Stock Code:4903

UNITED FIBER OPTIC COMMUNICATION INC.
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' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors
UNITED FIBER OPTIC COMMUNICATION INC.:

Introduction

We have reviewed the accompanying consolidated balance sheets of UNITED FIBER OPTIC COMMUNICATION INC. and its subsidiaries 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 Interim 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 UNITED FIBER OPTIC COMMUNICATION INC. and its subsidiaries 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 Kao, Yu-Lun and Chang, Stu-Ying.

KPMG

Taipei, Taiwan (Republic of China)
May 6, 2026

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2026		December 31, 2025		March 31, 2025	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 195,589	11	263,862	15	184,984	13
1110	Current financial assets at fair value through profit or loss (notes 6(b) and 8)	84,302	5	89,952	5	109,923	8
1136	Current financial assets at amortized cost, net (notes 6(d) and 8)	21,790	1	21,790	1	29,800	2
1140	Current contract assets (notes 6(u) and 7)	198,664	12	147,880	9	155,658	11
1150	Notes receivable, net (note 6(e))	151	-	-	-	465	-
1170	Accounts receivable, net (note 6(e))	19,659	1	40,151	2	56,712	4
1180	Accounts receivable due from related parties, net (notes 6(e) and 7)	108,054	6	103,721	6	152,208	11
1199	Finance lease payment receivable due from related parties (notes 6(g) and 7)	767	-	-	-	-	-
1200	Other receivables (note 6(f))	350	-	350	-	350	-
1220	Current tax assets	1,710	-	2,913	-	855	-
130X	Inventories (note 6(h))	82,191	5	108,863	6	85,188	6
1478	Construction deposits paid	22,024	1	25,345	2	38,422	3
1479	Other current assets	116,800	7	120,340	7	138,985	10
		852,051	49	925,167	53	953,550	68
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and 8)	433,812	25	443,439	25	226,250	16
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	-	-	290,080	17	120,050	9
1535	Non-current financial assets at amortized cost, net (notes 6(d) and 8)	7,971	1	7,952	-	3,045	-
1550	Investments accounted for using equity method, net (note (i))	352,479	20	-	-	-	-
1600	Property, plant and equipment (notes 6(j) and 8)	53,367	3	54,928	3	65,685	5
1755	Right of use assets (notes 6(k) and 7)	20,404	1	24,692	2	19,129	2
1780	Intangible assets (note 6(l))	2,330	-	2,738	-	2,629	-
1805	Goodwill (note (l))	-	-	-	-	490	-
1840	Deferred tax assets	20	-	20	-	9	-
1920	Guarantee deposits paid (note 7)	7,217	1	4,808	-	4,441	-
194E	Long-term finance lease payment receivable due from related parites (notes 6(g) and 7)	1,214	-	-	-	-	-
		878,814	51	828,657	47	441,728	32
	Total assets	$ 1,730,865	100	1,753,824	100	1,395,278	100

		March 31, 2026		December 31, 2025		March 31, 2025	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (notes 6(m) and 8)	$ 220,000	12	250,000	14	30,000	2
2130	Current contract liabilities (notes 6(u) and 7)	180,419	10	178,640	10	229,402	17
2170	Accounts payable	32,125	2	63,298	4	34,039	3
2180	Accounts payable to related parties (note 7)	57	-	3,819	-	2,156	-
2200	Other payables (note 6(n))	50,862	3	53,739	3	22,663	2
2220	Other payables to related parties (notes 6(n) and 7)	91	-	180	-	113	-
2230	Current tax liabilities	10,752	1	11,982	1	4,548	-
2250	Current provisions (note 6(p))	2,261	-	2,516	-	6,707	-
2280	Lease liabilities-current (notes (o) and 7)	11,151	1	11,424	1	7,373	1
2300	Other current liabilities	937	-	986	-	1,010	-
		508,655	29	576,584	33	338,011	25
	Non-Current liabilities:						
2550	Non-current provisions (note 6(p))	1,621	-	2,340	-	5,756	-
2570	Deferred tax liabilities	17	-	17	-	-	-
2580	Lease liabilities non-current (notes 6(o) and 7)	11,959	1	13,909	1	12,281	1
2645	Guarantee deposits received	293	-	293	-	292	-
		13,890	1	16,559	1	18,329	1
	Total liabilities	522,545	30	593,143	34	356,340	26
	Equity attributable to owners of parent (note 6(s)):						
3110	Ordinary shares	1,053,437	61	1,053,437	60	1,053,437	76
3200	Capital surplus	-	-	-	-	58,511	4
3350	Retained earnings (accumulated deficit)	159,099	9	91,563	5	(93,660)	(7)
3400	Other equity interest	(4,216)	-	15,681	1	20,650	1
		1,208,320	70	1,160,681	66	1,038,938	74
	Total equity	1,208,320	70	1,160,681	66	1,038,938	74
	Total liabilities and equity	$ 1,730,865	100	1,753,824	100	1,395,278	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED FIBER OPTIC COMMUNICATION INC. 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 Common Share)

		For the three months ended March 31			
		2026		2025	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(u) and 7)	$ 357,123	100	198,211	100
5000	Operating costs (notes 6(h), (q) and 7)	330,226	93	191,846	97
5900	**Gross profit from operations**	26,897	7	6,365	3
	Operating expenses(notes 6(j), (k), (l), (o), (q), (v) and 7):				
6100	Selling expenses	1,626	-	1,742	1
6200	Administrative expenses	20,325	7	27,144	14
		21,951	7	28,886	15
	Net operating income (loss)	4,946	-	(22,521)	(12)
	Non-operating income and expenses:				
7100	Interest income (note 6(w))	79	-	22	-
7010	Other income (notes 6(w) and 7)	354	-	643	-
7020	Other gains and losses, net (notes 6(b) and (w))	(15,446)	(4)	3,023	2
7050	Finance costs, net (notes 6(o), (w) and 7)	(1,265)	-	(144)	-
7070	Share of profit (loss) of associates accounted for using equity method, net (note 6(i))	53,385	15	-	-
		37,107	11	3,544	2
	Income before tax	42,053	11	(18,977)	(10)
7950	Less: Income tax expenses (note 6(r))	3,428	1	-	-
	Net income (loss)	38,625	10	(18,977)	(10)
8300	**Other comprehensive income**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (notes 6(c) and (s))	13,230	4	13,160	7
8320	Share of other comprehensive income of associates accounted for using equity method	(4,216)	(1)	-	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	9,014	3	13,160	7
8300	**Other comprehensive income**	9,014	3	13,160	7
	Total comprehensive income (loss)	**$ 47,639**	**13**	**(5,817)**	**(3)**
	Basic earnings (loss) per share (New Taiwan dollars) (note 6(t))	**$ 0.37**		**(0.18)**	
	Diluted earnings (loss) per share (New Taiwan dollars)(note 6(t))	**$ 0.37**		**(0.18)**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED FIBER OPTIC COMMUNICATION INC. 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				
	Share capital		Retained earnings		
	Ordinary shares	Capital surplus	Retained earnings (accumulated deficit)	Unrealized gains on financial assets measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2025	$ 1,053,437	58,511	(74,683)	7,490	1,044,755
Net loss	-	-	(18,977)	-	(18,977)
Other comprehensive income	-	-	-	13,160	13,160
Total comprehensive income (loss)	-	-	(18,977)	13,160	(5,817)
Balance at March 31, 2025	**$ 1,053,437**	**58,511**	**(93,660)**	**20,650**	**1,038,938**
Balance at January 1,2026	$ 1,053,437	-	91,563	15,681	1,160,681
Net income	-	-	38,625	-	38,625
Other comprehensive income	-	-	-	9,014	9,014
Total comprehensive income	-	-	38,625	9,014	47,639
Disposal of investments in equity instruments designated at fair value through other comprehensive income (loss)	-	-	28,911	(28,911)	-
Balance at March 31, 2026	**$ 1,053,437**	**-**	**159,099**	**(4,216)**	**1,208,320**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED FIBER OPTIC COMMUNICATION INC. 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:		
Income (loss) before tax	$ 42,053	(18,977)
Adjustments:		
Adjustments to reconcile (loss) income:		
Depreciation expense	5,460	6,056
Amortization expense	408	376
Net gain on financial assets at fair value through profit or loss	15,277	(3,060)
Interest expense	1,265	144
Interest income	(79)	(22)
Share of profit of associates accounted for using equity method	(53,385)	-
Loss on inventory write downs	148	134
Gain on disposal of right of use assets	(9)	-
Total adjustments to reconcile (loss) income	(30,915)	3,628
Changes in operating assets and liabilities:		
Contract assets	(50,784)	29,233
Notes receivable	(151)	314
Accounts receivable	20,492	260
Accounts receivable due from related parties	(4,333)	(35,618)
Other receivable	-	7
Finance lease payment receivable due from related parties	188	-
Inventories	26,524	(761)
Other current assets	3,540	(64,195)
Contract liabilities	1,779	123,733
Accounts payable	(31,173)	(101,777)
Accounts payable to related parties	(3,762)	(4,236)
Other payable	(2,877)	(12,108)
Other payable to related parties	(89)	(172)
Provisions	(974)	1,261
Other current liabilities	(49)	(1,818)
Total adjustments	(72,584)	(62,249)
Cash outflow generated from operations	(30,531)	(81,226)
Interest received	79	22
Interest paid	(1,265)	(144)
Income taxes paid	(3,455)	(855)
Net cash flows from operating activities	(35,172)	(82,203)
Cash flows from used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(313)
Increase in financial assets at amortized cost	(19)	(17)
Acquisition of property, plant and equipment	(1,023)	-
Decrease (increase) in refundable deposits	912	(4,282)
Net cash flows used in investing activities	(130)	(4,612)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term borrowings	(30,000)	30,000
Payment of lease liabilities	(2,971)	(2,083)
Net cash flows (used in) financing activities	(32,971)	27,917
Net decrease in cash and cash equivalents	(68,273)	(58,898)
Cash and cash equivalents at the beginning of the period	263,862	243,882
Cash and cash equivalents at the end of the period	$ **195,589**	**184,984**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollar, except for Earnings per Share Information and Unless Otherwise Specified)

(1) Company history

United Fiber Optic Communication Inc. (the "Company") was incorporated on June 15, 1984, as a company limited by shares under the Company Act of the Republic of China (ROC). The Company registered in the Hsinchu Science Park on July 25, 1986, and commenced production in March 1987.

The main operating activities of the Company and its subsidiaries (collectively referred as the "Consolidated Company") engages in exporting and importing products as well as providing services regarding fiber optic cables, related materials and accessories, transmission equipment, dense wavelength division multiplex (DWDM), repeaters, panels and boxes, and preforms, related communications equipment and network workstation systems, FDDI network equipment, optical Cable TV transmitters and receivers, FM PSK multi-band video transmission series, broadband data transmission and network management systems (including software, test equipment, control equipment, high-speed cables, etc.), e-commerce cross-platform software development, and telephone computer integration system with digital spread-spectrum walkie-talkies for cars and digital relay walkie-talkies.

