

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To GCS Holdings, Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of GCS Holdings, Inc. and subsidiaries (the “Group”) as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of our review

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

Basis for Qualified Opinion

As explained in Note 6(6), the financial statements of investments accounted for under the equity method were not reviewed by independent auditors. The balance of investments accounted for using the equity amounted to NT\$675,082 thousand and NT\$1,451,165 thousand, respectively, constituting 19% and 43% of the consolidated total assets as of March 31, 2025 and 2024 and share of comprehensive loss of associates and joint ventures accounted for using the equity method amounted to NT\$111,983 thousand and NT\$238,625 thousand, respectively, constituting 313% and 198% of the consolidated total comprehensive loss for the three-month periods then ended, respectively.

Qualified Conclusuon

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of equity method investees been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, 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, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Bai, Shu-Chian

Liu, Chien-Yu

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 7, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS OF MARCH 31, 2025 AND 2024 ARE REVIEWED, NOT AUDITED)

Assets		Notes	March 31, 2025		December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 645,772	18	\$ 576,516	16	\$ 215,869	7
1170	Accounts receivable, net	6(2)	399,397	11	300,657	9	249,610	7
1180	Accounts receivable - related parties	6(2) and 7	35,189	1	35,098	1	6,976	-
1200	Other receivables		5,360	-	4,278	-	2,489	-
1220	Current income tax assets		167	-	140	-	57,039	2
130X	Inventories	6(3)	339,787	10	307,165	9	308,567	9
1410	Prepayments	7	60,811	2	42,583	1	29,560	1
1470	Other current assets	6(4) and 8	38,732	1	171,325	5	102,980	3
11XX	Total current assets		1,525,215	43	1,437,762	41	973,090	29
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	1,511	-	1,492	-	1,456	-
1550	Investments accounted for using equity method	6(6)	675,082	19	755,769	22	1,451,165	43
1600	Property, plant and equipment	6(7) and 8	1,090,612	31	1,099,453	31	730,117	22
1755	Right-of-use assets	6(8)	4,131	-	6,526	-	13,533	-
1780	Intangible assets		7,069	-	6,723	-	3,904	-
1840	Deferred income tax assets		199,766	6	193,209	6	166,377	5
1990	Other non-current assets	6(9) and 8	54,965	1	4,791	-	18,379	1
15XX	Total non-current assets		2,033,136	57	2,067,963	59	2,384,931	71
1XXX	Total assets		\$ 3,558,351	100	\$ 3,505,725	100	\$ 3,358,021	100

(Continued)

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS OF MARCH 31, 2025 AND 2024 ARE REVIEWED, NOT AUDITED)

Liabilities and Equity			March 31, 2025		December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 20,000	1	\$ 20,000	1	\$ 20,000	1
2130	Current contract liabilities	6(19)	8,822	-	8,014	1	7,566	-
2170	Accounts payable		47,046	1	39,009	1	51,654	2
2180	Accounts payable - related parties	7	897	-	354	-	346	-
2200	Other payables	6(11)	108,407	3	110,574	3	89,612	3
2220	Other payables - related parties	7	6,650	-	4,339	-	9,226	-
2230	Current income tax liabilities		12,027	1	7,822	-	-	-
2280	Current lease liabilities		3,213	-	5,865	-	9,390	-
2320	Long-term borrowings, current portion	6(12)	6,643	-	6,511	-	211,029	6
2399	Other current liabilities		1,428	-	264	-	765	-
21XX	Total current liabilities		215,133	6	202,752	6	399,588	12
Non-current liabilities								
2540	Long-term borrowings	6(12)	164,134	5	163,780	5	-	-
2570	Deferred income tax liabilities		119,305	3	117,797	3	86,970	3
2580	Non-current lease liabilities		-	-	-	-	3,974	-
25XX	Total non-current liabilities		283,439	8	281,577	8	90,944	3
2XXX	Total liabilities		498,572	14	484,329	14	490,532	15
Equity								
	Share capital	6(15)						
3110	Common stock		1,135,792	32	1,123,383	32	1,118,349	33
	Capital surplus	6(16)						
3200	Capital surplus		2,073,239	59	1,958,874	56	2,684,661	80
	Retained earnings	6(17)						
3320	Special reserve		-	-	-	-	6,821	-
3350	Accoumulated deficit		(315,974)(	9)(	236,986)(	7)(	1,002,645)(	30)
	Other equity interest	6(18)						
3400	Other equity interest		166,722	4	176,125	5	60,303	2
3XXX	Total equity		3,059,779	86	3,021,396	86	2,867,489	85
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the reporting period	11						
3X2X	Total liabilities and equity		\$ 3,558,351	100	\$ 3,505,725	100	\$ 3,358,021	100

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR LOSS PER SHARE)
(REVIEWED, NOT AUDITED)

				Three-month periods ended March 31			
				2025		2024	
Items		Notes	AMOUNT		%	AMOUNT	
4000	Operating revenue	6(19) and 7	\$	473,170	100	\$	346,986
5000	Cost of operating revenue	6(3)(22)(23) and 7	(	301,483)	(64)	(	229,542)
5900	Net operating margin			171,687	36		117,444
	Operating expenses	6(22)(23)					
6100	Selling and marketing expenses		(	13,289)	(3)	(	10,664)
6200	General and administrative expenses		(	64,316)	(13)	(	49,287)
6300	Research and development expenses		(	58,663)	(12)	(	54,788)
6450	Net impairment income on financial assets	12(2)		1,588	-		166
6000	Total operating expenses		(	134,680)	(28)	(	114,573)
6900	Operating income			37,007	8		2,871
	Non-operating income and expenses						
7100	Interest income			5,772	1		1,681
7020	Other gains and losses	6(20)	(	1,940)	-	(	3,073)
7050	Finance costs	6(21)	(	2,880)	(1)	(	3,180)
7060	Share of net loss of associates and joint ventures accounted for using equity method	6(6)	(	116,924)	(25)	(	208,708)
7000	Total non-operating income and expenses		(	115,972)	(25)	(	213,280)
7900	Loss before income tax		(	78,965)	(17)	(	210,409)
7950	Income tax expense	6(24)	(	23)	-	(-
8200	Net loss for the period		(\$	78,988)	(17)	(\$	210,409)
	Other comprehensive income						
	Other comprehensive income components that will not be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(18)	\$	38,714	8	\$	121,172
	Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method- financial statements translation differences of foreign operations	6(18)		4,548	1	(	31,191)
8300	Total other comprehensive income, net		\$	43,262	9	\$	89,981
8500	Total comprehensive loss for the period		(\$	35,726)	(8)	(\$	120,428)
	Loss attributable to:						
8610	Owners of the parent		(\$	78,988)	(17)	(\$	210,409)
	Total comprehensive loss attributable to:						
8710	Owners of the parent		(\$	35,726)	(8)	(\$	120,428)
	Losses per share	6(25)					
9750	Basic losses per share (in dollars)		(\$	0.70)		(\$	1.90)
9850	Diluted losses per share (in dollars)		(\$	0.70)		(\$	1.90)

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

		Equity Attributable to Owners of The Parent						
		Retained Earnings			Other Equity Interest			
Notes	Common Stock	Capital Surplus	Special Reserve	Accumulated Deficit	Financial Statements Translation Differences Of Foreign Operations	Unearned Compensation Costs	Total Equity	
<u>Three-month period ended March 31, 2024</u>								
Balance at January 1, 2024	\$ 1,112,832	\$2,673,180	\$ 6,821	(\$ 792,236)	(\$ 11,859)	(\$ 4,128)	\$2,984,610	
Consolidated net loss for the period	-	-	-	(210,409)	-	-	(210,409)	
Other comprehensive income for the period 6(18)	-	-	-	-	89,981	-	89,981	
Total comprehensive income (loss) for the period	-	-	-	(210,409)	89,981	-	(120,428)	
Compensation costs of share-based payment 6(14)(16)(18)	-	534	-	-	-	3,035	3,569	
Issuance of restricted stocks to employees 6(14)(15)(16)(18)	5,517	11,209	-	-	-	(16,726)	-	
Retirement of employee stock options 6(14)(16)	-	(337)	-	-	-	-	(337)	
Recognized changes in equity of associates 6(16)	-	75	-	-	-	-	75	
Balance at March 31, 2024	<u>\$ 1,118,349</u>	<u>\$2,684,661</u>	<u>\$ 6,821</u>	<u>(\$1,002,645)</u>	<u>\$ 78,122</u>	<u>(\$ 17,819)</u>	<u>\$2,867,489</u>	
<u>Three-month period ended March 31, 2025</u>								
Balance at January 1, 2025	\$ 1,123,383	\$1,958,874	\$ -	(\$ 236,986)	\$178,261	(\$ 2,136)	\$3,021,396	
Consolidated net loss for the period	-	-	-	(78,988)	-	-	(78,988)	
Other comprehensive income for the period 6(18)	-	-	-	-	43,262	-	43,262	
Total comprehensive income (loss) for 2025	-	-	-	(78,988)	43,262	-	(35,726)	
Compensation costs of share-based payment 6(14)(16)(18)	-	966	-	-	-	5,040	6,006	
Issuance of restricted stocks to employees 6(14)(15)(16)(18)	4,260	53,445	-	-	-	(57,705)	-	
Exercise of employee stock options 6(14)(15)(16)	8,149	35,787	-	-	-	-	43,936	
Retirement of employee stock options 6(14)(16)	-	(251)	-	-	-	-	(251)	
Recognized changes in equity of associates 6(16)	-	24,418	-	-	-	-	24,418	
Balance at March 31, 2025	<u>\$ 1,135,792</u>	<u>\$2,073,239</u>	<u>\$ -</u>	<u>(\$ 315,974)</u>	<u>\$221,523</u>	<u>(\$ 54,801)</u>	<u>\$3,059,779</u>	

