

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 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 September 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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 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. 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* section, 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 Conclusion

As explained in Note 6(6), the financial statements of investments accounted for using the equity method were not reviewed by independent auditors. The balance of investments accounted for using the equity method amounted to NT\$539,492 thousand and NT\$862,843 thousand, respectively, constituting 15% and 26% of the consolidated total assets as of September 30, 2025 and 2024; and the share of comprehensive loss of associates and joint ventures accounted for using equity method amounted to NT\$86,676 thousand, NT\$86,900 thousand, NT\$273,149 thousand and NT\$632,185 thousand, respectively, constituting (69%), (59%), 114% and 876% of the consolidated total comprehensive loss for the three-month and nine-month periods then ended.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of investments accounted for using the equity method been reviewed by independent auditors as described in the *Basis for Qualified Conclusion* section, 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 September 30, 2025 and 2024, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-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

November 5, 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
SEPTEMBER 30, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS OF SEPTEMBER 30, 2025 AND 2024 ARE REVIEWED, NOT AUDITED)

Assets		Notes	September 30, 2025		December 31, 2024		September 30, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,027,106	29	\$ 576,516	16	\$ 328,603	10
1170	Accounts receivable, net	6(2)	163,133	5	300,657	9	291,858	9
1180	Accounts receivable - related parties	6(2) and 7	25,513	1	35,098	1	11,964	-
1200	Other receivables		18,004	1	4,278	-	2,396	-
1210	Other receivables - related parties	7	66,257	2	-	-	10,677	-
1220	Current income tax assets		-	-	140	-	56,273	2
130X	Inventories	6(3)	393,223	11	307,165	9	280,283	8
1410	Prepayments	7	119,732	3	42,583	1	42,665	1
1460	Non-current assets or disposal groups classified as held for sale, net	6(10)	169,943	5	-	-	-	-
1470	Other current assets	6(4) and 8	35,512	1	171,325	5	197,281	6
11XX	Total current assets		<u>2,018,423</u>	<u>58</u>	<u>1,437,762</u>	<u>41</u>	<u>1,222,000</u>	<u>36</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	1,385	-	1,492	-	1,440	-
1550	Investments accounted for using equity method	6(6)	539,492	15	755,769	22	862,843	26
1600	Property, plant and equipment	6(7) and 8	676,626	19	1,099,453	31	1,093,390	33
1755	Right-of-use assets	6(8)	-	-	6,526	-	8,661	-
1780	Intangible assets		5,273	-	6,723	-	6,855	-
1840	Deferred income tax assets		202,766	6	193,209	6	164,557	5
1990	Other non-current assets	6(9) and 8	58,705	2	4,791	-	3,970	-
15XX	Total non-current assets		<u>1,484,247</u>	<u>42</u>	<u>2,067,963</u>	<u>59</u>	<u>2,141,716</u>	<u>64</u>
1XXX	Total assets		<u>\$ 3,502,670</u>	<u>100</u>	<u>\$ 3,505,725</u>	<u>100</u>	<u>\$ 3,363,716</u>	<u>100</u>

(Continued)

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS OF SEPTEMBER 30, 2025 AND 2024 ARE REVIEWED, NOT AUDITED)

Liabilities and Equity		Notes	September 30, 2025		December 31, 2024		September 30, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 20,000	1	\$ 20,000	1	\$ 20,000	1
2130	Current contract liabilities	6(20)	15,813	1	8,014	1	10,618	-
2170	Accounts payable		26,375	1	39,009	1	45,451	2
2180	Accounts payable - related parties	7	-	-	354	-	1,124	-
2200	Other payables	6(12)	151,717	4	110,574	3	90,258	3
2220	Other payables - related parties	7	4,516	-	4,339	-	5,690	-
2230	Current income tax liabilities		5,666	-	7,822	-	-	-
2280	Current lease liabilities		-	-	5,865	-	8,239	-
2320	Long-term borrowings, current portion	6(13)	6,361	-	6,511	-	6,210	-
2399	Other current liabilities		37,075	1	264	-	1,240	-
21XX	Total current liabilities		<u>267,523</u>	<u>8</u>	<u>202,752</u>	<u>6</u>	<u>188,830</u>	<u>6</u>
Non-current liabilities								
2540	Long-term borrowings	6(13)	147,324	4	163,780	5	159,694	5
2570	Deferred income tax liabilities		106,431	3	117,797	3	86,018	2
25XX	Total non-current liabilities		<u>253,755</u>	<u>7</u>	<u>281,577</u>	<u>8</u>	<u>245,712</u>	<u>7</u>
2XXX	Total liabilities		<u>521,278</u>	<u>15</u>	<u>484,329</u>	<u>14</u>	<u>434,542</u>	<u>13</u>
Equity								
	Share capital	6(16)						
3110	Common stock		1,138,176	32	1,123,383	32	1,119,049	33
	Capital surplus	6(17)						
3200	Capital surplus		1,939,799	55	1,958,874	56	1,902,145	57
	Retained earnings	6(18)						
3350	Accumulated deficit		(50,257)	(1)	(236,986)	(7)	(188,160)	(6)
	Other equity interest	6(19)						
3400	Other equity interest		(46,326)	(1)	176,125	5	96,140	3
3XXX	Total equity		<u>2,981,392</u>	<u>85</u>	<u>3,021,396</u>	<u>86</u>	<u>2,929,174</u>	<u>87</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the reporting period	11						
3X2X	Total liabilities and equity		<u>\$ 3,502,670</u>	<u>100</u>	<u>\$ 3,505,725</u>	<u>100</u>	<u>\$ 3,363,716</u>	<u>100</u>

