

**TONG HSING ELECTRONIC INDUSTRIES, LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2026 and 2025**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Tong Hsing Electronic Industries, Ltd.:

Introduction

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

Scope of Review

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

Conclusion

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



The engagement partners on the reviews resulting in this independent auditors' review report are Wang, I-Wen and Hsin, Yu-Ting.

KPMG

Taipei, Taiwan (Republic of China)

April 28, 2026

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2026, December 31, and March 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2026		December 31, 2025		March 31, 2025		Liabilities and Equity		March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (note (6)(a))	\$ 4,593,272	13	4,276,602	13	2,830,955	8	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	\$ 34,525	-	1,667	-	14,475	-
1110	Current financial assets at fair value through profit or loss (note (6)(b))	2,929,684	9	2,716,271	8	4,992,876	14	2130	Current contract liabilities (note (6)(s))	122,128	-	130,336	-	131,260	-
1136	Current financial assets at amortized cost (note (6)(d))	255,549	1	249,383	1	890,915	2	2170	Notes and accounts payable	944,414	3	912,588	3	905,483	3
1170	Accounts receivable, net (note (6)(e))	2,119,801	6	2,114,859	6	2,168,969	6	2200	Other payables (note (6)(m))	1,626,496	5	1,732,311	5	1,623,927	4
1200	Other receivables	57,141	-	58,449	-	60,867	-	2216	Dividends payable	627,174	2	-	-	627,174	2
1310	Inventories (note (6)(f))	1,770,418	5	1,666,055	5	1,730,063	5	2230	Current tax liabilities	359,978	1	291,545	1	351,493	1
1410	Prepayments	77,433	-	55,080	-	79,129	-	2250	Current provisions	146,531	-	134,269	-	190,064	1
1470	Other current assets (note (6)(s))	52,267	-	78,653	-	105,553	-	2280	Current lease liabilities (note (6)(n))	22,502	-	23,057	-	24,384	-
1476	Other current financial assets (note (8))	-	-	-	-	35,902	-	2300	Other current liabilities	18,416	-	29,922	-	49,756	-
								2322	Long-term borrowings, current portion (note (6)(l))	680,668	2	929,655	3	1,592,341	4
		<u>11,855,565</u>	<u>34</u>	<u>11,215,352</u>	<u>33</u>	<u>12,895,229</u>	<u>35</u>			<u>4,582,832</u>	<u>13</u>	<u>4,185,350</u>	<u>12</u>	<u>5,510,357</u>	<u>15</u>
Non-current assets:															
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	756,094	2	753,721	2	711,494	2	2540	Long-term borrowings (note (6)(l))	3,342,284	10	3,071,942	9	4,622,953	13
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	678,502	2	717,049	2	304,483	1	2570	Deferred tax liabilities	166,087	1	161,669	1	226,708	1
1535	Non-current financial assets at amortized cost (note (6)(d))	1,667,529	5	1,636,341	5	2,507,304	7	2580	Non-current lease liabilities (note (6)(n))	107,195	-	111,854	-	132,332	-
1600	Property, plant and equipment (notes (6)(h) and (8))	11,279,138	32	11,464,369	33	11,085,044	31	2600	Other non-current liabilities (note (6)(l))	69,229	-	70,645	-	76,470	-
1755	Right-of-use assets (note (6)(i))	127,088	1	132,304	-	157,175	-	2640	Non-current net defined benefit liabilities	19,034	-	19,192	-	23,516	-
1760	Investment property, net	30,529	-	30,529	-	28,648	-		Total liabilities	<u>8,286,661</u>	<u>24</u>	<u>7,620,652</u>	<u>22</u>	<u>10,592,336</u>	<u>29</u>
1780	Intangible assets (note (6)(j))	8,065,441	23	8,098,345	24	8,185,873	22		Equity:						
1840	Deferred tax assets	253,650	1	253,650	1	294,393	1		Equity attributable to owners of parent: (note (6)(q))						
1900	Other non-current assets (note (6)(h))	26,032	-	23,710	-	211,721	1	3100	Ordinary shares	2,090,581	6	2,090,581	6	2,090,581	6
1975	Non-current net defined benefit assets	27,057	-	25,105	-	10,114	-	3200	Capital surplus	14,490,467	42	15,117,641	44	15,117,641	42
1980	Other non-current financial assets (note (8))	5,000	-	5,000	-	5,000	-	3310	Legal reserve	2,441,872	7	2,441,872	7	2,266,982	6
		<u>22,916,060</u>	<u>66</u>	<u>23,140,123</u>	<u>67</u>	<u>23,501,249</u>	<u>65</u>	3320	Special reserve	169,408	-	169,408	1	169,408	-
								3350	Unappropriated earnings	7,263,253	21	6,868,960	20	6,022,118	17
								3400	Other equity	(24,149)	-	(6,890)	-	91,119	-
									Total equity attributable to owners of parent	<u>26,431,432</u>	<u>76</u>	<u>26,681,572</u>	<u>78</u>	<u>25,757,849</u>	<u>71</u>
								36XX	Non-controlling interests	<u>53,532</u>	<u>-</u>	<u>53,251</u>	<u>-</u>	<u>46,293</u>	<u>-</u>
									Total equity	<u>26,484,964</u>	<u>76</u>	<u>26,734,823</u>	<u>78</u>	<u>25,804,142</u>	<u>71</u>
Total assets		<u>\$ 34,771,625</u>	<u>100</u>	<u>34,355,475</u>	<u>100</u>	<u>36,396,478</u>	<u>100</u>		Total liabilities and equity	<u>\$ 34,771,625</u>	<u>100</u>	<u>34,355,475</u>	<u>100</u>	<u>36,396,478</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars, except for Earnings Per Share)

