

**OTSUKA INFORMATION TECHNOLOGY CORP.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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Independent Auditors' Review Report

To the Board of Directors of OTSUKA INFORMATION TECHNOLOGY CORP.:

Introduction

We have reviewed the accompanying consolidated statements of financial position of OTSUKA INFORMATION TECHNOLOGY CORP. and its subsidiaries ("the Group") as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025 and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 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

Except as explained in the Basis for Qualified Conclusion paragraph, 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.

Basis for Qualified Conclusion

As stated in Note 4 (b), the consolidated financial statements included the financial statements of certain subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to TWD374,094 thousand and TWD272,874 thousand, constituting 21% and 18% of consolidated total assets as of March 31, 2026 and 2025, respectively, total liabilities amounting to TWD39,906 thousand and TWD28,144 thousand, constituting 5% and 5% of consolidated total liabilities as of March 31, 2026 and 2025, respectively, and total comprehensive income amounting to TWD11,127 thousand and TWD10,681 thousand, constituting 15% and 14% of consolidated total comprehensive income for the three months ended March 31, 2026 and 2025, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors’ report are Horng, Shyh-Gang and Chuang, Chun Wei.

KPMG

Taipei, Taiwan (Republic of China)
May 11, 2026

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2026, December 31, 2025, and March 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

		<u>March 31, 2026</u>		<u>December 31, 2025</u>		<u>March 31, 2025</u>					<u>March 31, 2026</u>		<u>December 31, 2025</u>		<u>March 31, 2025</u>	
Assets		Amount	%	Amount	%	Amount	%		Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:									Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 761,138	42	709,548	46	565,715	38	2170	Accounts payable	\$	368,919	21	228,680	15	203,065	13
1137	Financial assets at amortized cost—current (note 6(b))	80,000	4	20,000	1	-	-	2201	Salaries payable		56,277	3	76,534	5	53,298	4
1170	Notes and accounts receivable, net (including related-parties) (notes 6(c), (o) and 7)	413,595	23	388,931	25	562,461	37	2216	Dividends payable (note 6(m))		165,841	9	-	-	153,873	10
								2200	Other payables		90,638	5	70,765	5	94,144	6
1300	Inventories (note 6(d))	332,199	19	258,315	17	161,121	11	2280	Current lease liabilities (note 6(j))		23,845	1	15,930	1	15,938	1
1410	Other current assets (note 6(e))	<u>15,623</u>	<u>1</u>	<u>7,644</u>	<u>1</u>	<u>6,520</u>	<u>-</u>	2130	Current contract liabilities (note 6(o))		19,377	1	18,846	1	13,495	1
	Total current assets	<u>1,602,555</u>	<u>89</u>	<u>1,384,438</u>	<u>90</u>	<u>1,295,817</u>	<u>86</u>	2300	Other current liabilities		<u>381</u>	<u>-</u>	<u>520</u>	<u>-</u>	<u>1,155</u>	<u>-</u>
	Non-current assets:								Total current liabilities		<u>725,278</u>	<u>40</u>	<u>411,275</u>	<u>27</u>	<u>534,968</u>	<u>35</u>
1535	Financial assets at amortized cost—non-current (note 6(b))	10,000	1	10,000	1	30,000	2	2570	Non-current liabilities:							
1600	Property, plant and equipment (notes 6(f))	30,816	2	33,442	2	32,927	2	2580	Deferred tax liabilities		14,843	1	14,843	1	13,085	1
1755	Right-of-use assets (note 6(g))	75,663	4	32,455	2	43,395	3	2600	Non-current lease liabilities (note 6(j))		53,433	3	16,804	1	28,314	2
1780	Intangible assets (notes 6(h))	28,983	2	28,116	2	31,321	2		Other non-current liabilities		<u>800</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
1930	Long-term notes and accounts receivable, net (notes 6(c) and (o))	6,584	-	6,436	-	32,089	2		Total non-current liabilities		<u>69,076</u>	<u>4</u>	<u>32,447</u>	<u>2</u>	<u>41,399</u>	<u>3</u>
1990	Other non-current assets (notes 6(a) and 8)	<u>38,487</u>	<u>2</u>	<u>38,629</u>	<u>3</u>	<u>36,934</u>	<u>3</u>	3100	Total liabilities		<u>794,354</u>	<u>44</u>	<u>443,722</u>	<u>29</u>	<u>576,367</u>	<u>38</u>
	Total non-current assets	<u>190,533</u>	<u>11</u>	<u>149,078</u>	<u>10</u>	<u>206,666</u>	<u>14</u>	3200	Equity attributable to owners of parent:							
								3310	Ordinary shares		170,970	10	170,970	11	170,970	11
								3320	Capital surplus		68,813	4	68,813	5	68,813	5
								3350	Legal reserve		183,611	10	183,611	12	161,192	11
								3410	Special reserve		6,410	-	6,410	-	10,781	1
									Unappropriated retained earnings (note 6(m))		570,239	32	665,560	43	517,806	34
									Exchange differences on translation of foreign financial statements		<u>(1,309)</u>	<u>-</u>	<u>(5,570)</u>	<u>-</u>	<u>(3,446)</u>	<u>-</u>
									Total equity attributable to owners of parent		<u>998,734</u>	<u>56</u>	<u>1,089,794</u>	<u>71</u>	<u>926,116</u>	<u>62</u>
									Total equity		<u>998,734</u>	<u>56</u>	<u>1,089,794</u>	<u>71</u>	<u>926,116</u>	<u>62</u>
Total assets		<u>\$ 1,793,088</u>	<u>100</u>	<u>1,533,516</u>	<u>100</u>	<u>1,502,483</u>	<u>100</u>		Total liabilities and equity		<u>\$ 1,793,088</u>	<u>100</u>	<u>1,533,516</u>	<u>100</u>	<u>1,502,483</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP. 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 March 31			
		2026		2025	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(o) and 7)	\$ 682,437	100	743,436	100
5000	Operating costs (notes 6(d))	485,093	71	543,595	73
	Gross profit	197,344	29	199,841	27
	Operating expenses: (notes 6(c), (j), (k), (p) and 12)				
6100	Selling expenses	72,942	11	76,501	10
6200	Administrative expenses	13,971	2	16,127	2
6300	Research and development expenses	23,807	3	13,574	2
6450	Expected credit loss (gain)	(316)	-	505	-
	Total operating expenses	110,404	16	106,707	14
	Net operating income	86,940	13	93,134	13
	Non-operating income and expenses:				
7100	Interest income	697	-	521	-
7020	Other gains and losses (notes 6(q))	(599)	-	775	-
7510	Interest expense (note 6(j))	(241)	-	(235)	-
	Total non-operating income and expenses	(143)	-	1,061	-
	Profit before tax	86,797	13	94,195	13
7950	Less: Income tax expenses (note 6(l))	16,277	3	20,815	3
	Profit	70,520	10	73,380	10
8300	Other comprehensive income:				
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	5,326	1	3,705	-
8399	Income tax related to items that will be reclassified to profit or loss (note 6(l))	(1,065)	-	(741)	-
	Total Items that will be reclassified to profit or loss	4,261	1	2,964	-
8300	Other comprehensive income	4,261	1	2,964	-
8500	Total comprehensive income	<u>\$ 74,781</u>	<u>11</u>	<u>76,344</u>	<u>10</u>
	Earnings per share (NT dollars) (note 6(n))				
9750	Basic earnings per share	<u>\$ 4.12</u>		<u>4.29</u>	
9850	Diluted earnings per share	<u>\$ 4.10</u>		<u>4.27</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP. 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)**