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Three-month periods ended March 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 78,965)	(\$ 210,409)
Adjustments			
Adjustments to reconcile profit (loss)			
Net impairment income on financial assets	12(2)	(1,588)	(166)
Depreciation	6(7)(8)(22)	33,937	34,052
Amortization	6(22)	588	1,480
Compensation cost of share-based payment	6(14)(23)	5,755	3,232
Interest income		(5,772)	(1,681)
Interest expense	6(21)	2,880	3,180
Share of net loss of associate and joint ventures accounted for using equity method	6(6)	116,924	208,708
Gain on disposal of property, plant and equipment	6(20)	-	42
Loss on disposal of investments accounted for using equity method	6(6)(20)	1,932	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(92,386)	(1,976)
Accounts receivable- related parties		354	(1,910)
Other receivables		(1,017)	465
Inventories		(28,412)	(39,345)
Prepayments		(66,875)	4,177
Changes in operating liabilities			
Contract liabilities		698	(4,664)
Accounts payable		7,466	10,204
Accounts payable- related parties		533	340
Other payables		(10,398)	(1,802)
Other payables- related parties		2,233	768
Other current liabilities		<u>1,152</u>	<u>364</u>
Cash (outflow) inflow generated from operations		(110,961)	5,059
Interest received		5,745	1,681
Interest paid		(<u>2,880</u>)	(<u>3,180</u>)
Net cash flows (used in) from operating activities		(<u>108,096</u>)	<u>3,560</u>

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GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Three-month periods ended March 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(26)	(\$ 1,880)	(\$ 12,902)
Acquisition of intangible assets		(846)	(1,164)
(Increase) decrease in refundable deposits		(300)	5
Increase in other current assets		133,489	3,288
Net cash flows from (used in) investing activities		130,463	(10,773)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(27)	20,000	20,000
Repayments of short-term borrowings	6(27)	(20,000)	(20,000)
Repayments of long-term borrowings	6(27)	(1,679)	(129,909)
Repayments of lease liabilities	6(27)	(2,702)	(2,415)
Exercise of employee share options		43,936	-
Net cash flows from (used in) financing activities		39,555	(132,324)
Effect of changes in exchange rates		7,334	10,172
Net increase (decrease) in cash and cash equivalents		69,256	(129,365)
Cash and cash equivalents at beginning of period	6(1)	576,516	345,234
Cash and cash equivalents at end of period	6(1)	\$ 645,772	\$ 215,869

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

GCS Holdings Inc. (the “Company”) was incorporated in the Cayman Islands on November 30, 2010, as a holding company for the purpose of registering its shares with the Taipei Exchange. The Company was approved by the Financial Supervisory Commission to be listed on the Taipei Exchange. The Company's common shares have been traded on the Taipei Exchange since September 15, 2014.

The Company and subsidiaries (collectively referred herein as the “Group”) are engaged in the manufacturing of compound semiconductor wafers and foundry related services as well as licensing of intellectual property. The Group is also engaged in the research, development, manufacture and sales of advanced optoelectronics technology products.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on May 7, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC that has not yet adopted the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment :

A. IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statement for the year ended December 31, 2024 except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of preparation

- A. Except for the ‘Financial assets at fair value through other comprehensive income’, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive loss is attributed 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Global Communication Semiconductors, LLC	1. Manufacturing of compound semiconductor wafers and foundry related services as well as granting royalty rights for intellectual property 2. Manufacturing and selling of advanced optoelectronics technology products	100	100	100	-
The Company	GCS Device Technologies, Co., Ltd.	Product design and research development services	100	100	100	-
Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Developing, manufacturing and selling of photodiodes and avalanche photodiodes for telecommunication systems and data communication networks	100	100	100	-
D-Tech Optoelectronics, Inc.	D-Tech Optoelectronics (Taiwan) Corporation	Manufacturing, retailing and wholesaling of telecommunications devices, and manufacturing and wholesaling of electronic components	100	100	100	(Note 1)

Note 1: On November 1, 2022, the Company's Board of Directors resolved to dissolve and liquidate the subsidiary, D-Tech Optoelectronics (Taiwan) Corporation. The Company obtained the dissolution registration letter approved by the local competent authority on December 22, 2023, and obtained the liquidation completion letter issued by the court on November 21, 2024. The liquidation process has not yet been completed.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes during the period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2024.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash on hand	\$ 103	\$ 54	\$ 114
Checking accounts and demand deposits	361,899	543,672	215,755
Time deposits	<u>283,770</u>	<u>32,790</u>	<u>-</u>
	<u>\$ 645,772</u>	<u>\$ 576,516</u>	<u>\$ 215,869</u>

A. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk and expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Accounts receivable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivable	\$ 415,217	\$ 317,860	\$ 272,410
Accounts receivable-related party	<u>35,189</u>	<u>35,098</u>	<u>6,976</u>
	450,406	352,958	279,386
Less: Loss allowance	(15,820)	(17,203)	(22,800)
	<u>\$ 434,586</u>	<u>\$ 335,755</u>	<u>\$ 256,586</u>

A. As of March 31, 2025, December 31, 2024 and March 31, 2024, accounts receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers was \$242,286.

B. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(3) Inventories

	<u>March 31, 2025</u>		
	<u>Cost</u>	<u>Allowance</u>	<u>Book value</u>
Raw materials	\$ 182,080	(\$ 29,233)	\$ 152,847
Work in progress	284,545	(126,401)	158,144
Finished goods	<u>42,018</u>	<u>(13,222)</u>	<u>28,796</u>
	<u>\$ 508,643</u>	<u>(\$ 168,856)</u>	<u>\$ 339,787</u>

	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Allowance</u>	<u>Book value</u>
Raw materials	\$ 161,665	(\$ 28,247)	\$ 133,418
Work in progress	249,371	(106,448)	142,923
Finished goods	<u>45,165</u>	<u>(14,341)</u>	<u>30,824</u>
	<u>\$ 456,201</u>	<u>(\$ 149,036)</u>	<u>\$ 307,165</u>

	March 31, 2024		
	Cost	Allowance	Book value
Raw materials	\$ 138,000	(\$ 25,489)	\$ 112,511
Work in progress	257,945	(108,814)	149,131
Finished goods	65,071	(18,146)	46,925
	<u>\$ 461,016</u>	<u>(\$ 152,449)</u>	<u>\$ 308,567</u>

Expenses and costs incurred as cost of operating revenue for the three-month periods ended March 31, 2025 and 2024 were as follows:

	Three-month periods ended March 31,	
	2025	2024
Cost of goods sold	\$ 295,886	\$ 259,523
Loss (gain) on decline in (reversal of) market price	17,121 (	19,370)
Revenue from sale of scraps	(11,524)	(10,611)
	<u>\$ 301,483</u>	<u>\$ 229,542</u>

The Group recognized gain on reversal of market price decline for the three-month period ended March 31, 2024 due to the recovery of the market and some of the inventories previously written down were sold.

(4) Other current assets

Item	March 31, 2025	December 31, 2024	March 31, 2024
Time deposits	<u>\$ 38,732</u>	<u>\$ 171,325</u>	<u>\$ 102,980</u>

A. Please refer to Note 8 for the information of the contracts secured by time deposits.

B. Please refer to Note 12(2) for the information of the time deposit credit risk.

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

Items	March 31, 2025	December 31, 2024	March 31, 2024
Non-current items:			
Equity instruments			
Unlisted, OTC, Emerging stocks	\$ 1,511	\$ 1,492	\$ 1,456
Valuation adjustment	-	-	-
	<u>\$ 1,511</u>	<u>\$ 1,492</u>	<u>\$ 1,456</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,511, \$1,492 and \$1,456 as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

B. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(6) Investments accounted for using the equity method

A. The Group's movements and details of investments accounted for using the equity method are as follows:

		2025	2024
At January 1		\$ 755,769	\$ 1,625,600
Share of net loss of investments accounted for using the equity method		(116,924)	(208,708)
Changes in capital surplus		24,418	75
Loss on disposal of investments transferred from other comprehensive income due to not recognized by shareholding percentage		(1,932)	-
Net exchange difference		13,751	34,198
At March 31		<u>\$ 675,082</u>	<u>\$ 1,451,165</u>
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Associate:			
Unikorn Semiconductor Corporation ("Unikorn")	\$ -	\$ -	\$ 369,948
Joint ventures:			
Changzhou Chemsemi Co., Ltd. ("Chemsemi")	484,981	584,474	929,481
Shanghai Galasemi Co., Ltd. ("Shanghai Galasemi")	190,101	171,295	151,736
	<u>\$ 675,082</u>	<u>\$ 755,769</u>	<u>\$ 1,451,165</u>

B. The basic information of the associate and joint ventures that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Methods of measurement
		March 31, 2025	December 31, 2024	March 31, 2024		
Unikorn	Taiwan	-	-	39.05%	Associate	Equity method
Chemsemi	China	20.51%	20.69%	20.99%	Joint venture	Equity method
Shanghai Galasemi	China	48.00%	48.00%	48.00%	Joint venture	Equity method

C. The summarized financial information of the associate and joint ventures that is material to the Group is as follows:

Balance sheet

	Unikorn
	<u>March 31, 2024</u>
Current assets	\$ 467,815
Non-current assets	1,234,546
Current liabilities	(1,106,336)
Non-current liabilities	(181,482)
Total net assets	<u>\$ 414,543</u>