The Company's ordinary shares were listed on the Taipei Exchange on May 14, 2001.

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

These consolidated financial statements were approved and authorized for release by the Board of Directors on May 6, 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"

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	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. ● 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)

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:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and IAS 34 “ Interim Financial Reporting” which are endorsed and issued into effect by FSC. The consolidated financial statements 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 (altogether 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 statement 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

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Consolidated Company. The Consolidated Company ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Consolidated Company attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Consolidated Company prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Consolidated Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Consolidated Company will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

			Percentage of ownership			
Name investor	**Name of investee**	**Scope of business**	**March 31, 2026**	**December 31, 2025**	**March 31, 2025**	**Description**
The Company	TSG Mechatronic Corp.(TSG Mechatronic)	Comprehensive construction of mechanical and electrical engineering	- %	- %	100.00 %	Note 2
The Company	TSG Engineering Corp.(TSG Engineering)	Comprehensive construction	100.00 %	100.00 %	100.00 %	Note 3
The Company	Ottimo Connectech Inc. (Ottimo Connectech)	Wholesale and retail of communications equipment, as well as installation and repair of cables	100.00 %	100.00 %	100.00 %	Note 1
The Company	United Fiber Optic Communication Investment Co., Ltd. (UFOCI)	General investment	100.00 %	100.00 %	100.00 %	Note 4

Note 1: The ACTS' management assessed the operating conditions of Ottimo Connectech, which resulted in a Board resolution on December 15, 2020, to suspend its business for one year. As approved by the Taipei City Government, Ottimo Connectech suspended its business from February 1, 2021, to January 31, 2022. Thereafter, the suspension was extended for one year to January 31, 2023. On February 6, 2023, it completed the procedures to resume its business as the suspension period had expired. One July 25, 2023, Ottimo Connectech applied for a one-year cessation of operations, approved by the competent authority to be closed from August 1, 2023, to July 31, 2024. After the period ended, the resumption procedure was completed on August 1, 2024. To integrate group resources, the management of ACTS decided to dissolve Ottimo Connectech in 2024. The dissolution on October 31, 2024, was approved by the Taipei City Government, with document number 11354895300, on November 7, 2024. After the Company absorbed and merged with ACTS on December 1, 2024, it indirectly acquired Ottimo Connectech as a subsidiary, as of March 31, 2026, Ottimo Connectech was still in the process of liquidation.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 2: In May 2024, the Company resolved by the Board of Directors, to invest $30,000 thousand to establish TSG Mechatronic, a 100% owned subsidiary. In July 2024, the Company resolved, by the Board of Directors, to participate in the subsidiary's capital increase of $20,000 thousand in cash. On September 17, 2025, the Board of Directors further approved a simplified merger between TSG Mechatronic and TSG Engineering with TSG Engineering as the surviving entity and TSG Mechatronic as the dissolved entity. The merger base date wes set as October 31, 2025. TSG Mechatronic completed its dissolution registration upon approval by the Tainan City Government under letter No. 1140055885 dated December 10, 2025, and all statutory registration procedures have been completed.

Note3: In May 2024, the Company resolved by the Board of Directors to acquire 100% of the shares of TSG Engineering held by OFCO Industrial Corporation for $23,480 thousand on July 1, 2024. And in July 2024, the Company resolved by the Board of Directors to participate in the company's capital increase of $27,500 thousand in cash. On September 17, 2025, the Board of Directors further approved a simplified merger between TSG Mechatronic and TSG Engineering with TSG Engineering as the surviving entity and TSG Mechatronic as the dissolved entity. The merger base date was set as October 31, 2025. As part of the organizational restructuring, TSG Engineering acquired 5,864 thousand shares of TSG Mechatronic The merger and dissolution registration were approved by the Tainan City Government on December 10, 2025, and all statutory registration procedures have been completed.

Note4: In February 2025, the Company invested $2,000 thousand to establish UFOCI, a 100% owned subsidiary.

(iii) Subsidiaries excluded from the consolidated financial statement: None.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, "Interim Financial 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 rates that have been enacted or substantively enacted at the time of 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.

Except for the following, 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.

(Continued)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and Cash Equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Petty cash	$ 190	190	320
Checking and demand deposits	195,399	263,672	184,664
	$ **195,589**	**263,862**	**184,984**

Please refer to note 6(x) for the currency risk and the fair value sensitivity analysis of the Consolidated Company's financial assets and liabilities. A time deposit qualifies as a cash equivalent when it has a maturity of three months or less from the date of acquisition and it is held for the purpose of short-term cash commitments. For time deposits between three months to one year, are classified as financial assets measured at amortized cost-current, and those with maturity of more than one year are classified as financial assets measured at amortized cost-non-current.

(b) Financial assets measured 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：			
Current：			
S-TECH Corp.(S-TECH)	$ 43,935	46,864	56,280
TMP Steel Co., Ltd.(TMP Steel)	40,300	43,007	53,600
NewSoft Technology Corporation	38	48	-
Chun Yu Works & Co., Ltd (Chun Yu) (NewSoft)	16	17	24
Jia Jie Biomedical Co., Ltd (Jia Jie)	13	16	19
Non-current：			
IBF Financial Holdings Co., Ltd. (IBF)	173,432	192,638	-
King House Co., Ltd. (King House)	260,380	250,801	226,250
Total	$ **518,114**	**533,391**	**336,173**

(i) In November 2023, the Consolidated Company participated in 5,000 thousand shares of common stock of King House (Ensure was renamed King House since May, 2024.) through a private placement, at an investment cost of $36,000 thousand (NT$7.2 per share). The common stock of this private placement shall not be sold within three years from the delivery date of January 19, 2024, to the expiration date of January 18, 2027, in accordance with the Securities and Exchange Act, except Conditions for Further Transfer of Privately Placed Securities in accordance with Article 43-8 of the Securities and Exchange Act.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(ii) In June and July 2025, the Consolidated Company purchased 7,925 thousand shares and 3,390 thousand shares of IBF common stock on the open market for a total investment cost of $149,430 thousand (NT$12.61 and NT$14.62 per share).

(iii) In December 2025, the Consolidated Company purchased 25 thousand shares and 31 thousand shares of King House common stock on the open market for a total investment cost of $2,932 thousand (NT$51.77 and NT$52.83 per share).

(iv) For the three months ended March 31, 2026 and 2025, the valuation gains on financial assets at fair value through profit or loss were $15,277 thousand and $3,060 thousand, respectively.

(v) The Consolidated Company had disclosed exposure to credit, exchange rate, and interest rate that were associated with financial instruments in note 6(x).

(vi) As of March 31, 2026, December 31 and March 31, 2025, none of the Consolidated Company's financial assets were pledged as security.

(c) Financial assets measured at fair value through other comprehensive income -Non current

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets measured at fair value through other comprehensive income：			
Stocks listed (traded) on domestic markets - TSG Development Corporation(TSG Development)	$ -	290,080	120,050
Total	**$ -**	**290,080**	**120,050**

(i) In December 2024, the Consoliated Company participated in 7,000 thousand shares of common stock of DataVan through a private placement, at an investment cost of $99,400 thousand (NT$14.2 per share).The common stock of this private placement shall not be sold within three years from the delivery date of February 10, 2025, to expiration date of January 18, 2027, in accordance with the Securities and Exchange Act, except Conditions for Further Transfer of Privately Placed Securities in accordance with Article 43-8 of the Securities and Exchange ACT.

(ii) In November 2025, the Company participated in 17,500 thousand shares of common stock of TSG Development through a private placement, at an investment cost of $175,000 thousand (NT$10 per share). The common stock of this private placement shall not be sold within three years from the delivery date of November 20, 2025, to expiration date of November 19, 2028, in accordance with the Securities and Exchange Act, except Conditions for Further Transfer of Privately Placed Securities in accordance with Article 43-8 of the Securities and Exchange ACT.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) For 2026 and 2025, the Consolidated Company valuation loss on financial assets at fair value through other comprehensive income was $13,230 thousand and $13,160 thousand.

(iv) The Consolidated Company reclassified its financial assets previously measured at fair value through other comprehensive income to long-term investments accounted for using the equity method on February 1, 2026, as it obtained significant influence over TSG Development Co., Ltd. The unrealized valuation gain of $28,911 thousand originally recognized in other comprehensive income was transferred to retained earnings. Please refer to Note 6(i) for further details.

(v) The Consolidated Company had disclosed exposure to credit, exchange rate, and interest rate that were associated with financial instruments in note 6(x).

(vi) As of March 31, 2026, December 31 and March 31, 2025, none of the Company’s financial assets were pledged as security.

(d) Financial assets measured at amortized cost

	March 31, 2026	December 31, 2025	March 31, 2025
Current：			
Time deposits with more than three months	$ -	-	14,777
Time deposits pledged as collateral	21,790	21,790	-
Restricted bank deposits	-	-	15,023
Non-current：			
Time deposits with more than a year	4,907	4,907	-
Time deposits pledged as collateral	3,064	3,045	3,045
	$ 29,761	**29,742**	**32,845**

(i) Please refer to note 6(x) for credit risk information.

(ii) Please refer to note 8.The details of the financial assets pledged as collateral for credit facilities are disclosed in note 8.

(e) Notes and accounts receivable (including related parthes)

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable for operating activities	$ 3,151	3,000	3,465
Accounts receivable - measured at amortized cost	33,358	53,850	70,411
Accounts receivable - related parites	108,054	103,721	152,208
Less: Loss allowance	(16,699)	(16,699)	(16,699)
	$ 127,864	**143,872**	**209,385**

(Continued)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Consolidated Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and accounts receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provisions were determined as follows:

	March 31, 2026		
	Carrying amount of notes and accounts receivable	**Weighted average loss rate**	**Loss allowance provision**
Current	$ 85,196	-	-
30 days or less past due	16,450	-	-
31 to 60 days past due	1,061	-	-
61 to 90 days past due	23,865	-	-
91 to 364 days past due	1,103	-	-
More than 365 days past due	16,888	98.88%	16,699
	$ 144,563		**16,699**

	December 31, 2025		
	Carrying amount of notes and accounts receivable	**Weighted average loss rate**	**Loss allowance provision**
Current	$ 113,960	-	-
30 days or less past due	22,919	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 364 days past due	6,993	-	-
More than 365 days past due	16,699	100.00%	16,699
	$ 160,571		**16,699**

(Continued)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2025		
	Carrying amount of notes and accounts receivable	**Weighted average loss rate**	**Loss allowance provision**
Current	$ 124,857	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	84,527	-	-
91 to 364 days past due	1	-	-
More than 365 days past due	16,699	100.00%	16,699
	$ 226,084		**16,699**

The movements in the allowances for notes and accounts receivable were as follows:

	For the three months ended March 31	
	2026	**2025**
Closing balance (equivalent to opening balance)	**$ 16,699**	**16,699**

(f) Other receivables

	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Other receivables	$ 108,988	108,988	108,989
Less: Loss allowance	(108,638)	(108,638)	(108,639)
	$ 350	**350**	**350**

The changes in the Consolidated Company's loss allowances for other receivables were as follows:

	For the three months ended March 31	
	2026	**2025**
Opening balance	$ 108,638	118,633
Impairment losses recognized	-	(9,994)
Closing balance	**$ 108,638**	**108,639**

The Consolidated Company has filed a lawsuit against the counterparty regarding other receivables arising from past transactions. As recovery is assessed to be unlikely, the full amount has been recognized as an expected credit loss. Please refer to Note 12 for details of the related litigation.