	Retained earnings					Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated Retained earnings		
Balance on January 1, 2025	\$ 170,970	68,813	161,192	10,781	598,299	(6,410)	1,003,645
Profit	-	-	-	-	73,380	-	73,380
Other comprehensive income	-	-	-	-	-	2,964	2,964
Total comprehensive income	-	-	-	-	73,380	2,964	76,344
Appropriation and distribution of retained earnings:							
Cash dividends of ordinary shares	-	-	-	-	(153,873)	-	(153,873)
Balance on March 31, 2025	<u><u>\$ 170,970</u></u>	<u><u>68,813</u></u>	<u><u>161,192</u></u>	<u><u>10,781</u></u>	<u><u>517,806</u></u>	<u><u>(3,446)</u></u>	<u><u>926,116</u></u>
Balance on January 1, 2026	\$ 170,970	68,813	183,611	6,410	665,560	(5,570)	1,089,794
Profit	-	-	-	-	70,520	-	70,520
Other comprehensive income	-	-	-	-	-	4,261	4,261
Total comprehensive income	-	-	-	-	70,520	4,261	74,781
Appropriation and distribution of retained earnings:							
Cash dividends of ordinary shares	-	-	-	-	(165,841)	-	(165,841)
Balance on March 31, 2026	<u><u>\$ 170,970</u></u>	<u><u>68,813</u></u>	<u><u>183,611</u></u>	<u><u>6,410</u></u>	<u><u>570,239</u></u>	<u><u>(1,309)</u></u>	<u><u>998,734</u></u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three Months ended March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31,	
	2026	2025
Cash flows from (used in) operating activities:		
Profit before tax	\$ 86,797	94,195
Adjustments:		
Adjustments to reconcile profit:		
Depreciation and amortization	7,919	6,995
Losses (gains) related to inventories	(45)	1
Expected credit loss (reversal of expected credit loss)	(316)	505
Interest income	(697)	(521)
Interest expense	241	235
Losses on disposal and retirement of property, plant and equipment	1,128	-
Total adjustments to reconcile profit	<u>8,230</u>	<u>7,215</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(24,499)	(186,684)
Inventories	(74,180)	176,347
Other current assets	(7,497)	2,180
Other non-current assets	(643)	(587)
Contract liabilities	531	(3,083)
Accounts payable	140,239	(177,731)
Salaries payable	(20,257)	(16,082)
Other payables	3,895	13,216
Other current liabilities	(139)	(147)
Total adjustments	<u>25,680</u>	<u>(185,356)</u>
Cash inflow (outflow) generated from operations	112,477	(91,161)
Interest received	415	183
Interest paid	(241)	(235)
Income taxes paid	(297)	(5,351)
Net cash flows from (used in) operating activities	<u>112,354</u>	<u>(96,564)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(60,000)	-
Acquisition of intangible assets	(2,181)	(854)
Acquisition of property, plant and equipment	(118)	(272)
Proceeds from disposal of property, plant and equipment	209	-
Decrease (increase) in refundable deposits	(705)	625
Net cash flows used in investing activities	<u>(62,795)</u>	<u>(501)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(3,627)	(3,561)
Net cash flows used in financing activities	<u>(3,627)</u>	<u>(3,561)</u>
Effect of exchange rate changes on cash and cash equivalents	5,658	3,945
Net increase (decrease) in cash and cash equivalents	51,590	(96,681)
Cash and cash equivalents at beginning of year	709,548	662,396
Cash and cash equivalents at end of year	<u><u>\$ 761,138</u></u>	<u><u>565,715</u></u>

See accompanying notes to consolidated financial statements.

OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

OTSUKA INFORMATION TECHNOLOGY CORP. (“the Company”) was incorporated on August 4, 1997 in accordance with the Company Act. The Investment Commission, Ministry of Economic Affairs permits the foreign stockholders to invest the Company in accordance with the Statute for Investment by Foreign Nationals. The address of the Company’s registered office is 6F., No. 68, Sec. 2, Sianmin Blvd., Banqiao Dist., New Taipei City. The major business activities of the Company and subsidiaries (together referred to as “the Group”) are designing, trading, maintaining, import and export the hardware, software, computers, network and accessories.

The Company’s ordinary shares were listed on the Taipei Exchange (“TPEX”) on October 23, 2008.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on May 11, 2026.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission (“FSC”), 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:

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

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

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

(Continued)

OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

<u>Standards or Interpretation</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
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.