	Chemsemi		
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current assets	\$ 1,314,187	\$ 863,927	\$ 844,721
Non-current assets	8,088,087	8,457,093	8,660,444
Current liabilities	(1,810,892)	(1,965,939)	(1,151,664)
Non-current liabilities	(5,236,870)	(4,540,048)	(3,928,810)
Total net assets	<u>\$ 2,354,512</u>	<u>\$ 2,815,033</u>	<u>\$ 4,424,691</u>

	Shanghai Galasemi		
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current assets	\$ 403,030	\$ 367,008	\$ 283,988
Non-current assets	179,173	179,719	171,222
Current liabilities	(126,436)	(130,283)	(71,801)
Non-current liabilities	(41,169)	(40,426)	(57,538)
Total net assets	<u>\$ 414,598</u>	<u>\$ 376,018</u>	<u>\$ 325,871</u>

	Unikorn
	<u>Three-month period ended March 31, 2024</u>
Net loss	(\$ 227,309)
Total comprehensive loss	(\$ 227,353)

	Chemsemi	
	<u>Three-month periods ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Net loss/ total comprehensive loss	(\$ 641,068)	(\$ 629,212)

	Shanghai Galasemi	
	<u>Three-month periods ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Net income/ total comprehensive income	\$ 31,404	\$ 24,257

- D. The Group disposed entire equity interests of Unikorn in August 2024. The disposal proceeds was USD 13,712 thousand (NT\$448,650 thousand). Gain on disposal of investments was USD 6,712 thousand (NT\$219,607 thousand).
- E. The Group did not participate in Chemsemi's 2024 increase of common stocks for cash in December 2024, resulting in a change in the shareholding ratio of Chemsemi by the Group from 20.99% to 20.69%.
- F. The Group did not participate in Chemsemi's 2025 increase of common stocks for cash in February and March 2025, resulting in a change in the shareholding ratio of Chemsemi by the Group from 20.69% to 20.51%.

(7) Property, plant and equipment

	Land	Buildings	Machinery equipment	Computer and communication equipment	Research equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2025									
Cost	\$ 150,998	\$ 100,665	\$ 1,768,888	\$ 6,222	\$ 162,196	\$ 10,178	\$ 327,300	\$ 375,581	\$ 2,902,028
Accumulated depreciation and impairment	-	(27,084)	(1,345,189)	(5,981)	(113,700)	(10,122)	(300,499)	-	(1,802,575)
	<u>\$ 150,998</u>	<u>\$ 73,581</u>	<u>\$ 423,699</u>	<u>\$ 241</u>	<u>\$ 48,496</u>	<u>\$ 56</u>	<u>\$ 26,801</u>	<u>\$ 375,581</u>	<u>\$ 1,099,453</u>
<u>2025</u>									
Opening net book amount	\$ 150,998	\$ 73,581	\$ 423,699	\$ 241	\$ 48,496	\$ 56	\$ 26,801	\$ 375,581	\$ 1,099,453
Additions	-	-	331	-	666	-	-	7,783	8,780
Transfers	-	-	3,545	-	412	-	-	(3,957)	-
Depreciation charges	-	(721)	(25,335)	(55)	(3,511)	(6)	(1,854)	-	(31,482)
Net exchange differences	1,934	936	5,218	3	597	-	325	4,848	13,861
Closing net book amount	<u>\$ 152,932</u>	<u>\$ 73,796</u>	<u>\$ 407,458</u>	<u>\$ 189</u>	<u>\$ 46,660</u>	<u>\$ 50</u>	<u>\$ 25,272</u>	<u>\$ 384,255</u>	<u>\$ 1,090,612</u>
At March 31, 2025									
Cost	\$ 152,932	\$ 101,955	\$ 1,792,306	\$ 6,238	\$ 165,314	\$ 10,304	\$ 331,485	\$ 384,255	\$ 2,944,789
Accumulated depreciation and impairment	-	(28,159)	(1,384,848)	(6,049)	(118,654)	(10,254)	(306,213)	-	(1,854,177)
	<u>\$ 152,932</u>	<u>\$ 73,796</u>	<u>\$ 407,458</u>	<u>\$ 189</u>	<u>\$ 46,660</u>	<u>\$ 50</u>	<u>\$ 25,272</u>	<u>\$ 384,255</u>	<u>\$ 1,090,612</u>

	Land	Buildings	Machinery equipment	Computer and communication equipment	Research equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2024									
Cost	\$ 141,420	\$ 94,280	\$ 1,454,917	\$ 9,283	\$ 162,138	\$ 9,553	\$ 306,573	\$ 128,742	\$ 2,306,906
Accumulated depreciation and impairment	-	(22,672)	(1,160,593)	(8,742)	(100,741)	(9,438)	(274,501)	-	(1,576,687)
	<u>\$ 141,420</u>	<u>\$ 71,608</u>	<u>\$ 294,324</u>	<u>\$ 541</u>	<u>\$ 61,397</u>	<u>\$ 115</u>	<u>\$ 32,072</u>	<u>\$ 128,742</u>	<u>\$ 730,219</u>
<u>2024</u>									
Opening net book amount	\$ 141,420	\$ 71,608	\$ 294,324	\$ 541	\$ 61,397	\$ 115	\$ 32,072	\$ 128,742	\$ 730,219
Additions	-	-	1,443	-	-	-	-	59	1,502
Transfers	-	-	72,785	-	-	-	-	(72,785)	-
Disposals	-	-	-	(42)	-	-	-	-	(42)
Depreciation charges	-	(690)	(24,844)	(78)	(4,254)	(48)	(1,791)	-	(31,705)
Net exchange differences	5,940	2,996	13,225	20	2,505	4	1,317	4,136	30,143
Closing net book amount	<u>\$ 147,360</u>	<u>\$ 73,914</u>	<u>\$ 356,933</u>	<u>\$ 441</u>	<u>\$ 59,648</u>	<u>\$ 71</u>	<u>\$ 31,598</u>	<u>\$ 60,152</u>	<u>\$ 730,117</u>
At March 31, 2024									
Cost	\$ 147,360	\$ 98,240	\$ 1,590,455	\$ 6,409	\$ 165,964	\$ 9,940	\$ 319,428	\$ 60,152	\$ 2,397,948
Accumulated depreciation and impairment	-	(24,326)	(1,233,522)	(5,968)	(106,316)	(9,869)	(287,830)	-	(1,667,831)
	<u>\$ 147,360</u>	<u>\$ 73,914</u>	<u>\$ 356,933</u>	<u>\$ 441</u>	<u>\$ 59,648</u>	<u>\$ 71</u>	<u>\$ 31,598</u>	<u>\$ 60,152</u>	<u>\$ 730,117</u>

A. Amount of borrowing costs capitalized as part of property, plant and equipment for the three-month periods ended March 31, 2025 and 2024: None.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements — lessee

A. The Group leases various assets including plants. Rental contracts are made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants. Short-term leases with a lease term of 12 months or less comprise of office premises and parking spaces. Low-value assets comprise of office equipment.

B. The carrying amount of right-of-use assets and the depreciation charges are as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 4,131</u>	<u>\$ 6,526</u>	<u>\$ 13,533</u>

	<u>Three-month periods ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 2,455</u>	<u>\$ 2,347</u>

C. The information on income and expense accounts relating to lease agreements is as follows:

	<u>Three-month periods ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 44	\$ 129
Expense on short-term lease agreements	625	573
Expense on leases of low-value assets	6	6

D. For the three-month periods ended March 31, 2025 and 2024, the Group's total cash outflow for leases amounted to \$3,377 and \$3,123, respectively.

(9) Non-current assets

<u>Item</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Prepayments to suppliers	\$ 49,815	\$ -	\$ -
Refundable deposits (Note)	2,854	2,524	2,468
Prepayments for equipment	2,296	2,267	15,911
	<u>\$ 54,965</u>	<u>\$ 4,791</u>	<u>\$ 18,379</u>

Note: Please refer to Note 8 for the information of the contracts secured by refundable deposits.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	<u>Collateral</u>
Bank borrowings				
Secured borrowings	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	Time deposit (Note)
Interest rate range	<u>2.56%</u>	<u>2.58%</u>	<u>2.52%</u>	

Note: Please refer to Note 8 for the information of the Group's assets pledged to secured borrowings.

(11) Other payables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accrued unused compensated absences	\$ 29,546	\$ 28,493	\$ 29,460
Accrued salaries and bonuses	27,865	50,923	19,572
Accrued outsourcing manufacturing services charges	8,389	5,593	4,832
Accrued maintenance expenses	7,348	4,149	4,201
Payables for equipment	6,933	4	5,774
Accrued professional service fees	4,130	1,530	2,459
Freight payable	4,124	2,636	1,214
Accrued utilities	3,696	3,442	3,412
Payables for miscellaneous expenses	2,684	2,905	3,610
Other accrued expenses	13,692	10,899	15,078
	<u>\$ 108,407</u>	<u>\$ 110,574</u>	<u>\$ 89,612</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Secured borrowings (Note 1)	(Note 2)	6.50%	Land and buildings (Note 3)	\$ 170,777	\$ 170,291
Less: Current portion				(6,643)	(6,511)
				<u>\$ 164,134</u>	<u>\$ 163,780</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	<u>March 31, 2024</u>
Secured borrowings (Note 1)	(Note 2)	4.50%	Land and buildings (Note 3)	\$ 211,029
Less: Current portion				(211,029)
				<u>\$ -</u>

Note 1: According to the secured loan contract, the Group was required to comply with certain financial covenants by maintaining certain financial ratios during the contract period. On December 31, 2023, the Group did not meet the abovementioned certain financial ratios, the bank had the right to require the Group to make early repayment of the outstanding loan amount. The outstanding loan amount had been reclassified to long-term borrowings, current portion. As of March 31, 2025, the Group had not violated any of the required financial covenants.

