	Percentage of Consolidated Net Revenue or Total Assets
0	LFE	Axxion	1.	Commission expense	$ 9,469	The price is agreed based on internal transfer pricing.	1
		Axxion	1.	Other accounts payable	19,258	Payment is received on a monthly basis and depending on the overall funding condition.	-
1	LFDG	LFE	2.	Operating revenue	232,382	The price is agreed based on internal transfer pricing.	22
		LFE	2.	Accounts receivable	446,689	Payment is received 3 months after settlement for each month and depending on the overall funding condition.	9
		LFE	2.	Other accounts receivable	994	—	-

Note 1: There are three types of relationship with the transactor, indicated as follows:

1. The parent company to a subsidiary.
2. A subsidiary to the parent company.
3. A subsidiary to another subsidiary.

Note 2: The amount was written off during preparation of the consolidated financial statements.

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Information of investee companies, their locations...and other relevant information
For the Three Months Ended March 31, 2026
(All amounts are in NTD thousand, unless otherwise specified)
Table 5

Name of investor company	Name of investee companies	Location	Scope of primary business	Initial amount of investment		Held at end of the period			Profit (Loss) of investee company in the current period	Profit (Loss) on investments recognized in the current period	Remarks
				End of the current period	End of the previous period	Number of shares	Percentage (%)	Carrying amount			
LFE	Axxion Group Corp.	Texas, U.S.	Sales of computer components	$ 43,342 (USD 1,078,206)	$ 43,342 (USD 1,078,206)	354	100.00	$ 34,738	($ 140)	($ 140)	
	Loyalty Founder Enterprise Corp. Ltd.	Cayman Islands	General investments	1,195,769 (USD 37,030,000)	1,195,769 (USD 37,030,000)	37,030,000	100.00	2,481,846	43,365	43,338	The difference is an unrealized profit from sales.
	Axxion Mexico-LFE S.A. de C.V.	Mexico	Manufacturing of computer components	2,765 (USD 99,000)	2,765 (USD 99,000)	99,000	99.00	2,044	(35)	(35)	
	Super Laser Precision Machinery Ltd.	Samoa	General investments	43,513 (USD 1,260,000)	43,513 (USD 1,260,000)	1,260,000	47.64	31,572	(492)	(234)	
	OPT	Taiwan	Manufacturing and sales of medical devices and equipment	187,804	187,804	11,336,500	35.07	-	(77,146)		
Loyalty Founder Enterprise Corp. Ltd.	Loyalty Founder Enterprise Co. (H.K.) Ltd. (LFHK)	Hong Kong	Sales of computer components	1,146,185 (USD 37,946,466)	1,146,185 (USD 37,946,466)	296,049,086	100.00	2,484,144	43,360		

Note1: For information related to the investee companies in Mainland China, see Table 6.

Note2: Only the amount of profit/loss of each subsidiary as a direct investee recognized by LFE is indicated. No other amount is required.

Loyalty Founder Enterprise Co., Ltd. and Subsidiaries

Information of investments in Mainland China
For the Three Months Ended March 31, 2026
(All amounts are in NTD thousand unless otherwise specified)
Table 6

Name of investee company in Mainland China	Scope of primary business	Paid-in capital (Note 3)	Form of investment (Note 1)	Cumulative amount of investments remitted from Taiwan at beginning of the current period (Note 3)	Amount of investments remitted outward or recovered in the current period		Cumulative amount of investments remitted from Taiwan at end of the current period (Note 3)	Profit (Loss) of investee company in the current period	LFE's shareholding in direct or indirect investments (%)	Profit/Loss on investments recognized in the current period (Note 2)	Carrying value of investments at end of the period	Profit on investments remitted inward as of end of the current period
					Remitted outward	Recovered						
Loyalty Founder Enterprise Company (D.G) Ltd.	Manufacturing, import and export of electronics, optoelectronic products, precision dies and precision plastic injectors	$ 1,586,183 (USD49,575,978)	(2) Loyalty Founder Enterprise Co. （H.K.）Ltd.	$ 1,140,493 (USD35,645,978)	$ -	$ -	$ 1,140,493 (USD35,645,978)	$ 57,366	79.87	$ 45,818 （Note2B）	$ 2,461,209	$ -
Dongguan Chaofeng Laser Precision Machinery Co., Ltd.	Production of computer-aided manufacturing and application systems, tools and dies	89,586 (USD 2,800,000)	(2) Super Laser Precision Machinery Ltd.	39,994 (USD1,250,000)	-	-	39,994 (USD1,250,000)	(233)	47.64	(111) （Note 2C）	35,207	-

Cumulative amount of investments remitted from Taiwan to Mainland China at end of the current period	Amount of investments approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China required by the Investment Commission, MOEA (Note 4)
$ 1,180,487（Note 3）（USD 36,895,978）	$ 1,629,377（Note 3）（USD 50,926,000）	$ -

Note 1: It is sufficient to indicate only the number of one of the following three forms of investment:

(1) Direct investment in Mainland China.