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(g) Finance lease payment receivable due from related parties

The office premises subleased by the Consolidated Company have a sublease term that covers the entire remaining lease term of the head lease; accordingly, such sublease is classified as a finance lease.

The maturity analysis of lease payments is presented based on the undiscounted lease payments to be received after the reporting date as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Less than one year	$ 810	-	-
One to two years	822	-	-
Two to three years	416	-	-
Gross investment in the lease	2,048	-	-
Unearned finance income	(67)	-	-
Present value of lease payments receivable	**$ 1,981**	**-**	**-**

(h) Inventory

	March 31, 2026	December 31, 2025	March 31, 2025
Finished goods and merchandise	$ 15,754	36,634	12,009
Work in progress and semi-finished goods	8,078	7,667	7,212
Raw materials	58,359	64,562	65,967
	$ 82,191	**108,863**	**85,188**

The Consolidated Company's operating costs comprised of costs of goods sold, write-down loss of inventories and other gains and losses that recognized as operating costs directly. For the three months ended March 31, 2026 and 2025, the Consolidated Company's costs of goods sold amounted to $46,975 thousand and $21,530 thousand, respectively; write-down loss of inventories amounted to $148 thousand and $134 thousand, respectively.

As of March 31, 2026, December 31 and March 31, 2025, none of the Consolidated Company's inventories was pledged as security.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(i) Investments accounted for using equity methods

Investments accounted for using equity methods were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
TSG Development Corporation(TSG Development)	$ 352,479	-	-
Synox Tech Co Ltd.(Synox)	-	-	-
World Way Shipping Agency & Chartering (World Way Shipping Agency)	-	-	-
	$ 352,479	-	-

(i) Associates

The fair value of the shares of listed company based on the closing price was as follow:

Name of Associate	Name of relationship with the Company	Principal place of business/ Registered Country	Ownership interest/ Voting rights held		
			March 31, 2026	December 31, 2025	March 31, 2025
TSG Development	Real estate development, property sales agency services, and construction-related operations	Kaohsiung city	16.81 %	16.81 %	5.46 %
Synox	Manufacture, wholesale and resale of electronic and telecommunications devices	Taipei city	49.36 %	49.36 %	49.36 %
World Way Shipping Agency	Shipping agent andcontainer leasing	Taipei city	30.61 %	30.61 %	30.61 %

The Consolidated Company holds 24,500 thousand privately placed common shares of TSG Development Co., Ltd., representing 16.81% ownership interest. Effective February 1, 2026, as the Chairman of both the Company and TSG Development Co., Ltd. is the same individual, and the Company is the single largest shareholder of TSG Development Co., Ltd., the Company assessed that it has significant influence over the investee and accordingly has substantial influence over it, the investment has been reclassified to be accounted for using the equity method.

As of the date of approval of the consolidated financial statements, the purchase price allocation assessment has not yet been completed. Upon obtaining the final valuation report, the Company will retrospectively adjust goodwill and other identifiable assets and liabilities accordingly.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Summarized financial information of associates that are material to the Consolidated Company is as follows:

1) Summarized financial information of TSG Development Co., Ltd.

	March 31, 2026
Current assets	$ 1,316,858
Non-current assets	501,171
Current liabilities	39,065
Non-current liabilities	20,559
Net assets	**$ 1,758,405**
Share attributable to the consolidated company	**$ 295,549**

	For the two months ended March 31, 2026
Sales revenue	**$ 9,237**
Net income from continuing operations for the period	$ 317,617
Other comprehensive income	25,083
Total comprehensive income	**$ 342,700**

(ii) The Consolidated Company’s financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount of individually insignificant associates’ equity	**$ -**	**-**	**-**

	For the three months ended March 31	
	2026	**2025**
Consolidated Company’s share of profit and total comprehensive income:		
Other comprehensive (loss) income	$ -	-
Comprehensive income	**$ -**	**-**

In 2018, the Consolidated Company assessed that no future economic value would be produced by Synox and therefore recognized its carrying amount of $19,505 thousand as impairment losses. On August 23, 2019, Ottimo Connectech, a subsidiary of ACTS, was established. On September 26, 2019, Ottimo Connectech invested in World Way Shipping Agency. As of March 31, 2026, Ottimo Connectech' s shareholding in World Way Shipping Agency was 30.61%. The Consolidated Company assessed that World Way Shipping Agency had no future economic value, and accordingly, it's carrying amount of $30,277 thousand was fully included in impairment losses by the Consolidated Company's management during the 1st quarter of 2020.

(iii) Pledged

As of March 31, 2026, December 31 and March 31, 2025, none of the investments accounted for using the equity method was pledged as security.

(j) Property, plant and equipment

The movements in the cost and accumulated depreciation of property, plant and equipment are detailed as follows:

		Buildings and structures	Machinery equipment	Transportation equipment	Office equipment	Construction in progress and Equipment awaiting examination	Total
Cost:							
Balance at January 1, 2026	$	89,841	154,480	250	14,786	-	259,357
Increase		-	-	-	123	900	1,023
Balance at March 31, 2026	$	**89,841**	**154,480**	**250**	**14,909**	**900**	**260,380**
Balance at March 31, 2025(equivalent to opening balance)	$	**105,228**	**229,601**	**2,070**	**31,363**	**-**	**368,262**
Depreciation:							
Balance at January 1, 2026	$	71,640	129,491	21	3,277	-	204,429
Depreciation		556	1,227	13	725	63	2,584
Balance at March 31, 2026	$	**72,196**	**130,718**	**34**	**4,002**	**63**	**207,013**
Balance at January 1, 2025	$	84,975	194,414	2,070	17,184	-	298,643
Depreciation		570	1,603	-	1,761	-	3,934
Balance at March 31, 2025	$	**85,545**	**196,017**	**2,070**	**18,945**	**-**	**302,577**
Carrying amount:							
January 1, 2026	$	**18,201**	**24,989**	**229**	**11,509**	**-**	**54,928**
March 31, 2026	$	**17,645**	**23,762**	**216**	**10,907**	**837**	**53,367**
March 31, 2025	$	**19,683**	**33,584**	**-**	**12,418**	**-**	**65,685**

Please refer to note 8 for the Consolidated Company's property, plant and equipment pledged as security as of March 31, 2026, December 31 and March 31, 2025.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(k) Right-of-use assets

The Consolidated Company leases many assets, including buildings, structures, and transportation equipment. Changes in the costs and depreciations are detailed as follows:

		Land	Buildings and structures	Transportation equipment	Total
Costs of right-of-use assets:					
Balance at January 1, 2026	$	23,337	23,674	4,473	51,484
Increase		-	-	748	748
Decrease		-	(2,357)	-	(2,357)
Balance at March 31, 2026	$	**23,337**	**21,317**	**5,221**	**49,875**
Balance at January 1, 2025	$	23,659	12,433	6,873	42,965
Increase		-	235	-	235
Decrease		(321)	-	(1,135)	(1,456)
Balance at March 31, 2025	$	**23,338**	**12,668**	**5,738**	**41,744**
Depreciation of right-of-use assets:					
Balance at January 1, 2026	$	18,160	5,598	3,034	26,792
Increase		647	1,711	518	2,876
Decrease		-	(197)	-	(197)
Balance at March 31, 2026	$	**18,807**	**7,112**	**3,552**	**29,471**
Balance at January 1, 2025	$	15,572	1,858	4,198	21,628
Increase		647	829	646	2,122
Decrease		-	-	(1,135)	(1,135)
Balance at March 31, 2025	$	**16,219**	**2,687**	**3,709**	**22,615**
Carrying amount:					
January 1, 2026	$	**5,177**	**18,076**	**1,439**	**24,692**
March 31, 2026	$	**4,530**	**14,205**	**1,669**	**20,404**
March 31, 2025	$	**7,119**	**9,981**	**2,029**	**19,129**

(l) Intangible assets and goodwill

(i) Costs and amortization of the Consolidated Company's intangible assets changed as follows:

		Computer software cost	Technical remuneration	Total
Cost or deemed cost:				
Balance at March 31, 2026 (equivalent to opening balance)	$	**-**	**11,430**	**11,430**
Balance at March 31, 2025 (equivalent to opening balance)	$	**7,996**	**10,142**	**18,138**

(Continued)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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	Computer software cost	Technical remuneration	Total
Amortization:			
Balance at January 1, 2026	$ -	8,692	8,692
Amortization	-	408	408
Balance at March 31, 2026	**$ -**	**9,100**	**9,100**
Balance at January 1, 2025	$ 7,996	7,137	15,133
Amortization	-	376	376
Balance at March 31, 2025	**$ 7,996**	**7,513**	**15,509**
Carrying amount:			
January 1, 2026	**$ -**	**2,738**	**2,738**
March 31, 2026	**$ -**	**2,330**	**2,330**
March 31, 2025	**$ -**	**2,629**	**2,629**

(ii) Costs of the Consolidated Company's goodwill were as follows:

	Goodwill
Cost:	
Balance on March 31, 2026 (equivalent to opening balance)	**$ -**
Balance at March 31, 2025 (equivalent to opening balance)	**$ 490**
Carrying amount:	
January 1, 2026	**$ -**
March 31, 2026	**$ -**
March 31, 2025	**$ 490**

(iii) Pledge

As of March 31, 2026, December 31 and March 31, 2025, none of the Consolidated Company's intangible assets and goodwill were pledged as security.

(m) Short-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Secured bank loans	**$ 220,000**	**250,000**	**30,000**
Unused short-term credit lines	**$ 190,948**	**77,183**	**19,500**
Range of interest rates	**2.475%~2.775%**	**2.475%~2.775%**	**2.7%**

For the collateral for short-term borrowings, please refer to note 8.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(n) Other payable (including related parties)

	March 31, 2026	December 31, 2025	March 31, 2025
Salaries and bonuses payable	$ 21,778	26,995	9,977
Leave payments payable	3,585	3,585	3,585
Business taxes payable	3,134	2,144	1,009
Related parties payable	91	180	113
Others	22,365	21,015	8,092
	$ 50,953	53,919	22,776

(o) Lease liabilities

The carrying amounts of the Consolidated Company’s lease liabilities were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Current	$ 11,151	11,424	7,373
Non-current	$ 11,959	13,909	12,281

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2026	2025
Interests on lease liabilities	$ 168	144
Expenses relating to short-term leases	$ 764	384

The amounts recognized in the statement of cash flows for the the Consolidated Company were as follows:

	For the three months ended March 31	
	2026	2025
Total cash outflow for leases	$ 3,903	2,611

(i) Leases of buildings and structures

The Consolidated Company leased land, houses and buildings for its office space with lease terms of one to six years. Some leases included an option to renew the lease for an additional period of the same duration at the end of the lease terms.