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS (LOSSES) PER SHARE)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
			2025		2024		2025		2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	\$ 543,485	100	\$ 458,496	100	\$ 1,506,638	100	\$ 1,273,722	100
5000	Cost of operating revenue	6(3)(24)(25) and 7	(285,975)	(53)	(288,677)	(63)	(838,308)	(56)	(817,454)	(64)
5900	Net operating margin		<u>257,510</u>	<u>47</u>	<u>169,819</u>	<u>37</u>	<u>668,330</u>	<u>44</u>	<u>456,268</u>	<u>36</u>
6100	Operating expenses	6(24)(25)								
	Selling and marketing expenses		(11,984)	(2)	(14,976)	(3)	(36,367)	(2)	(36,306)	(3)
6200	General and administrative expenses		(62,056)	(11)	(50,022)	(11)	(187,449)	(12)	(147,417)	(11)
6300	Research and development expenses		(78,996)	(15)	(54,970)	(12)	(189,037)	(13)	(173,934)	(14)
6450	Net impairment income (loss) on financial assets	12(2)	(272)	-	4,494	1	2,805	-	4,640	-
6000	Total operating expenses		(153,308)	(28)	(115,474)	(25)	(410,048)	(27)	(353,017)	(28)
6900	Operating income		<u>104,202</u>	<u>19</u>	<u>54,345</u>	<u>12</u>	<u>258,282</u>	<u>17</u>	<u>103,251</u>	<u>8</u>
	Non-operating income and expenses									
7100	Interest income		5,967	1	1,959	1	14,777	1	4,267	-
7010	Other income	6(21)	83	-	-	-	83	-	124,341	10
7020	Other gains and losses	6(22)	(1,708)	-	218,793	48	(28,365)	(2)	215,098	17
7050	Finance costs	6(23)	(2,655)	-	(2,709)	(1)	(8,363)	(1)	(8,461)	(1)
7060	Share of net loss of associates and joint ventures accounted for using equity method	6(6)	(90,369)	(17)	(118,901)	(26)	(293,998)	(19)	(626,431)	(49)
7000	Total non-operating income and expenses		(88,682)	(16)	99,142	22	(315,866)	(21)	(291,186)	(23)
7900	Profit (loss) before income tax		<u>15,520</u>	<u>3</u>	<u>153,487</u>	<u>34</u>	<u>57,584</u>	<u>4</u>	<u>187,935</u>	<u>15</u>
7950	Income tax (expense) benefit	6(26)	(1,059)	-	(9)	-	7,327	1	(225)	-
8200	Net income (loss) for the period		<u>\$ 14,461</u>	<u>3</u>	<u>\$ 153,478</u>	<u>34</u>	<u>(\$ 50,257)</u>	<u>(3)</u>	<u>(\$ 188,160)</u>	<u>(15)</u>
	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(19)	\$ 109,454	20	(\$ 40,021)	(9)	(\$ 225,153)	(15)	\$ 122,665	10
	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(19)	<u>2,590</u>	<u>-</u>	<u>32,831</u>	<u>7</u>	<u>34,973</u>	<u>2</u>	<u>(6,655)</u>	<u>(1)</u>
8300	Total other comprehensive income (loss), net		<u>\$ 112,044</u>	<u>20</u>	<u>(\$ 7,190)</u>	<u>(2)</u>	<u>(\$ 190,180)</u>	<u>(13)</u>	<u>\$ 116,010</u>	<u>9</u>
8500	Total comprehensive loss for the period		<u>\$ 126,505</u>	<u>23</u>	<u>\$ 146,288</u>	<u>32</u>	<u>(\$ 240,437)</u>	<u>(16)</u>	<u>(\$ 72,150)</u>	<u>(6)</u>
	Income (loss) attributable to:									
8610	Owners of the parent		<u>\$ 14,461</u>	<u>3</u>	<u>\$ 153,478</u>	<u>34</u>	<u>(\$ 50,257)</u>	<u>(3)</u>	<u>(\$ 188,160)</u>	<u>(15)</u>
	Total comprehensive income (loss) attributable to:									
8710	Owners of the parent		<u>\$ 126,505</u>	<u>23</u>	<u>\$ 146,288</u>	<u>32</u>	<u>(\$ 240,437)</u>	<u>(16)</u>	<u>(\$ 72,150)</u>	<u>(6)</u>
	Earnings (losses) per share	6(27)								
9750	Basic earnings (losses) per share (in dollars)		<u>\$ 0.13</u>		<u>\$ 1.38</u>		<u>(\$ 0.45)</u>		<u>(\$ 1.70)</u>	
9850	Diluted earnings (losses) per share (in dollars)		<u>\$ 0.13</u>		<u>\$ 1.37</u>		<u>(\$ 0.45)</u>		<u>(\$ 1.70)</u>	

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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		
						Financial Statements Translation Differences Of Foreign Operations	Unearned Compensation Costs	
	Notes	Common Stock	Capital Surplus	Special Reserve	Accumulated Deficit			Total Equity
<u>Nine-month period ended September 30, 2024</u>								
		\$ 1,112,832	\$ 2,673,180	\$ 6,821	(\$ 792,236)	(\$ 11,859)	(\$ 4,128)	\$ 2,984,610
		-	-	-	(188,160)	-	-	(188,160)
	6(19)	-	-	-	-	116,010	-	116,010
		-	-	-	(188,160)	116,010	-	(72,150)
	6(17)(18)	-	(785,415)	(6,821)	792,236	-	-	-
	6(15)(17)(19)	-	723	-	-	-	12,843	13,566
	6(15)(16)(17)(19)	5,517	11,209	-	-	-	(16,726)	-
	6(15)(16)(17)	700	3,639	-	-	-	-	4,339
	6(15)(17)	-	(1,191)	-	-	-	-	(1,191)
	6(17)	-	(107)	-	-	-	-	(107)
	6(6)(17)	-	107	-	-	-	-	107
		\$ 1,119,049	\$ 1,902,145	\$ -	(\$ 188,160)	\$ 104,151	(\$ 8,011)	\$ 2,929,174
<u>Nine-month period ended September 30, 2025</u>								
		\$ 1,123,383	\$ 1,958,874	\$ -	(\$ 236,986)	\$ 178,261	(\$ 2,136)	\$ 3,021,396
		-	-	-	(50,257)	-	-	(50,257)
	6(19)	-	-	-	-	(190,180)	-	(190,180)
		-	-	-	(50,257)	(190,180)	-	(240,437)
	6(17)(18)	-	(236,986)	-	236,986	-	-	-
	6(15)(17)(19)	-	2,970	-	-	-	27,432	30,402
	6(15)(16)(17)(19)	4,480	55,223	-	-	-	(59,703)	-
	6(15)(16)(17)	10,313	45,305	-	-	-	-	55,618
	6(15)(17)	-	(861)	-	-	-	-	(861)
	6(6)(17)	-	115,274	-	-	-	-	115,274
		\$ 1,138,176	\$ 1,939,799	\$ -	(\$ 50,257)	(\$ 11,919)	(\$ 34,407)	\$ 2,981,392

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Nine-month periods ended September 30	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 57,584)	(\$ 187,935)
Adjustments			
Adjustments to reconcile profit (loss)			
Net impairment income on financial assets	12(2)	(2,805)	(4,640)
Depreciation	6(7)(8)(24)	91,213	105,182
Amortization	6(24)	1,797	3,677
Compensation cost of share-based payment	6(15)(25)	29,541	12,375
Interest income		(14,777)	(4,267)
Interest expense	6(23)	8,363	8,461
Share of net loss of associate and joint ventures accounted for using equity method	6(6)	293,998	626,431
Loss (gain) on disposal of investments accounted for using equity method	6(6)(22)	6,258	(219,607)
Loss on disposal of investments in subsidiaries	6(22)	5,204	-
Loss (gain) on disposal of property, plant and equipment	6(22)	2,100	(65)
Gain on disposal of assets classified as held for sale	6(22)	(27)	-
Construction in progress transferred to other expenses	6(7)	222	-
Impairment loss on non-current assets held for sale	6(10)(22)	14,348	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		118,879	(43,060)
Accounts receivable- related parties		7,259	(7,070)
Other receivables		(3,291)	541
Other receivables- related parties		-	(10,805)
Inventories		(118,766)	(14,862)
Prepayments		(82,295)	(9,313)
Other non-current assets		(46,830)	-
Changes in operating liabilities			
Contract liabilities		8,583	(1,578)
Accounts payable		(10,099)	4,687
Accounts payable- related parties		(337)	1,138
Other payables		(3,147)	3,980
Other payables- related parties		499	(2,695)
Other current liabilities		(46)	860
Cash inflow generated from operations		248,260	261,435
Interest received		14,777	4,267
Interest paid		(8,363)	(8,461)
Income tax paid		(2,147)	(9)
Net cash flows from operating activities		252,527	257,232

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GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Nine-month periods ended September 30	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of investments accounted for using equity method	6(6)(22)	\$ -	\$ 448,650
Acquisition of property, plant and equipment	6(28)	(51,340)	(458,701)
Proceeds from disposal of property, plant and equipment		84,329	14,642
Proceeds from disposal of assets classified as held for sale	6(28)	36,868	-
Acquisition of intangible assets		(803)	(6,385)
Increase in refundable deposits		(360)	-
Decrease in refundable deposits		-	5
Decrease (increase) in other current assets		126,710	(93,224)
Proceeds from disposal of a subsidiary (net cash inflow)	6(28)	3,671	-
Net cash flows from (used in) investing activities		199,075	(95,013)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(29)	20,000	20,000
Repayments of short-term borrowings	6(29)	(20,000)	(20,000)
Repayments of long-term borrowings	6(29)	(4,567)	(175,636)
Repayments of lease liabilities	6(29)	(3,424)	(7,499)
Proceeds from exercise of employee stock options		55,618	4,339
Net cash flows from (used in) financing activities		47,627	(178,796)
Effect of changes in exchange rates		(48,639)	(54)
Net increase (decrease) in cash and cash equivalents		450,590	(16,631)
Cash and cash equivalents at beginning of period	6(1)	576,516	345,234
Cash and cash equivalents at end of period	6(1)	\$ 1,027,106	\$ 328,603

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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 November 5, 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 2026 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
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
Annual Improvements to IFRS Accounting Standards—Volume 11	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
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 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

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 :

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 International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “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:
The basis for preparation of consolidated financial statements is the same as the consolidated financial statements for the year ended December 31, 2024.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			September 30, 2025	December 31, 2024	September 30, 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	(Note 1)
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	(Note 1)

Note 1: The Group sold all the shares in D-Tech Optoelectronic, Inc. on May 2, 2025. Cash flow information relating to the subsidiaries sold is provided in Note 6(28).