		For the three months ended March 31			
		2026		2025	
		Amount	%	Amount	%
4000	Sales revenue	\$ 2,843,066	101	2,912,747	100
4170	Less: sales returns and allowances	23,829	1	4,085	-
4100	Net operating revenues (notes (6)(s) and (14))	2,819,237	100	2,908,662	100
5110	Operating costs (notes (6)(f), (6)(o) and (12))	2,030,694	72	2,101,782	72
5900	Gross profit	788,543	28	806,880	28
6000	Operating expenses (notes (6)(e), (6)(o), (7) and (12)):				
6100	Selling expenses	41,962	2	43,287	2
6200	Administrative expenses	237,971	8	233,767	8
6300	Research and development expenses	115,209	4	120,716	4
6450	Expected credit impairment reversal gains	(98)	-	(181)	-
		<u>395,044</u>	<u>14</u>	<u>397,589</u>	<u>14</u>
6900	Net operating income	393,499	14	409,291	14
	Non-operating income and expenses:				
7100	Interest income	38,969	2	51,907	2
7190	Other income (note (6)(l))	18,399	1	21,325	1
7229	Gain on disposal of non-current assets held for sale (note (6)(g))	-	-	128,039	4
7230	Foreign exchange gains (losses), net (note (6)(u))	91,338	3	104,772	3
7235	Net gains (losses) on financial assets (liabilities) at fair value through profit or loss	(55,114)	(2)	(10,037)	-
7510	Finance cost – interest expense	(21,351)	(1)	(30,094)	(1)
		<u>72,241</u>	<u>3</u>	<u>265,912</u>	<u>9</u>
7900	Profit before tax	465,740	17	675,203	23
7950	Less: income tax expenses (note (6)(p))	71,043	3	92,058	3
	Net profit	394,697	14	583,145	20
	Other comprehensive income: (note (6)(p))				
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(38,547)	(2)	(5,833)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	(38,547)	(2)	(5,833)	-
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	25,439	1	25,572	1
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	(4,418)	-	(4,427)	-
	Total components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	21,021	1	21,145	1
8300	Other comprehensive income (loss) , net	(17,526)	(1)	15,312	1
8500	Comprehensive income	<u>\$ 377,171</u>	<u>13</u>	<u>598,457</u>	<u>21</u>
8600	Profit attributable to:				
8610	Owners of parent	\$ 394,293	14	582,312	20
8620	Non-controlling interests	404	-	833	-
		<u>\$ 394,697</u>	<u>14</u>	<u>583,145</u>	<u>20</u>
8700	Comprehensive income attributable to:				
8710	Owners of parent	\$ 377,034	13	597,738	21
8720	Non-controlling interests	137	-	719	-
		<u>\$ 377,171</u>	<u>13</u>	<u>598,457</u>	<u>21</u>
	Earnings per share (note (6)(r))				
9750	Basic earnings per share (NTD)	<u>\$ 1.89</u>		<u>2.79</u>	
9850	Diluted earnings per share (NTD)	<u>\$ 1.88</u>		<u>2.77</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings							Total
Balance on January 1, 2025	\$ 2,090,581	15,117,641	2,266,982	169,408	6,066,980	8,503,370	115,357	(39,664)	75,693	25,787,285	45,574	25,832,859
Net profit for the three months ended March 31, 2025	-	-	-	-	582,312	582,312	-	-	-	582,312	833	583,145
Other comprehensive income(loss) for the three months ended March 31, 2025	-	-	-	-	-	-	21,259	(5,833)	15,426	15,426	(114)	15,312
Total comprehensive income(loss) for the three months ended March 31, 2025	-	-	-	-	582,312	582,312	21,259	(5,833)	15,426	597,738	719	598,457
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary shares	-	-	-	-	(627,174)	(627,174)	-	-	-	(627,174)	-	(627,174)
Balance on March 31, 2025	<u>\$ 2,090,581</u>	<u>15,117,641</u>	<u>2,266,982</u>	<u>169,408</u>	<u>6,022,118</u>	<u>8,458,508</u>	<u>136,616</u>	<u>(45,497)</u>	<u>91,119</u>	<u>25,757,849</u>	<u>46,293</u>	<u>25,804,142</u>
Balance on January 1, 2026	\$ 2,090,581	15,117,641	2,441,872	169,408	6,868,960	9,480,240	44,605	(51,495)	(6,890)	26,681,572	53,251	26,734,823
Net profit for the three months ended March 31, 2026	-	-	-	-	394,293	394,293	-	-	-	394,293	404	394,697
Other comprehensive income(loss) for the three months ended March 31, 2026	-	-	-	-	-	-	21,288	(38,547)	(17,259)	(17,259)	(267)	(17,526)
Total comprehensive income(loss) for the three months ended March 31, 2026	-	-	-	-	394,293	394,293	21,288	(38,547)	(17,259)	377,034	137	377,171
Cash dividends from capital surplus	-	(627,174)	-	-	-	-	-	-	-	(627,174)	-	(627,174)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	144	144
Balance on March 31, 2026	<u>\$ 2,090,581</u>	<u>14,490,467</u>	<u>2,441,872</u>	<u>169,408</u>	<u>7,263,253</u>	<u>9,874,533</u>	<u>65,893</u>	<u>(90,042)</u>	<u>(24,149)</u>	<u>26,431,432</u>	<u>53,532</u>	<u>26,484,964</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the three months ended March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2026	2025
Cash flows from (used in) operating activities:		
Profit before tax	\$ 465,740	675,203
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	284,319	349,336
Amortization expenses	33,674	32,351
Expected credit impairment reversal gains	(98)	(181)
Net losses on financial assets and liabilities at fair value through profit or loss	55,114	10,037
Interest expense	21,351	30,094
Interest income	(38,969)	(51,907)
Losses (gains) on disposal of property, plant and equipment	74	(12,105)
Gains on disposal of non-current assets held for sale	-	(128,039)
Unrealized gains on foreign exchange	(41,249)	(46,737)
Others	(2,356)	(2,223)
Total adjustments to reconcile profit	311,860	180,626
Changes in operating assets and liabilities:		
Increase in current financial assets and liabilities at fair value through profit or loss	(231,161)	(1,902,209)
Decrease in contract assets	26,339	24,662
Increase in accounts receivable	(4,844)	(73,506)
(Increase) decrease in other receivables	(11,404)	9,839
(Increase) decrease in inventories	(104,363)	2,799
Increase in prepayments	(22,353)	(7,447)
Decrease (increase) in other current assets	47	(1,945)
Increase in net defined benefit assets	(1,952)	(2,559)
(Decrease) increase in current contract liabilities	(8,208)	40,795
Increase in notes and accounts payable	31,826	117,499
Decrease in other payables	(76,891)	(177,500)
Increase in provisions and other current liabilities	756	7,783
(Decrease) increase in net defined benefit liabilities	(158)	1,784
	(402,366)	(1,960,005)
Cash inflow (outflow) generated from operations	375,234	(1,104,176)
Interest received	48,367	53,115
Interest paid	(17,772)	(24,008)
Income taxes paid	(2,646)	(4,769)
Net cash flows from (used in) operating activities	403,183	(1,079,838)
Cash flows from (used in) investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	-	(135,000)
Proceeds from disposal of non-current financial assets at fair value through profit or loss	1,627	440
Proceeds from disposal of non-current assets held for sale	-	167,497
Acquisition of property, plant and equipment	(118,624)	(124,059)
Proceeds from disposal of property, plant and equipment	902	12,569
Increase in prepayments for land	-	(191,781)
Increase in refundable deposits	(1,491)	(99)
Acquisition of intangible assets	(1,593)	(23,634)
Increase in other financial assets	-	(454)
Net cash used in investing activities	(119,179)	(294,521)
Cash flows from (used in) financing activities:		
Proceeds from long-term borrowings	1,600,000	2,700,000
Repayments of long-term borrowings	(1,582,142)	(1,512,143)
Payments of lease liabilities	(6,378)	(6,213)
Change in non-controlling interests	144	-
Net cash flows from financing activities	11,624	1,181,644
Effect of exchange rate changes on cash and cash equivalents	21,042	15,764
Net increase (decrease) in cash and cash equivalents	316,670	(176,951)
Cash and cash equivalents at the beginning of period	4,276,602	3,007,906
Cash and cash equivalents at the end of period	\$ 4,593,272	2,830,955

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars and Unless Otherwise Specified)

(1) Company history

Tong Hsing Electronic Industries, Ltd. (the “Company”) was incorporated as a company limited by shares on August 11, 1974, and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 88, Ln. 1125, Heping Rd., Bade Dist., Taoyuan City. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged with its subsidiary, KINGPAK TECHNOLOGY INC. (“KINGPAK”), pursuant to the resolutions of the Board of Directors on March 17, 2022 with the Company as the surviving company, and KINGPAK as the dissolved company. The reference date of the merger is June 30, 2022. The major business activities of the Company and its subsidiaries (the “Group”) are the manufacture and sale of RF module, ceramic metalized substrate, hybrid modules & specialty packaging and image products.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on April 14, 2026.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (b) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2025. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2025.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Nature of operation	Shareholding			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
The Company	Tong Hsing Electronics Phils. Inc. (THEPI)	Manufacturing and sales of RF module, ceramic metalized substrate, hybrid modules & specialty packaging and image products	100 %	100 %	100 %	-
The Company	Multi-field Holdings Corporation (Multi-field)	Trading and leasing of real estate	- %	- %	- %	Note 1
The Company	Prism Horizon Holdings Corp.(Prism Horizon)	The investment holding company	40 %	40 %	- %	Note 2

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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Name of investor	Name of subsidiary	Nature of operation	Shareholding			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
THEPI & Prism Horizon Holdings Corp.	Terra Uno Landholding Corp.(Terra Uno)	The land development company	100 %	100 %	-	% Note 2

Note 1: The Directors of Multi-field consist of the management of the Company and subsidiaries. the Company has had the authority to control Multi-field's personnel, financial, and business operations. Therefore, it is determined that the Company has substantial control over this subsidiary, and it is included in its consolidated entities.

Note 2: Based on its board meeting held in February 2025, the Company acquired a parcel of land in response to the future expansion needs of THEPI. To comply with local regulations regarding foreign ownership of land-holding companies, the Company established its new subsidiaries in the Philippines for investment holding and land development purposes, with the relevant registration procedures having been completed in June and July 2025, respectively.

(c) Employee benefits

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

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rate that have been enacted or substantively enacted at the time the asset or liability is recovered or settled and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2025. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2025.

There are no critical judgments in applying accounting policies that have significant effect on amounts recognized in the consolidated financial statements.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements of the current period and the consolidated financial statements for the year ended December 31, 2025. Please refer to note (6) of the consolidated financial statements for the year ended December 31, 2025.

(a) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Petty cash and cash in hand	\$ 65	85	100
Checking accounts and demand deposits	1,931,046	1,355,264	1,639,753
Time deposits	<u>2,662,161</u>	<u>2,921,253</u>	<u>1,191,102</u>
	<u>\$ 4,593,272</u>	<u>4,276,602</u>	<u>2,830,955</u>

Please refer to note (6)(u) for the exchange rate risk, interest rate risk and the sensitivity analysis of the financial assets of the Group.