Note 2: The maturity date of the borrowing contract is on August 6, 2031; interest and principal are repayable monthly. On June 4, 2024, the Company's subsidiary, Global Communication Semiconductor, LLC made amendments to the aforementioned long-term loan contract with the bank. The main amendment is that the borrowing rate was adjusted to 6.50% from 4.50%.

Note 3 Please refer to Note 8 for the information of the Group's assets pledged for secured borrowings.

(13) Pension plan

- A. The Group's US subsidiary has established a 401(K) pension plan (the "Plan") covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the Internal Revenue Code (IRC), as well as discretionary matching contributions below 15% of employees' salaries from the Company's subsidiary to its employees' individual pension accounts.
- B. The Group's Taiwan subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company's Taiwan subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- C. The pension costs under the above pension plans of the Group for the three-month periods ended March 31, 2025 and 2024 amounted to \$6,624 and \$4,135, respectively.

(14) Share-based payment-employee compensation plan

A. Through March 31, 2025, December 31, 2024 and March 31, 2024, the Group's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting condition
Employee stock options	February 2015	652,200 shares	10 years	(Note 1)
Employee stock options	August 2016	895,000 shares	10 years	(Note 1)
Employee stock options	November 2016	34,000 shares	10 years	(Note 1)
Employee stock options	February 2017	15,000 shares	10 years	(Note 1)
Employee stock options	August 2017	215,000 shares	10 years	(Note 1)
Employee stock options	January 2018	13,000 shares	10 years	(Note 1)
Employee stock options	February 2018	355,000 shares	10 years	(Note 1)
Employee stock options	August 2018	27,000 shares	10 years	(Note 1)
Employee stock options	March 2019	578,000 shares	10 years	(Note 1)
Employee stock options	August 2019	40,000 shares	10 years	(Note 1)
Employee stock options	March 2020	250,000 shares	10 years	(Note 1)
Employee stock options	August 2020	3,000 shares	10 years	(Note 1)
Employee stock options	November 2020	6,000 shares	10 years	(Note 1)
Employee stock options	March 2021	820,000 shares	10 years	(Note 1)
Employee stock options	February 2022	454,000 shares	10 years	(Note 1)
Employee stock options	August 2022	23,000 shares	10 years	(Note 1)
Employee stock options	November 2022	36,000 shares	10 years	(Note 1)
Employee stock options	February 2023	40,000 shares	10 years	(Note 1)
Employee stock options	May 2023	75,000 shares	10 years	(Note 1)
Employee stock options	July 2023	18,000 shares	10 years	(Note 1)
Employee stock options	February 2024	3,000 shares	10 years	(Note 1)
Restricted stocks to employees (Note 3)	February 2022	445,000 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	February 2023	483,000 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	February 2024	551,690 shares	2 years	(Note 2)
Restricted stocks to employees (Note 3)	February 2025	426,000 shares	2 years	(Note 2)

Note 1: Some employee stock options shall be vested and become exercisable up to 50% of the shares after fulfilling two years of service, and in accordance with the agreement, the remaining 50% of such options will be vested ratably in equal installments as of the last day of each of the succeeding 24 months.

Note 2: Some restricted stocks to employees shall be vested up to 50% of the shares after one year of service, and the remaining 50% of such shares to be vested after fulfilling two years of service.

Note 3: The restricted stocks to employees are restricted from transferring within vesting period, but are allowed for voting rights and rights to receive dividends. The Company will recover restricted stocks at no consideration and cancel registration if employees resign or die not due to occupational hazards. However, employees do not need to return dividends already received.

B. Details of the employee stock options are set forth below:

Three-month period ended March 31, 2025			
	No. of options	Currency	Weighted average exercise price (in dollars)
Options outstanding at beginning of the period	2,684,431	NTD	\$ 54.89
Options exercised	(814,889)	NTD	53.83
Options forfeited	(87,834)	NTD	41.26
Options outstanding at end of the period	<u>1,781,708</u>	NTD	56.05
Options exercisable at end of the period	<u>1,623,073</u>	NTD	57.79
Three-month period ended March 31, 2024			
	No. of options	Currency	Weighted average exercise price (in dollars)
Options outstanding at beginning of the period	3,287,369	NTD	\$ 54.76
Options granted	3,000	NTD	30.35
Options forfeited	(19,000)	NTD	46.06
Options outstanding at end of the period	<u>3,271,369</u>	NTD	54.78
Options exercisable at end of the period	<u>2,738,369</u>	NTD	57.09

C. The weighted-average stock price of stock options at exercise dates for the three-month period ended March 31, 2025 was \$116.87 (in dollars). For the three-month period ended March 31, 2024, no stock options were exercised.

D. As of March 31, 2025, December 31, 2024 and March 31, 2024, the range of exercise prices of stock options outstanding are as follows:

Grant date	Expiry date	March 31, 2025		
		No. of Shares	Currency	Stock options exercise price (in dollars)
August 2016	August 2026	335,000	NTD	\$ 62.70
November 2016	November 2026	8,000	NTD	61.40
February 2017	February 2027	15,000	NTD	54.50
February 2018	February 2028	265,000	NTD	79.70
August 2018	August 2028	8,000	NTD	61.00
March 2019	March 2029	325,000	NTD	58.20
March 2020	March 2030	115,000	NTD	43.80
August 2020	August 2030	3,000	NTD	52.50
November 2020	November 2030	3,000	NTD	47.00
March 2021	March 2031	319,666	NTD	48.70
February 2022	February 2032	242,209	NTD	45.90
August 2022	August 2032	11,333	NTD	39.85
November 2022	November 2032	23,000	NTD	35.05
February 2023	February 2033	27,500	NTD	38.65
May 2023	May 2033	75,000	NTD	33.20
July 2023	July 2033	3,000	NTD	34.20
February 2024	February 2034	3,000	NTD	30.35
		<u>1,781,708</u>		

		December 31, 2024		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price (in dollars)
February 2015	February 2025	175,931	NTD	\$ 39.30
August 2016	August 2026	395,000	NTD	62.70
November 2016	November 2026	8,000	NTD	61.40
February 2017	February 2027	15,000	NTD	54.50
August 2017	August 2027	125,000	NTD	63.40
February 2018	February 2028	315,000	NTD	79.70
August 2018	August 2028	11,000	NTD	61.00
March 2019	March 2029	485,000	NTD	58.20
March 2020	March 2030	160,000	NTD	43.80
August 2020	August 2030	3,000	NTD	52.50
November 2020	November 2030	3,000	NTD	47.00
March 2021	March 2031	485,125	NTD	48.70
February 2022	February 2032	353,042	NTD	45.90
August 2022	August 2032	11,333	NTD	39.85
November 2022	November 2032	23,000	NTD	35.05
February 2023	February 2033	35,000	NTD	38.65
May 2023	May 2033	75,000	NTD	33.20
July 2023	July 2033	3,000	NTD	34.20
February 2024	February 2034	3,000	NTD	30.35
		<u>2,684,431</u>		

Grant date	Expiry date	March 31, 2024		
		No. of Shares	Currency	Stock options exercise price (in dollars)
February 2015	February 2025	223,369	NTD	\$ 39.30
August 2016	August 2026	601,000	NTD	62.70
November 2016	November 2026	8,000	NTD	61.40
February 2017	February 2027	15,000	NTD	54.50
August 2017	August 2027	200,000	NTD	63.40
January 2018	January 2028	8,000	NTD	82.70
February 2018	February 2028	315,000	NTD	79.70
August 2018	August 2028	11,000	NTD	61.00
March 2019	March 2029	485,000	NTD	58.20
August 2019	August 2029	25,000	NTD	56.80
March 2020	March 2030	180,000	NTD	43.80
August 2020	August 2030	3,000	NTD	52.50
November 2020	November 2030	6,000	NTD	47.00
March 2021	March 2031	602,000	NTD	48.70
February 2022	February 2032	399,000	NTD	45.90
August 2022	August 2032	23,000	NTD	39.85
November 2022	November 2032	36,000	NTD	35.05
February 2023	February 2033	35,000	NTD	38.65
May 2023	May 2033	75,000	NTD	33.20
July 2023	July 2033	18,000	NTD	34.20
February 2024	February 2034	3,000	NTD	30.35
		<u>3,271,369</u>		

E. Details of the restricted stocks to employees are set forth below:

Employee restricted stocks	Three-month periods ended March 31,	
	2025	2024
	No. of shares	No. of shares
Outstanding at beginning of the period	766,690	673,000
Granted (Notes 1 and 2)	426,000	551,690
Vested	(489,345)	(435,500)
Retired (uncancelled)	(8,500)	(4,500)
Outstanding at end of the period	<u>694,845</u>	<u>784,690</u>

Note 1: For the restricted stocks granted with the compensation cost accounted for using the fair value method, the fair values on the grant date are calculated based on the closing price on the grant date.

Note 2: The fair value of restricted stocks granted in February 2025 and 2024 was \$135 (in dollars) and \$30.35 (in dollars), respectively.