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) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(5) 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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

The Group make estimates and assumptions based on expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of September 30, 2025, the carrying amount of inventories was \$393,223.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand and revolving funds	\$ 102	\$ 54	\$ 57
Checking accounts and demand deposits	658,134	543,672	296,896
Time deposits	368,870	32,790	31,650
	<u>\$ 1,027,106</u>	<u>\$ 576,516</u>	<u>\$ 328,603</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

	September 30, 2025	December 31, 2024	September 30, 2024
Accounts receivable	\$ 175,099	\$ 317,860	\$ 309,991
Accounts receivable-related party	25,513	35,098	11,964
	200,612	352,958	321,955
Less: Loss allowance	(11,966)	(17,203)	(18,133)
	<u>\$ 188,646</u>	<u>\$ 335,755</u>	<u>\$ 303,822</u>

A. As of September 30, 2025, December 31, 2024 and September 30, 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

	September 30, 2025		
	Cost	Allowance	Book value
Raw materials	\$ 170,633	(\$ 20,196)	\$ 150,437
Work in progress	275,059	(66,033)	209,026
Finished goods	41,919	(8,159)	33,760
	<u>\$ 487,611</u>	<u>(\$ 94,388)</u>	<u>\$ 393,223</u>

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

	September 30, 2024		
	Cost	Allowance	Book value
Raw materials	\$ 150,548	(\$ 28,359)	\$ 122,189
Work in progress	232,842	(108,834)	124,008
Finished goods	52,153	(18,067)	34,086
	<u>\$ 435,543</u>	<u>(\$ 155,260)</u>	<u>\$ 280,283</u>

Expenses and costs incurred as cost of operating revenue for the three-month and nine-month periods ended September 30, 2025 and 2024 were as follows:

	Three-month periods ended September 30,	
	2025	2024
Cost of goods sold	\$ 277,732	\$ 306,963
Loss (gain) on (reversal of) decline in market price	14,609 (9,759)
Revenue from sale of scraps	(6,366)	(8,527)
	<u>\$ 285,975</u>	<u>\$ 288,677</u>

	Nine-month periods ended September 30,	
	2025	2024
Cost of goods sold	\$ 867,616	\$ 863,807
Loss (gain) on (reversal of) decline in market price	7,513 (21,223)
Revenue from sale of scraps	(36,821)	(25,130)
	<u>\$ 838,308</u>	<u>\$ 817,454</u>

The Group recognized gain on reversal of market price decline for the three-month and nine-month periods ended September 30, 2024, due to the recovery of the market and the inventories previously written down that were sold.

(4) Other current assets

Item	September 30, 2025	December 31, 2024	September 30, 2024
Time deposits	<u>\$ 35,512</u>	<u>\$ 171,325</u>	<u>\$ 197,281</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	September 30, 2025	December 31, 2024	September 30, 2024
Non-current items:			
Equity instruments			
Unlisted, OTC, Emerging			
stocks	\$ 1,385	\$ 1,492	\$ 1,440
Valuation adjustment	-	-	-
	<u>\$ 1,385</u>	<u>\$ 1,492</u>	<u>\$ 1,440</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 \$1,385, \$1,492 and \$1,440 as of September 30, 2025, December 31, 2024 and September 30, 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	(293,998)	(626,431)
Changes in capital surplus	115,274	107
Disposal of investments accounted for using equity method	-	(195,025)
Loss on disposal of investments transferred from other comprehensive income due to not recognized by shareholding percentage	(6,258)	-
Net exchange difference	(31,295)	58,592
At September 30	<u>\$ 539,492</u>	<u>\$ 862,843</u>

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Joint ventures:			
Changzhou Chemsemi Co., Ltd. ("Chemsemi")	\$ 337,517	\$ 584,474	\$ 690,843
Shanghai Galasemi Co., Ltd. ("Shanghai Galasemi")	201,975	171,295	172,000
	<u>\$ 539,492</u>	<u>\$ 755,769</u>	<u>\$ 862,843</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
		September 30, 2025	December 31, 2024	September 30, 2024		
Chemsemi	China	19.83%	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

	Chemsemi		
	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current assets	\$ 1,104,416	\$ 863,927	\$ 902,089
Non-current assets	7,093,145	8,457,093	8,744,261
Current liabilities	(1,904,538)	(1,965,939)	(1,881,566)
Non-current liabilities	(4,600,522)	(4,540,048)	(4,476,968)
Total net assets	<u>\$ 1,692,501</u>	<u>\$ 2,815,033</u>	<u>\$ 3,287,816</u>

	Shanghai Galasemi		
	September 30, 2025	December 31, 2024	September 30, 2024
Current assets	\$ 500,388	\$ 367,008	\$ 323,368
Non-current assets	225,997	179,719	180,396
Current liabilities	(262,621)	(130,283)	(84,966)
Non-current liabilities	(29,937)	(40,426)	(45,150)
Total net assets	<u>\$ 433,827</u>	<u>\$ 376,018</u>	<u>\$ 373,648</u>

	Unikorn	
	July 1 to August 7, 2024	January 1 to August 7, 2024
Net loss	(\$ 49,318)	(\$ 691,036)
Total comprehensive loss	<u>(\$ 49,314)</u>	<u>(\$ 691,100)</u>

	Chemsemi	
	Three-month periods ended September 30, 2025	2024
Net loss/ total comprehensive loss	(\$ 501,433)	(\$ 521,558)

	Chemsemi	
	Nine-month periods ended September 30, 2025	2024
Net loss/ total comprehensive loss	(\$ 1,645,086)	(\$ 1,846,850)

	Shanghai Galasemi	
	Three-month periods ended September 30, 2025	2024
Net income/ total comprehensive income	<u>\$ 17,632</u>	<u>\$ 17,456</u>

	Shanghai Galasemi	
	Nine-month periods ended September 30, 2025	2024
Net income/ total comprehensive income	<u>\$ 76,832</u>	<u>\$ 56,682</u>

- 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 from February 2025 to June 2025, resulting in a change in the shareholding ratio of Chemsemi by the Group from 20.69% to 19.83%.