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

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 10,293	20,298	25
Non-derivative financial assets			
Stock listed on domestic markets	259,089	253,289	246,199
Foreign private funds	201,578	204,954	229,996
Hybrid contracts			
Structured deposits	2,626,492	2,402,010	4,841,817
Structured investments	<u>588,326</u>	<u>589,441</u>	<u>386,333</u>
	<u>\$ 3,685,778</u>	<u>3,469,992</u>	<u>5,704,370</u>
Current	\$ 2,929,684	2,716,271	4,992,876
Non-current	<u>756,094</u>	<u>753,721</u>	<u>711,494</u>
	<u>\$ 3,685,778</u>	<u>3,469,992</u>	<u>5,704,370</u>

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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	March 31, 2026	December 31, 2025	March 31, 2025
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 34,525	1,667	14,475

The Group holds derivative financial instruments to hedge certain foreign exchange risk exposures arising from its operating activities. As of March 31, 2026, December 31 and March 31, 2025, the following derivative instruments, without the application of hedge accounting, were classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

					March 31, 2026			
					Contract amount (in thousands)	Currency		Maturity dates
Derivative financial assets								
Forward exchange contracts:								
Forward exchange purchased	USD	15,000	USD to NTD	2026.04.13~2026.04.14				
Forward exchange sold	USD	15,000	USD to NTD	2026.06.17~2026.06.30				
Derivative financial liabilities								
Forward exchange contracts:								
Forward exchange sold	USD	135,000	USD to NTD	2026.04.07~2026.06.25				
					December 31, 2025			
					Contract amount (in thousands)	Currency		Maturity dates
Derivative financial assets								
Forward exchange contracts:								
Forward exchange sold	USD	115,000	USD to NTD	2026.01.20~2026.02.23				
Derivative financial liabilities								
Forward exchange contracts:								
Forward exchange sold	USD	20,000	USD to NTD	2026.01.16~2026.02.06				

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	March 31, 2025		
	Contract amount (in thousands)	Currency	Maturity dates
Derivative financial assets			
Forward exchange contracts:			
Forward exchange sold	USD	10,000	USD to NTD
			2025.04.11~2025.04.16
Derivative financial liabilities			
Forward exchange contracts:			
Forward exchange sold	USD	135,000	USD to NTD
			2025.04.08~2025.04.28

Please refer to note (6)(u) for information relating to the credit risk of financial instruments. As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

	March 31, 2026	December 31, 2025	March 31, 2025
Equity investments at fair value through other comprehensive income:			
Stock listed on domestic market - preferred stocks	\$ 300,982	311,482	304,483
Stock listed on domestic market - common stocks	<u>377,520</u>	<u>405,567</u>	<u>-</u>
Total	<u>\$ 678,502</u>	<u>717,049</u>	<u>304,483</u>

- (i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term for strategic purposes.
- (ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the three months ended March 31, 2026 and 2025.
- (iii) For credit risk and market risk, please refer to note (6)(u).
- (iv) As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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(d) Financial assets at amortized cost

	March 31, 2026	December 31, 2025	March 31, 2025
Foreign corporate bonds	<u>\$ 1,923,078</u>	<u>1,885,724</u>	<u>3,398,219</u>
Current	\$ 255,549	249,383	890,915
Non-current	<u>1,667,529</u>	<u>1,636,341</u>	<u>2,507,304</u>
	<u>\$ 1,923,078</u>	<u>1,885,724</u>	<u>3,398,219</u>
Maturity period	2026.04~2028.08	2026.04~2028.08	2025.04~2028.08

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

- (i) Please refer to note (6)(u) for credit risk information.
- (ii) As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(e) Accounts receivable

	March 31, 2026	December 31, 2025	March 31, 2025
Accounts receivable—measured as amortized cost	\$ 2,119,881	2,115,037	2,169,476
Less: loss allowance	<u>(80)</u>	<u>(178)</u>	<u>(507)</u>
	<u>\$ 2,119,801</u>	<u>2,114,859</u>	<u>2,168,969</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics of the customer's ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including historical credit losses experience and reasonable forecasts of future economic conditions information.

The loss allowance was determined as follows:

Aging interval	March 31, 2026		
	Carrying amount of accounts receivable	Weighted- average expected loss rate	Loss allowance
Current	\$ 2,043,448	-	-
Overdue 1 to 30 days	75,631	-	-
Overdue 31 to 60 days	<u>802</u>	10.00%	<u>80</u>
	<u>\$ 2,119,881</u>		<u>80</u>

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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Aging interval	December 31, 2025		
	Carrying amount of accounts receivable	Weighted-average expected loss rate	Loss allowance
Current	\$ 1,980,335	-	-
Overdue 1 to 30 days	132,924	-	-
Overdue 31 to 60 days	1,778	10.00%	178
	<u>\$ 2,115,037</u>		<u>178</u>
Aging interval	March 31, 2025		
	Carrying amount of accounts receivable	Weighted-average expected loss rate	Loss allowance
Current	\$ 2,097,706	-	-
Overdue 1 to 30 days	67,551	-	-
Overdue 31 to 60 days	3,366	10.00%	337
Overdue 61 to 90 days	853	20.00%	170
	<u>\$ 2,169,476</u>		<u>507</u>

The movements in the loss allowance of accounts receivable were as follows:

	For the three months ended March 31	
	2026	2025
The beginning of period	\$ 178	691
Impairment losses reversed	(98)	(184)
The ending of period	<u>\$ 80</u>	<u>507</u>

As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any accounts receivable as collaterals for its loans.

(f) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Finished goods	\$ 622,998	602,037	594,001
Semi-finished goods	55,544	61,513	61,193
Work in progress	260,428	262,539	238,736
Raw materials	717,629	638,774	724,274
Indirect materials	113,819	101,192	111,859
	<u>\$ 1,770,418</u>	<u>1,666,055</u>	<u>1,730,063</u>

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- (i) The details of the operating costs for the three months ended March 31, 2026 and 2025 of the Group were as follows:

	For the three months ended March 31	
	2026	2025
Cost of sales and expense	\$ 2,024,807	2,092,437
Provision for inventory valuation losses and obsolescence	2,662	8,648
Losses on inventory write-off	3,225	697
	\$ 2,030,694	2,101,782

- (ii) As of March 31, 2026, December 31 and March 31, 2025, the Group did not provide any inventories as collaterals for its loans.

- (g) Non-current assets held for sale

In November 2024, the Group signed a real estate sale and purchase contract for its idle plant and has started to process the sale related matters. Accordingly, the assets were recognized as non-current assets held for sale. In January 2025, the disposal procedure has been completed with the total proceeds of \$167,497, resulting in a gain on disposal of \$128,039 to be recognized.

- (h) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group were as follows:

	Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Construction in progress and equipment under acceptance	Total
Cost or deemed cost:							
Balance on January 1, 2026	\$ 3,407,509	8,569,406	3,540,818	479,404	2,289	212,229	16,211,655
Additions	-	16,236	17,735	2,276	-	53,374	89,621
Disposals	-	(23,279)	(218,407)	(31,575)	-	-	(273,261)
Transferred in (out)	-	7,520	43,943	-	-	(51,823)	(360)
Effects of movements in exchange rates	(9,133)	9,280	14,973	1,053	39	649	16,861
Balance on March 31, 2026	\$ 3,398,376	8,579,163	3,399,062	451,158	2,328	214,429	16,044,516
Balance on January 1, 2025	\$ 2,447,581	8,608,609	6,429,661	654,439	27,561	248,375	18,416,226
Additions	-	4,323	5,602	-	-	48,182	58,107
Disposals	-	(3,893)	(130,887)	(8,197)	-	-	(142,977)
Transferred in (out)	-	26,313	36,236	(12,007)	-	(50,788)	(246)
Effects of movements in exchange rates	-	6,894	25,023	2,915	29	1,121	35,982
Balance on March 31, 2025	\$ 2,447,581	8,642,246	6,365,635	637,150	27,590	246,890	18,367,092

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	Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Construction in progress and equipment under acceptance	Total
Depreciation and impairment loss:							
Balance on January 1, 2026	\$ -	2,005,916	2,503,184	236,754	1,432	-	4,747,286
Depreciation	-	114,100	136,433	27,367	32	-	277,932
Disposals	-	(23,279)	(217,431)	(31,575)	-	-	(272,285)
Effects of movements in exchange rates	-	5,198	6,590	633	24	-	12,445
Balance on March 31, 2026	<u>\$ -</u>	<u>2,101,935</u>	<u>2,428,776</u>	<u>233,179</u>	<u>1,488</u>	<u>-</u>	<u>4,765,378</u>
Balance on January 1, 2025	\$ -	1,652,021	5,037,046	345,862	22,827	-	7,057,756
Depreciation	-	113,977	195,496	28,943	2,259	-	340,675
Disposals	-	(3,893)	(130,423)	(8,197)	-	-	(142,513)
Transferred in (out)	-	444	-	(444)	-	-	-
Effects of movements in exchange rates	-	3,654	19,819	2,640	17	-	26,130
Balance on March 31, 2025	<u>\$ -</u>	<u>1,766,203</u>	<u>5,121,938</u>	<u>368,804</u>	<u>25,103</u>	<u>-</u>	<u>7,282,048</u>
Carrying amount:							
Balance on January 1, 2026	<u>\$ 3,407,509</u>	<u>6,563,490</u>	<u>1,037,634</u>	<u>242,650</u>	<u>857</u>	<u>212,229</u>	<u>11,464,369</u>
Balance on March 31, 2026	<u>\$ 3,398,376</u>	<u>6,477,228</u>	<u>970,286</u>	<u>217,979</u>	<u>840</u>	<u>214,429</u>	<u>11,279,138</u>
Balance on January 1, 2025	<u>\$ 2,447,581</u>	<u>6,956,588</u>	<u>1,392,615</u>	<u>308,577</u>	<u>4,734</u>	<u>248,375</u>	<u>11,358,470</u>
Balance on March 31, 2025	<u>\$ 2,447,581</u>	<u>6,876,043</u>	<u>1,243,697</u>	<u>268,346</u>	<u>2,487</u>	<u>246,890</u>	<u>11,085,044</u>