- F. For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The parameters used in the estimation of the fair value are as follows:

Type of arrangement	Grant date	Currency	Fair value	Exercise price	Expected price volatility	Expected option period	Expected dividend yield rate	Risk-free interest rate	Weighted average fair value
			(in dollars)	(in dollars)		(years)			(in dollars)
Employee stock options	February 2024	NTD	\$31.08	\$30.35	12.68%	6.26	1.00%	1.21%	\$9.93

- G. Expenses incurred on share-based payment transactions are shown below:

	Three-month periods ended March 31,	
	2025	2024
Equity-settled	\$ 5,755	\$ 3,232

(15) Common stock

- A. As of March 31, 2025, the Company's paid-in capital was \$1,135,792, consisting of 113,579,251 shares with a par value of \$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	Unit: Numbers of shares	
	2025	2024
Outstanding ordinary shares at January 1	112,338,362	111,277,234
Exercise of employee stock options	814,889	-
Issuance of restricted stocks to employees	426,000	551,690
Restricted stocks retrieved from employees and to be cancelled	(8,500)	(4,500)
Outstanding ordinary shares at March 31	113,570,751	111,824,424
Restricted stocks retrieved from employees and to be cancelled	8,500	10,500
Issued ordinary shares at March 31	113,579,251	111,834,924

- B. On July 2, 2021, the shareholders adopted a resolution to reserve 1,000,000 shares for the purpose of granting employee restricted stocks with par value of \$10 (in dollars) per shares, with the effective date filed with the regulator. The subscription price is \$0 (in dollar) per share. The employee restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. On February 23, 2022, the Board of Directors resolved to grant 445,000 employee restricted stocks. As of March 31, 2025, the Company had retrieved 45,000 employee restricted stocks in total due to the employees' resignation, and the retrieved shares have been retired.

- C. On May 20, 2022, the shareholders adopted a resolution to reserve 1,000,000 shares for the purpose of granting employee restricted stocks with par value of \$10 (in dollars) per shares, with the effective date filed with the regulator. The subscription price is \$0 (in dollar) per share. The employee restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. On February 20, 2023, the Board of Directors resolved to grant 483,000 employee restricted stocks. As of March 31, 2025, the Company had retrieved 25,000 employee restricted stocks in total due to the employees' resignation, and 16,500 stocks have been retired. And the remaining 8,500 retrieved stocks as of March 31, 2025 have not been retired.
- D. On June 6, 2023, the shareholders adopted a resolution to reserve 1,000,000 shares for the purpose of granting employee restricted stocks with par value of \$10 (in dollars) per shares, with the effective date filed with the regulator. The subscription price is \$0 (in dollar) per share. The employee restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. On February 20, 2024 and February 18, 2025 the Board of Directors resolved to grant 551,690 and 426,000 employee restricted stocks, respectively. As of March 31, 2025, the Company had retrieved 14,000 employee restricted stocks in total due to the employees' resignation, and the retrieved shares have been retired.
- E. The Company's GDRs began trading on the Luxembourg Stock Exchange on January 21, 2019. The actual number of units of GDRs for this offering was 1,600,000 and each GDR represents five of the Company's ordinary shares, which in the aggregate representing 8,000,000 ordinary shares. As of March 31, 2025, there was no outstanding GDRs.

The terms of GDR are as follows:

(a) Voting rights

The voting right of GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(b) Dividends, stocks warrant and other rights

GDR holders and common shareholders are all entitled to receive dividends, stock warrants and other rights.

(16) Capital surplus

Capital surplus can be used to cover accumulated deficit or distributed as dividend as proposed by the Board of Directors and resolved by the shareholders.

	2025					
	Share premium	Employee stock options	Employee restricted stocks	Recognized changes in equity of associates	Others	Total
At January 1	\$ 1,801,420	\$ 54,860	\$ 19,608	\$ 37,223	\$ 45,763	\$ 1,958,874
Compensation costs of share-based payment	-	966	-	-	-	966
Issuance of restricted stocks to employees	-	-	53,445	-	-	53,445
Restricted stocks to employees vested	18,713	-	(18,713)	-	-	-
Exercise of employee stock options	57,477	(21,690)	-	-	-	35,787
Retirement of employee stock options	-	(2,629)	-	-	2,378	(251)
Recognized changes in equity of associates	-	-	-	24,418	-	24,418
At March 31	<u>\$ 1,877,610</u>	<u>\$ 31,507</u>	<u>\$ 54,340</u>	<u>\$ 61,641</u>	<u>\$ 48,141</u>	<u>\$ 2,073,239</u>
	2024					
	Share premium	Employee stock options	Employee restricted stocks	Recognized changes in equity of associates	Others	Total
At January 1	\$ 1,997,655	\$ 75,984	\$ 24,063	\$ 529,861	\$ 45,617	\$ 2,673,180
Compensation costs of share-based payment	-	534	-	-	-	534
Issuance of restricted stocks to employees	-	-	11,209	-	-	11,209
Restricted stocks to employees vested	15,038	-	(15,038)	-	-	-
Retirement of employee stock options	-	(337)	-	-	-	(337)
Recognized changes in equity of associates	-	-	-	75	-	75
At March 31	<u>\$ 2,012,693</u>	<u>\$ 76,181</u>	<u>\$ 20,234</u>	<u>\$ 529,936</u>	<u>\$ 45,617</u>	<u>\$ 2,684,661</u>

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset losses incurred in previous years and then a special reserve as required by the applicable securities authority under the applicable public company rules in Taiwan. After combining accumulated undistributed earnings in the previous years and setting aside a certain amount of remaining profits of such financial year as a reserve or reserves for development purposes as the Board of Directors may from time to time deem appropriate, subject to the compliance with the Cayman Islands Companies Law, the Company shall distribute no less than 10% of the remaining profit as dividends to the shareholders. The stipulates distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting.
- B. The Company's dividend policy is as follows: As the Company operates in a capital intensive industry and in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's operation scale, cash flow demand and future expansion plans, and cash dividends shall account for at least 10% of the total dividends distributed.
- C. On June 6, 2024, after considering the Company's future operating development, the shareholders' meeting resolved the 2023 deficit compensation proposal to use special reserve of \$6,821 and capital surplus of \$785,415 to compensate the deficits.
- D. On February 18, 2025, after considering the Company's future operating development, the Board of Directors approved to use capital surplus of \$236,986 to compensate the deficit in the 2024 deficit compensation proposal.

Information about the appropriations of earnings resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Other equity interest

2025				
	Currency translation differences	Share of other comprehensive income (loss) of subsidiaries, associate and joint ventures accounted for using equity method, financial statements translation differences of foreign operations	Unearned employee compensation	Total
At January 1	\$ 367,395	(\$ 189,134)	(\$ 2,136)	\$ 176,125
Currency translation differences				
-Group	38,714	(393)	-	38,321
-Associates	-	3,009	-	3,009
-Associates- transfer to net loss from disposal of investments	-	1,932	-	1,932
Compensation costs of share-based payment	-	-	5,040	5,040
Issuance of restricted stocks to employees	-	-	(57,705)	(57,705)
At March 31	<u>\$ 406,109</u>	<u>(\$ 184,586)</u>	<u>(\$ 54,801)</u>	<u>\$ 166,722</u>
2024				
	Currency translation differences	Share of other comprehensive income (loss) of subsidiaries, associate and joint ventures accounted for using equity method, financial statements translation differences of foreign operations	Unearned employee compensation	Total
At January 1	\$ 137,675	(\$ 149,534)	(\$ 4,128)	(\$ 15,987)
Currency translation differences				
-Group	121,172	(1,274)	-	119,898
-Associates	-	(29,917)	-	(29,917)
Compensation costs of share-based payment	-	-	3,035	3,035
Issuance of restricted stocks to employees	-	-	(16,726)	(16,726)
At March 31	<u>\$ 258,847</u>	<u>(\$ 180,725)</u>	<u>(\$ 17,819)</u>	<u>\$ 60,303</u>

(19) Operating revenue

	Three-month periods ended March 31,	
	2025	2024
Revenue from contracts with customers	\$ 473,170	\$ 346,986

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	Three-month period ended March 31, 2025		
	Sales revenue	Royalty revenue	Total
China	\$ 323,293	\$ 16,774	\$ 340,067
United States	109,238	-	109,238
Taiwan	9,246	121	9,367
Others	14,498	-	14,498
	<u>\$ 456,275</u>	<u>\$ 16,895</u>	<u>\$ 473,170</u>
	Three-month period ended March 31, 2024		
	Sales revenue	Royalty revenue	Total
China	\$ 184,976	\$ 6,290	\$ 191,266
United States	105,328	-	105,328
Taiwan	4,811	214	5,025
Others	45,367	-	45,367
	<u>\$ 340,482</u>	<u>\$ 6,504</u>	<u>\$ 346,986</u>

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract liabilities				
– advance sales receipts	<u>\$ 8,822</u>	<u>\$ 8,014</u>	<u>\$ 7,566</u>	<u>\$ 11,815</u>

Revenue recognized that was included in the contract liability balance at the beginning of the periods:

	Three-month periods ended March 31,	
	2025	2024
Contract liabilities – advance sales receipts	<u>\$ 4,376</u>	<u>\$ 6,018</u>

(20) Other gains and losses

	Three-month periods ended March 31,	
	2025	2024
Loss on disposal of property, plant and equipment	\$ -	(\$ 42)
Loss on disposal of investments	(1,932)	-
Net currency exchange losses	(8)	(3,031)
	<u>(\$ 1,940)</u>	<u>(\$ 3,073)</u>

(21) Finance costs

	Three-month periods ended March 31,	
	2025	2024
Interest expense	\$ 2,836	\$ 3,051
Leased liabilities - Interest expense	44	129
	<u>\$ 2,880</u>	<u>\$ 3,180</u>

(22) Expenses by nature

	Three-month periods ended March 31,	
	2025	2024
Employee benefit expense	\$ 200,315	\$ 175,912
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 33,937	\$ 34,052
Amortization charges on intangible assets	\$ 588	\$ 1,480

(23) Employee benefit expense

	Three-month periods ended March 31,	
	2025	2024
Wages and salaries	\$ 173,746	\$ 154,254
Compensation costs of share-based payment	5,755	3,232
Insurance expenses	13,647	14,237
Pension costs	6,624	4,135
Other personnel expenses	543	54
	<u>\$ 200,315</u>	<u>\$ 175,912</u>

A. According to the Articles of Incorporation of the Company, when distributing earnings, an amount equal to the ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be higher than 15% and lower than 5% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the three-month periods ended March 31, 2025 and 2024, the Company did not accrue employees' compensation and directors' remuneration, due to net loss before tax.