(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	-	-	32,079	-	870	423	-	62,613	95,985
Transfers	-	-	21,359	-	9,018	-	-	(30,377)	-
Disposals	-	-	(3,581)	-	-	-	-	(82,848)	(86,429)
Decrease in disposal of subsidiaries	-	-	(1,537)	-	-	-	(16,639)	-	(18,176)
Reclassified to non-current assets held for sale (Note)	-	-	(9,773)	-	-	-	-	(246,719)	(256,492)
Reclassifications	-	-	-	-	-	-	-	(222)	(222)
Depreciation charges	-	(2,054)	(72,272)	(143)	(10,315)	(23)	(3,299)	-	(88,106)
Net exchange differences	(10,776)	(5,199)	(29,372)	(14)	(3,451)	(15)	(1,096)	(19,464)	(69,387)
Closing net book amount	<u>\$ 140,222</u>	<u>\$ 66,328</u>	<u>\$ 360,602</u>	<u>\$ 84</u>	<u>\$ 44,618</u>	<u>\$ 441</u>	<u>\$ 5,767</u>	<u>\$ 58,564</u>	<u>\$ 676,626</u>
At September 30, 2025									
Cost	\$ 140,222	\$ 93,482	\$ 1,519,294	\$ 5,663	\$ 156,777	\$ 2,812	\$ 234,479	\$ 58,564	\$ 2,211,293
Accumulated depreciation and impairment	-	(27,154)	(1,158,692)	(5,579)	(112,159)	(2,371)	(228,712)	-	(1,534,667)
	<u>\$ 140,222</u>	<u>\$ 66,328</u>	<u>\$ 360,602</u>	<u>\$ 84</u>	<u>\$ 44,618</u>	<u>\$ 441</u>	<u>\$ 5,767</u>	<u>\$ 58,564</u>	<u>\$ 676,626</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>
2024									
Opening net book amount	\$ 141,420	\$ 71,608	\$ 294,324	\$ 541	\$ 61,397	\$ 115	\$ 32,072	\$ 128,742	\$ 730,219
Additions	-	-	84,906	-	-	-	-	359,103	444,009
Transfers	-	-	125,425	-	144	-	-	(112,079)	13,490
Disposals	-	-	-	(43)	(1,187)	-	-	(13,347)	(14,577)
Depreciation charges	-	(2,107)	(78,023)	(218)	(12,137)	(60)	(5,466)	-	(98,011)
Net exchange differences	4,328	2,217	7,440	19	2,036	4	1,047	1,169	18,260
Closing net book amount	<u>\$ 145,748</u>	<u>\$ 71,718</u>	<u>\$ 434,072</u>	<u>\$ 299</u>	<u>\$ 50,253</u>	<u>\$ 59</u>	<u>\$ 27,653</u>	<u>\$ 363,588</u>	<u>\$ 1,093,390</u>
At September 30, 2024									
Cost	\$ 145,748	\$ 97,166	\$ 1,706,202	\$ 6,321	\$ 157,761	\$ 9,835	\$ 315,940	\$ 363,588	\$ 2,802,561
Accumulated depreciation and impairment	-	(25,448)	(1,272,130)	(6,022)	(107,508)	(9,776)	(288,287)	-	(1,709,171)
	<u>\$ 145,748</u>	<u>\$ 71,718</u>	<u>\$ 434,072</u>	<u>\$ 299</u>	<u>\$ 50,253</u>	<u>\$ 59</u>	<u>\$ 27,653</u>	<u>\$ 363,588</u>	<u>\$ 1,093,390</u>

Note: The transfers of non-current assets held for sale is provided in Note 6(10).

A. Amount of borrowing costs capitalized as part of property, plant and equipment for the nine-month periods ended September 30, 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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ -</u>	<u>\$ 6,526</u>	<u>\$ 8,661</u>

	<u>Three-month periods ended September 30, □</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings (Note)	<u>(\$ 64)</u>	<u>\$ 2,409</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 3,107</u>	<u>\$ 7,171</u>

Note: The depreciation for the three-month period ended September 30, 2025, amounting to \$64 was the translation differences of foreign operations.

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

	<u>Three-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ -	\$ 89
Expense on short-term lease agreements	801	684
Expense on leases of low-value assets	7	6
	<u>Nine-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 51	\$ 329
Expense on short-term lease agreements	2,254	1,836
Expense on leases of low-value assets	19	19

D. For the nine-month periods ended September 30, 2025 and 2024, the Group's total cash outflow for leases amounted to \$5,748 and \$9,683, respectively.

(9) Non-current assets

Item	September 30, 2025	December 31, 2024	September 30, 2024
Prepayments to suppliers	\$ 45,675	\$ -	\$ -
Prepayments for equipment	11,173	2,267	1,527
Refundable deposits (Note)	1,857	2,524	2,443
	<u>\$ 58,705</u>	<u>\$ 4,791</u>	<u>\$ 3,970</u>

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

(10) Non-current assets held for sale

A. In May 2025, the Group's management approved the disposal of a batch of machinery and equipment that the Group did not plan to use. The sale transaction was expected to be completed within one year. Therefore, the Group transferred the related machinery and equipment to disposal group held for sale. The assets of the disposal group held for sale as at September 30, 2025 amounted to \$169,943.

	September 30, 2025
Beginning balance	\$ -
Reclassifications for the period	256,492
Disposals for the period	(62,820)
Impairment for the period	(14,348)
Effect of foreign exchange	(9,381)
	<u>\$ 169,943</u>

B. Impairment loss of \$14,348 was recognized in other gains and losses as a result of the remeasurement of the disposal group held for sale at the lower of its carrying amount or fair value less costs to sell. Information relating to fair value is provided in Note 12(3).

(11) Short-term borrowings

Type of borrowings	September 30, 2025	December 31, 2024	September 30, 2024	Collateral
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>2.60%</u>	

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

(12) Other payables

	September 30, 2025	December 31, 2024	September 30, 2024
Payables for equipment	\$ 53,555	\$ 4	\$ 1,588
Accrued salaries and bonuses	43,503	50,923	31,127
Accrued unused compensated absences	27,371	28,493	28,326
Accrued outsourcing manufacturing services charges	5,797	5,593	5,896
Accrued maintenance expenses	3,795	4,149	2,999
Accrued professional service fees	2,812	1,530	2,295
Payables for miscellaneous expenses	2,038	2,905	964
Accrued utilities	13	3,442	701
Other accrued expenses	12,833	13,535	16,362
	<u>\$ 151,717</u>	<u>\$ 110,574</u>	<u>\$ 90,258</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2025	December 31, 2024
Secured borrowings (Note 1)	(Note 2)	6.50%	Land and buildings (Note 3)	\$ 153,685	\$ 170,291
Less: Current portion				(6,361)	(6,511)
				<u>\$ 147,324</u>	<u>\$ 163,780</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2024
Secured borrowings (Note 1)	(Note 2)	4.50~6.50%	Land and buildings (Note 3)	\$ 165,904
Less: Current portion				(6,210)
				<u>\$ 159,694</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. As of September 30, 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.

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

(14) 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 and nine-month periods ended September 30, 2025 and 2024 amounted to \$3,662, \$4,278, \$14,901 and \$13,528, respectively.