(Continued)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(ii) Other leases

The Consolidated Company leases vehicles and equipment, with lease terms of two to three years. In some cases, the Consolidated Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

(p) Current provisions

		March 31, 2026	December 31, 2025	March 31, 2025
Current				
Provisions for warranty	$	757	874	1,689
Onerous engineering contracts		1,504	1,642	5,018
		2,261	2,516	6,707
Non-current				
Provisions for warranty	$	1,621	2,340	5,756
	$	**3,882**	**4,856**	**12,463**

Warranty provisions for warranty liabilities is based on the present value of the best estimate made by the Consolidated Company's management for future economic benefit outflow arising from warranty obligations as agreed in product sales contracts and engineering project contracts. The estimate is based on historical warranty experience and is adjusted for the use of new materials, changes in production process, or other events that would impact the product quality.

Provision for onerous contract refers to the present value of existing future payment of contractual obligations less the present value of revenue expected to be earned by performing the contractual obligations, less the expected revenue derived from the non-cancellable contract. The estimate may change along with changes in inputs.

(q) Employee benefits

The Consolidated Company allocates 6% of each emplyee's monthly wages to the labor pension personal account at the Burear of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defind contribute plans,the Consolidated Company allocates a fixed amount to the Bureau of Labor Insuerance wothout additional legal or constructive obligation.

The Consolidated Company’s pension expenses under the defined contribution plan were as follows:

		For the three months ended March 31	
		2026	**2025**
Operating costs	**$**	**994**	**824**
Operating expenses	**$**	**454**	**407**

(Continued)

(r) Income taxes

Income tax expenses are measured by the profit before tax in the interim consolidated financial statements multiplied by the effective tax rate for the whole year the management's best estimation.

Income tax expenses for the Consolidated Company were summarized as follows:

	For the three months ended March 31	
	2026	**2025**
Income tax expense	$ 3,428	-

None of the amounts of income tax expenses have been recognized in equity and other comprehensive income.

The Company and TSG Machatronic's income tax return have had tax return assessed by the tax authorities through 2024. TSG Engineering income tax return has been assessed by the tax authorities 2023. Ottimo Connectech's income tax has been assessed by the tax authorities 2022.

(s) Share capital and other equity

(i) Issue of ordinary shares

As of March 31, 2026, December 31 and March 31, 2025, the Company's authorized capital amounted to $2,000,000 thousand; paid-in capital amounted to $1,053,437 thousand, respectively, with par value of $10 per shares; 105,344 thousand shares had been issued.

(ii) Capital surplus

According to the R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned realized capital surplus includes share premium and donation gains. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be reclassified under share capital should not exceed 10% of the paid-in capital each year.

On May 5, 2025, the Consolidated Company's shareholders approved to use the capital surplus of $58,511 thousand to offset the accumulated deficit for the year ended December 31, 2024 in accordance with Article 239 of the Company Act and the Company's Articles of Incorporation.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(iii) Retained earnings

1) Legal reserve

As stipulated by the Company Act No.237, 10 percent of the net profit after tax shall be set aside as legal reserve until the accumulated legal reserve equals the total capital.

In accordance with Rule No. 10802432410 issued by the Ministry of Economic Affairs on January 9, 2020, the amount of retained earnings allotted to legal reserve shall be calculated based on "net earnings after income taxes, plus any other amount recognized in undistributed retained earnings" since the earnings distribution in 2019.

When the legal reserve has exceeded 25% of the Company's paid in capital, the excess may be distributed as dividends in cash or stocks based on the resolution of the shareholders' meeting if there is no accumulated deficit.

2) Earnings distribution

In accordance with the Company's articles of incorporation, if there are earnings at yearend, 10 percent should be set aside as legal reserve and special earnings reserve or reversal in accordance with the Securities and Exchange Act after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of Directors can propose methods of distribution to be approved by the shareholders' meeting.

During 2024, the Company incurred accumulated losses, hence there were no distributable earnings.

On January 28, 2026, the Company's Board of Directors proposed the earnings distribution for 2025, resolving to distribute a cash dividend of $0.3 per share. The proposal was approved at the shareholders' meeting held on April 30, 2026. Relevant information can be obtained through the Market Observation Post System website and other channels.

3) Dividends

As stipulated by the Company's Articles of Incorporation, the policies on dividend shall be formulated based on future development schemes, investment environment, capital requirements, international and domestic competition, stockholders' interests, etc. Earnings appropriation shall be proposed by the Board of Directors and be passed in a shareholders' meeting. When appropriating shareholders' dividends, it can be paid in stocks or cash, cash dividend shall take up at least 10% of the total dividends.

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(iv) Other equity(net after tax)

	Unrealized gains on financial assets measured at fair value through other comprehensive income
Balance at January 1, 2026	$ 15,681
Unrealized gains from financial assets measured at fair value through other comprehensive income	13,230
Share of profit of associates accounted for using equity method	(4,216)
Disposal of financial assets at fair value through other comprehensive income	(28,911)
Balance at March 31, 2026	**$ (4,216)**
Balance at January 1, 2025	$ 7,490
Unrealized gains from financial assets measured at fair value through other comprehensive income	13,160
Balance on March 31, 2025	**$ 20,650**

(t) Earnings per share

The Consolidated Company’s basic and diluted earnings per share were calculated as follows:

(i) Basic earnings (loss) per share

	For the three months ended March 31	
	2026	**2025**
Net income (loss) attributable to owners of parent	**$ 38,625**	**(18,977)**
Ordinary shares outstanding (thousand)	**105,344**	**105,344**
Basic earnings (loss) per shares (dollar)	**$ 0.37**	**(0.18)**

(Continued)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings (loss) per share

	For the three months ended March 31	
	2026	**2025**
Net income (loss) attributable to owners of the parent	$ 38,625	(18,977)
Weighted-average number of ordinary shares outstanding (thousand shares)	105,344	105,344
Effect of dilutive potential ordinary shares (thousand shares)		
– employee remuneration	22	-
Weighted-average number of ordinary shares outstanding (after adjusting for the effects of dilutive potential ordinary shares) (thousand shares)	105,366	105,344
Diluted earnings (loss) per shares (dollar)	$ 0.37	(0.18)

There were no potential common shares outstanding for the period from January 1 to March 31, 2025; therefore, diluted earnings (loss) per share is the same as basic earnings (loss) per share.

(u) Revenue from contracts with customers

(i) The Consolidated Company’s revenues from contracts with customers were as follows:

	For the three months ended March 31	
Major product / service lines	**2026**	**2025**
Engineering revenue	$ 297,249	162,892
Sale of goods	60,108	32,506
Other operating revenues	(234)	2,813
	$ 357,123	198,211

(ii) Contract balances

	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Total amount of notes receivable	$ 3,151	3,000	3,465
Total amount of accounts receivable	$ 141,412	157,571	222,619
Current contract assets	$ 198,664	147,880	155,658
Current contract liabilities			
Construction project	$ 180,268	178,384	229,146
Sales of goods	151	256	256
Total	$ 180,419	178,640	229,402

(Continued)

Movements in contract assets and liabilities mainly arose from time difference between satisfaction of obligations and payment by customers. For the three months ended March 31, 2026 and 2025, the opening contract liabilities that arose from sales and were recognized as revenues amounted to $105 thousand and $98 thousand, respectively.

(v) Employee and Director Remunerations

On May 5, 2025, the Company' s shareholders resolved to amend the Articles of Incorporation. Under the amended Articles, when the Company has earnings for the year, 1% to 15% of such earnings shall be appropriated as employee remuneration (with no less than 1% allocated to non-managerial employees), and no more than 3% shall be appropriated as director remuneration. However, if the Company has accumulated deficits, the relevant amounts shall first be retained to offset such deficits. Employee remuneration described above may be distributed in the form of shares or cash and may be granted to employees of qualifying subsidiaries. Prior to the amendment, the Articles provided that when the Company had earnings for the year, 1% to 15% of such earnings should be appropriated as employee remuneration and no more than 3% as director remuneration, with accumulated deficits to be offset in advance. Employee remuneration, whether in shares or cash, could also be granted to employees of qualifying subsidiaries.

For the three months ended March 31, 2026, the Company recognized $988 thousand and $988 thousand as employee and director remuneration. The recognized amount mentioned above was estimated based on the pre-tax profit (before excluding employee and director remuneration for the period), multiplied by the percentages of remunerations of employees, directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses for the period. However, for the three months ended March 31, 2025, the company incurred accumulated losses, and therefore no employee and director remuneration has been accrued. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year.

During 2025, the Company recognized $3,436 thousand and $3,436 thousand as employee and director remuneration, respectively. As resolved by the Board of Directors on January 28, 2026, the differences between the resolved amounts and those estimated in the financial statements were both understated by $2 thousand. The differences are treated as changes in accounting estimates and are recognized in profit or loss for the year 2026. For the year 2024, the Company had accumulated losses; therefore, no employee or director remuneration was accrued. Relevant information can be obtained from the Market Observation Post System website.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(w) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2026	**2025**
Bank deposits	$ 65	22
Other interest income	14	-
Total interest income	**$ 79**	**22**

(ii) Other income

	For the three months ended March 31	
	2026	**2025**
Rental income	$ 53	53
Others	301	590
	$ 354	**643**

(iii) Other gains and losses

	For the three months ended March 31	
	2026	**2025**
Foreign exchange gain (loss)	$ 11	(25)
Gain on financial assets at fair value through profit or loss	(15,277)	3,060
Others	(180)	(12)
	$ (15,446)	**3,023**

(iv) Financial costs

	For the three months ended March 31	
	2026	**2025**
Lease liability interests	$ (168)	(144)
Interest expense on bank loans	(1,097)	-
	$ (1,265)	**(144)**

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets measured at fair value through profit or loss:			
Financial assets measured at fair value through profit or loss - current	$ 84,302	89,952	109,923
Financial assets measured at fair value through profit or loss - non-current	433,812	443,439	226,250
Financial assets measured at fair value through otehr comprehensive income	-	290,080	120,050
Financial assets measured at amortized cost:			
Cash and cash equivalents	195,589	263,862	184,984
Notes and accounts receivable, net (including related parties)	127,864	143,872	209,385
Finance lease payment receivable due from related parties	1,981	-	-
Other receivables	350	350	350
Current/non-current financial assets measured at amortized cost	29,761	29,742	32,845
Current/non-current guarantee deposits paid	29,241	30,153	42,863
	$ 902,900	**1,291,450**	**926,650**

2) Financial liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Financial liabilities measured at amortized cost:			
Short-term borrowings	$ 220,000	250,000	30,000
Accounts payable (including related parties)	32,182	67,117	36,195
Other payables (including related parties)	50,953	53,919	22,776
Guarantee deposits received	293	293	292
Lease liabilities (current and non-current)	23,110	25,333	19,654
	$ 326,538	396,662	108,917