C. Information about employees' compensation and directors' remuneration of the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Three-month periods ended March 31,	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 14,813	\$ -
Total current tax	14,813	-
Deferred tax:		
Origination and reversal of temporary differences (	14,790)	-
Total deferred tax	(14,790)	-
Income tax expense	\$ 23	\$ -

B. Through March 31, 2025, the assessment of income tax returns of the Taiwan subsidiaries are as follows:

Name of subsidiary	Assessment of income tax returns
Global Device Technologies, Co., Ltd.	Assessed and approved up to 2023
D-Tech Optoelectronics (Taiwan) Corporation	Assessed and approved up to 2022

(25) Losses per share

Details of ordinary stocks, losses per share are as follows:

	Three-month period ended March 31, 2025		
	Amount	Weighted average outstanding stocks (in thousand of shares)	Losses per share (in dollars)
	after tax		
<u>Basic losses per share</u>			
Losses attributable to ordinary shareholders of the parent (Note)	(\$ 78,988)	112,239	(\$ 0.70)
	Three-month period ended March 31, 2024		
	Amount	Weighted average outstanding stocks (in thousand of shares)	Losses per share (in dollars)
	after tax		

Basic losses per share

Losses attributable to ordinary shareholders of the parent (Note)	(\$ 210,409)	110,640	(\$ 1.90)
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Note: The employees' compensation, employee stock options and employee restricted stocks have anti-dilutive effect for the three-month periods ended March 31, 2025 and 2024, as a result, would not be considered while calculating the diluted EPS.

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	Three-month periods ended March 31,	
	2025	2024
Acquisition of property, plant and equipment (including transfer)	\$ 8,780	\$ 1,502
Add: Ending balance of prepayments for equipment (Note)	2,296	15,911
Less: Beginning balance of prepayments for equipment (Note)	(2,267)	(14,278)
Less: Ending balance of payables for equipment	(6,933)	(5,774)
Add: Beginning balance of payables for equipment	4	15,541
Cash paid	<u>\$ 1,880</u>	<u>\$ 12,902</u>

Note : Shown as “Other non-current assets”.

(27) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2025	\$ 20,000	\$ 5,865	\$ 170,291	\$ 196,156
Changes in cash flow from financing activities	- (	2,702) (	1,679) (	4,381)
Interest expense	-	44	-	44
Interest paid	- (	44)	- (	44)
Net exchange differences	-	50	2,165	2,215
At March 31, 2025	<u>\$ 20,000</u>	<u>\$ 3,213</u>	<u>\$ 170,777</u>	<u>\$ 193,990</u>

	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2024	\$ 20,000	\$ 15,184	\$ 329,374	\$ 364,558
Changes in cash flow from financing activities	- (	2,415) (	129,909) (	132,324)
Interest expense	-	129	-	129
Interest paid	- (	129)	- (	129)
Net exchange differences	-	595	11,564	12,159
At March 31, 2024	<u>\$ 20,000</u>	<u>\$ 13,364</u>	<u>\$ 211,029</u>	<u>\$ 244,393</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Changzhou Chemsemi Co., Ltd. ("Chemsemi")	The investee company accounted for using the equity method by the Company
Shanghai Galasemi Co., Ltd. ("Shanghai Galasemi")	The investee company accounted for using the equity method by the Company
Changzhou Galasemi Co., Ltd. ("Changzhou Galasemi")	The subsidiary wholly owned by the investee company accounted for using the equity method by the Company
Unikorn Semiconductor Corporation ("Unikorn")	Other related parties(Note)
Epistar Corporation ("Epistar")	Other related parties

Note: The Group disposed entire equity interests of Unikorn in August 2024. Therefore, Unikorn is no longer an investee company accounted for using the equity method by the Group.

(2) Significant related party transactions and balances

A. Operating revenue:

	<u>Three-month periods ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Sales of goods:		
Changzhou Galasemi	\$ <u>3,574</u>	\$ <u>1,759</u>
Royalty revenue:		
Shanghai Galasemi	\$ <u>16,774</u>	\$ <u>6,290</u>

B. Purchases:

	<u>Three-month periods ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Purchases of goods:		
Unikorn	\$ <u>888</u>	\$ <u>340</u>

C. Receivables from related parties:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivable:			
Changzhou Galasemi	\$ 2,311	\$ 7,454	\$ 576
Shanghai Galasemi	<u>32,878</u>	<u>27,644</u>	<u>6,400</u>
	<u>\$ 35,189</u>	<u>\$ 35,098</u>	<u>\$ 6,976</u>

Accounts receivable arise mainly from sale transactions and royalty income.

D. Payables to related parties:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts payable:			
Unikorn	\$ 897	\$ 354	\$ 346
Other payables:			
Unikorn	21	538	5,310
Changzhou Galasemi	<u>6,629</u>	<u>3,801</u>	<u>3,916</u>
	<u>\$ 7,547</u>	<u>\$ 4,693</u>	<u>\$ 9,572</u>

Other payables mainly pertain to processing fees.

E. Prepayments:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Unikorn	<u>\$ 10,000</u>	<u>\$ 10,000</u>

March 31, 2024 : None.

The prepayment is derived from the transaction of acquiring machinery and equipment.

F. Other transactions:

		<u>Transaction amounts</u>	
		<u>Three-month periods ended March 31,</u>	
<u>Transaction</u>	<u>Item</u>	<u>2025</u>	<u>2024</u>
Unikorn	Outsourcing manufacturing services charges	\$ 205	\$ 8,044
Changzhou Galasemi	Outsourcing manufacturing services charges	<u>9,820</u>	<u>6,341</u>
		<u>\$ 10,025</u>	<u>\$ 14,385</u>

(3) Key management compensation

	<u>Three-month periods ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Salaries and other short-term employee benefits	\$ 33,456	\$ 26,967
Post-employment benefits	1,376	764
Compensation costs of share-based payment	<u>1,357</u>	<u>745</u>
	<u>\$ 36,189</u>	<u>\$ 28,476</u>

8. PLEDGED ASSETS

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group's assets pledged as collateral were as follows:

Assets	Book value			Purpose
	March 31, 2025	December 31, 2024	March 31, 2024	
Land	\$ 152,932	\$ 150,998	\$ 147,360	Long-term borrowings (Note 1)
Buildings	73,796	73,581	73,914	Long-term borrowings (Note 1)
Time deposits (Shown as "Other current assets")	38,732	36,801	35,915	Short-term borrowings
Refundable deposits (Shown as "Other non-current assets")	2,854	2,524	2,468	Deposits for office rental and waste water treatment

Note 1: Including current portion.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	\$ 218	\$ 4,825	\$ 7,342

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

To purchase machinery and equipment and replenish the Company's working capital, the Board of Directors of the Company during its meeting on May 7, 2025 resolved to increase its capital by issuing new shares up to a maximum of 6,000,000 shares at a par value of NT\$10 (in dollars) per share.

12. OTHERS

(1) Capital management

In order to safeguard the Group's ability to adapt to the changes in the industry and to accelerate the new product development, the Company's objective when managing capital is to maintain sufficient financial resources to support the operating capital, capital expenditures, research and development activities, repayment of debts and dividend paid to shareholders, etc.

(2) Financial instruments

A. Financial instruments by category

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	\$ 1,511	\$ 1,492	\$ 1,456
Financial assets at amortized cost			
Cash and cash equivalents	645,772	576,516	215,869
Accounts receivable (including related parties)	434,586	335,755	256,586
Other receivables (including related parties)	5,360	4,278	2,489
Refundable deposits	2,854	2,524	2,468
Time deposits (over three-month period) (Shown as “Other current assets”)	38,732	171,325	102,980
	<u>\$ 1,128,815</u>	<u>\$ 1,091,890</u>	<u>\$ 581,848</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 20,000	\$ 20,000	\$ 20,000
Accounts payable (including related parties)	47,943	39,363	52,000
Other payables (including related parties)	115,057	114,913	98,838
Long-term borrowings (including current portion)	170,777	170,291	211,029
	<u>\$ 353,777</u>	<u>\$ 344,567</u>	<u>\$ 381,867</u>
Lease liabilities (including current and non-current portion)	\$ 3,213	\$ 5,865	\$ 13,364

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by the Group’s finance team under policies approved by the Board of Directors. The Group’s finance team identifies, evaluates and hedges financial risks in close cooperation with the Group’s operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency,

primarily with respect to the USD and NTD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2025			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
NTD:USD	\$ 38,888	0.030	\$ 38,888
RMB:USD	802	0.138	3,668
<u>Non-monetary items</u>			
RMB:USD	147,579	0.138	675,082
December 31, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
NTD:USD	\$ 48,187	0.031	\$ 48,187
RMB:USD	802	0.137	3,601
<u>Non-monetary items</u>			
RMB:USD	168,256	0.137	755,769
March 31, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
NTD:USD	\$ 77,303	0.031	\$ 77,303
RMB:USD	801	0.138	3,544
<u>Non-monetary items</u>			
NTD:USD	369,948	0.031	369,948
RMB:USD	244,287	0.138	1,081,216

- iii. The total exchange loss, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2025 and 2024, amounted to \$8 and \$3,031, respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three-month period ended March 31, 2025				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
NTD:USD	1%	\$ 389	\$	-
RMB:USD	1%	37		-
<u>Non-monetary items</u>				
RMB:USD	1%	-		6,751
Three-month period ended March 31, 2024				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
NTD:USD	1%	\$ 773	\$	-
RMB:USD	1%	35		-
<u>Non-monetary items</u>				
NTD:USD	1%	-		3,699
RMB:USD	1%	-		10,812