(15) Share-based payment-employee compensation plan

- A. Through September 30, 2025, December 31, 2024 and September 30, 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)

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting condition
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)
Restricted stocks to employees (Note 3)	May 2025	22,000 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:

Nine-month period ended September 30, 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	(1,031,306)	NTD	53.46
Options forfeited	(131,792)	NTD	39.49
Options outstanding at end of the period	<u>1,521,333</u>	NTD	57.19
Options exercisable at end of the period	<u>1,476,272</u>	NTD	57.68

Nine-month period ended September 30, 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 exercised	(70,000)	NTD	62.70
Options forfeited	(74,000)	NTD	44.62
Options outstanding at end of the period	<u>3,146,369</u>	NTD	54.79
Options exercisable at end of the period	<u>2,776,286</u>	NTD	56.52

- C. The weighted-average stock price of stock options at exercise dates for the nine-month periods ended September 30, 2025 and 2024 were \$135.79 and \$36.68 (in dollars), respectively.
- D. As of September 30, 2025, December 31, 2024 and September 30, 2024, the range of exercise prices of stock options outstanding are as follows:

		September 30, 2025		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price (in dollars)
August 2016	August 2026	310,000	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	240,000	NTD	79.70
August 2018	August 2028	8,000	NTD	61.00
March 2019	March 2029	275,000	NTD	58.20
March 2020	March 2030	85,000	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	291,999	NTD	48.70
February 2022	February 2032	218,251	NTD	45.90
August 2022	August 2032	11,333	NTD	39.85
November 2022	November 2032	19,250	NTD	35.05
February 2023	February 2033	27,500	NTD	38.65
July 2023	July 2033	3,000	NTD	34.20
February 2024	February 2034	<u>3,000</u>	NTD	30.35
		<u>1,521,333</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	September 30, 2024		
		No. of Shares	Currency	Stock options exercise price (in dollars)
February 2015	February 2025	223,369	NTD	\$ 39.30
August 2016	August 2026	531,000	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	20,000	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	582,000	NTD	48.70
February 2022	February 2032	387,000	NTD	45.90
August 2022	August 2032	23,000	NTD	39.85
November 2022	November 2032	33,000	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>3,146,369</u>		

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

Employee restricted stocks	Nine-month periods ended September 30,	
	2025	2024
	No. of shares	No. of shares
Outstanding at beginning of the period	766,690	673,000
Granted (Notes 1 and 2)	448,000	551,690
Vested	(489,345)	(435,500)
Retired (uncancelled)	(31,360)	(17,500)
Outstanding at end of the period	<u>693,985</u>	<u>771,690</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 May 2025, February 2025 and February 2024 was \$86.80 (in dollars), \$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 (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option period (years)	Expected dividend yield rate	Risk-free interest rate	Weighted average fair value (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 September 30,	
	2025	2024
Equity-settled	\$ 11,974	\$ 4,932
	Nine-month periods ended September 30,	
	2025	2024
Equity-settled	\$ 29,541	\$ 12,375

(16) Common stock

- A. As of September 30, 2025, the Company's paid-in capital was \$1,138,176, consisting of 113,817,668 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	1,031,306	70,000
Issuance of restricted stocks to employees	448,000	551,690
Restricted stocks retrieved from employees and to be cancelled	(31,360)	(17,500)
Outstanding ordinary shares at September 30	113,786,308	111,881,424
Restricted stocks retrieved from employees and to be cancelled	31,360	23,500
Issued ordinary shares at September 30	113,817,668	111,904,924

- 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 September 30, 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 September 30, 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 September 30, 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, February 18, 2025 and May 7, 2025, the Board of Directors resolved to grant 551,690, 426,000 and 22,000 employee restricted stocks, respectively. As of September 30, 2025, the Company had retrieved 36,860 employee restricted stocks in total due to the employees' resignation, and 14,000 stocks have been retired. And the remaining 22,860 retrieved stocks as of September 30, 2025 have not 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 September 30, 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.

(17) 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	-	2,970	-	-	-	2,970
Issuance of restricted stocks to employees	-	-	55,223	-	-	55,223
Restricted stocks to employees vested	18,713	-	(18,713)	-	-	-
Exercise of employee stock options	66,725	(21,420)	-	-	-	45,305
Retirement of employee stock options	-	(3,239)	-	-	2,378	(861)
Capital surplus used to compensate accumulated deficits	(236,986)	-	-	-	-	(236,986)
Recognized changes in equity of associates	-	-	-	115,274	-	115,274
At September 30	<u>\$ 1,649,872</u>	<u>\$ 33,171</u>	<u>\$ 56,118</u>	<u>\$ 152,497</u>	<u>\$ 48,141</u>	<u>\$ 1,939,799</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	-	723	-	-	-	723
Proceeds from disposal of investments accounted for using equity method	-	-	-	(107)	-	(107)
Issuance of restricted stocks to employees	-	-	11,209	-	-	11,209
Restricted stocks to employees vested	15,038	-	(15,038)	-	-	-
Exercise of employee stock options	9,152	(5,513)	-	-	-	3,639
Retirement of employee stock options	-	(1,337)	-	-	146	(1,191)
Capital surplus used to compensate accumulated deficits	(255,554)	-	-	(529,861)	-	(785,415)
Recognized changes in equity of associates	-	-	-	107	-	107
At September 30	<u>\$ 1,766,291</u>	<u>\$ 69,857</u>	<u>\$ 20,234</u>	<u>\$ -</u>	<u>\$ 45,763</u>	<u>\$ 1,902,145</u>

(18) 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 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 capital surplus of \$6,821 and capital surplus of \$785,415 to compensate the deficits.

D. On June 5, 2025, after considering the Company's future operating development, the shareholders' meeting resolved the 2024 deficit compensation proposal to use capital surplus of \$236,986 to compensate the deficits.

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.

(19) 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	(225,153)	1,960	-	(223,193)
-Associates	-	14,591	-	14,591
-Group- transfer to net loss from disposal of a subsidiary	-	12,164	-	12,164
-Associates- transfer to net loss from disposal of investments	-	6,258	-	6,258
Compensation costs of share-based payment	-	-	27,432	27,432
Issuance of restricted stocks to employees	-	-	(59,703)	(59,703)
At September 30	<u>\$ 142,242</u>	<u>(\$ 154,161)</u>	<u>(\$ 34,407)</u>	<u>(\$ 46,326)</u>

	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	122,665	(901)	-	121,764
-Associates	-	(39,881)	-	(39,881)
-Associates- transfer to net loss from disposal of investments	-	34,127	-	34,127
Compensation costs of share-based payment	-	-	12,843	12,843
Issuance of restricted stocks to employees	-	-	(16,726)	(16,726)
At September 30	<u>\$ 260,340</u>	<u>(\$ 156,189)</u>	<u>(\$ 8,011)</u>	<u>\$ 96,140</u>

(20) Operating revenue

	<u>Three-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers	<u>\$ 543,485</u>	<u>\$ 458,496</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers	<u>\$ 1,506,638</u>	<u>\$ 1,273,722</u>

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 September 30, 2025			
	Sales revenue	Royalty revenue	Total
China	\$ 408,437	\$ 12,205	\$ 420,642
United States	98,740	-	98,740
Taiwan	6,993	34	7,027
Others	17,076	-	17,076
	<u>\$ 531,246</u>	<u>\$ 12,239</u>	<u>\$ 543,485</u>
Three-month period ended September 30, 2024			
	Sales revenue	Royalty revenue	Total
China	\$ 293,429	\$ 11,597	\$ 305,026
United States	123,985	-	123,985
Taiwan	9,573	143	9,716
Others	19,769	-	19,769
	<u>\$ 446,756</u>	<u>\$ 11,740</u>	<u>\$ 458,496</u>
Nine-month period ended September 30, 2025			
	Sales revenue	Royalty revenue	Total
China	\$ 1,034,682	\$ 41,835	\$ 1,076,517
United States	343,747	-	343,747
Taiwan	27,453	151	27,604
Others	58,770	-	58,770
	<u>\$ 1,464,652</u>	<u>\$ 41,986</u>	<u>\$ 1,506,638</u>
Nine-month period ended September 30, 2024			
	Sales revenue	Royalty revenue	Total
China	\$ 759,761	\$ 27,753	\$ 787,514
United States	369,572	-	369,572
Taiwan	24,615	448	25,063
Others	91,573	-	91,573
	<u>\$ 1,245,521</u>	<u>\$ 28,201</u>	<u>\$ 1,273,722</u>

B. Contract liabilities

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

	September 30, 2025	December 31, 2024	September 30, 2024	January 1, 2024
Contract liabilities				
– advance sales receipts	<u>\$ 15,813</u>	<u>\$ 8,014</u>	<u>\$ 10,618</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 September 30,	
	2025	2024
Contract liabilities – advance sales receipts (Note)	(\$ 123)	\$ 35
	Nine-month periods ended September 30,	
	2025	2024
Contract liabilities – advance sales receipts	\$ 6,018	\$ 8,582

Note: The contract liability for the three-month period ended September 30, 2025, amounting to \$123 was the translation differences of foreign operations.