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 IFRS 19
- Amendments to IAS 21, “Translation to a Hyperinflationary Presentation Currency”

(Continued)

OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (“the IFRSs endorsed by the FSC”).

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) List of subsidiaries in the consolidated financial statements.

Name of investor	Name of subsidiary	Principal activities	March 31, 2026	December 31, 2025	March 31, 2025	Description
The Company	Otsuka Information Technology Ltd. (Otsuka)	Holding company	100%	100%	100%	Note 1
The Company	EFD Corporation. (EFD)	Software Merchandising and Measurement Service	100%	100%	100%	Note 1
Otsuka	Otsuka Software Trading (Dongguan) Ltd. (Otsuka Dongguan)	Software Merchandising	100%	100%	100%	Note 1
Otsuka	OITC Information Technology (Shanghai) Ltd. (OITC)	Software Merchandising	100%	100%	100%	Note 1

Note 1: Non-material subsidiaries whose financial statements have not been reviewed by CPAs.

(c) Employee Benefits

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

(d) Income Taxes

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

Income tax expenses for the period are measured by multiplying pre-tax income for the interim reporting period by the effective annual tax rate best estimated by the management. 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 effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(Continued)

OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 IFRS Accounting Standards (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, including climate-related risks and opportunities, estimates and assumptions 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.

In the preparation of the consolidated financial statements, the major sources of significant accounting judgments and estimation uncertainty are consistent with Note (5) of the consolidated financial statements for the year ended December 31, 2025.

(6) Explanation of significant accounts:

Except as described in the following paragraphs, there were no significant differences with those disclosed in the 2024 annual consolidated financial statements. Please refer to Note (6) of the consolidated financial statements for the year ended December 31, 2024, for other related information.

(a) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash	\$ 414	363	396
Checking and demand deposits	614,514	612,719	483,811
Time deposits	<u>146,210</u>	<u>96,466</u>	<u>81,508</u>
	<u>\$ 761,138</u>	<u>709,548</u>	<u>565,715</u>

(b) Financial assets measured at amortized cost

	March 31, 2026	December 31, 2025	March 31, 2025
Certificates of deposit- Current	\$ 60,000	-	-
Financial bond - Current	20,000	20,000	-
Financial bond - Non-current	<u>10,000</u>	<u>10,000</u>	<u>30,000</u>
	<u>\$ 90,000</u>	<u>30,000</u>	<u>30,000</u>

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

- (i) The Group purchased the seven-year bonds of Bank of Panhsin in June 2019. The face value of the bond was \$20,000 thousand and its effective interest rate was 2.25%.
- (ii) The Group purchased the seven-year bonds of Bank of Panhsin in June 2021. The face value of the bond was \$10,000 thousand and its effective interest rate was 1.5%.
- (iii) The Group held domestic certificates of deposit with a weighted-average annual interest rate of 1.7% for the period from January 1 to March 31, 2026, which will mature in March 2027.
- (iv) As of March 31, 2026, December 31, 2025, and March 31, 2025, the Group did not provide any of the aforementioned bond as collateral.

(Continued)

OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Notes and accounts receivable (including related parties)

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	\$ 11,057	16,768	21,439
Accounts receivable	411,893	381,839	574,372
Accounts receivable-related parties	401	245	372
	423,351	398,852	596,183
Less: allowance for doubtful accounts	(3,172)	(3,485)	(1,633)
Long-term notes and accounts receivable, net	(6,584)	(6,436)	(32,089)
	<u>\$ 413,595</u>	<u>388,931</u>	<u>562,461</u>

- (i) The Group did not provide any of the aforementioned notes and accounts receivable as collateral. The aforementioned notes and accounts receivable were not discounted because the due dates were less than a year. The book value is assumed to approximate the fair value.
- (ii) A maturity analysis of notes and accounts receivable from the installment sales was expected to be recovered after the reporting date as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Less than a year	\$ 25,636	25,487	22,263
One to two years	6,584	6,436	25,570
Two to three years	-	-	6,519
	<u>\$ 32,220</u>	<u>31,923</u>	<u>54,352</u>

The aforementioned receivables were promptly recovered after the reporting date.

- (iii) The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables (including long-term and related parties). To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information, including macroeconomic and relevant industry information. The ECL allowance provision analysis was as follows:

	March 31, 2026		
	Carrying amounts of notes and accounts receivable (including long- term and related parties)	Lifetime weighted- average ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 386,908	0%	-
Past due 1 to 60 days	32,698	0.64%	210
Past due 61 to 210 days	311	19.29%	60
Past due 211 to 270 days	500	30%	150
Past due 271 to 360 days	303	39.93%	121
More than 361 days past due	2,631	100%	2,631
	<u>\$ 423,351</u>		<u>3,172</u>

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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	December 31, 2025		
	Carrying amounts of notes and accounts receivable (including long- term and related parties)	Lifetime weighted- average ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 355,703	0%	-
Past due 1 to 60 days	33,254	0.73%	242
Past due 61 to 210 days	7,264	8.43%	612
Past due 211 to 270 days	-	0%	-
Past due 271 to 360 days	-	0%	-
More than 361 days past due	2,631	100%	2,631
	<u>\$ 398,852</u>		<u>3,485</u>

	March 31, 2025		
	Carrying amounts of notes and accounts receivable (including long- term and related parties)	Lifetime weighted- average ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 561,274	0%	-
Past due 1 to 60 days	31,503	0.74%	232
Past due 61 to 210 days	492	6.91%	34
Past due 211 to 270 days	-	0%	-
Past due 271 to 360 days	2,579	40%	1,032
More than 361 days past due	335	100%	335
	<u>\$ 596,183</u>		<u>1,633</u>

(iv) The movements in the allowance for notes and accounts receivable were as follows:

	For the Three Months Ended March 31,	
	2026	2025
Balance on January 1	\$ 3,485	1,127
Recognition (Reversal) of expected credit loss	(316)	505
Effect of changes in exchange rates	3	1
Balance on December 31	<u>\$ 3,172</u>	<u>1,633</u>

(d) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Software	\$ 328,905	251,262	160,029
Hardware	3,294	7,053	1,092
	<u>\$ 332,199</u>	<u>258,315</u>	<u>161,121</u>

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) Except for the costs of inventories that have been sold, the Group recognized the following items as cost of goods sold:

	For the Three Months Ended March 31,	
	<u>2026</u>	<u>2025</u>
Losses (Gains) on obsolete inventories and inventory valuation	\$ <u>(45)</u>	<u>1</u>

- (ii) As of March 31, 2026, December 31, 2025, and March 31, 2025, the Group did not provide any of the aforementioned inventories as collateral.