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the credit risk of financial assets at amortized cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "BBB+" are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal

or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. The Group does not hold any collateral as security for accounts receivable. As of March 31, 2025, December 31, 2024 and March 31, 2024, with no collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the Group's accounts receivable were \$450,406, \$352,958 and \$279,386, respectively.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Group adopts the assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payment were past due over 30 days, based on the terms, there would be a significant increase in credit risk on that instrument since initial recognition.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

- a. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
- b. The disappearance of an active market for that financial asset because of financial difficulties.

vii. The Group wrote off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. Estimation of expected credit loss for accounts receivable:

- a. The Group classifies customers' accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss.
- b. The Group used the forecastability of external research report to adjust historical and timely information for a specific period to assess the default possibility of accounts receivable. As of March 31, 2025, December 31, 2024 and March 31, 2024, the loss rate methodology is as follows:

		Less than			
	Not	Less than	180 days and	More than	
	past due	90 days	more than 90	180 days	
<u>Accounts receivable</u>	<u>past due</u>	<u>past due</u>	<u>days past due</u>	<u>past due</u>	<u>Total</u>
<u>At March 31, 2025</u>					
Expected loss rate	0.24%	3.93%	8.07%	100%	
Total book value	<u>\$427,780</u>	<u>\$ 6,806</u>	<u>\$ -</u>	<u>\$ 15,820</u>	<u>\$ 450,406</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,820</u>	<u>\$ 15,820</u>

		Less than Less than 90 days past due	Less than 180 days and more than 90 days past due	More than 180 days past due	Total
<u>Accounts receivable</u>	<u>Not past due</u>				
<u>At December 31, 2024</u>					
Expected loss rate	0.23%	3.82%	7.45%	100%	
Total book value	<u>\$314,346</u>	<u>\$ 21,409</u>	<u>\$ -</u>	<u>\$ 17,203</u>	<u>\$ 352,958</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,203</u>	<u>\$ 17,203</u>

		Less than Less than 90 days past due	Less than 180 days and more than 90 days past due	More than 180 days past due	Total
<u>Accounts receivable</u>	<u>Not past due</u>				
<u>At March 31, 2024</u>					
Expected loss rate	0%-1%	1%-15%	16%-31%	31%-100%	
Total book value	<u>\$233,023</u>	<u>\$ 22,187</u>	<u>\$ 2,752</u>	<u>\$ 21,424</u>	<u>\$ 279,386</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,376</u>	<u>\$ 21,424</u>	<u>\$ 22,800</u>

- c. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable was as follows:

	2025	2024
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 17,203	\$ 22,043
Provision for impairment loss	-	1,352
Reversal of impairment loss	(1,588)	(1,519)
Effect of foreign exchange	205	924
At March 31	<u>\$ 15,820</u>	<u>\$ 22,800</u>

- viii. The Group used the forecastability of external research report to adjust historical and timely information for a specific period to assess the default possibility of other receivables (including related parties). As of March 31, 2025, December 31, 2024 and March 31, 2024, the loss rate methodology is as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
	<u>Not past due</u>	<u>Not past due</u>	<u>Not past due</u>
Expected loss rate	0% -100%	0% -100%	0% -100%
Total book value	<u>\$ 5,360</u>	<u>\$ 4,278</u>	<u>\$ 2,489</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed by the operating entities of the Group and aggregated by the Group's finance team. The Group's finance team monitors rolling forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to meet operational

needs. Such forecasting takes into consideration the Group's debt financing plans, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are managed for investment appropriately. The instruments chosen would be with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Floating rate:			
Expiring within one year	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>

Note: The facilities expiring within one year are annual facilities subject to renegotiation before various due dates.

iv. The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities:</u>		
March 31, 2025		
Short-term borrowings	\$ 20,128	\$ -
Accounts payable		
(including related parties)	47,943	-
Other payables		
(including related parties)	115,057	-
Lease liabilities	4,158	-
Long-term borrowings		
(including current portion)	17,724	215,831
	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities:</u>		
December 31, 2024		
Short-term borrowings	\$ 20,129	\$ -
Accounts payable		
(including related parties)	39,363	-
Other payables		
(including related parties)	114,913	-
Lease liabilities	6,842	-
Long-term borrowings		
(including current portion)	17,500	217,477

	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities:</u>		
March 31, 2024		
Short-term borrowings	\$ 20,126	\$ -
Accounts payable (including related parties)	52,000	-
Other payables (including related parties)	98,838	-
Lease liabilities	10,547	4,007
Long-term borrowings (including current portion)	214,817	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts measured at amortized cost approximate the fair values of the Group's financial instruments, including cash and cash equivalents, accounts receivable, other receivables, refundable deposits, time deposits (over three-month period), short-term borrowings, contract liabilities, accounts payable, other payables, lease liabilities, and long-term borrowings (including current portion).

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>March 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 1,511	\$ 1,511

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 1,492	\$ 1,492
<u>March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 1,456	\$ 1,456

D. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
	<u>Equity instrument</u>	<u>Equity instrument</u>
At January 1	\$ 1,492	\$ 1,397
Effect of exchange rate changes	19	59
At March 31	<u>\$ 1,511</u>	<u>\$ 1,456</u>

E. For the three-month periods ended March 31, 2025 and 2024, there was no transfer into or out from Level 3.

F. The Group's accounting segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at March 31, 2025</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instruments					
Unlisted Company Shares	\$ 1,511	Market comparable companies	Discount for lack of marketability	0.6	The higher the discount for lack of marketability, the lower the fair value

		Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments						
Unlisted Company Shares	\$	1,492	Market comparable companies	Discount for lack of marketability	0.6	The higher the discount for lack of marketability, the lower the fair value
		Fair value at March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments						
Unlisted Company Shares	\$	1,456	Market comparable companies	Discount for lack of marketability	1.47	The higher the discount for lack of marketability, the lower the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- (a) Loans to others: Please refer to table 1.
- (b) Provision of endorsements and guarantees to others: Please refer to table 2.
- (c) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- (d) Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- (e) Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- (f) Significant inter-company transactions: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in mainland China): Please refer to table 7.

(3) Information on investments in mainland China

- (a) Information on investments in mainland China: Please refer to table 8.
- (b) Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 9.

14. SEGMENT INFORMATION

(1) General information

The Company operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Company has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Three-month periods ended March 31,	
	2025	2024
Revenue from external customers	\$ 473,170	\$ 346,986
Inter-segment revenue	-	-
Total segment revenue	\$ 473,170	\$ 346,986
Segment loss (Note)	(\$ 78,965)	(\$ 210,409)
Note: Exclusive of income tax.		
	March 31, 2025	March 31, 2024
Segment assets	\$ 3,357,074	\$ 3,190,188
Segment liabilities	\$ 498,572	\$ 490,532

(3) Reconciliation for segment income (loss)

The Company and its subsidiaries engage in a single industry. The Chief Operating Decision-Maker assesses performance and allocates resources of the whole group. The Company is regarded as a single operating segment. Therefore, there is no inter-segment revenue. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The amount provided to the Chief Operating Decision-Maker with respect to total assets is measured in a manner consistent with that in the balance sheet.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Loans to others

Three-month period ended March 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during three-month period ended March 31, 2025 (Note 3 、 4)	Balance at March 31, 2025	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3,4)	Ceiling on total loans granted (Note 3,4)	Footnote
					Item	Value											
0	GCS Holdings, Inc.	Global Communication Semiconductors, LLC	Other receivable -related parties	Yes	\$ 498,150	\$ 498,150	\$ 464,940	5.5%	2	\$ -	Operation	\$ -	None	\$ -	\$ 1,223,912	\$ 1,223,912	Note 6
1	Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Other receivable -related parties	Yes	66,420	66,420	-	Settled by contract	2	-	Operation	-	None	-	574,742	574,742	Note 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: In the ‘Nature of loan’ column:

- (1)The business transaction is‘1’.
(2)The short-term financing is‘2’.

Note 3: The Company’s ceiling on total loans granted and limit on loans granted to a single party are as follows:

- (1)The total amount available for lending purpose shall not exceed forty percent (40%) of the net worth of the Company. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (For the purpose of the Procedures, the “transaction amount” shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed ten percent (10%) of the net worth of the Company. The total amount for lending to a company to facilitate a short-term financing need shall not exceed ten percent (10%) of the net worth of the Company, and the total amount lendable to any one borrower shall be no more than thirty percent (30%) of the borrower’s net worth, provided that the ten percent (10%) and thirty percent (30%) restrictions will not apply to subsidiaries whose voting shares are one hundred percent (100%) owned, directly or indirectly, by the Company.
- (2)The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, or fund-lending to the Company by its 100% directly or indirectly owned subsidiaries, shall not exceed forty percent (40%) of the net worth of the lending company. The total amount for fund-lending to each borrower shall not exceed forty percent (40%) of the net worth of the lending company.
- (3)The total amount for fund-lending between the foreign subsidiaries whose voting shares are 100% owned, directly or fund-lending to the Company by its 100% directly or indirectly owned foreign subsidiaries, to facilitate a short-term financial need, will not be subject to the one-year limit specified in the preceding section. However, each lending period may not exceed three years and may be extended according to the Procedures for Provision of Loans, provided that the period does not exceed three years and may be extended only once.