(21) Other income

	Three-month periods ended September 30,	
	2025	2024
Others	\$ 83	\$ -
Government subsidy income (Note)	-	-
	<u>\$ 83</u>	<u>\$ -</u>
	Nine-month periods ended September 30,	
	2025	2024
Others	\$ 83	\$ -
Government subsidy income (Note)	-	124,341
	<u>\$ 83</u>	<u>\$ 124,341</u>

Note: In 2021, the Company's subsidiaries, Global Communication Semiconductor, LLC and D-Tech Optoelectronics, Inc., were affected by Severe Pneumonia with Novel Pathogens (COVID-19). Nevertheless, the subsidiaries still retained their employees, thereby they were qualified for the Employee Retention Tax Credit (ERTC). For the nine-month period ended September 30, 2024, the subsidiaries received relevant government subsidies which were recognized as income.

(22) Other gains and losses

	Three-month periods ended September 30,	
	2025	2024
Gain on disposal of property, plant and equipment	\$ 44	\$ 189
Gain on disposal non-current assets held for sale	27	-
Impairment loss on non-current assets held for sale	(2,309)	-
Gain on disposal of investments	-	219,607
Net currency exchange gains	530	886
Other losses	-	(1,889)
	<u>(\$ 1,708)</u>	<u>\$ 218,793</u>
	Nine-month periods ended September 30,	
	2025	2024
(Loss) gain on disposal of property, plant and equipment	(\$ 2,100)	\$ 65
Gain on disposal non-current assets held for sale	27	-
Impairment loss on non-current assets held for sale	(14,348)	-
(Loss) gain on disposal of investments	(6,258)	219,607
Loss on disposal of investments in subsidiaries	(5,204)	-
Net currency exchange losses	(482)	(2,685)
Other losses	-	(1,889)
	<u>(\$ 28,365)</u>	<u>\$ 215,098</u>

(23) Finance costs

	Three-month periods ended September 30,	
	2025	2024
Interest expense	\$ 2,655	\$ 2,620
Leased liabilities - Interest expense	-	89
	<u>\$ 2,655</u>	<u>\$ 2,709</u>
	Nine-month periods ended September 30,	
	2025	2024
Interest expense	\$ 8,312	\$ 8,132
Leased liabilities - interest expense	51	329
	<u>\$ 8,363</u>	<u>\$ 8,461</u>

(24) Expenses by nature

	Three-month periods ended September 30,	
	2025	2024
Employee benefit expense	\$ 175,966	\$ 173,688
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 27,743	\$ 34,479
Amortization charges on intangible assets	\$ 595	\$ 624
	Nine-month periods ended September 30,	
	2025	2024
Employee benefit expense	\$ 551,382	\$ 514,830
Depreciation charges on property, plant and equipment and right-of-use assets	\$ 91,213	\$ 105,182
Amortization charges on intangible assets	\$ 1,797	\$ 3,677

(25) Employee benefit expense

	Three-month periods ended September 30,	
	2025	2024
Wages and salaries	\$ 146,599	\$ 149,044
Share-based payment	11,974	4,932
Insurance expenses	12,989	13,488
Pension costs	3,662	4,278
Other personnel expenses	742	1,946
	\$ 175,966	\$ 173,688
	Nine-month periods ended September 30,	
	2025	2024
Wages and salaries	\$ 466,980	\$ 445,590
Share-based payment	29,541	12,375
Insurance expenses	38,251	40,859
Pension costs	14,901	13,528
Other personnel expenses	1,709	2,478
	\$ 551,382	\$ 514,830

- 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 nine-month periods ended September 30, 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.

(26) Income tax

A. Income tax (benefit) expense

Components of income tax (benefit) expense:

	<u>Three-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Current tax:		
Current tax on profits for the period	\$ 679	\$ 9
Prior year income tax under estimation	-	-
Total current tax	<u>679</u>	<u>9</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>380</u>	<u>-</u>
Total deferred tax	<u>380</u>	<u>-</u>
Income tax expense	<u>\$ 1,059</u>	<u>\$ 9</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Current tax:		
Current tax on profits for the period	\$ 13,596	\$ 30
Prior year income tax under estimation	-	195
Total current tax	<u>13,596</u>	<u>225</u>
Deferred tax:		
Origination and reversal of temporary differences	(<u>20,923</u>)	<u>-</u>
Total deferred tax	(<u>20,923</u>)	<u>-</u>
Income tax (benefit) expense	<u>(\$ 7,327)</u>	<u>\$ 225</u>

B. Through September 30, 2025, the assessment of income tax returns of the Taiwan subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Assessment of income tax returns</u>
Global Device Technologies, Co., Ltd.	Assessed and approved up to 2023

(27) Earnings (losses) per share

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

	Three-month period ended September 30, 2025		
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 14,461	113,002	\$ 0.13
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 14,461	113,002	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	951	
Employee restricted stocks	-	476	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 14,461	114,429	\$ 0.13
Three-month period ended September 30, 2024			
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 153,478	111,070	\$ 1.38
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 153,478	111,070	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	56	
Employee restricted stocks	-	537	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 153,478	111,663	\$ 1.37

Nine-month period ended September 30, 2025			
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Losses attributable to ordinary shareholders of the parent (Note)	(\$ 50,257)	112,708	(\$ 0.45)
Nine-month period ended September 30, 2024			
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Losses attributable to ordinary shareholders of the parent (Note)	(\$ 188,160)	110,967	(\$ 1.70)

Note: The employees' compensation, employee stock options and employee restricted stocks have anti-dilutive effect for the nine-month periods ended September 30, 2025 and 2024, as a result, would not be considered while calculating the diluted EPS.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Nine-month periods ended September 30,	
	2025	2024
Acquisition of property, plant and equipment (including transfer)	\$ 95,985	\$ 457,499
Add: Ending balance of prepayments for equipment (Note)	11,173	1,527
Less: Beginning balance of prepayments for equipment (Note)	(2,267)	(14,278)
Less: Ending balance of payables for equipment	(53,555)	(1,588)
Add: Beginning balance of payables for equipment	4	15,541
Cash paid	<u>\$ 51,340</u>	<u>\$ 458,701</u>

Note: Shown as "Other non-current assets".

B. Investing activities with partial cash receivable:

	Nine-month periods ended September 30,	
	2025	2024
Sale of non-current assets held for sale	\$ 62,847	\$ -
Add: Ending balance of receipts in advance for equipment (Note 1)	36,868	-
Less: Ending balance of receivables from disposal of equipment (Note 2)	(66,257)	-
Add: Effect of foreign exchange	3,410	-
Cash received	<u>\$ 36,868</u>	<u>\$ -</u>

Note 1: Shown as “Other current liabilities”.

Note 2: Shown as “Other receivables - related parties”.