- (e) Prepaid and other current assets

	March 31, <u>2026</u>	December 31, <u>2025</u>	March 31, <u>2025</u>
Prepaid salaries	\$ 800	800	800
Other receivables	972	500	1,224
Prepaid expenses and others	<u>13,851</u>	<u>6,344</u>	<u>4,496</u>
	\$ <u>15,623</u>	<u>7,644</u>	<u>6,520</u>

- (f) Property, plant and equipment

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

	Land	Buildings	Computers	Office equipment	Transportation equipment	Machinery equipment	Total
Cost:							
Balance on January 1, 2026	\$ 10,260	6,175	33,142	5,570	5,083	9,749	69,979
Additions	-	-	118	-	-	-	118
Disposals	-	-	(1,653)	(35)	(1,535)	-	(3,223)
Effect of changes in exchange rates	-	-	73	17	-	-	90
Balance on March 31, 2026	\$ <u>10,260</u>	<u>6,175</u>	<u>31,680</u>	<u>5,552</u>	<u>3,548</u>	<u>9,749</u>	<u>66,964</u>
Balance on January 1, 2025	\$ 10,260	6,175	31,052	4,922	4,453	9,420	66,282
Additions	-	-	135	137	-	-	272
Effect of changes in exchange rates	-	-	49	13	-	-	62
Balance on March 31, 2025	\$ <u>10,260</u>	<u>6,175</u>	<u>31,236</u>	<u>5,072</u>	<u>4,453</u>	<u>9,420</u>	<u>66,616</u>
Depreciation:							
Balance on January 1, 2026	\$ -	2,589	24,493	4,627	1,826	3,002	36,537
Depreciation	-	26	810	89	96	406	1,427
Disposals	-	-	(1,396)	(35)	(455)	-	(1,886)
Effect of changes in exchange rates	-	-	55	15	-	-	70
Balance on March 31, 2026	\$ <u>-</u>	<u>2,615</u>	<u>23,962</u>	<u>4,696</u>	<u>1,467</u>	<u>3,408</u>	<u>36,148</u>
Balance on January 1, 2025	\$ -	2,486	22,720	4,356	1,322	1,406	32,290
Depreciation	-	26	753	74	105	392	1,350
Effect of changes in exchange rates	-	-	38	11	-	-	49
Balance on March 31, 2025	\$ <u>-</u>	<u>2,512</u>	<u>23,511</u>	<u>4,441</u>	<u>1,427</u>	<u>1,798</u>	<u>33,689</u>
Carrying amounts:							
Balance on January 1, 2026	\$ <u>10,260</u>	<u>3,586</u>	<u>8,649</u>	<u>943</u>	<u>3,257</u>	<u>6,747</u>	<u>33,442</u>
Balance on March 31, 2026	\$ <u>10,260</u>	<u>3,560</u>	<u>7,718</u>	<u>856</u>	<u>2,081</u>	<u>6,341</u>	<u>30,816</u>
Balance on January 1, 2025	\$ <u>10,260</u>	<u>3,689</u>	<u>8,332</u>	<u>566</u>	<u>3,131</u>	<u>8,014</u>	<u>33,992</u>
Balance on March 31, 2025	\$ <u>10,260</u>	<u>3,663</u>	<u>7,725</u>	<u>631</u>	<u>3,026</u>	<u>7,622</u>	<u>32,927</u>

As of March 31, 2026, December 31, 2025, and March 31, 2025, the Group did not provide any of the aforementioned property, plant and equipment as collateral.

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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(g) Right-of-use assets

The Group leases assets including buildings and transportation equipment. Movements of the cost and accumulated depreciation of right-of-use assets were as follows:

	<u>Buildings</u>
Cost:	
Balance on January 1, 2026	\$ 73,194
Additions	48,121
Effect of changes in exchange rates	<u>132</u>
Balance on March 31, 2026	<u>\$ 121,447</u>
Balance on January 1, 2025	\$ 73,173
Effect of changes in exchange rates	<u>95</u>
Balance on March 31, 2025	<u>\$ 73,268</u>
Accumulated depreciation:	
Balance on January 1, 2026	\$ 40,739
Depreciation	4,964
Effect of changes in exchange rates	<u>81</u>
Balance on March 31, 2026	<u>\$ 45,784</u>
Balance on January 1, 2025	\$ 25,633
Depreciation	4,183
Effect of changes in exchange rates	<u>57</u>
Balance on March 31, 2025	<u>\$ 29,873</u>
Carrying amount:	
Balance on January 1, 2026	<u>\$ 32,455</u>
Balance on March 31, 2026	<u>\$ 75,663</u>
Balance on January 1, 2025	<u>\$ 47,540</u>
Balance on March 31, 2025	<u>\$ 43,395</u>

(h) Intangible assets

The movements of the cost and accumulated depreciation and impairment of intangible assets were as follow:

	<u>Computer software</u>	<u>Company Name</u>	<u>Customer relationships</u>	<u>Goodwill</u>	<u>Total</u>
Cost:					
Balance on January 1, 2026	\$ 19,880	7,725	14,590	95	42,290
Additions	2,181	-	-	-	2,181
Effect of changes in exchange rates	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
Balance on March 31, 2026	<u>\$ 22,088</u>	<u>7,725</u>	<u>14,590</u>	<u>95</u>	<u>44,498</u>
Balance on January 1, 2025	\$ 19,677	7,725	14,590	95	42,087
Additions	854	-	-	-	854
Effect of changes in exchange rates	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
Balance on March 31, 2025	<u>\$ 20,551</u>	<u>7,725</u>	<u>14,590</u>	<u>95</u>	<u>42,961</u>