(ii) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of March 31, 2026, December 31 and March 31, 2025 the maximum exposure to credit risk amounted to $902,900 thousand, $1,291,450 thousand and $926,650 thousand, respectively.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1~5years	5~10years	10~15years
March 31, 2026						
Non-derivative financial liabilities						
Short-term borrowings	$ 220,000	221,111	221,111	-	-	-
Accounts payable (including related parties)	32,182	32,182	32,182	-	-	-
Other payables (including related parties)	50,953	50,953	50,953	-	-	-
Lease liabilities	23,110	23,779	12,125	11,654	-	-
	$ 326,245	328,025	316,371	11,654	-	-

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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	Carrying amount	Contractual cash flows	Within 1 year	1~5years	5~10years	10~15years
December 31, 2025						
Non-derivative financial liabilities						
Short-term borrowings	$ 250,000	252,668	252,668	-	-	-
Accounts payables (including related parties)	67,117	67,117	67,117	-	-	-
Other payables (including related parties)	53,919	53,919	53,919	-	-	-
Lease liabilities	25,333	26,150	11,954	14,196	-	-
Guarantee deposits received	293	293	293	-	-	-
	$ 396,662	**400,147**	**385,951**	**14,196**	**-**	**-**
March 31, 2025						
Non-derivative financial liabilities						
Short-term borrowings	$ 30,000	30,786	30,786	-	-	-
Accounts payable (including related parties)	36,195	36,195	36,195	-	-	-
Other payables (including related parties)	22,776	22,776	22,776	-	-	-
Lease liabilities	19,654	20,478	7,812	12,666	-	-
Guarantee deposits received	292	292	292	-	-	-
	$ 108,917	**110,527**	**97,861**	**12,666**	**-**	**-**

The Consolidated Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

(iv) Market risk

1) Currency risk

Financial assets and liabilities that arose from foreign currencies and had significant influence were as follows:

	March 31, 2026			**December 31, 2025**			**March 31, 2025**		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets (note):									
Monetary items:									
EUR	$ 24	36.71	881	24	36.90	886	-	-	-
USD	80	32.00	2,560	112	31.430	3,520	49	33.21	1,627
JPY	526	0.20	105	-	-	-	-	-	-
			$ 3,546			**4,406**			**1,627**
Financial liabilities (note):									
Monetary items:									
USD	$ 54	32.00	**1,728**	-	-	**-**	-	-	**-**

Note: The foreign financial assets and liabilities disclosed in the consolidated financial statements include only the financial information of the Company’s first-tier subsidiaries.

(Continued)

As the Consolidated Company has various functional currencies, its foreign exchange gains or losses arising from monetary items were disclosed on an aggregate basis. For the three months ended March 31, 2026 and 2025, foreign exchange losses (including realized and unrealized) amounted to gains of $11 thousand and losses $25 thousand.

The Consolidated Company' s exposure to foreign currency risk arises from the translation of foreign exchange gains and losses on cash and cash equivalents, accounts receivable, and accounts payable that are denominated in foreign currency. A 5% appreciation or depreciation of NTD against USD as of March 31, 2026 and 2025, with all other variables remaining constant, would have increased or decreased the loss after tax for the three months ended March 31, 2026 and 2025 by $73 thousand and $64 thousand, respectively.

(v) Interest rate analysis

2) Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Consolidated Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.1% when reporting to management internally, which also represents the Consolidated Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.1%, the Consolidated Company the loss after tax would have increased or decreased by $2 thousand and $172 thousand for the three months ended March 31, 2026 and 2025, respectively, with all other variable factors remaing constant.

(vi) Fair value information

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The level of fair values was as follows:

	March 31, 2026				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets mandatorily measured at fair value through profit or loss	$ 518,114	260,814	-	257,300	518,114

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	December 31, 2025				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	$ 290,080	-	-	290,080	290,080
Financial assets mandatorily measured at fair value through profit or loss	$ 533,391	285,591	-	247,800	533,391

	March 31, 2025				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	$ 120,050	-	-	120,050	120,050
Financial assets mandatorily measured atfair value through profit or loss	$ 336,173	109,923	-	226,250	336,173

2) Valuation techniques for financial instruments measured at fair value

Fair values of financial instruments were measured based on quoted market prices if these prices were available in active markets. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

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 roup, pricing service, or regulatory agency and those prices represent actual and egularly occurring market transactions on an arm' s-length basis. Otherwise, the market is deemed to be inactive. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Except for the financial instruments with active markets mentioned above, for other financial instruments, like private placement of stocks of listed (OTC) companies, the fair value is determined by the market quotations and evaluation techniques, and is also determined by considering the liquidity discount.

The Consolidated Company measures the fair value of financial instruments that are traded in inactive markets by category and by attribute as follows:

Unquoted equity instruments: The fair value is estimated using the option pricing model (Black-Scholes model) and the liquidity discount model (Finnerty model), with the main assumption being based on the market price of the investees. The estimate has been adjusted for the discount impact of the lack of market liquidity in the equity securities.

3) Transfer from Level 1 to Level 2

For the three months ended March 31, 2026 and 2025, there were no significant transfers between level 1 and level 2 of the fair value hierarchy.

(Continued)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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4) Reconciliation of Level 3 fair values

	Non derivative mandatorily financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2026	$ 247,800	290,081	537,881
Purchased	-	-	
Total gains and losses recognised:			
In profit or loss	9,500	-	9,500
In other comprehensive income	-	13,230	13,230
Disposal	-	(303,311)	(303,311)
Balance at March 31, 2026	**$ 257,300**	**-**	**257,300**
Balance at January 1, 2025	$ 220,900	106,890	327,790
Total gains and losses recognized:			
In profit or loss	5,350	-	5,350
In other comprehensive income	-	13,160	13,160
Balance at March 31, 2025	**$ 226,250**	**120,050**	**346,300**

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

The Consolidated Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – private placement of shares of Publicly quoted entity”.

The Consolidated Company’s financial assets with fair value classified as Level 3 have only a single significant unobservable input, and only equity instrument investments without active markets have multiple significant unobservable inputs.

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 mandatorily measured at fair value through profit or loss — private placement of shares of publicly quoted entity	On March 31, 2026, December 31, 2025 and March 31, 2025the market approach was used and the liquidity discount model (Finnerty model) was taken into account.	Lack of market liquidity discount (6.44%,7.53% and 15.89% on March 31, 2025, December 31, 2025 and March 31, 2025)	The higher the lack of market liquidity discount, the lower the fair value
Financial assets at fair value through other comprehensive income - private placement of shares of publicly quoted entity	On December 31, 2025, the market approach was used and the liquidity discount model (Finnerty model) was taken into account. On March 31, 2025 the market approach was adopted, using a weighted average of the comparable company method and the market price method, while considering a discount for lack of marketability.	Lack of market liquidity discount (15.75% and 14.40~15.80% on December 31, 2025 and March 31, 2025)	As of above.

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Consolidated Company is reasonable, but the use of different evaluation models or parameters may result in different evaluation results. For financial instruments classified as Level 3, if the evaluation parameters change, the impact on the current period's profit or loss is as follows:

	Inputs	upward or downward movement	Changes in fair value through the current period's profit or loss		Changes in fair value through the current period's other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
March 31, 2026						
Financial assets mandatorily measured at fair value through profit or loss	Lack of market liquidity discount	5%	$ 13,750	(13,750)	-	-
December 31, 2025						
Financial assets measured at fair value through other comprehensive income	Lack of market liquidity discount	5%	$ -	-	17,211	(17,211)
Financial assets mandatorily measured at fair value through profit or loss	Lack of market liquidity discount	5%	$ 13,400	(13,400)	-	-
March 31, 2025						
Financial assets measured at fair value through othercomprehensive income	Lack of market liquidity discount	5%	$ -	-	7,000	(7,000)
Financial assets mandatorily measured at fair value through profit or loss	Lack of market liquidity discount	5%	$ 13,450	(13,450)	-	-

(Continued)

(y) Financial risk management

(i) Overview

The Consolidated Company is exposed to the following risks rising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expresses the information on risk exposure and objectives, policies and process of risk measurement and management of the Consolidated Company. For detailed information, please refer to the related notes of each risk in interim financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the operation and implement of risk management. In addition, each department’ s supervisor is responsible for developing and controlling risk management regulations, so as to ensure that risk management has been effectively operated. The personnel change in department directors should be reported to the Board of Directors.

The Consolidated Company’ s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and to be adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company’ s activities. The Consolidated Company, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors and Audit Committee oversees how management monitors compliance with the Consolidated Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Company. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Company's receivables from customers.

1) Accounts receivable and other receivables

The Consolidated Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Consolidated Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Consolidated Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Consolidated Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed quarterly by the Finance Department.

The Consolidated Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Guarantees

Pursuant to the Consolidated Company’ s policies, it is only permissible to provide financial guarantees to subsidiaries. As of March 31, 2026, December 31 and March 31, 2025, the Consolidated Company had only provided endorsements / guarantees to subsidiaries.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company’ s approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company’s reputation

The Consolidated Company aims to maintain the level of its cash and short term bank facilities at an amount in excess of expected cash flows on financial liabilities over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Additionally, the unused credit lines as of March 31, 2026, December 31 and March 31, 2025, amounted to $190,948 thousand, $77,183 thousand and $19,500 thousand, respectively.

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(v) Market risk

Market risk is the risk that changes in market prices, such as changes in foreign exchange rates, interest rates or equity prices that affects the Consolidated Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters to minimize the influence on change in market price or control within expectable scope.

1) Currency risk

The Consolidated Company is exposed to currency risks associated with sales, purchases and loans that are denominated in a currency other than the Consolidated Company's functional currency. The primary functional currency of the Consolidated Company entities is NTD. The currencies used in these transactions are denominated in NTD and USD.

2) Interest rate risk

The Consolidated Company's bank loans are at variable rates. The Consolidated Company assessed that, however, the changes in market interest rates would not affect the cash flows arising from future interest charge, hence no significant interest rate risks.

(z) Capital management

The Consolidated Company's fundamental management objective is to maintain a strong capital base. Capital consists of ordinary shares, capital surplus, retained earnings and other equities. The Board of Directors monitors the capital structure regularly and selects the optimal capital structure by considering the capital scale, overall operating environment, operating characteristics of the industry in order to support future development of the business. At present, the Consolidated Company aims to achieve a debt-to-equity ratio of less than 100%. On each reporting date, the debt-to-equity ratio indicates that the capital structure is still sound.

Debt-to-equity ratio:

	March 31, 2026	December 31, 2025	March 31, 2025
Total liabilities	$ 522,545	593,143	356,340
Less: cash and cash equivalents	(195,589)	(263,862)	(184,984)
Net debt	**$ 326,956**	**329,281**	**171,356**
Total equity	**$ 1,208,320**	**1,160,681**	**1,038,938**
Debt-to-equity ratio	**27.06 %**	**28.37 %**	**16.49 %**

As of March 31, 2026, the Consolidated Company had not changed its capital management method.