C. The Group sold all the shares in D-Tech Optoelectronic, Inc. on May 2, 2025 and therefore lost control over the subsidiary. The details of the consideration received from the transaction and assets and liabilities relating to the subsidiary are as follows:

(a) Analysis of the consideration received and assets and liabilities relating to the subsidiary

	May 2, 2025
Consideration received	
Cash and cash equivalents	<u>\$ 28,766</u>
Carrying amount of the assets and liabilities of the subsidiary	
Cash and cash equivalents	11,436
Accounts receivable - related parties, net	2,974
Other receivables	71
Inventories	8,222
Prepayments	262
Property, plant and equipment	18,176
Right-of-use assets	3,170
Deferred income tax assets	3,205
Other non-current assets, others	900
Other payables	(1,663)
Current lease liabilities	(2,205)
Deferred income tax liabilities	(21,892)
Total net assets	<u>\$ 22,656</u>

(b) Net cash inflows from disposal of subsidiaries

	September 30, 2025
Consideration received in cash and cash equivalents	\$ 28,766
Less: Balance of disposal of cash and cash equivalents	(11,436)
Less: Ending balance of other receivables	(13,659)
	<u>\$ 3,671</u>

(29) 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	-	(3,424)	(4,567)	(7,991)
Interest expense	-	51	-	51
Interest paid	-	(51)	-	(51)
Decrease in disposal of subsidiaries	-	(2,205)	-	(2,205)
Net exchange differences	-	(236)	(12,039)	(12,275)
At September 30, 2025	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 153,685</u>	<u>\$ 173,685</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	-	(7,499)	(175,636)	(183,135)
Interest expense	-	329	-	329
Interest paid	-	(329)	-	(329)
Net exchange differences	-	554	12,166	12,720
At September 30, 2024	<u>\$ 20,000</u>	<u>\$ 8,239</u>	<u>\$ 165,904</u>	<u>\$ 194,143</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 party (Note 1)
Epistar Corporation ("Epistar")	Other related party
DTO TECHNOLOGIES INC. ("DTO")	Other related party (Note 2)

Note 1: The Group disposed its 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.

Note 2: DTO TECHNOLOGIES, INC. is no longer a related party of the Group as of September 30, 2025.

(2) Significant related party transactions and balances

A. Operating revenue:

	<u>Three-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Sales of goods:		
Changzhou Galasemi	\$ <u>677</u>	\$ <u>587</u>
Royalty revenue:		
Shanghai Galasemi	\$ <u>12,205</u>	\$ <u>11,597</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Sales of goods:		
Changzhou Galasemi	\$ <u>4,139</u>	\$ <u>3,137</u>
Royalty revenue:		
Shanghai Galasemi	\$ <u>41,835</u>	\$ <u>27,753</u>

B. Purchases:

	<u>Three-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Purchases of goods:		
Unikorn (Note)	(\$ <u>17</u>)	\$ <u>1,487</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Purchases of goods:		
Unikorn	\$ <u>843</u>	\$ <u>2,209</u>

Note: The purchases of goods for the three-month period ended September 30, 2025, amounting to \$17 was the translation differences of foreign operations.

C. Receivables from related parties:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Accounts receivable:			
Changzhou Galasemi	\$ 239	\$ 7,454	\$ 570
Shanghai Galasemi	25,274	27,644	11,394
Other receivables:			
Unikorn	-	-	10,677
Changzhou Galasemi	66,257	-	-
	<u>\$ 91,770</u>	<u>\$ 35,098</u>	<u>\$ 22,641</u>

Accounts receivable arise mainly from sale transactions and royalty income. Other receivables arise mainly from sales of machinery equipment.

D. Payables to related parties:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Accounts payable:			
Unikorn	\$ -	\$ 354	\$ 1,124
Other payables:			
Unikorn	-	538	926
Changzhou Galasemi	4,516	3,801	4,764
	<u>\$ 4,516</u>	<u>\$ 4,693</u>	<u>\$ 6,814</u>

Other payables mainly pertain to processing fees.

E. Prepayments:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Unikorn	\$ <u>10,000</u>	\$ <u>10,000</u>	\$ <u>9,787</u>

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

F. Property transactions:

(a) Acquisition of machinery equipment:

Three-month and nine-month periods ended September 30, 2025: None.

	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2024
Unikorn	\$ 436,400	\$ 436,400

(b) Acquisition of intangible assets:

Three-month and nine-month periods ended September 30, 2025: None.

	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2024
Unikorn	\$ 5,250	\$ 5,250

(c) Disposal of assets:

Shown as		Three-month period ended September 30, 2025	
		Disposal proceeds	Gain (loss) on disposal
Changzhou Galasemi	Non-current assets	\$ 58,751	\$ 27
DTO	Property, plant and equipment	-	-
		\$ 58,751	\$ 27
		Nine-month period ended September 30, 2025	
		Disposal proceeds	Gain (loss) on disposal
Changzhou Galasemi	Non-current assets	\$ 62,847	\$ 27
DTO	Property, plant and equipment	3,094	(560)
		\$ 65,941	(\$ 533)
		Three-month period ended September 30, 2024	
		Disposal proceeds	Gain (loss) on disposal
Unikorn	Property, plant and equipment	\$ 1,399	\$ 189
		Nine-month period ended September 30, 2024	
		Disposal proceeds	Gain (loss) on disposal
Unikorn	Property, plant and equipment	\$ 1,399	\$ 189

- (d) The Company disposed its entire equity interests amounting to 131,400,000 shares of an investee accounted for using equity method, Unikorn Semiconductor Corporation, to other related parties, Epistar Corporation, in August 2024, and the proceeds and gains on disposal from the transaction were \$450,000 and \$219,607, respectively.

(e) The Group sold all 360,000 shares in D-Tech Optoelectronic, Inc. to other related party, DTO TECHNOLOGIES INC., on May 2, 2025. The disposal proceeds and loss on disposal of the transaction amounted to \$28,766 and \$5,204, respectively.

G. Other transactions:

		Transaction amounts	
		Three-month periods ended September 30,	
Transaction company	Item	2025	2024
Unikorn	Outsourcing manufacturing services charges (Note)	(\$ 11)	\$ 11,615
Changzhou Galasemi	Outsourcing manufacturing services charges	17,053	9,166
		<u>\$ 17,042</u>	<u>\$ 20,781</u>
		Transaction amounts	
		Nine-month periods ended September 30,	
Transaction company	Item	2025	2024
Unikorn	Outsourcing manufacturing services charges	\$ 545	\$ 41,408
Changzhou Galasemi	Outsourcing manufacturing services charges	37,252	22,267
		<u>\$ 37,797</u>	<u>\$ 63,675</u>

Note: The purchases of goods for the three-month period ended September 30, 2025, amounting to \$11 was the translation differences of foreign operations.

(3) Key management compensation

		Three-month periods ended September 30,	
		2025	2024
Short-term employee benefits		\$ 26,835	\$ 26,961
Post-employment benefits		471	877
Compensation costs of share-based payment		2,891	1,265
		<u>\$ 30,197</u>	<u>\$ 29,103</u>
		Nine-month periods ended September 30,	
		2025	2024
Short-term employee benefits		\$ 88,466	\$ 82,037
Post-employment benefits		2,695	2,425
Compensation costs of share-based payment		6,991	3,158
		<u>\$ 98,152</u>	<u>\$ 87,620</u>

8. PLEDGED ASSETS

As of September 30, 2025, December 31, 2024 and September 30, 2024, the Group's assets pledged as collateral were as follows:

Assets	Book value			Purpose
	September 30, 2025	December 31, 2024	September 30, 2024	
Land	\$ 140,222	\$ 150,998	\$ 145,748	Long-term borrowings (Note)
Buildings	66,328	73,581	71,718	Long-term borrowings (Note)
Time deposits (Shown as “Other current assets”)	35,512	36,801	35,222	Short-term borrowings
Refundable deposits (Shown as “Other non-current assets”)	1,857	2,524	2,443	Deposits for office rental and waste water treatment

Note: 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:

	September 30, 2025	December 31, 2024	September 30, 2024
Property, plant and equipment	<u>\$ 15,157</u>	<u>\$ 4,825</u>	<u>\$ 4,405</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company’s Board of Directors resolved to dispose certain equity interests in Chemsemi on November 5, 2025, and the proceeds from disposal of equity interests amounted to RMB 26,133 thousand.