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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	<u>Computer software</u>	<u>Company Name</u>	<u>Customer relationships</u>	<u>Goodwill</u>	<u>Total</u>
Accumulated depreciation and impairment:					
Balance on January 1, 2026	\$ 9,152	1,739	3,283	-	14,174
Amortization	755	193	365	-	1,313
Effect of changes in exchange rates	28	-	-	-	28
Balance on March 31, 2026	<u>\$ 9,935</u>	<u>1,932</u>	<u>3,648</u>	<u>-</u>	<u>15,515</u>
Balance on January 1, 2025	\$ 7,665	966	1,824	-	10,455
Amortization	608	193	364	-	1,165
Effect of changes in exchange rates	20	-	-	-	20
Balance on March 31, 2025	<u>\$ 8,293</u>	<u>1,159</u>	<u>2,188</u>	<u>-</u>	<u>11,640</u>
Carrying amount:					
Balance on January 1, 2026	<u>\$ 10,728</u>	<u>5,986</u>	<u>11,307</u>	<u>95</u>	<u>28,116</u>
Balance on March 31, 2026	<u>\$ 12,153</u>	<u>5,793</u>	<u>10,942</u>	<u>95</u>	<u>28,983</u>
Balance on January 1, 2025	<u>\$ 12,012</u>	<u>6,759</u>	<u>12,766</u>	<u>95</u>	<u>31,632</u>
Balance on March 31, 2025	<u>\$ 12,258</u>	<u>6,566</u>	<u>12,402</u>	<u>95</u>	<u>31,321</u>

As of March 31, 2026, December 31, 2025, and March 31, 2025, the Group did not provide any of the aforementioned assets as collateral.

(i) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Unsecured bank loans	<u>\$ -</u>	<u>-</u>	<u>-</u>
Unused short-term credit lines	<u>\$ 350,000</u>	<u>350,000</u>	<u>400,000</u>

(j) Lease liabilities

Lease liabilities of the Group were as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Current	<u>\$ 23,845</u>	<u>15,930</u>	<u>15,938</u>
Non-current	<u>\$ 53,433</u>	<u>16,804</u>	<u>28,314</u>

For the maturities analysis, please refer to note 6(r).

The amounts recognized in profit or loss were as follows:

	<u>For the Three Months Ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Interest on lease liabilities	<u>\$ 241</u>	<u>235</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 1,467</u>	<u>1,475</u>

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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The amounts recognized in the statement of cash flows for the Group were as follows:

	For the Three Months Ended March 31,	
	2026	2025
Rental paid in operating activities	\$ (1,467)	(1,475)
Interest on lease liabilities paid in operating activities	(241)	(235)
Payment made on lease liabilities in financing activities	(3,627)	(3,561)
Total cash outflow for leases	<u><u>\$ (5,335)</u></u>	<u><u>(5,271)</u></u>

(i) Real estate leases

The Group leases buildings for its office space and warehouse. The leases of office space typically run for a period of 2 to 6 years, and of warehouse for 3 years.

- (ii) The Group leases some equipment with contract terms of 1 to 6 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(k) Employee benefits

(i) Defined benefit plans

In prior fiscal year, there was no material volatility of the market, reimbursement and settlement or other material one-time events. As a result, pension cost in the accompanying interim financial statements is measured and disclosed as of December 31, 2025 and 2024.

The details of the Group's expenses were as follows:

	For the Three Months Ended March 31,	
	2026	2025
Selling expenses	\$ (2)	2
General and administrative expenses	(1)	1
Research and development expenses	(1)	1
Total	<u><u>\$ (4)</u></u>	<u><u>4</u></u>

(ii) Defined contribution plans

	For the Three Months Ended March 31,	
	2026	2025
Selling expenses	\$ 1,924	1,961
General and administrative expenses	355	370
Research and development expenses	810	541
Total	<u><u>\$ 3,089</u></u>	<u><u>2,872</u></u>

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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(l) Income taxes

(i) Income tax expense

The components of income tax expenses were as follows:

	For the Three Months Ended March 31,	
	2026	2025
Income tax expense	\$ 16,277	20,815

(ii) The Group had no income taxes recognized directly in equity.

(iii) The amounts of income tax benefit recognized in other comprehensive income were as follows:

	For the Three Months Ended March 31,	
	2026	2025
Exchange differences on translation of foreign operations financial statements	\$ (1,065)	(741)

(iv) The consolidated company's profit-seeking enterprise income tax filing has been approved by the tax collection authority as follows:

	Year of approval
The Company	Approved up to 2024
EFD	Approved up to 2023

(m) Capital and other equity

Except for the following disclosure, there is no significant difference in capital and other equity for the three months ended March 31, 2026 and 2025. Please refer to Note (6)(m) of the consolidated financial statements for the year ended December 31, 2025, for other related information.

The Board of Directors resolved the distribution of earnings for 2025 on February 24, 2026 and the distribution of earnings for 2024 on February 26, 2025, respectively. The distribution was \$9.7 (dollars) and \$9.0 (dollars) per share, which amounted to \$165,841 thousand and \$153,873 thousand, respectively.