For operational needs, THEPI acquired land for \$57,713 (PHP 91,110 thousand) from the non-related party in Philippines beginning in 2004, which was recorded as property, plant and equipment. Because the Philippine regulations prohibit foreigners from owning land, therefore, the Group paid for the land, under the title deed of Multi-field to assure the right to the land. THEPI also entered into an agreement with Multi-field to reserve its right to sell or transfer the property.

For future overall planning and operational needs, the subsidiary of the Group, THEPI, resolved in its board meeting on October 29, 2024 to authorize its Chairman to handle the acquisition of land. On January 17, 2025, a presale land purchase agreement was signed with ALJO GATEWAY, INC, with total contract amount of \$624,879 (PHP 1,115,856 thousand). As of March 31, 2025, payments amounting to NT\$191,781 thousand had been made and were recognized under other non-current assets. the title transfer of the aforementioned land transaction was completed in the fourth quarter of 2025.

In consideration of its future capacity expansion plans, the Company resolved in its board meeting on May 28, 2025 to authorize its Chairman to handle the acquisition of land. On June 18, 2025, a land purchase agreement was signed with Sheng Hong Construction Ltd., with total contract amount of \$363,713; the title transfer of the aforementioned land transaction was completed in the third quarter of 2025.

As of March 31, 2026, December 31 and March 31, 2025, the Group had provided property, plant and equipment as collateral for its loans. Please refer to note (8) for details.

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(i) Right-of-use assets

	<u>Land</u>	<u>Buildings and structures</u>	<u>Office equipment</u>	<u>Machinery and equipment</u>	<u>Total</u>
Carrying amount:					
Balance on January 1, 2026	\$ <u>81,327</u>	<u>34,733</u>	<u>14,198</u>	<u>2,046</u>	<u>132,304</u>
Balance on March 31, 2026	\$ <u>80,626</u>	<u>32,171</u>	<u>12,376</u>	<u>1,915</u>	<u>127,088</u>
Balance on January 1, 2025	\$ <u>84,132</u>	<u>65,175</u>	<u>13,552</u>	<u>2,568</u>	<u>165,427</u>
Balance on March 31, 2025	\$ <u>83,431</u>	<u>59,317</u>	<u>11,990</u>	<u>2,437</u>	<u>157,175</u>

There were no significant additions or recognition and reversal of impairment losses of the right-of-use assets recognized by the Group for leasing land, buildings and structures, machinery and equipment and office equipment for the three months ended March 31, 2026 and 2025. Please refer to note (12)(a) for the depreciation amount and note (6)(i) of the consolidated financial statements for the year ended December 31, 2025 for other related information.

(j) Intangible assets

	<u>Goodwill</u>	<u>Patents and others</u>	<u>Cost of computer software</u>	<u>Customer relationship</u>	<u>Total</u>
Carrying amount:					
Balance on January 1, 2026	\$ <u>7,396,676</u>	<u>409,131</u>	<u>79,258</u>	<u>213,280</u>	<u>8,098,345</u>
Balance on March 31, 2026	\$ <u>7,396,676</u>	<u>390,318</u>	<u>71,902</u>	<u>206,545</u>	<u>8,065,441</u>
Balance on January 1, 2025	\$ <u>7,396,676</u>	<u>484,618</u>	<u>64,976</u>	<u>240,221</u>	<u>8,186,491</u>
Balance on March 31, 2025	\$ <u>7,396,676</u>	<u>465,745</u>	<u>89,966</u>	<u>233,486</u>	<u>8,185,873</u>

There were no significant additions, disposal, and reversal of impairment losses of the intangible assets for the three months ended March 31, 2026 and 2025. Please refer to note (12)(a) for the amortization amount and note (6)(j) of the consolidated financial statements for the year ended December 31, 2025 for other related information.

(k) Short-term borrowings

The details of short-term borrowings of the Group were as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Comprehensive secured bank loans	\$ <u>-</u>	<u>-</u>	<u>-</u>
Unused short-term credit lines	\$ <u>4,804,390</u>	<u>5,631,260</u>	<u>6,678,010</u>

Please refer to note (8) for the information about the Group had provided assets as collateral for part of its borrowings and credit lines.

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(l) Long-term borrowings

The details of long-term borrowings of the Group were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured bank loans	\$ 4,051,192	4,033,334	6,259,762
Less: discounts on government grants	(28,240)	(31,737)	(44,468)
Less: current portion	(680,668)	(929,655)	(1,592,341)
	<u>\$ 3,342,284</u>	<u>3,071,942</u>	<u>4,622,953</u>
Unused long-term credit lines	<u>\$ 8,814,746</u>	<u>8,984,400</u>	<u>7,387,419</u>
Range of interest rates	<u>1.475%~1.750%</u>	<u>1.475%~1.750%</u>	<u>1.475%~1.800%</u>
Expiration	Year 2026 to 2031	Year 2026 to 2031	Year 2026 to 2031

(i) For the years ended December 31, 2022 and 2021, the preferential interest rate loans of \$5,297,000 and \$63,000, respectively, received by the Group from the government's "Action Plan for Accelerating Investment of Rooted Taiwanese Enterprises", were used in capital expenditure and operating turnover, and are expected to be repaid by April 2031. Using the prevailing market interest rates at the equivalent loan rates of 1.35%~1.85% and 0.75%, the fair values of the loans were estimated at \$5,138,164 and \$62,465, respectively, upon initial recognition. Moreover, the differences of \$158,836 and \$535, respectively, between the proceeds and the fair value of the loan, with the benefit deriving from the preferential interest rate loans, had been recognized as deferred revenue recorded under other non-current liabilities. For the three months ended March 31, 2026 and 2025, the grant profits of \$1,416 and \$2,469, respectively, which were amortized over the period of loans, were recognized as other income.

(ii) Please refer to note (8) for the information about the Group had provided assets as collateral for part of its long-term borrowings and credit lines.

(m) Other payables

The details of other payables of the Group were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Salaries and bonus payable, employees' compensation and directors' remuneration	\$ 1,017,926	1,130,470	1,052,664
Payable on repairs	89,709	92,045	86,394
Payable on machinery and equipment	22,018	51,021	20,007
Accrued employee benefit liabilities	92,401	90,961	87,142
Payable on consumables	78,771	74,787	75,915
Others	325,671	293,027	301,805
	<u>\$ 1,626,496</u>	<u>1,732,311</u>	<u>1,623,927</u>

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The others included professional service fees, commission, utilities expense, labor insurance and health insurance, etc.

(n) Lease liabilities

The details of the lease liabilities of the Group were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Current	<u>\$ 22,502</u>	<u>23,057</u>	<u>24,384</u>
Non-current	<u>\$ 107,195</u>	<u>111,854</u>	<u>132,332</u>

For the maturity analysis, please refer to note (6)(u) financial instruments.

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2026	2025
Interest on lease liabilities	<u>\$ 625</u>	<u>1,110</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 83</u>	<u>65</u>
Expenses relating to short-term leases	<u>\$ 3,493</u>	<u>4,275</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 9</u>	<u>67</u>

The amounts recognized in the statements of cash flows were as follows:

	For the three months ended March 31	
	2026	2025
Total cash outflow for leases	<u>\$ 10,588</u>	<u>11,730</u>

(i) Real estate leases

The Group leases land, buildings and structures for its factory, parking lots and office space. The leases typically run for a period of two to twenty years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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(ii) Other leases

The Group leases office and machinery equipment with lease terms of two to five years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some lease payments are based on actual usage in the period.