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

The Consolidated Company's non-cash investing and financing activities were as follows:

(i) For right-of-use assets acquired through leases, please refer to note 6(k).

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

	Janiary 1, 2026	Cash flows	Non-cash changes	March 31, 2026
Short-term borrowings	$ 250,000	(30,000)	-	220,000
Guarantee deposits received	293	-	-	293
Lease liabilities (including current and non-current)	25,333	(2,971)	748	23,110
Total liabilities from financing activities	**$ 275,626**	**(32,971)**	**748**	**243,403**

	Janiary 1, 2025	Cash flows	Non-cash changes	March 31, 2025
Short-term borrowings	$ -	30,000	-	30,000
Guarantee deposits received	292	-	-	292
Lease liabilities (including current and non-current)	21,823	(2,083)	(86)	19,654
Total liabilities from financing activities	**$ 22,115**	**27,917**	**(86)**	**49,946**

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Company
Yu-Chang, Lin	The Company's chairperson
E-Sheng Steel Co., Ltd.(E-Sheng)	Individuals with significant influence over the Company
TSG Hawks Baseball Co., Ltd.(Hawks Baseball)	Other related party
TSG Star Travel Corp.(Star Travel)	Other related party
NewSoft Technology Corporation(NewSoft)	Other related party
Jia Jie Biomedical Co., Ltd.(Jia Jie)	Other related party

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Name of related party	Relationship with the Company
D-Link Corporation (D-Link)	Other related party
Chun Yu Works & Co., Ltd.(Chun Yu)	Other related party
Yung Fu Co., Ltd.(Yung Fu)	Other related party
E-Top Metal Co., Ltd.(E-Top)	Other related party
TMP Steel Co., Ltd.(TMP Steel)	Other related party
S-TECH Corp. (S-TECH)	Other related party
TSG Power Corp.(TSG Power)	Other related party
TSG Sports Marketing Corp.(TSG Sports Marketing)	Other related party
OFCO Industrial Corporation	Other related party
Gloria Material Technology Corp.(Gloria)	Other related party
King House Co., Ltd.	Other related party
Argo Yachts Development Co., Ltd.(Argo)	Other related party
Mi Hsiang Food Co., Ltd.	Other related party
TSG Environment Technology Co., Ltd.	Other related party
TSG Transport Co., Ltd.	Other related party
Kuei Tien Cultural & Creative Entertainment Co., Ltd.	Other related party
Kuei Tien Cultural & Art Foundation	Other related party
Kuei Tien Creative Co., Ltd.	Other related party
Home-Chain Foods, LTD.	Other related party
Newlogistics Co., LTD.	Other related party
Taiwan Steel University of Science and Technology(Taiwan Steel University)	Other related party
Kuei Tien Global Entertainment Co., Ltd.	Other related party

(Continued)

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of sales to related parties were as follows:

		For the three months ended March 31	
		2026	**2025**
Engineering revenue：			
Individuals with significant influence over the Company :			
E-Sheng	$	2,942	39,869
Other related parties：			
Gloria		229,954	8,955
Hawks Baseball		27,470	39,971
Others		27,720	40,823
Other operating revenues：			
Other related parties：			
TMP Steel		-	1,000
TSG Sports Marketing		220	-
Others		-	18
	$	**288,306**	**130,636**

1) The construction price for related parties was negotiated and decided according to the estimated cost and profit of the construction, and the payment was made in accordance with the terms of the contract.

2) The credit terms were 30 days and there was no significant difference between the term of transaction of the Consolidated Company for other related parties and for third parties.

3) Contract assets, contract liabilities and prepayment for purchase

The details of the Consolidated company contract assets, contract liabilities and prepayment for purchase were as follows:

Account	**Relationship**		**March 31, 2026**	**December 31, 2025**	**March 31, 2025**
Contract assets	Other related parties：				
	Hawks Baseball	$	24,785	14,839	28,905
	Argo		1,108	1,108	17,823
	Gloria		126,232	77,476	28,602
	Others		6,871	2,411	9,380
		$	**158,996**	**95,834**	**84,710**

(Continued)

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Notes to the Consolidated Financial Statements

Account	Relationship		March 31, 2026	December 31, 2025	March 31, 2025
Prepayment for purchase	Other related parties：				
	Others	$	**19**	**-**	**11**
Contract liabilities	Individuals with significant influence over the Company：				
	E-Sheng	$	3,637	6,580	8,509
	Other related parties：				
	E-Top		6,450	-	49,251
	S-TECH		40,668	39,193	31,096
	Gloria		100,010	91,972	117,485
	Others		9,872	17,776	5,659
		$	**160,637**	**155,521**	**212,000**

4) As of March 31, 2026, December 31 and March 31, 2025, contract prices and pricing of unfinished construction contracts as follows：

		March 31, 2026	
		Total contract price (VAT excluded)	**Amount billed**
Individuals with significant influence over the Company：			
E-Sheng	$	96,030	96,030
Other related parties：			
Gloria		1,718,487	929,969
Others		609,618	439,234
	$	**2,424,135**	**1,465,233**

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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	December 31, 2025	
	Total contract price (VAT excluded)	**Amount billed**
Individuals with significant influence over the Company：		
E-Sheng	$ 96,030	86,530
Other related parties：		
Gloria	1,527,219	597,455
TMP Steel	209,380	109,200
Others	371,057	182,748
	$ 2,203,686	**975,933**

	March 31, 2025	
	Total contract price (VAT excluded)	**Amount billed**
Individuals with significant influence over the Company：		
E-Sheng	$ 95,000	66,500
Other related parties：		
Gloria	696,783	202,148
TMP Steel	253,122	91,922
S-TECH	165,245	79,406
Others	348,993	209,885
	$ 1,559,143	**649,861**

(ii) Operating cost and operating expense

The amounts of operating cost and operating expense by the Consolidated Company from related parties were as follows:

		For the three months ended March 31	
Account	**Relationship**	**2026**	**2025**
Engineering costs	Other related parties：		
	TMP Steel	$ 3,111	4,712
	Others	-	926
Operating cost	Other related parties：		
	Others	571	5,203
		$ 3,682	**10,841**

(Continued)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) The engineering costs incurred by the Consolidated Company to above-mentioned companies are expenses incurred for the project, and their prices are not significantly different from the prices paid by the Consolidated Company to other suppliers. The payment terms ranged within one month, which were no different from the payment terms given by other vendors.

(iii) Receivables from related parties

The details of the Consolidated Company receivables from related parties were as follows:

Account	Relationship	March 31, 2026	December 31, 2025	March 31, 2025
Accounts receivable	Other related parties:			
	E-Top	$ 6,773	-	70,875
	Gloria	55,629	37,715	-
	S-TECH	1,967	11,066	-
	TSG Power	-	-	20,003
	Hawks Baseball	35,314	40,717	20,085
	TSG Sports Marketing	-	12,059	-
	Others	8,371	2,164	41,245
		$ 108,054	**103,721**	**152,208**

(iv) Payables to related parties

The details of the Consolidated Company payables to related parties were as follows:

Account	Realationship	March 31, 2026	December 31, 2025	March 31, 2025
Accounts payable	Other related parties：			
	NewSoft	$ -	-	469
	TMP Steel	-	3,763	1,682
	Others	57	56	5
		$ 57	**3,819**	**2,156**
Other payables	Other related parties：			
	S-TECH	$ -	-	21
	D-Link	66	80	62
	TSG Sports Marketing	-	-	30
	Others	25	100	-
		$ 91	**180**	**113**

(v) Leases lransaction

1) Lessee

a) The Consolidated Company entered into a lease agreement with other related parties for $11,544 thousand for its building and structures, with rentals being paid monthly and lease terms ranging from one to five years.

b) Right-of-use assets, Guarantee deposits paid and Lease liabilities

Account	Relationship	March 31, 2026	December 31, 2025	March 31, 2025
Right-of-use assets	Other related parties：			
	D-Link	$ 6,927	7,556	9,445
	Others	-	-	537
		$ 6,927	7,556	9,982
Guarantee deposits paid	Other related parties：			
	D-Link	$ 703	703	703
Lease liabilities	Other related parties：			
	D-Link	$ 7,103	7,722	9,553
	Others	-	-	562
		$ 7,103	7,722	10,115

c) The depreciation expense and interest expense incurred due to leasing right-of-use assets from related parties are as follows:

	For the three months ended March 31 2026	2025
Depreciation expense	$ 630	830
Interest expense	51	72
	$ 681	902

2) Lessor

The Consolidated Company has leased its Tainan office to other related parties commencing January 2026. The lease term is 33 months, and the total contract consideration amounts to $2,170 thousand. For the year 2026, the Consolidated Company recognized interest income of $14 thousand. As of March 31, 2026, the outstanding balance of finance lease receivables amounted to $1,981 thousand.

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Financial Instruments

For information regarding the Consolidated Company's shareholding in related parties, please refer to note 6(b), (c) and 13(a).

(vii) Guarantees and endorsements

As of March 31, 2026, December 31 and March 31, 2025, the Consolidated Company’ s chairperson had been providing joint guarantees for its bank loans.

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	For the three months ended March 31	
	2026	**2025**
Short-term employee benefits	$ **6,610**	**7,510**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2026	December 31, 2025	March 31, 2025
Pledged bank deposits (classified under current/non-current financial assets at amortized cost)	Land leasing, guarantee (warranty) deposits, and tariff deposits	$ 24,854	24,835	3,045
Restricted bank deposits (classified under current financial assets at amortized cost)	Bank loan and guarantee (warranty) deposits	-	-	15,023
Non-current financial assets at fair value through profit or loss	Bank loan	168,594	187,263	-
Property, plant and equipment	Bank loan	17,450	18,003	19,683
		$ **210,898**	**230,101**	**37,751**

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(9) Commitments and contingencies:

(a) Significant unrecognized commitments

(i) The unused letters of credit issued by the Consolidated Company

As of March 31, 2026, December 31 and March 31, 2025, the Consolidated Company secure the construction contracts by obtaining guarantee letter amounted to $174,000 thousand, $174,000 thousand and $114,000 thousand, within which, $55,948 thousand, $97,183 thousand and $47,473 thousand are remaining.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

In 2022, the Consolidated Company issued its first private placement of 10,000 thousand common shares (subsequently reduced to 6,886 thousand shares after capital reduction). On January 28, 2026, the Board of Directors approved a resolution to file an application for retroactive public offering and trading on the Taipei Exchange. The Consolidated Company obtained the approval letter from the Taipei Exchange on April 15, 2026, and the filing became effective on April 24, 2026, in accordance with applicable regulations.