(n) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding was as follows:

	For the Three Months Ended March 31,	
	2026	2025
Profit attributable to ordinary shareholders of the Company	\$ 70,520	73,380
Weighted average number of ordinary shares (thousand shares)	17,097	17,097
Basic earnings per share	\$ 4.12	4.29

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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(ii) Diluted earnings per share

The calculation of diluted earnings per share based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares was as follows:

		For the Three Months Ended March 31,	
		2026	2025
Profit attributable to ordinary shareholders of the Company	\$	70,520	73,380
Weighted average number of ordinary shares (diluted) (thousand shares)		17,183	17,178
Diluted earnings per share	\$	4.10	4.27
Weighted-average number of ordinary shares (diluted)		Unit: thousand shares	
		For the Three Months Ended March 31,	
		2026	2025
Weighted-average number of ordinary shares (basic)		17,097	17,097
Effect of employee remuneration		86	81
Weighted-average number of ordinary shares (diluted)		17,183	17,178

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

For the Three Months Ended March 31, 2026				
	Business unit 1	Business unit 2	Business unit 3	Total
Primary geographical markets:				
Taiwan	\$ 640,583	-	-	640,583
China	-	28,520	13,334	41,854
	\$ 640,583	28,520	13,334	682,437
Major products:				
Software	\$ 591,781	28,363	12,738	632,882
Service	26,994	157	596	27,747
Others	21,808	-	-	21,808
	\$ 640,583	28,520	13,334	682,437
For the Three Months Ended March 31, 2025				
	Business unit 1	Business unit 2	Business unit 3	Total
Primary geographical markets:				
Taiwan	\$ 685,536	-	-	685,536
China	-	31,256	26,644	57,900
	\$ 685,536	31,256	26,644	743,436
Major products:				
Software	\$ 648,872	29,178	25,998	704,048
Service	30,731	2,078	646	33,455
Others	5,933	-	-	5,933
	\$ 685,536	31,256	26,644	743,436

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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(ii) Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025
Notes and accounts receivable (including long-term and related parties)	\$ 423,351	398,852	596,183
Less: allowance for impairment	(3,172)	(3,485)	(1,633)
Total	<u>\$ 420,179</u>	<u>395,367</u>	<u>594,550</u>
Contract liabilities	<u>\$ 19,377</u>	<u>18,846</u>	<u>13,495</u>

- 1) For details on notes and accounts receivable (including long-term and related parties) and allowance for impairment, please refer to note 6(c).
- 2) Contractual liabilities are mainly due to the prepayments received under the sale of goods contract. The consolidated company will reclassify the goods to revenue when the goods are delivered to the customers. The opening balance of contract liabilities for the years 2026 and 2025 that was recognized as revenue from January 1 to March 31, 2026, and 2025 amounted to NT\$8,884 thousand and NT\$10,527 thousand, respectively.

(p) Employee compensation and directors' remuneration

On May 23, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, more than 5% of annual profit should be appropriated as employee remuneration (including a minimum of 1% to those base-level employees). The board of directors will adopt a resolution on whether the distribution is paid in cash or stock. Qualified employees, including the employees of subsidiaries of the Company meeting certain specific requirements, are entitled to receive their remuneration specified by the board of directors. The annual profit aforementioned may also be appropriated as directors' remuneration through the board's resolution, wherein the amount should not exceed 3% of annual profit. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficits. Prior to the amendment, the Articles of Incorporation stipulated that, more than 5% of annual profit should be appropriated as employee remuneration. The board of directors will adopt a resolution on whether the distribution is paid in cash or stock. Qualified employees, including the employees of subsidiaries of the Company meeting certain specific requirements, are entitled to receive their remuneration specified by the board of directors. The annual profit aforementioned may also be appropriated as directors' remuneration through the board's resolution, wherein the amount should not exceed 3% of annual profit.

The estimated amounts of employees' remuneration for the periods from January 1 to March 31, 2026, and 2025, were NT\$4,593 thousand and NT\$4,985 thousand, respectively. The estimated amounts of directors' remuneration for the same periods were NT\$1,378 thousand and NT\$1,496 thousand, respectively. These estimates were based on the amount of the Company's net profit before tax for each period before deducting the remuneration of employees and directors and multiplied by the appropriation of remuneration to employees and directors as stipulated in the Articles of Incorporation of the Company and were reported as operating expenses for each period.

The estimated amounts of employees' remuneration for the years 2025 and 2024 were NT\$15,912 thousand and NT\$14,784 thousand, respectively. The estimated amounts of directors' remuneration for the same years were NT\$4,774 thousand and NT\$4,435 thousand, respectively. There were no differences from the amounts resolved by the Board of Directors. Relevant information can be found on the Market Observation Post System (MOPS).

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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(q) Other gains and losses

The details of other gains and losses were as follows:

	For the Three Months Ended March 31,	
	2026	2025
Loss on disposal of property, plant and equipment	\$ (1,128)	-
Foreign exchange gains (losses)	246	853
Others	283	(78)
	\$ (599)	775

(r) Financial instruments

Except for those described below, there were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments. Please refer to note (6)(r) of the consolidated financial statements for the year ended December 31, 2025 for related information.

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
March 31, 2026						
Accounts payable	\$ 368,919	368,919	368,919	-	-	-
Salaries payable	56,277	56,277	56,277	-	-	-
Dividends payable	165,841	165,841	165,841	-	-	-
Other payables	40,938	40,938	40,938	-	-	-
Lease liabilities	77,278	80,439	25,156	21,041	34,242	-
Guarantee deposits	800	800	-	-	-	800
	\$ 710,053	713,214	657,131	21,041	34,242	800
December 31, 2025						
Accounts payable	\$ 228,680	228,680	228,680	-	-	-
Salaries payable	76,534	76,534	76,534	-	-	-
Other payables	37,043	37,043	37,043	-	-	-
Lease liabilities	32,734	33,534	16,441	12,187	4,906	-
Guarantee deposits	800	800	-	-	-	800
	\$ 375,791	376,591	358,698	12,187	4,906	800
March 31, 2025						
Accounts payable	\$ 203,065	203,065	203,065	-	-	-
Salaries payable	53,298	53,298	53,298	-	-	-
Dividends payable	153,873	153,873	153,873	-	-	-
Other payables	46,160	46,160	46,160	-	-	-
Lease liabilities	44,252	45,612	16,674	15,582	13,087	269
Guarantee deposits	800	800	800	-	-	-
	\$ 501,448	502,808	473,870	15,582	13,087	269

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OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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(ii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	March 31, 2026			December 31, 2025			March 31, 2025		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>									
Monetary items-USD \$	171	32.00	5,468	95	31.430	2,979	682	33.200	22,656
Monetary items-JP	7,155	0.2006	1,435	2,978	0.2008	598	2,032	0.2227	452
<u>Financial liabilities</u>									
Monetary items-USD	137	32.00	4,392	127	31.430	3,982	121	33.200	4,031
Monetary items-JP	2,591	0.2006	520	10,139	0.2008	2,036	1,125	0.2227	251