Note 4: The ceiling on total loans granted and limit on loans granted to a single party of the subsidiary, Global Communication Semiconductors, LLC, are as follows:

- (1)The total amount available for lending purpose shall not exceed forty percent (40%) of the net worth of Global Communication Semiconductors, LLC. The total amount for lending to a company having business relationship with Global Communication Semiconductors, LLC shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (For the purpose of this Procedure, the “transaction amount” shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed ten percent (10%) of the net worth of Global Communication Semiconductors, LLC. The total amount for lending to a company to facilitate a short-term financing need shall not exceed ten percent (10%) of the net worth of Global Communication Semiconductors, LLC, and the total amount lendable to any one borrower shall be no more than thirty percent (30%) of the borrower’s net worth, provided that the ten percent (10%) and thirty percent (30%) restrictions will not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by Global Communication Semiconductors, LLC.
- (2)The total amount for fund-lending between the subsidiaries registered outside of the R.O.C. whose voting shares are 100% owned, directly or indirectly, by Global Communication Semiconductors, LLC, or fund-lending to the Company by its one hundred percent (100%) directly or indirectly owned subsidiaries registered outside of the R.O.C., or fund-lending by the Company to the Holding Company to facilitate a short-term financing need, will not be subject to the 40% net worth limit of Global Communications Semiconductor, LLC.
- (3)The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly or indirectly, by Global Communication Semiconductors, LLC, or fund-lending to Global Communication Semiconductors, LLC by its one hundred percent (100%) directly or indirectly owned subsidiaries, or fund-lending by Global Communication Semiconductors, LLC to the Holding Company, shall not exceed forty percent (40%) of the net worth of the lending company. The total amount for fund-lending to each borrower shall not exceed forty percent (40%) of the net worth of the lending company.
- (4)To facilitate a short-term financing need, the fund-lending between the subsidiaries registered outside of the R.O.C. whose voting shares are one hundred percent (100%) owned, directly or indirectly, by Global Communication Semiconductors, LLC; or fund-lending to Global Communication Semiconductors, LLC by its one hundred percent (100%) directly or indirectly owned subsidiaries registered outside of the R.O.C., or fund-lending by Global Communication Semiconductors, LLC to the Holding Company will not be subject to the 40% net worth limit of Global Communication Semiconductors, LLC as specified in Note 4(1) and one (1) year term set forth in the preceding paragraph. However, the term of each loan shall not exceed three (3) years and may be extended for up to an additional three(3)-year period.

Note 5: On November 5, 2024, the Company's Board of Directors resolved to approve Global Communication Semiconductors, LLC to lend to its subsidiary D-Tech Optoelectronics Inc. with the limitation amounting to USD2,000,000, and the actual drawdown was USD0.

Note 6: On August 6, 2024, the Company's Board of Directors resolved to approve GCS Holdings, Inc. to lend to its subsidiary Global Communication Semiconductors, LLC with the limitation amounting to USD15,000,000, and the actual drawdown was USD14,000,000.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Three-month period ended March 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount for the three- month period ended March 31, 2025	Outstanding endorsement/ guarantee amount at March 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	GCS Holdings, Inc.	GCS Device Technologies, Co., Ltd.	2	\$ 1,223,912	\$ 33,210	\$ 33,210	\$ 20,000	\$ 33,210	1.09%	\$ 1,223,912	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having with which it does business.

(2)The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed company.

(4)The endorsed/guaranteed parent company owns directly or indirectly more than jointly 90% voting shares of the endorser/guarantor company.

(5)Mutual guarantee of the trade or co-contractor as required by the construction contract.

(6)Due to joint venture, mutual shareholder provides endorsements/guarantees to the endorsed/guaranteed company in ratio to its ownership.

(7)Companies in the same industry provide among themselves joint and several security for a performance guarantee of sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the Company's “Procedures for Endorsement and Guarantee”, the total amount of endorsement/guarantee provided by the Company is limited to 40% of the Company's net worth, and the total amount of the guarantee provided by the Company to any individual entity is limited to 10% of the Company's net worth. The total amount of the guarantee provided by the Company to any subsidiary whose voting shares are 100% owned, directly or indirectly, by the Company shall not exceed 40% of the Company's net worth.

The aggregate total amount of endorsement/guarantee provided by the Company and its subsidiaries shall not exceed 50% of the Company's net worth.

GCS HOLDINGS, INC.
Holding of marketable securities during the reporting period
March 31, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2025				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Global Communication Semiconductors, LLC	ElectroPhotonic-IC Inc.	None.	Financial assets at fair value through other comprehensive income	41,617	\$ 1,511	0.33%	\$ 1,511	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instrument'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value;
fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

GCS HOLDINGS, INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Three-month period ended March 31, 2025

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
1	D-Tech Optoelectronics, Inc.	Global Communication Semiconductors, LLC	3	Accounts receivable - related party	\$ 3,404	Note 5	0.10%
1	D-Tech Optoelectronics, Inc.	Global Communication Semiconductors, LLC	3	Service revenue	5,372	Note 5	1.14%
2	GCS Device Technologies, Co., Ltd.	GCS Holdings, Inc.	2	Service revenue	1,974	Note 5	0.42%
2	GCS Device Technologies, Co., Ltd.	GCS Holdings, Inc.	2	Accounts receivable - related party	2,092	Note 5	0.06%
3	Global Communication Semiconductors, LLC	GCS Holdings, Inc.	2	Other payable-related party	481,507	Note 6	13.53%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosure over 1 million transaction details in this table.

Note 5: It was transacted based on the agreed transaction price and terms, and the credit terms is 30 days after monthly billings.

Note 6: Loans to others.

GCS HOLDINGS, INC. AND SUBSIDIARIES
Information on investees (not including investees in mainland China)
Three-month period ended March 31, 2025

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1、2)	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2025			Net profit (loss)	Investment income (loss)	Footnote
				Balance as of March 31, 2025	Balance as of December 31, 2024	Number of shares	Ownership (%)	Book value	of the investee for the	recognized by the	
									three-month period ended March 31, 2025 (Note 2(2))	Company for the three- month period ended March 31, 2025 (Note 2(3))	
GCS Holdings, Inc.	Global Communication Semiconductors, LLC	Los Angeles, USA	1. Manufacturing of compound semiconductor wafers and foundry related services as well as granting royalty rights for intellectual property 2. Manufacturing and selling of advanced optoelectronics technology products	\$ 600,250	\$ 600,250	-	100%	\$ 1,436,854	\$ 49,832	\$ 49,832	Subsidiary
GCS Holdings, Inc.	GCS Device Technologies, Co., Ltd.	Taiwan	Product design and research development services	12,000	12,000	1,200,000	100%	28,636	(3,731)	(3,731)	Subsidiary
Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Los Angeles, USA	Developing, manufacturing and selling of photodiodes and avalanche photodiodes for telecommunication systems and data communication networks	393,380	393,380	360,000	100%	23,912	(2,859)	(2,859)	Subsidiary
D-Tech Optoelectronics, Inc.	D-Tech Optoelectronics (Taiwan) Corporation	Taiwan	Manufacturing, retailing and wholesaling of telecommunications devices, and manufacturing and wholesaling of electronic components	49,840	49,840	1,800,000	100%	1,468	1	1	Subsidiary、 Note 3

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at March 31, 2025’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2)The ‘Net profit (loss) of the investee for the three-month period ended March 31, 2025’ column should fill in amount of net profit (loss) of the investee for this period.

(3)The ‘Investment income (loss) recognized by the Company for the three-month period ended March 31, 2025’ column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Note 3: On November 1, 2022, the Company’s Board of Directors resolved to dissolve and liquidate the subsidiary, D-Tech Optoelectronics (Taiwan) Corporation. The Company obtained the dissolution registration letter approved by the local competent authority on December 22, 2023,and obtained the liquidation completion letter issued by the court on November 21, 2024. The liquidation process has not yet been completed.

GCS HOLDINGS, INC.AND SUBSIDIARIES

Information on investments in mainland China

Three-month period ended March 31, 2025

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to mainland China as of March 31, 2025	Amount remitted from Taiwan to mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2025		Accumulated amount of remittance from Taiwan to mainland China as of March 31, 2025	Net income of investee for the three-month period ended March 31, 2025	Ownership held by the Company (direct or indirect)	Investment loss recognized by the Company for the three-month period ended March 31, 2025 (Note 5)	Book value of investments in mainland China as of March 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2025	Footnote
					Remitted to mainland China	Remitted back to Taiwan							
Changzhou Chemsemi Co., Ltd.	Manufacturing and selling of semiconductor discrete devices, integrated circuit chips and related products; Designing and services of integrated circuit chips; Manufacturing and selling of optoelectronic device.	\$ 2,702,940	2	-	-	-	-	(\$ 641,068)	20.51%	(\$ 132,400)	\$ 484,981	-	Note 2(2)C 、 Note 4
Shanghai Galasemi Co., Ltd.	Technical services and development services in the field of optoelectronic technology , and selling of semiconductor discrete devices	294,516	2	-	-	-	-	31,404	48.00%	15,476	190,101	-	Note 2(2)C 、 Note 4
Company name	Accumulated amount of remittance from Taiwan to mainland China as of March 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in mainland China imposed by the Investment Commission of MOEA										
Changzhou Chemsemi Co., Ltd.	\$ -	\$ -	\$ -										
Shanghai Galasemi Co., Ltd.	-	-	-										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1)Directly invest in a company in mainland China.
- (2) Through investing in an existing company in the third area (GCS Holdings, Inc.), which then invested in the investee in mainland China.
- (3) Others

Note 2: In the ‘Investment income (loss) recognized by the Company for March 31, 2025’ column:

- (1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are reviewed and attested by R.O.C. parent company’s CPA.

C.The financial statements prepared by the investee.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The Company was incorporated in Cayman Islands and continously transferred the investments from the Company's U.S. bank account to Changzhou Chemsemi Co., Ltd. and Shanghai Galasemi Co., Ltd.

Note 5: The investment loss recognized by the Company for the three-month period ended March 31, 2025 incuded the adjustment of unrealized gain and losses.