(2) Indirect investment in Mainland China through any company in a third area (please indicate the investor company in the third area).

(3) Any other form.

Note 2: In the field of "Profit (Loss) on investments recognized in the current period":

One of the following three bases for recognition of the profit/loss on investments shall be indicated:

A. Financial statements reviewed by any international accounting firm cooperating with an accounting firm in Taiwan.

B. Financial statements reviewed by a CPA of the parent company in Taiwan.

C. Financial statements not reviewed by any CPA.

Note 3: The related amount is translated at the exchange rate of USD1 = NTD31.995 at end of the period.

Note 4: In accordance with Section 3 of the "Principles Governing Review of Investments or Technical Cooperation Projects in Mainland China," as amended and promulgated by Order Jing-Shen-Zi No. 0970460680 dated August 29, 2008 from the MOEA, LFE is not subject to any maximum limit on investments in Mainland China since it is a company that has acquired a certificate of conformity with the scope of business of its operational headquarters issued by the Industrial Development Bureau, MOEA.

Loyalty Founder Enterprise Co., Ltd.

Statement of changes in property, plant and equipment
For the Three Months Ended March 31, 2026
(All amounts are in NTD thousand)
Table 7

	Premises and buildings	Machine/ Equipment	Office equipment	Other equipment	Property under construction	Total
Cost						
Balance on January 1, 2026	$ 814,911	$ 905,911	$ 51,797	$ 772,141	$ 1,937	$2,546,697
Increase	-	1,739	-	1,923	4,972	8,634
Disposal	-	-	(278)	(9,339)	-	(9,617)
Net exchange differences	24,106	26,800	1,339	22,721	123	75,089
Balance on March 31, 2026	$ 839,017	$ 934,450	$ 52,858	$ 787,446	$ 7,032	$2,620,803
Accumulated depreciation						
Balance on January 1, 2026	$ 486,835	$ 738,755	$ 42,742	$ 672,075	$ -	$1,940,407
Depreciation expense	7,193	6,949	710	10,014	-	24,866
Disposal	-	-	(273)	(9,257)	-	(9,530)
Net exchange differences	14,497	21,941	1,219	19,884	-	57,541
Balance on March 31, 2026	$ 508,525	$ 767,645	$ 44,398	$ 692,716	$ -	$2,013,284
Net amount on December 31, 2025 and January 1, 2026	$ 328,076	$ 167,156	$ 9,055	$ 100,066	$ 1,937	$ 606,290
Net amount on March 31, 2026	$ 330,492	$ 166,805	$ 8,460	$ 94,730	$ 7,032	$ 607,519
Cost						
Balance on January 1, 2025	$ 811,648	$ 870,860	$ 50,594	$ 745,751	$ 11,410	$2,490,263
Increase	-	13,930	199	1,221	(7,458)	7,892
Disposal	-	(1,914)	(88)	(567)	-	(2,569)
Net exchange differences	17,219	18,622	954	15,816	141	52,752
Balance on March 31, 2025	$ 828,867	$ 901,498	$ 51,659	$ 762,221	$ 4,093	$2,548,338
Accumulated depreciation						
Balance on January 1, 2025	$ 450,849	$ 719,645	$ 40,598	$ 679,669	$ -	$1,890,761
Depreciation expense	9,624	5,955	680	6,933	-	23,192
Disposal	-	(1,914)	(88)	(567)	-	(2,569)
Net exchange differences	9,695	15,321	846	14,505	-	40,367
Balance on March 31, 2025	$ 470,168	$ 739,007	$ 42,036	$ 700,540	$ -	$1,951,751
Net amount on March 31, 2025	$ 358,699	$ 162,491	$ 9,623	$ 61,681	$ 4,093	$ 596,587