The Group also leases copying machines and other office equipment and parking space with lease terms of two to five years. These leases are short-term or leases of low-value assets. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Employee benefits

(i) Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement, or other material one-time event since the prior reporting date. As a result, the pension cost in the accompanying interim financial statements was measured and disclosed according to the actuarial report as of December 31, 2025 and 2024.

The expenses recognized in profit or loss of the Group amounted to \$2,497 and \$1,622 for the three months ended March 31, 2026 and 2025, respectively.

(ii) Defined contribution plan

The Group's expenses for the pension plan contributions to the Bureau of Labor Insurance amounted to \$19,816 and \$19,060 for the three months ended March 31, 2026 and 2025, respectively.

(p) Income taxes

(i) The details of income tax expense of the Group were as follows:

	For the three months ended March 31	
	2026	2025
Current tax expense	\$ 71,043	92,058

(ii) The details of income tax expense (benefit) of the Group recognized in other comprehensive income were as follows:

	For the three months ended March 31	
	2026	2025
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ 4,418	4,427

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) The Group entities' income tax returns are calculated and filed separately according to the local tax law and combined filing is not acceptable.

(iv) Income tax assessment

The Company's and KINGPAK's income tax returns have been examined and approved by the R.O.C. tax authorities through fiscal years 2024 and 2022, respectively. The Company's income tax returns for fiscal years 2022 and 2023, however, have not yet been examined and approved by the tax authorities as of the date of these financial statements.

(q) Capital and other equity

There were no significant changes in capital and other equity for the three months ended March 31, 2026 and 2025, respectively. For the related information, please refer to note (6)(q) of the consolidated financial statements for the year ended December 31, 2025.

(i) Ordinary shares

As of March 31, 2026 and 2025, the authorized ordinary shares was amounted to \$4,000,000 of which \$200,000 were reserved for the issuance of employee stock options, with par value of \$10 per share, totalling 400,000 thousand shares. As of reporting date, 209,058 thousand of ordinary shares were issued. All issued shares were paid up on issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Additional paid-in capital	\$ 14,432,483	15,059,657	15,059,657
Others	57,984	57,984	57,984
	<u>\$ 14,490,467</u>	<u>15,117,641</u>	<u>15,117,641</u>

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation amended, when allocating the earnings for each fiscal year, the Company must pay tax and make up for the accumulated losses first, also share the remaining profit as follows:

- 1) Set aside 10% of the earnings as legal reserve. However, when the legal reserve amount equals to the paid-in capital of the Company, it is not subject or such restriction.
- 2) Set aside or reverse special reserve in accordance with the relevant laws and regulations.

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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- 3) Pay dividends or bonuses for an amount not less than 30% of the amount net of the legal reserve and special reserve as stipulated in the preceding paragraph and the cash dividends shall account for at least 50% of the current year's total dividends. The Board of Director shall prepare the earnings distribution proposal for the resolutions of the shareholders' meeting. However, if the earnings distribution proposal is for the distribution of dividend and bonus in cash entirely or partially, it shall be resolved by the Board of Directors with the attendance of more than two-thirds of the directors and the consent of the majority of attending directors; also, it shall be reported in the shareholders' meeting.

The Company's dividend policy is based on the current and future development plans, consideration of the investment environment, capital requirements, domestic and international competition, and the interests of shareholders, etc. The Board of Directors shall prepare a resolution to be approved by the shareholders in a meeting.

If the Company has no loss, the Board of Directors, with two-thirds of the directors present and a majority of the directors present, shall issue all or a portion of the legal reserve and the capital surplus as provided in Paragraph 1, Article 241 of the Company Act to the shareholders in cash in proportion to their original shares and report the same to the shareholders' meeting.

The Company's earnings distribution or loss off-setting proposal may be proposed at the close of each half-year.

When the Company allocates its earnings for the first half of the financial year in accordance with the preceding paragraph, it shall first estimate and retain the amounts of taxable contributions, make up its deficits, employee remuneration, and provision for surplus reserve. However, the appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital.

1) Earnings distribution

The amounts of cash dividends for the 2024 earnings distribution had been approved at the board meeting held on February 27, 2025. The relevant dividends distributed to shareholders were as follows:

	2024	
	Amount	Total
	per share (NTD)	amount
Dividends distributed to ordinary shareholders		
Cash	\$ 3.00	627,174

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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The appropriation of 2025 earnings, under which no cash dividends were distributed, and the amount of cash distribution from capital surplus had been approved during the board meeting held on February 25, 2026, as follows:

	2025	
	Amount per share (NTD)	Total amount
Cash distribution from capital surplus	\$ 3.00	627,174

The related information about earnings distribution approved by the related meeting can be accessed from the Market Observation Post System website.

(r) Earnings per share

The calculations of basic earnings per share and diluted earnings per share of the Group were as follows:

	For the three months ended March 31	
	2026	2025
Basic earnings per share (NTD):		
Profit attributable to ordinary shareholders of the Company	\$ 394,293	582,312
Weighted-average number of ordinary shares outstanding (thousand shares)	209,058	209,058
Basic earnings per share (NTD)	\$ 1.89	2.79
Diluted earnings per share (NTD):		
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 394,293	582,312
Weighted-average number of ordinary shares outstanding (thousand shares)	209,058	209,058
Effect of employee share remuneration (thousand shares)	487	894
Weighted-average number of ordinary shares outstanding (diluted) (thousand shares)	209,545	209,952
Diluted earnings per share (NTD)	\$ 1.88	2.77

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31	
	2026	2025
Primary geographical markets:		
Japan	\$ 611,357	675,659
Malaysia	565,337	647,619
Switzerland	451,014	535,977
Singapore	349,437	245,584
United States	274,199	335,040
China	235,292	154,702
Taiwan	125,150	162,930
Others	207,451	151,151
	\$ 2,819,237	2,908,662
Major products:		
Image products	\$ 1,391,322	1,355,879
Hybrid modules & specialty packaging	546,587	669,945
Ceramic metalized substrate	521,287	480,462
RF module	348,336	322,176
Others	11,705	80,200
	\$ 2,819,237	2,908,662

(ii) Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025
Accounts receivable	\$ 2,119,881	2,115,037	2,169,476
Contract assets—image products (recorded under other current assets)	41,962	68,301	101,947
Less: loss allowance	(80)	(178)	(507)
Total	\$ 2,161,763	2,183,160	2,270,916
Contract liabilities—advance sales receipts	\$ 122,128	130,336	131,260

For details on accounts receivable and loss allowance, please refer to note (6)(e).

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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The amounts of revenue recognized for the three months ended March 31, 2026 and 2025 that were included in the contract liabilities balance at the beginning of the periods were \$28,682 and \$10,483, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(t) Remunerations to employees and directors

On May 28, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Company Article of Incorporation, if the Company incurs profit for the year, the profit shall first be used to offset against any accumulated deficits. Thereafter, a maximum of 3% (in cash) of the remaining net profit shall be allocated as directors' remuneration, and not less than 3% (in shares or in cash) as employee remuneration, including a minimum of 0.5% to those base-level employees. The distribution shall also include those employees of the Company's subsidiaries who meet certain requirements.

Prior to the amendment, the Articles of Incorporation stipulated that, if the Company incurs profit for the year, the profit shall first be used to offset against any accumulated deficits. Thereafter, a maximum of 3% (in cash) of the remaining net profit shall be allocated as directors' remuneration, and a minimum of 3% (in shares or in cash) as employee remuneration, including those employees of the Company's subsidiaries who meet certain requirements.

For the three months ended March 31, 2026 and 2025, the Company estimated its employee remuneration amounting to \$23,954 (including the amount allocated to base-level employees) and \$36,498, and directors' remuneration amounting to \$15,087 and \$21,899, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as determined by the management. These remunerations were expensed under operating costs or operating expenses. The differences between the amounts approved in the Board of Directors' meeting and those recognized in the financial statement, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of the board of directors.

For the years ended December 31, 2025 and 2024, the employee compensation amounted to \$89,096 (including the amount allocated to base-level employees) and \$114,320, respectively, and remuneration of directors amounted to \$58,703 and \$62,340, respectively, which had no difference from the actual distribution. The related information is available on the Market Observation Post System website.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financial instruments

Except for those described below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk, and market risk arising from financial instruments. For related information, please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2025.

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) The concentration of credit risk

Sales to individual customers constituting over 10% of operating revenues for the three months ended March 31, 2026 and 2025, amounted to \$1,414,065 and \$1,675,134, respectively. In order to reduce the credit risk, the Group monitors the financial conditions of customers regularly. However, the Group usually does not require customers to provide any collateral.

3) Receivables credit risk

For credit risk exposure of accounts receivable, please refer to note (6)(e). Other financial assets at amortized cost, including other receivables and investment in bonds, are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g) of the consolidated financial statements for the year ended December 31, 2025.