(12) Other:

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

	For the three months ended March 31					
	2026			2025		
By funtion / By item	Cost of Goods sold	Operating Expense	Total	Cost of Goods sold	Operating Expense	Total
Employee benefits						
Salary	24,998	11,843	36,841	15,761	10,981	26,742
Labor and health insurance	840	1,651	2,491	1,669	823	2,492
Pension	994	454	1,448	824	407	1,231
Others	918	475	1,393	1,003	438	1,441
Depreciation	4,303	1,157	5,460	4,829	1,227	6,056
Amortization	408	-	408	376	-	376

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(b) Others

(i) On March 3, 2020, the Company entered into a contract with AN-TIGER HOIST ENGINEERING CO. LTD. to purchase aerial work vehicles from it, at a price of $13,000 thousand before tax ($13,650 thousand including tax). On March 4, 2020, the Company entered into another contract with Ying Mei Developement Co Ltd. to sell equipment at a price of $14,674 thousand including tax, and the amount was guaranteed by a check of $14,674 thousand (bounced on September 7, 2020) issued by former chairperson of the Company, Chi-Sun, Wang (who was neither the chairperson nor director of the Company at that time). At the time of the transaction, the Company recognized the net amount of $975 thousand as revenue. However, the reasonableness and necessity of the transaction have not been clarified. Therefore, the Company wrote down $975 thousand of other income and the accounts receivable. The Company assessed that the outstanding balance of accounts receivable of $13,699 thousand from Ying Mei Developement Co Ltd. was not recoverable; consequently, the amount was fully recognized as expected credit losses (ECLs). The aforementioned matter has been referred to the relevant authorities for further review; however, as of the date hereof, no indictment has been filed, nor has any litigation proceeding been initiated. The Company has adopted a prudent and conservative approach to its accounting treatment, and management believes that the matter does not pose any material financial risk to the Company’s financial position or its ongoing operations.

(ii) On March 20, 2020, the Company and AN-TIGER HOIST ENGINEERING CO. LTD. entered into a contract to purchase cranes at a price of $5,560 thousand before tax, of which the amount of $4,800 thousand was paid on March 24, 2020. As the reasonableness and necessity of the transaction have not been clarified and the goods have not been delivered, the amount is included under other receivables. The Company assessed that the amount was unrecoverable, thereby recognizing the ECLs of $4,800 thousand in the 1st quarter of 2020. The aforementioned matter has been referred to the relevant authorities for further review; however, as of the date hereof, no indictment has been filed, nor has any litigation proceeding been initiated. The Company has adopted a prudent and conservative approach in its accounting treatment, and management believes that the matter does not pose any material financial risk to the Company’s financial position or its ongoing operations.

(iii) On March 18, 2020, the Company entered into contracts to purchase vehicles from 5 owners at a total price of $11,000 thousand (included in other current assets). Meanwhile, the Company entered into 5 contracts with KUAN YI MOTOR CO Ltd. to sell the same vehicles for a total price of $11,710 thousand. As specified in the contract, the Company received a check in the amount of 30% of the transaction price (which bounced on June 18, 2020) from KUAN YI MOTOR CO Ltd.. However, the 5 vehicles were accident vehicles and were unable to be repaired on schedule. Consequently, the Company recognized other losses of $11,000 thousand in the 1st quarter of 2020. In addition, the Company has also filed a criminal litigation against the Company’s former chairman, Hui-Jun, Lin and the former general manager, Yong-Siang, Huang. With the case number of 2020’ s Ta– Tzu No. 2579, the case has been under the investigation of the Taiwan Shilin District Court. During the period from November to December 2020, the Company entered into new contracts or arrangements with 3 buyers respectively to sell the 5 vehicles or request remuneration at a total price of $10,000 thousand. As of December 31, 2021, the payments of 3 vehicles had been fully received and the ownership had been transferred. In the 2nd quarter of 2021 and the 4th quarter of 2020, the

Company recognized other income of $3,283 thousand and other losses of $3,793 thousand, respectively. In 2025, the Consolidated Company filed a civil lawsuit (2025's Su-Zi Case No. 610) with the New Taipei District Court, seeking reimbursement of repair expenses and vehicle purchase payments totaling $2,700 thousand from ZHONGLING INTERNATIONAL MOTOR CO. The Court granted provisional execution upon posting a $270 thousand security deposit. On August 27, 2025, the Consolidated Company obtained a certificate of final judgment. Subsequent legal procedures will be carried out in accordance with the judgement.

(iv) In June 2020, the Company entered into a letter of intent with Guorui Group for an investment project — " Construction of Internet of Things Platform for Smart City in Guangdong–Hong Kong–Macau Greater Bay Area and Hebei Smart City". On June 23 and June 29, 2020, the Company paid $15,000 thousand (totaling $30,000 thousand) as a performance bond (which was previously recognized as guarantee deposits paid) to Guorui Group. As the counterparty under the contract, Guorui Group was not legally qualified as a legal subject. In addition, the Company has not received any information regarding the entry of a letter of intent for investment. Therefore, the Company sent a letter of attestation to cancel the investment and to request of the refund the commission of $30,000 thousand, which has been transferred to other accounts receivable accordingly. As the Company assessed that the amount was unrecoverable, the Company recognized the ECLs of $30,000 thousand for the 2nd quarter of 2020. The case has been referred to the Investigation Bureau by the Consolidated Company for investigation and, in 2025, the Consolidated Company filed a civil lawsuit with the Hsinchu District Court against the Guorui Group, seeking the return of a cooperation intent deposit of $30,000 thousand as damages for infringement. As of the reporting date, the Court has conducted oral arguments and commenced the appointment of a special agent. Guorui Group and related parties have raised objections, and the case remains under review by the Hsinchu District Court as civil 2025's Zhong-Su-Zi Case No. 113.

(v) During his tenure as chairman, Chi-Sun, Wang, former chairman of the Company, paid P&S NEW ENERGY CO., LTD. (hereinafter referred to "P&S NEW" whose owner was Chi-Sun, Wang at that time) $15,800 thousand, $15,000 thousand and $8,000 thousand on July 16, July 17, and July 20, 2020 respectively as the guarantee for external financing, totaling $38,800 thousand for the purpose of negotiating personal loans. However, there was no contract or any document signed for the loan. In addition, the Company had halted the financing scheme and requested New Energy Co., Ltd. to return the guarantee deposit which was therefore included in other receivables. As the Company assessed that the amount was unrecoverable, it estimated the ECLs at $38,800 thousand for the 3rd quarter of 2020. The Company has referred the case to the Investigation Bureau for investigation. In 2025, the Consolidated Company filed a civil lawsuit with the Shilin District Court, seeking damages for the return of a security deposit of $38,800 thousand. The case is currently under review under 2025's Zhong-Su-Zi Case No.83. On October 8, 2025, the first-instance judgment was renderedin favor of the Consolidated Company. Subsequent legal procedures will be carried out in accordance with the judgment. As of the reporting date, the case remains in progress.

(Continued)

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(vi) To negotiate for a project, the Company's former Secretary-General, Quan-Sheng, Hsiao, applied to the Finance Department for a reserve of $3,000 thousand (previously included in temporary debits) on June 24, 2020 for entry of a contract. However, neither the payee nor the expected date of reimbursement on the debit note were filled in. In addition, the employee failed to provide information about the project's progress, time of establishment, payment receiver, and guarantee. Consequently, the Company sent a letter of attestation to demand the return of the aforementioned amount. Therefore, the Company transferred the said amount to other receivables, and the amount was assessed to be unrecoverable. In the 2nd quarter of 2020, the Company recognized the expected credit losses (ECLs) of $3,000 thousand. With the case number of 2020's Ta–Tzu Case No. 4170, the case has been under the investigation of the Taiwan Shilin District Prosecutors Office. In 2025, the Consolidated Company filed a civil lawsuit with the Shilin District Court, seeking damages for the return of a contract deposit of $3,000 thousand. The Shilin District Court, under 2025's Zhong-Su-Zi Case No. 254, approved a provisional attachment against defendants Chi-Sun, Wang, and Tao-Kai, Huang, upon posting a security of $1,000 thousand. The case has proceeded to oral arguments and submission of statements. As of the reporting date, the litigation remains under review.

(vii) Since February 1, 2019, the Company has entered into a consultancy contract with Chia-Ru, Hsieh with approval of the Company's former chairman, Hui-Jun, Lin. The Company had paid Mr. Hsieh $12,300 thousand in succession. However, Mr. Hsieh failed to provide a project report as a voucher for reimbursement. Therefore, the Company filed a criminal lawsuit against Chia-Ru, Hsieh. The Taiwan Shilin District Court, under 2025's Zhong-Su-Zi Case No. 35, rendered a judgment ordering the defendants to jointly pay $7,050 thousand

(viii) In February 2020, the Company ordered a batch of electronic materials from SHENG-YUAN MACHINERY CORP. (hereinafter referred to as "SHENG-YUAN MACHINERY"). At the request of SHENG-YUAN MACHINERY, the Company prepaid $3,150 thousand when the materials were ordered. However, the SHENG-YUAN MACHINERY failed to deliver the materials for a long time. In the 3rd quarter of 2020, the Company sent a letter of attestation to the Company to demand refund of the prepayment, and the amount thereof was transferred to the line item of other receivables. As the Company assessed that the amount was unrecoverable, it recognized the ECLs of $3,150 thousand. In addition, the Company filed a criminal against the Company's former chairman, Hui-Jun, Lin, and consultant, Mr. Chia-Ru, Hsieh. With the case number of 2021's Ta–Tzu Case No. 1119, the case has been under the investigation of the Taiwan Shilin District Prosecutors Office. In 2025, the Consolidated Company filed a civil lawsuit with the Shilin District Court, seeking damages for the return of funds totaling $3,150 thousand for infringement. Under 2025's Su-Zi Case No. 308, the Court approved a partial provisional attachment, and the Consolidated Company applied for an investigation into SHENG-YUAN MACHINERY's assets. The case has proceeded to oral arguments and evidence examination. As of the reporting date, the litigation remains under review.