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents and accounts payable that are denominated in foreign currency. A weakening (strengthening) of 5% of the TWD against the foreign currency as of March 31, 2026 and 2025, would have increased or decreased the profit before tax by \$100 thousand and \$941 thousand for the three months ended March 31, 2026 and 2025, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain or loss on monetary items

The information on the amount of the Group's foreign exchange gain or loss on monetary items (including realized and unrealized) translated to the functional currency, and on the exchange rate translated to the functional currency of the parent company (the presentation currency), TWD, was as follows:

<u>Functional currencies</u>	For the Three Months Ended March 31, 2026		For the Three Months Ended March 31, 2025	
	Foreign exchange gain or loss	Average exchange rate	Foreign exchange gain or loss	Average exchange rate
TWD	\$ 253	1	856	1
CNY	(7)	4.569	(3)	4.519
	<u>\$ 246</u>		<u>853</u>	

(iii) Interest rate analysis

The Group's financial assets with floating-rate were bank deposits and there were no financial liabilities with floating-rates. The Group believes that the cash flow risk arising from the fluctuation in interest rates was not significant and the sensitivity analysis of interest rate was not required.

(iv) Fair value—Kinds of financial instruments and fair value

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

(Continued)

OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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		March 31, 2026				
		Fair Value				
		Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	761,138				
Financial assets measured at amortized cost		90,000				
Notes and accounts receivable (including long-term and related parties)		420,179				
Other receivables		972				
Refundable deposits		22,767				
Total	\$	<u>1,295,056</u>				
Financial liabilities measured at amortized cost:						
Accounts payable	\$	368,919				
Salaries payable		56,277				
Dividends payable		165,841				
Other payables		40,938				
Lease liabilities		77,278				
Guarantee deposits		800				
Total	\$	<u>710,053</u>				
		December 31, 2025				
		Fair Value				
		Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	709,548				
Financial assets measured at amortized cost		30,000				
Notes and accounts receivable (including long-term and related parties)		395,367				
Other receivables		500				
Refundable deposits		22,062				
Total	\$	<u>1,157,477</u>				
Financial liabilities measured at amortized cost:						
Accounts payable	\$	228,680				
Salaries payable		76,534				
Other payables		37,043				
Lease liabilities		32,734				
Guarantee deposits		800				
Total	\$	<u>375,791</u>				

(Continued)

OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
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		March 31, 2025			
		Fair Value			
	<u>Carrying amounts</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 565,715				
Financial assets measured at amortized cost	30,000				
Notes and accounts receivable (including long-term and related parties)	594,550				
Other receivables	1,224				
Refundable deposits	22,366				
Total	<u>\$ 1,213,855</u>				
Financial liabilities measured at amortized cost:					
Accounts payable	\$ 203,065				
Salaries payable	53,298				
Dividends payable	153,873				
Other payables	46,160				
Lease liabilities	44,252				
Guarantee deposits	800				
Total	<u>\$ 501,448</u>				

(s) Financial risk management

There were no significant differences of the Group's financial risk management and policies with those disclosed in Note (6)(s) of the consolidated financial statements for the year ended December 31, 2025.

(t) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in Note (6)(t) of the consolidated financial statements for the year ended December 31, 2025. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2025.

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

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2026 and 2025, were as follows:

(i) For acquisition of right-of-use asset from lease, please refer to notes 6(g) and (j).

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

	January 1, 2026	Acquisition	Cash flows	Non-cash changes	March 31, 2026
Lease liabilities	\$ 32,734	48,121	(3,627)	50	77,278
Guarantee deposits	800	-	-	-	800
Total liabilities from financing activities	<u>\$ 33,534</u>	<u>48,121</u>	<u>(3,627)</u>	<u>50</u>	<u>78,078</u>

(Continued)

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Notes to the Consolidated Financial Statements

	January 1, 2025	Acquisition	Cash flows	Non-cash changes	March 31, 2025
Lease liabilities	\$ 47,774	-	(3,561)	39	44,252
Guarantee deposits	800	-	-	-	800
Total liabilities from financing activities	<u>\$ 48,574</u>	<u>-</u>	<u>(3,561)</u>	<u>39</u>	<u>45,052</u>

(7) Related-party transactions:

(a) Names and relationship of the related parties

The followings is related party that has had transactions with the Group during the periods covered in the consolidated financial statements.

Name	Relationship
Otsuka Information System Trading (Shanghai) Limited (Otsuka Shanghai)	The same chairman as the Company
Fortune Construction Co., Ltd. (Fortune Construction)	Substantial related party

(b) Significant transactions with related parties

(i) Sales

The amounts of sales by the Group to related parties and the outstanding balances were as follows:

	Sales		Accounts receivable		
	For the Three Months Ended March 31,		March 31, December 31, March 31,		
	2026	2025	2026	2025	2025
Other related parties	\$ 1,552	626	401	245	372

The selling price for aforementioned related parties was based on cost-plus. The credit terms with related parties were 30 to 60 days, whereas the terms with other customers were 60 to 90 days and 60 to 120 days, for the three months ended March 31, 2026 and 2025.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the Three Months Ended March 31,	
	2026	2025
Short term employee benefits	\$ 7,365	6,745
Termination benefits	64	63
Post employment benefits	-	-
Other long term benefits	-	-
Share based payments	-	-
	<u>\$ 7,429</u>	<u>6,808</u>

(8) Pledged assets: None

(9) Commitments and contingencies: None

(10) Losses Due to Major Disasters: None

OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES

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(11) Subsequent Events: None

(12) Other:

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

By item	By function	For the Three Months Ended March 31, 2026			For the Three Months Ended March 31, 2025		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		-	79,076	79,076	-	76,716	76,716
Labor and health insurance		-	5,378	5,378	-	4,945	4,945
Pension		-	3,085	3,085	-	2,876	2,876
Others		-	3,306	3,306	-	2,966	2,966
Depreciation		-	6,391	6,391	-	5,533	5,533
Amortization		-	1,528	1,528	-	1,462	1,462