The movement of loss allowance of other receivables for the three months ended March 31, 2026 and 2025 were as follows:

	Other receivables
Balance on January 1, 2026 (same as balance on March 31, 2026)	\$ <u> -</u>
Balance on January 1, 2025	\$ <u> 8</u>
Recognized impairment loss	<u> 3</u>
Balance on March 31, 2025	\$ <u> <u>11</u></u>

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over a year</u>
March 31, 2026				
Non-derivative financial liabilities:				
Notes and accounts payable	\$ 944,414	(944,414)	(944,414)	-
Other payables	1,626,496	(1,626,496)	(1,626,496)	-
Dividends payable	627,174	(627,174)	(627,174)	-
Lease liabilities (including current and non-current portion)	129,697	(154,330)	(24,711)	(129,619)
Guarantee deposits received	3,577	(3,577)	-	(3,577)
Long-term borrowings (including current portion)	4,022,952	(4,127,585)	(721,037)	(3,406,548)
Derivative financial liabilities:				
Forward exchange contracts:	34,525			
Inflow		4,296,207	4,296,207	-
Outflow		(4,330,732)	(4,330,732)	-
	<u>\$ 7,388,835</u>	<u>(7,518,101)</u>	<u>(3,978,357)</u>	<u>(3,539,744)</u>
December 31, 2025				
Non-derivative financial liabilities:				
Notes and accounts payable	\$ 912,588	(912,588)	(912,588)	-
Other payables	1,732,311	(1,732,311)	(1,732,311)	-
Lease liabilities (including current and non-current portion)	134,911	(160,084)	(25,326)	(134,758)
Guarantee deposits received	3,577	(3,577)	-	(3,577)
Long-term borrowings (including current portion)	4,001,597	(4,117,261)	(974,911)	(3,142,350)
Derivative financial liabilities:				
Forward exchange contracts:	1,667			
Inflow		625,450	625,450	-
Outflow		(627,117)	(627,117)	-
	<u>\$ 6,786,651</u>	<u>(6,927,488)</u>	<u>(3,646,803)</u>	<u>(3,280,685)</u>

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over a year</u>
March 31, 2025				
Non-derivative financial liabilities:				
Notes and accounts payable	\$ 905,483	(905,483)	(905,483)	-
Other payables	1,623,927	(1,623,927)	(1,623,927)	-
Dividends payable	627,174	(627,174)	(627,174)	-
Lease liabilities (including current and non-current portion)	156,716	(187,239)	(28,376)	(158,863)
Guarantee deposits received	3,569	(3,569)	-	(3,569)
Long-term borrowings (including current portion)	6,215,294	(6,387,848)	(1,660,508)	(4,727,340)
Derivative financial liabilities:				
Forward exchange contracts:	14,475			
Inflow		4,451,220	4,451,220	-
Outflow		(4,465,695)	(4,465,695)	-
	<u>\$ 9,546,638</u>	<u>(9,749,715)</u>	<u>(4,859,943)</u>	<u>(4,889,772)</u>

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure to financial assets and liabilities for foreign currency risk were as follows:

	<u>March 31, 2026</u>			<u>December 31, 2025</u>			<u>March 31, 2025</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets									
Monetary items									
USD	\$ 192,779	USD/NTD =31.995	6,167,964	153,704	USD/NTD =31.430	4,830,917	206,058	USD/NTD =33.205	6,842,141
JPY	1,342,407	JPY/NTD =0.2005	269,153	326,505	JPY/NTD =0.2008	65,562	364,715	JPY/NTD =0.2227	81,222
Financial liabilities									
Monetary items									
USD	21,668	USD/NTD =31.995	693,268	21,493	USD/NTD =31.430	675,525	19,552	USD/NTD =33.205	649,210
JPY	311,556	JPY/NTD =0.2005	62,467	265,804	JPY/NTD =0.2008	53,373	232,526	JPY/NTD =0.2227	51,784

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, notes and accounts payable and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the NTD against USD and JPY for the three months ended March 31, 2026 and 2025 would have increased or decreased the net profit before tax as follows. The analysis was performed on the same basis for both periods:

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	For the three months ended	
	March 31	
	2026	2025
USD (against the NTD)		
Strengthening 5%	\$ 273,735	309,647
Weakening 5%	(273,735)	(309,647)
JPY (against the NTD)		
Strengthening 5%	10,334	1,472
Weakening 5%	(10,334)	(1,472)

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2026 and 2025, the foreign exchange gains (losses), including realized and unrealized portion, amounted to gains of \$91,338, and gains of \$104,772, respectively.

2) Interest rate risk

The exposure to interest rate risk for financial assets and liabilities refers to the management of liquidity risk in this note.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group's management assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, assuming all other variables remaining constant, the Group's net profit before tax would have decreased or increased by \$1,322 and \$2,884, for the three months ended March 31, 2026 and 2025, respectively, which would be mainly resulted from the borrowings, demand deposits and time deposits with variable interest rates.

(iv) Fair value

1) The categories and the fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at FVTOCI is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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	March 31, 2026				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Derivative financial assets	\$ 10,293	-	10,293	-	10,293
Structured deposits	2,626,492	-	2,626,492	-	2,626,492
Structured investments	588,326	-	-	588,326	588,326
Stock listed on domestic markets	259,089	259,089	-	-	259,089
Foreign private funds	<u>201,578</u>	-	-	201,578	201,578
Subtotal	<u>3,685,778</u>				
Financial assets measured at fair value through other comprehensive income					
Stock listed on domestic markets– preferred stocks	300,982	300,982	-	-	300,982
Stock listed on domestic markets–common stocks	<u>377,520</u>	377,520	-	-	377,520
Subtotal	<u>678,502</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	4,593,272	-	-	-	-
Accounts receivable, net	2,119,801	-	-	-	-
Other receivables	17,687	-	-	-	-
Foreign corporate bonds (including current and non-current portion)	1,923,078	-	-	-	-
Guarantee deposits paid (recorded under other non-current assets)	16,476	-	-	-	-
Other non-current financial assets	<u>5,000</u>	-	-	-	-
Subtotal	<u>8,675,314</u>				
Total	<u>\$ 13,039,594</u>				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 34,525</u>	-	34,525	-	34,525
Financial liabilities measured at amortized cost					
Notes and accounts payable	944,414	-	-	-	-
Other payables	1,626,496	-	-	-	-
Dividends payable	627,174	-	-	-	-
Lease liabilities (including current and non-current portion)	129,697	-	-	-	-
Guarantee deposits received	3,577	-	-	-	-
Long-term borrowings (including current portion)	<u>4,022,952</u>	-	-	-	-
Subtotal	<u>7,354,310</u>				
Total	<u>\$ 7,388,835</u>				

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	December 31, 2025				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Derivative financial assets	\$ 20,298	-	20,298	-	20,298
Structured deposit	2,402,010	-	2,402,010	-	2,402,010
Structured investments	589,441	-	-	589,441	589,441
Stock listed on domestic markets	253,289	253,289	-	-	253,289
Foreign private funds	<u>204,954</u>	-	-	204,954	204,954
Subtotal	<u>3,469,992</u>				
Financial assets measured at fair value through other comprehensive income					
Stock listed on domestic markets – preferred stocks	311,482	311,482	-	-	311,482
Stock listed on domestic markets – common stocks	<u>405,567</u>	405,567	-	-	405,567
Subtotal	<u>717,049</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	4,276,602	-	-	-	-
Accounts receivable, net	2,114,859	-	-	-	-
Other receivables	31,818	-	-	-	-
Foreign corporate bonds (including current and non-current portion)	1,885,724	-	-	-	-
Guarantee deposits paid (recorded under other non-current assets)	14,985	-	-	-	-
Other non-current financial assets	<u>5,000</u>	-	-	-	-
Subtotal	<u>8,328,988</u>				
Total	<u>\$ 12,516,029</u>				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	\$ <u>1,667</u>	-	1,667	-	1,667
Financial liabilities measured at amortized cost					
Notes and accounts payable	912,588	-	-	-	-
Other payables	1,732,311	-	-	-	-
Lease liabilities (including current and non-current portion)	134,911	-	-	-	-
Guarantee deposits received	3,577	-	-	-	-
Long-term borrowings (including current portion)	<u>4,001,597</u>	-	-	-	-
Subtotal	<u>6,784,984</u>				
Total	<u>\$ 6,786,651</u>				