(Continued)

(ix) On November 20, 2020, the Company received from Taiwan Hsinchu District Court a compulsory enforcement ruling on a promissory note of $10,100 thousand issued by the Company to Jin-Chuan, Hsu, who claimed that he did not receive the payment after presenting the promissory note on November 22, 2019, and therefore filed a petition for a compulsory enforcement ruling on the promissory note. The Company had never transacted with Jin-Chuan, Hsu and the Company's lawyer verified that the seal on the promissory note was not in conformity with the Company's seal. As a result, the Company hired a lawyer to deal with the relevant legal proceedings and to file a civil litigation for the non-existence of the debt claim. On April 27, 2022, Taiwan Taipei District Court gave a verdict of non-existence of the claim of the promissory note on 2021's Pei-Jian–Tzu Case No. 1767. Thereafter, the defendant filed an appeal, which has been tried in Taipei District Court with the case number of 2022's Jian–Shang–Tzu Case No. 285. Additionally, Mr. Jin-Chuan, Hsu filed a petition for compulsory enforcement (Si–Zhi–Tzu Case No. 29313 in 2021) with Taiwan Hsinchu District Court, and the Company has filed a litigation against the existence of the debt claim, which was in accordance with the elements of the non-contentious law. Pursuant to Taiwan Hsinchu District Court's ruling of Pei–Jian–Sheng–Tzu Case No. 169, the Company has deposited $1,430 thousand in court for security and has requested that the execution of 2021's Si–Zhi–Tzu Case No. 29313 be discontinued. The Taiwan Taipei District Court 2022 Jian-Shang-Tzu Case No.285 civil ruling dismiss the appeal. Jin-Chuan, Hsu did not accept the ruling and request the Taiwan High Prosecutor's Office for reconsideration. On October 17, 2023, the Taiwan High Prosecutor's Office wrote to the Company: "The office accepted year 2023 Shang-Shen-Yi Case No. 008887 case, the defendant, Chia-Ru, Hsieh and others regarding securities counterfeits, etc., the reconsideration has been sent back for further investigation. "On December 11, 2023, the Taiwan Hsinchu District Court executed the Hsin-Yuan-Yu-110-Si-Zhi-Meng-Zi Case No. 29313 and wrote to the Company: "In relation to Jin-Chuan, Hsu, the creditor of Hsinchu 2021's Si-Zhi-Zi Case No. 29313, and the debtor, United Fiber Optic Communication Inc. (Tax ID number: 21223267) on the enforcement of settlement, it is ruled that the claim for enforcement is hereby dismissed."In 2024, the Consolidated Company filed a civil lawsuit with the Keelung District Court (2024's Su-Zi Case No. 224), seeking remuneration of $10,100 thousand from Chia-Ru, Hsienh and other parties. As of the reporting date, the Court has recorded trial transcripts and conducted related inquiry procedures, and the case remains under review.

(x) In January 2020, Ottimo Connectech, the Company's sub-subsidiary, prepaid $4,995 thousand to World Way Shipping Agency for goods purchased and received a check in the nominal value of $5,000 thousand as performance guarantee. As of May 10th, 2020, however, the goods had not been delivered as specified in the contractual obligations. To protect the interests of the Consolidated Company and its shareholders, the Consolidated Company presented the check to the bank on May 11, 2020. On May 13, 2020, the bank informed the Consolidated Company that the check had bounced. Consequently, the prepayment was transferred to other receivables and the amount of $4,995 thousand was recognized as expected credit losses (ECLs). In addition, a criminal litigation was filed against the relevant persons involved. With the case number of 2020's Ta–Tzu Case No. 2534, the case has been under the investigation of the Taiwan Shilin District Prosecutors Office.

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(xi) In March 2020, the Company's sub-subsidiary, Ottimo Connectech, lent $5,000 thousand (included in other receivables) to World Way Shipping Agency in March 2020 and received a check of $5,000 thousand in nominal value as a guarantee. The stated credit line was effective from March 16, 2020 to April 16, 2020. As of May 10, 2020, however, World Way Shipping Agency had not repaid the aforementioned amount. To protect the interests of the company and its shareholders, the Consolidated Company presented the check to the bank on May 11, 2020, only to be informed on May 13, 2020 that the check had bounced. Consequently, the Consolidated Company recognized the expected credit losses (ECLs) of $5,000 thousand and filed a criminal litigation against the relevant persons involved. With the case numbers of 2020's Ta–Tzu Case No. 2534 and 4718, the cases have been under the investigation of the Taiwan Shilin District Prosecutors Office.

(xii) Through internal audit, the Consolidated Company discovered Ottimo Connectech's abnormal expenditures of $8,500 thousand in 2020 and making of false vouchers for bookkeeping. These transactions represent the risk that the Consolidated Company's former chairman, Hui-Jun, Lin, might have embezzled the cash of Ottimo Connectech and made false accounting vouchers. To safeguard the interests of the Consolidated Company and its shareholders, a lawyer has been hired to file a litigation. With the case number of 2020's Ta–Tzu Case No. 2534, the case has been under the investigation of the Taiwan Shilin District Prosecutors Office.

(xiii) The progress of the litigation against equipment dealer, Xie Hong Electronics Corp. and its person in charge appealed by the Company of the fog lamps case in the Central Region Branch Office of Freeway Bureau, MOTC, is as follows:

1) The fraud case against executives of Xie Hong Electronics Corp., Zhong-Yao Zheng and Hao-Long Lin, was notified by the Taiwan Shilin District Prosecutors Office on December 21, 2023, under Shi-Jian-Nai-Wen-112-Ta-5492-Zi case No. 1129075935. The defendants were instructed to cooperate with the investigation at the Neihu Branch of the Taipei City Police Department. After the investigation is completed, the case will be transferred back to the prosecutors for further investigation. The case was reviewed by the Taiwan Shilin District Court under Investigation 2024's Ta-Tzu Case No. 7473. On July 22, 2025, the Consolidated Company received a non-prosecution ruling. The subsequent motion for reconsideration filed by the Consolidated Company was dismissed, and on August 27, 2025, the Company obtained a certificate of final judgment.

(Continued)

2) The Company filed a lawsuit against Xie Hong Electronics Corp. for the refund request of prepaid project payments, which was heard by the Taiwan Hsinchu District Court on November 30, 2023, under 2023's Zhong-Su-Zi case No. 258. On September 6, 2024, the Company submitted a request to the defendant for additional damages. As of now, four civil defense statements have been received from Xie Hong, and the case is currently under trial by the Taiwan Hsinchu District Court. On October 18, 2024, the Company received a civil counterclaim from the defendant filed with the Taiwan Taichung District Court. The defendant claimed that the Company had breached the contract and demanded the payment for the remaining project payment. The civil counterclaim is currently under investigation by the Taiwan Taichung District Court.

3) The application for a promissory note enforcement order was approved by the Taiwan Taichung District Court in civil ruling 2024's Kang-Zi case No. 14, allowing the Company to enforce the promissory note against Xie Hong Electronics Corp. The case is currently being processed by the Court. On August 8, 2024, the Taiwan Nantou District Court's Civil Execution Office issued a document Tou-Yuan-Yang-113-Shi-Zi-Zhu-Qian-Zi case No. 347, stating that the debtor, Zhong-Yao Zheng, provided a guarantee of $5,500 thousand according to the Taiwan Taichung District Court's civil ruling 2024's Sheng-Zi case No. 120. Therefore, the seizure, demarcate, and measurement of the real estate have been suspended. The effectiveness of the seizure in this case remains, and the debtor is not allowed to transfer the seized real estate. Whether this case will be lifted depends on the judgment of the Taiwan Hsinchu District Court, 2023's Zhong-Su-Zi case No. 258, dated November 30, 2023. As of now, there is no new progress.

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Consolidated Company:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	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	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Ottimo Connectech	World Way Shipping Agency	Other receivables due from related parties	Yes	5,000	5,000	5,000	2.00%	2	-	Operating capital	5,000	-	-	85	85

Note 1: The purposes of loans are numbered as follows:

1.For a transaction counterparty, please filled in 1.

2.For an entity with short-term financing requirements, please fill in 2.

Note 2: According to the Company's "Procedures for Making Loans to Other Parties", the aggregate amount of loans to other parties for necessary short-term financing requirements shall be limited to 40% of the Company's net value; the cumulative amount of loans to a single party shall be limited to 40% of the Company's net value.

Note 3: The Company's sub-subsidiary, Ottimo Connectech lent $5,000 thousand to World Way Shipping Agency and received a check of $5,000 thousand from it. However, the loan had not been approved by a Board resolution. To safeguard the interests of both the Company and its shareholders, the Company sought to cash the check from bank on May 11, 2020. On May 13, 2020, the bank informed the bank that the check had been dishonored, hence the recognition of ECLs of $5,000 thousand. Additionally, the loan exceeded 40% of Ottimo Connectech Inc.'s net value, and the improvement period has been extended to December 31, 2025 with the approval by the FSC as stated in letter No. 1140369194.

Note 4: The subsidiaries' intercompany transactions had been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	King House–private shares	Other related party	Financial assets mandatorily measured at fair value through profit of loss-non-current	5,000	257,300	2.96 %	257,300	
The Company	King House–ordinary shares	Other related party	Financial assets measured at fair value through profit or loss -non current	56	3,080	0.03 %	3,080	
The Company	TMP Steel-ordinary shares	Other related party	Financial assets measured at fair value through profit or loss-non-current	2,000	40,200	2.00 %	40,200	
The Company	S-TECH-ordinary shares	Other related party	Financial assets mandatorily measured at fair value through profit or loss-current	2,000	43,500	0.86 %	43,500	
The Company	IBF-ordinary shares	None	Financial assets mandatorily measured at fair value through profit or loss-non-current	11,640	173,432	0.33 %	173,432	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
UFOCI	Chun Yu-ordinary shares	Other related party	Financial assets mandatorily measured at fairvalue through profitor loss-non-current	1	16	- %	16	
UFOCI	S-TECH-ordinary shares	Other related party	Financial assets mandatorily measured at fair value through profit of loss-current	20	435	- %	435	
UFOCI	Jia Jie-ordinary shares	Other related party	Financial assets mandatorily measured at fair value through profit of loss-current	1	13	- %	13	
UFOCI	TMP Steel-ordinary shares	Other related party	Financial assets mandatorily measured at fair value through profit of loss-current	5	100	- %	100	
UFOCI	NewSoft-ordinary shares	Other related party	Financial assets mandatorily measured at fair value through profit of loss-current	3	38	- %	38	

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(v) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(vi) Business relationships and significant intercompany transactions: None

(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):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2026			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2026	December 31, 2025	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	TSG Engineering	Tainan City	Comprehensive construction	117,223	117,223	11,625	100.00 %	181,104	13,168	13,168	Subsidiary
The Company	UFOCI	Taipei City	General investments	2,000	2,000	200	100.00 %	1,851	(54)	(54)	Subsidiary
The Company	Synox	Taipei City	Manufactures, wholesale and resale of electronic and communications devices	46,890	46,890	4,689	49.36 %	-	(1,880)	-	Associate
The Company	TSG Development	Kaohsiung City	Real estate development, property sales agency services, and construction-related operations	303,310	-	24,500	16.81 %	352,479	309,453	53,385	Associate
The Company	Ottimo Connectech	Taipei City	Wholesale and retail of communications equipment as well as installation and repair of cable	4,000	4,000	400	100.00 %	-	-	-	Subsidiary (Note)
Ottimo Connectech Inc.	World Way Shipping Agency	Taipei City	Shipping agent and container leasing	30,000	30,000	3,000	30.61 %	-	-	-	Associate

Note : The dissolution of Ottimo Connectech was officially approved by the Taipei City Government on November 7, 2024. All relevant procedures of liquidation were still in progress as of the reporting date.

(c) Information on investment in mainland China: None

(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

UNITED FIBER OPTIC COMMUNICATION INC. AND SUBSIDIARIES
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(14) Segment information:

When allocating resources and evaluating segment performance, the Consolidated Company's operational decision makers focus on its overall financial information. All Consolidated Company entities have similar economic characteristics; therefore, the Consolidated Company only has 1 reportable segment. Segment losses, segment assets, and segment liabilities were consistent with those stated in the financial statements; please refer to the consolidated balance sheets and statements of comprehensive income for details.