(13) Other disclosures:

- (a) Information on significant transactions:

The information about material transactions to be disclosed by the consolidated company from January 1 to March 31, 2026 in accordance with the requirements of the preparation regulations is as follows:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of March 31, 2026 (excluding investment in subsidiaries, associates and joint ventures):

Company holding securities	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units (thousand)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Financial Bond: FY2019 1st subordinated bond of Bank of Panhsin	None	Financial assets measured at amortized cost-current	-	20,000	- %	20,000	
"	FY2021 1st subordinated bond of Bank of Panhsin	None	Financial assets measured at amortized cost- non-current	-	10,000	- %	10,000	

- (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

OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vi) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relation-ship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	EFD Corporation	The Company	Subsidiary to parent	Accounts receivables	2,805	Net 30 days	0.16%
1	"	"	"	Service Revenue	2,552	Cost-plus	0.37%
1	"	"	"	Lease receivable	1,362	10th of each month	0.08%
2	Otsuka OITC Information Technology (Shanghai) Ltd.	Otsuka Software Trading (Dongguan) Ltd.	Subsidiary to subsidiary	Sales	3,645	Cost-plus	0.53%
3	Otsuka Software Trading (Dongguan) Ltd.	Otsuka OITC Information Technology (Shanghai) Ltd.	Subsidiary to subsidiary	Sales	2,184	Cost-plus	0.32%
"	"	"	"	Accounts receivables	1,278	Net 30 days	0.07%

Note1: 1."0" represents the parent company.

2.Subsidiaries are numbered sequentially from "1".

Note2: Disclose transactions amounts exceeding the lower of NT\$1 million.

Note3: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(b) Information on investees:

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee (Note 2)	Note
				March 31, 2026	December 31, 2025	Shares (thousand)	Ratio of shares	Carrying value			
The Company	Otsuka Information Technology Ltd.	Hong Kong	Holding company	129,517	129,517	32,760	100%	189,089	4,180	4,180	Note 1
"	EFD Corporation	Taiwan	Software merchandising and measurement service	130,000	130,000	13,000	100%	134,775	2,642	2,686	"

Note 1: Related transactions have been eliminated during the preparation of the consolidated financial statements.

Note 2: Calculated based on the financial statements of the investee for the same period that has not been reviewed by CPAs.

(c) Information on investment in mainland China:

(i) The names of investees in China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2026	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2026	Net income of the investee	Percentage of ownership	Investment income	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Otsuka Software Trading (Dongguan) Ltd.	Software merchandising	51,200 (US\$1,600 thousand)	Note 3	51,200 (US\$1,600 thousand)	-	-	51,200 (US\$1,600 thousand)	354	100.00%	354	92,108	-
Otsuka Information Technology (Shanghai) Ltd.	Software merchandising	83,200 (US\$2,600 thousand)	"	83,200 (US\$2,600 thousand)	-	-	83,200 (US\$2,600 thousand)	3,826	100.00%	3,826	96,973	-

Note 1: The limited companies did not issue the shares.

Note 2: The above investments have been eliminated during the preparation of the consolidated financial statements.

Note 3: Investee was invested in China through the company incorporated in the third country (Otsuka Information Technology Ltd).

Note 4: The investment income of the aforementioned investee in Mainland China is calculated based on the financial statements of the investee for the same period that has not been reviewed by CPAs.

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Notes to the Consolidated Financial Statements

(ii) Limitation on investment in China:

Accumulated Investment in Mainland China as of March 31, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
134,400 (USD4,200 thousand)	134,400 (USD4,200 thousand)	599,240

Note: The TWD amount was measured on March 31, 2026 with the spot exchange rate of 32.00

(iii) Significant transactions:

For the three months ended March 31, 2026, the significant inter-company transactions with the subsidiary in China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” and “Business relationships and significant intercompany transactions”.

(14) Segment information:

(a) General information

For the purpose of resource allocation and performance measurement, the Group separates the operating segments according to the customers’ geographical locations and conditions. The Group regularly monitors and manages every segment’ s operating results through operating decision makers. The operating segments of Business Unit 1, Business Unit 2, and Business Unit 3 are the reportable segments, whose revenues mainly come from CAD, designing, valuable and multiple CAD integration, consulting services and catering service.

Since the operating segments supply different kinds of products and services, and the sales units will differ in their product categories and marketing strategies, the operating segments are managed separately.

(b) Reportable segments’ profit or loss, segment assets and their measurement and reconciliation

Income tax and extraordinary profits and losses are not allocated to the Group’s reportable segments, and the amounts for the reported segments are identical with those in the report used by the chief operating decision maker.

The accounting policies of the operating segments are the same as those described in note 4 and the Group assessed the performance of the segments based on the segments’ income before income taxes (excluding extraordinary profit or loss and exchange gains or losses). Sales and transfers between segments are deemed to be transactions with third parties and are measured by using the market price.

The Group’s segment financial information was as follows:

For the Three Months Ended March 31, 2026					
	Business Unit 1	Business Unit 2	Business Unit 3	Reconciliation and write-off	Total
External revenues	\$ 640,583	28,520	13,334	-	682,437
Intra-group revenue	3,607	2,184	3,645	(9,436)	-
Total segment revenue	\$ 644,190	30,704	16,979	(9,436)	682,437
Reportable segment profit and loss	\$ 81,790	4,128	1,022	-	86,940
Non-operating income and expenses					(143)
Profit before tax					\$ 86,797

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	For the Three Months Ended March 31, 2025				
	Business Unit 1	Business Unit 2	Business Unit 3	Reconciliation and write-off	Total
External revenues	\$ 685,536	31,256	26,644	-	743,436
Intra-group revenue	2,868	16,173	3,726	(22,767)	-
Total segment revenue	\$ 688,404	47,429	30,370	(22,767)	743,436
Reportable segment profit and loss	\$ 88,806	1,421	2,907	-	93,134
Non-operating income and expenses					1,061
Profit before tax					\$ 94,195