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	March 31, 2025				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current portion)					
Derivative financial assets	\$ 25	-	25	-	25
Structured deposits	4,841,817	-	4,841,817	-	4,841,817
Structured investments	386,333	-	-	386,333	386,333
Stock listed on domestic markets	246,199	246,199	-	-	246,199
Foreign private funds	<u>229,996</u>	-	-	229,996	229,996
Subtotal	<u>5,704,370</u>				
Financial assets measured at fair value through other comprehensive income					
Stock listed on domestic markets – preferred stocks	<u>304,483</u>	304,483	-	-	304,483
Financial assets measured at amortized cost					
Cash and cash equivalents	2,830,955	-	-	-	-
Accounts receivable, net	2,168,969	-	-	-	-
Other receivables	33,951	-	-	-	-
Other current financial assets	35,902	-	-	-	-
Foreign corporate bonds (including current and non-current portion)	3,398,219	-	-	-	-
Guarantee deposits paid (recorded under other non-current assets)	15,828	-	-	-	-
Other non-current financial assets	<u>5,000</u>	-	-	-	-
Subtotal	<u>8,488,824</u>				
Total	<u>\$ 14,497,677</u>				
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 14,475</u>	-	14,475	-	14,475
Financial liabilities measured at amortized cost					
Notes and accounts payable	905,483	-	-	-	-
Other payables	1,623,927	-	-	-	-
Dividends payable	627,174	-	-	-	-
Lease liabilities (including current and non-current portion)	156,716	-	-	-	-
Guarantee deposits received	3,569	-	-	-	-
Long-term borrowings (including current portion)	<u>6,215,294</u>	-	-	-	-
Subtotal	<u>9,532,163</u>				
Total	<u>\$ 9,546,638</u>				

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices. The market prices from the main exchanges and government bond exchanges are the basis of the fair value of the listed company's equity instruments and debt instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If the above conditions are not met, the market is considered inactive. Quoted market prices may not be active if the bid-ask spread is wide, the bid-ask spread has increased significantly, or the volume of trading is low.

The fair values of the Group's financial instruments in an active market for each category and attribute were as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions traded in active liquid markets are determined with reference to the quoted market prices, including open-end mutual funds and stocks of listed company.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on valuation models commonly accepted by market participants such as the discounted cash flow method or option pricing models. The value of a forward exchange contract is usually determined by the forward exchange rate. Structured investments were calculated using the offer price.

3) Transfer between level

There were no transfers between fair value level for the three months ended March 31, 2026 and 2025.

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Reconciliation of Level 3 fair values

	Non-derivative financial assets mandatorily measured at fair value through profit or loss
Balance on January 1, 2026	\$ 794,395
Total gains and losses	
Recognized in profit or loss	(1,338)
Disposal	(3,153)
Balance on March 31, 2026	<u>\$ 789,904</u>
Balance on January 1, 2025	\$ 495,125
Total gains and losses	
Recognized in profit or loss	(12,267)
Purchased	135,000
Disposal	(1,529)
Balance on March 31, 2025	<u>\$ 616,329</u>

For the three months ended March 31, 2026 and 2025, total gains and losses were included in gains (losses) on financial assets (liabilities) at fair value through profit or loss and foreign exchange gains (losses), net.

5) The quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include investment in private funds and structured investments.

The quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss – investment in private funds	Net asset value method	Net asset value	Not applicable

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The fair value of the structured investments is based on unadjusted quote price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(v) to the consolidated financial statements for the year ended December 31, 2025.

(w) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those in the consolidated financial statements for the year ended December 31, 2025. There were no material changes in the Group's quantitative information from that disclosed in the consolidated financial statements for the year ended December 31, 2025. For other related information, please refer to note (6)(w) of the consolidated financial statements for the year ended December 31, 2025.

(x) Investing and financing activities not affecting current cash flow

(i) The Group's investing and financing activities, which did not affect the current cash flow for the three months ended March 31, 2026 and 2025, were the acquisition of its right-of-use assets by lease, please refer to note (6)(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2026	Cash flows	Non-cash changes		March 31, 2026
			Increase	Others	
Lease liabilities (including current and non-current portion)	\$ 134,911	(6,378)	1,136	28	129,697
Guarantee deposits received	3,577	-	-	-	3,577
Long-term borrowings (including current portion)	4,001,597	17,858	-	3,497	4,022,952
Total liabilities from financing activities	<u>\$ 4,140,085</u>	<u>11,480</u>	<u>1,136</u>	<u>3,525</u>	<u>4,156,226</u>
			Non-cash changes		
	January 1, 2025	Cash flows	Increase	Others	March 31, 2025
Lease liabilities (including current and non-current portion)	\$ 162,573	(6,213)	-	356	156,716
Guarantee deposits received	3,569	-	-	-	3,569
Long-term borrowings (including current portion)	5,022,452	1,187,857	-	4,985	6,215,294
Total liabilities from financing activities	<u>\$ 5,188,594</u>	<u>1,181,644</u>	<u>-</u>	<u>5,341</u>	<u>6,375,579</u>

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Name and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Ralec Electronic Corporation (Ralec)	Substantial related party
Yageo Foundation	Substantial related party

(b) Significant transaction with related parties

(i) Operating expenses

	For the three months ended March 31	
	2026	2025
	Substantial related party	\$ <u>3,000</u>

(c) Transactions with key management personnel

Key management personnel compensation comprised of:

	For the three months ended March 31	
	2026	2025
	Short-term employee benefits	\$ 32,497
Post-employment benefits	154	153
	<u>\$ 32,651</u>	<u>43,177</u>

(8) Assets pledged as security

The carrying amounts of pledged assets were as follows:

Pledged assets	Subject	March 31, 2026	December 31, 2025	March 31, 2025
Other current financial assets – time deposits	Credit lines for letters of credit and short-term borrowings and credit lines	\$ -	-	32,873
Other non-current financial assets – time deposits	Rental guarantee for the plant in the Hsinchu Science Park, Longtan Dist.	5,000	5,000	5,000
Property, plant and equipment – land and buildings	Long-term and short-term borrowings and credit lines	-	-	188,065
		<u>\$ 5,000</u>	<u>5,000</u>	<u>225,938</u>

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies

(a) The Group's unrecognized contractual commitments was as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Future payments for the purchase of equipment, construction in progress and intangible assets	\$ <u>102,861</u>	<u>130,303</u>	<u>90,052</u>

(b) The Group's unused and outstanding letters of credit and the deposit for the Group's customs duties were as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Unused and outstanding letters of credit and the deposit for customs duties	\$ <u>24,500</u>	<u>24,500</u>	<u>27,500</u>

(10) Losses due to major disasters: None.

(11) Subsequent events:

On April 14, 2026, the Company's Board of Directors resolved, in accordance with the Securities and Exchange Act and the Regulations Governing the Offering and Issuance of Securities by Issuers, to issue 8,000,000 units of employee stock options. Each unit entitles the holder to subscribe for one share of common stock. The exercise price shall be determined by the Board of Directors, and in principle shall not be less than 60% of the closing price of the Company's common shares on the issuance date. The options may be issued in one or multiple tranches within two years from the effective date of the registration, subject to actual needs.

(12) Other

(a) A summary of employee benefits, depreciation and amortization, categorized by function, is as follows:

By function	For the three months ended March 31					
	2026			2025		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item						
Employee benefits						
Salaries	456,537	177,035	633,572	430,257	147,966	578,223
Labor and health insurance	42,831	11,635	54,466	41,402	11,830	53,232
Pension	17,383	4,930	22,313	16,417	4,265	20,682
Other employee benefits	25,191	5,801	30,992	23,954	6,124	30,078
Depreciation	219,416	64,903	284,319	287,495	61,841	349,336
Amortization	2,596	31,078	33,674	2,974	29,377	32,351

(Continued)

TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(13) Other disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2026:

(i) Loans to other parties:

Unit: In Thousands of New Taiwan Dollars

Number (Note 1)	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2,3)	Maximum limit of fund financing (Note 2,3)
												Item	Value		
0	The Company	THEPI	Other receivables- related parties	959,850 (USD30,000)	959,850 (USD30,000)	-	Reference capital cost to be negotiated separately	Short-term financing	-	The expansion of the subsidiary's operations	-	None	-	2,643,143	7,929,429
1	THEPI	Terra Uno Landholdin g Corp.	Other receivables- related parties	123,942 (USD3,874)	123,942 (USD3,874)	123,942 (USD3,874)	4.33%	Short-term financing	-	Internal fund allocation within the Group	-	None	-	744,224	744,224
1	THEPI	Prism Horizon Holdings Corp.	Other receivables- related parties	222,532 (USD6,955)	222,532 (USD6,955)	222,532 (USD6,955)	4.33%	Short-term financing	-	Internal fund allocation within the Group	-	None	-	744,224	744,224

Note 1: "0", represents the Company, and subsidiaries are numbered starting from "1".

Note 2: According to lender's "Procedures for Loans to Other Parties," for other companies or entities having short-term financing needs, the total amount shall not exceed 30% of the most recent audited or reviewed net worth of the Company, the individual financing amount shall not exceed 10% of the most recent audited or reviewed net worth of the Company.

Note 3: According to leaders "Procedures for Loans Other Parties" for other companies or entities having short-term financing needs and independent financing needs, the total amount shall not exceed 40% of the most recent audited or reviewed net worth of Subsidiaries.

Note 4: The amounts in NTD shown above were calculated based on the exchange rate of the date at the balance sheet date.

(ii) Guarantees and endorsements for other parties: None.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iii) Material securities held as of March 31, 2026 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares/ thousand units

Name of holder	Name of security		Relationship with Company	Account title	Ending balance				Note
	Category	Name			Shares /Units	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	Structured deposits	30-Day TAIBIR 02 Principal-Protected Structured Note (CSC)	None	Current financial assets at fair value through profit or loss	-	1,704,103	-	1,704,103	
The Company	Structured deposits	SOFRRATE Range Accrual Principal-Protected Structured Note (CSC)	None	Current financial assets at fair value through profit or loss	-	160,472	-	160,472	
The Company	Structured deposits	President securities Corporation DSU 100% NTD PGN	None	Current financial assets at fair value through profit or loss	-	400,960	-	400,960	
The Company	Structured deposits	KGI Bank Short-Term Rate NTD Structured Product	None	Current financial assets at fair value through profit or loss	-	200,533	-	200,533	
The Company	Structured deposits	KGI Bank Short-Term Rate USD Structured Product	None	Current financial assets at fair value through profit or loss	-	160,424	-	160,424	
The Company	Structured investments	Shinfox Energy Credit-Linked Structured Notes	None	Current financial assets at fair value through profit or loss	-	292,899	-	292,899	
The Company	Structured investments	Taiwan Mobile Co.,Ltd. Credit-Linked Structured Notes (30454)	None	Non-current financial assets at fair value through profit or loss	-	270,378	-	270,378	
The Company	Structured investments	Taiwan Mobile Co.,Ltd. Credit-Linked Structured Notes (30455)	None	Non-current financial assets at fair value through profit or loss	-	25,049	-	25,049	
The Company	Fund	SMART Growth Fund, L.P.	None	Non-current financial assets at fair value through profit or loss	-	201,578	1.60%	201,578	Notes 1,2
The Company	Stock	Taishin Shin Kong Preferred Shares, Series G-II	None	Non-current financial assets at fair value through profit or loss	6,445	259,089	-	259,089	
The Company	Stock	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	Non-current financial assets at fair value through other comprehensive income	5,833	300,982	-	300,982	
The Company	Stock	Anpec Electronics Common Shares	None	Non-current financial assets at fair value through other comprehensive income	1,317	277,229	-	277,229	
The Company	Stock	uPI Semiconductor Common Shares	None	Non-current financial assets at fair value through other comprehensive income	621	100,291	-	100,291	
The Company	Bond	TSMC Global Corp. International Bond (AF57)	None	Current financial assets at amortized cost	-	255,549	-	255,549	Notes 2,3
The Company	Bond	JPMorgan Chase & Co. International Bond	None	Non-current financial assets at amortized cost	-	129,559	-	129,559	Notes 2,3
The Company	Bond	Morgan Stanley International Bond	None	Non-current financial assets at amortized cost	-	340,487	-	340,487	Notes 2,3
The Company	Bond	HSBC Holdings PLC International Bond 3	None	Non-current financial assets at amortized cost	-	304,017	-	304,017	Notes 2,3
The Company	Bond	Bank of America Corp. International Bond	None	Non-current financial assets at amortized cost	-	318,496	-	318,496	Notes 2,3
The Company	Bond	UBS Group AG International Bond	None	Non-current financial assets at amortized cost	-	224,438	-	224,438	Notes 2,3
The Company	Bond	Citigroup Inc. International Bond	None	Non-current financial assets at amortized cost	-	63,248	-	63,248	Notes 2,3
The Company	Bond	Barclays Foreign Bond	None	Non-current financial assets at amortized cost	-	287,284	-	287,284	Notes 2,3

Note 1: The amount of investment was USD 5,981 thousand.

Note 2: Included foreign exchange gains or losses, net.

Note 3: The fair value was shown at amortized cost.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Units: In Thousands of New Taiwan Dollars

Name of Company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	THEPI	100% owned subsidiary by the Company	Purchase	567,826	52 %	Monthly closing and paid by cash	-	-	Accounts payable (203,041)	(23)%	Note 1
THEPI	The Company	Parent company	Sale	(679,678)	(100)%	Monthly closing and received by cash	-	-	Accounts receivable 272,742	100 %	Note 1
THEPI	The Company	Parent company	Purchase	111,852	25 %	Monthly closing and paid by cash	-	-	Accounts payable (69,701)	(22)%	Note 1

Note 1: The transactions have been eliminated in the consolidated financial statements.

- (v) Information regarding receivables from related-parties exceeding NT\$100 million or 20% of the Company's paid-in capital:

Units: In Thousands of New Taiwan Dollars

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts	Note
					Amount	Action taken			
THEPI	The Company	100% owned subsidiary by the Company	272,742	9.50	-	-	199,428	-	Note 3
"	Prism Horizon	Same as the immediate parent company	222,532		-	-	-	-	Note 2, 3
"	Terra Uno	Same as the immediate parent company	123,942		-	-	-	-	Note 2, 3

Note 1: Information as of April 14, 2026.

Note 2: Represents loans to related parties.

Note 3: The transactions have been eliminated in the consolidated financial statements.

- (vi) Significant transactions and business relationship between the parent company and its subsidiaries for the three months ended March 31, 2026:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Trading terms	
1	THEPI	The Company	2	Sale revenue	679,678	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	24 %
1	THEPI	The Company	2	Accounts receivable	272,742	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	1 %
1	THEPI	The Company	2	Operating costs	111,852	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	4 %

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Trading terms	
1	THEPI	The Company	2	Accounts payable	69,701	The sales prices of inter company sales are not significantly different from those of the third parties. The payment term is monthly closing, and the payment is received by cash.	- %
1	THEPI	Prism Horizon	3	Other Accounts receivable	222,532	Financing	1 %
1	THEPI	Terra Uno	3	Other Accounts receivable	123,942	Financing	- %

Note 1: The numbers filled in as follows:

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

- 1 represents the transactions from the parent company to its subsidiaries.
- 2 represents the transactions from the subsidiaries to the parent company.
- 3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2026 (excluding information on investees in Mainland China):

Unit: thousands of New Taiwan Dollars/ thousands of shares

Name of investor	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of the investee	Share of profit (losses) of investee	Note (note)
				March 31, 2026	December 31, 2025	Shares	Percentage of Ownership	Carrying amount			
The Company	THEPI	Philippines	Sales and manufacturing of RF module, hybrid modules & specialty packaging, ceramic metalized substrate and image products	2,016,853	2,016,853	28,793	100.00 %	1,859,468	(50,640)	(50,364)	
The Company	Multi-field	Philippines	Trading and leasing of real estate	-	-	-	- %	-	835	-	With substantial control
The Company	Prism Horizon	Philippines	Investment holding company	97,351	97,351	80	40.00 %	67,366	(13,622)	(13,191)	Note 1
THEPI	Terra Uno	Philippines	Land development company	207,163	207,163	40	40.00 %	187,798	(5,841)	(2,336)	
Prism Horizon	Terra Uno	Philippines	Land development company	307,281	307,281	60	60.00 %	296,733	(5,841)	(3,505)	

Note : The transactions have been eliminated in the consolidated financial statements.

Note1: The Company invested in the ordinary shares and preferred shares of Prism Horizon, with an aggregate shareholding of 40%. However, in accordance with the investee's articles of incorporation, the preferred shares carry preferential rights to additional distributions. Accordingly, the Company recognized 96.84% of the investee's equity interests

(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information: None.
- (ii) Limitation on investment in Mainland China: None.
- (iii) Significant transactions: None.

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TONG HSING ELECTRONIC INDUSTRIES, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information

(a) General Information

The Group has adjusted its internal organizational structure into a single business unit in 2022, wherein the operation segment focuses on providing the best solutions for process technology. The operational decision maker reviews the operation result regularly to allocate the necessary resources and measures performances. Thus, the Group provides the operational decision maker with segment information for review, which is measured on the same basis as that of the consolidated financial statements. For the three months ended March 31, 2026 and 2025, the revenue and operation results to be reported can be referred to the consolidated statements of comprehensive income, wherein the total revenues of the reportable segment amounting to \$679,678 and \$668,771 had been deducted from the intersegment revenues for the three months ended March 31, 2026 and 2025, respectively.