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 Group'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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>Financial assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	\$ 1,385	\$ 1,492	\$ 1,440
Financial assets at amortized cost			
Cash and cash equivalents	1,027,106	576,516	328,603
Accounts receivable (including related parties)	188,646	335,755	303,822
Other receivables (including related parties)	84,261	4,278	13,073
Refundable deposits	1,857	2,524	2,443
Time deposits (over three-month period) (Shown as “Other current assets”)	35,512	171,325	197,281
	<u>\$ 1,338,767</u>	<u>\$ 1,091,890</u>	<u>\$ 846,662</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 20,000	\$ 20,000	\$ 20,000
Accounts payable (including related parties)	26,375	39,363	46,575
Other payables (including related parties)	156,233	114,913	95,948
Long-term borrowings (including current portion)	153,685	170,291	165,904
	<u>\$ 356,293</u>	<u>\$ 344,567</u>	<u>\$ 328,427</u>
Lease liabilities (including current and non-current portion)	\$ -	\$ 5,865	\$ 8,239

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:

September 30, 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	\$ 22,600	0.033	\$ 22,600
RMB:USD	802	0.140	3,430
<u>Non-monetary items</u>			
RMB:USD	126,147	0.140	539,492
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

September 30, 2024				
	Foreign currency			Book value
	amount			(NTD)
	(in thousands)	Exchange rate		
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
NTD:USD	\$ 57,083	0.032	\$	57,083
RMB:USD	802	0.143		3,619
<u>Non-monetary items</u>				
RMB:USD	191,107	0.143		862,843
iii. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2025 and 2024, amounted to \$530, \$886, (\$482) and (\$2,685), respectively.				
iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:				

Nine-month period ended September 30, 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%	\$ 226	\$ -
RMB:USD	1%	34	-
<u>Non-monetary items</u>			
RMB:USD	1%	-	5,395
Nine-month period ended September 30, 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%	\$ 571	\$ -
RMB:USD	1%	36	-
<u>Non-monetary items</u>			
RMB:USD	1%	-	8,628

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and certain mid-term and long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the nine-month periods ended September 30, 2025 and 2024, the Group's borrowings at variable rates were denominated in NTD. If the market interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax, for the nine-month periods ended September 30, 2025 and 2024 would have increased/decreased by \$120, respectively.

(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 September 30, 2025, December 31, 2024 and September 30, 2024, with no collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the Group's accounts receivable were \$200,612, \$352,958 and \$321,955, 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 September 30, 2025, December 31, 2024 and September 30, 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 September 30, 2025</u>					
Expected loss rate	0.22%	0.85%	100%	100%	
Total book value	<u>\$ 174,278</u>	<u>\$ 14,368</u>	<u>\$ 1,674</u>	<u>\$ 10,292</u>	<u>\$ 200,612</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,674</u>	<u>\$ 10,292</u>	<u>\$ 11,966</u>

		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 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			
	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 September 30, 2024</u>					
Expected loss rate	0%-1%	1%-15%	16%-31%	31%-100%	
Total book value	<u>\$ 296,388</u>	<u>\$ 7,434</u>	<u>\$ -</u>	<u>\$ 18,133</u>	<u>\$ 321,955</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,133</u>	<u>\$ 18,133</u>

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

	2025	2024
	Accounts receivable	Accounts receivable
At January 1	\$ 17,203	\$ 22,043
Reversal of impairment loss	(2,805)	(4,640)
Decrease in disposal of subsidiaries	(1,371)	-
Effect of foreign exchange	(1,061)	730
At September 30	\$ 11,966	\$ 18,133

- 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 September 30, 2025, December 31, 2024 and September 30, 2024, the loss rate methodology is as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
	Not past due	Not past due	Not past due
Expected loss rate	0% -100%	0% -100%	0% -100%
Total book value	\$ 84,261	\$ 4,278	\$ 13,073
Loss allowance	\$ -	\$ -	\$ -

(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:

	September 30, 2025	December 31, 2024	September 30, 2024
Floating rate:			
Expiring within one year	\$ 6,000	\$ 6,000	\$ 6,000

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>		
September 30, 2025		
Short-term borrowings	\$ 20,128	\$ -
Accounts payable	26,375	-
Other payables		
(including related parties)	156,233	-
Long-term borrowings		
(including current portion)	16,251	189,769
	<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>		
September 30, 2024		
Short-term borrowings	\$ 20,130	\$ -
Accounts payable		
(including related parties)	46,575	-
Other payables		
(including related parties)	95,948	-
Lease liabilities	9,246	-
Long-term borrowings		
(including current portion)	16,891	214,139

(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>September 30, 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				
Equity securities	\$ -	\$ -	\$ 1,385	\$ 1,385
<u>Non-recurring fair value measurements</u>				
Non-current assets held for sale (Note)	-	169,943	-	169,943
	<u>\$ -</u>	<u>\$ 169,943</u>	<u>\$ 1,385</u>	<u>\$ 171,328</u>
<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				
Equity securities	\$ -	\$ -	\$ 1,492	\$ 1,492
<u>September 30, 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				
Equity securities	\$ -	\$ -	\$ 1,440	\$ 1,440

Note: Under IFRS 5, assets held for sale must be measured at fair value less costs to sell when the fair value less the cost to sell is lower than the carrying amount.

D. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2025 and 2024:

	2025	2024
	Equity instrument	Equity instrument
At January 1	\$ 1,492	\$ 1,397
Effect of exchange rate changes	(107)	43
At September 30	\$ 1,385	\$ 1,440

E. For the nine-month periods ended September 30, 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:

	Fair value at September 30, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted Company Shares	\$ 1,385	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 September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted Company Shares	\$ 1,440	Market comparable companies	Discount for lack of marketability	0.6	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 significant 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: None.

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:

	Nine-month periods ended September 30,	
	2025	2024
Revenue from external customers	\$ 1,506,638	\$ 1,273,722
Inter-segment revenue	-	-
Total segment revenue	<u>\$ 1,506,638</u>	<u>\$ 1,273,722</u>
Segment loss (Note)	<u>(\$ 57,584)</u>	<u>(\$ 187,935)</u>
Note: Exclusive of income tax.		
	September 30, 2025	September 30, 2024
Segment assets	<u>\$ 3,298,519</u>	<u>\$ 3,197,719</u>
Segment liabilities	<u>\$ 521,278</u>	<u>\$ 434,542</u>

(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

Nine-month period ended September 30, 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 nine-month period ended September 30, 2025 (Note 3 & 4)	Balance at September 30, 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
0	GCS Holdings, Inc.	Global Communication Semiconductors, LLC	Other receivable-related parties	Yes	\$ 498,150	\$ -	\$ -	5.5%	2	\$ -	Operation	\$ -	None	\$ -	\$ 1,192,557	\$ 1,192,557	Note 5
1	Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Other receivable-related parties	Yes	66,420	-	-	Settled by contract	2	-	Operation	-	None	-	807,459	807,459	Note 6 & Note 7

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.

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.

Note 5: 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 USD 15,000,000, and the actual drawdown was USD 0. Additions, on August 6, 2025, the Company's Board of Directors approved an increase in the capital contribution to Global Communication Semiconductors, LLC by converting an outstanding loan of USD 14,000,000.

Note 6: 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 USD 2,000,000, and the actual drawdown was USD 0.

Note 7: The Group sold all the shares in D-Tech Optoelectronic, Inc. on May 2, 2025 and therefore lost control over the subsidiary. On August 6, 2025, the Company's Board of Directors resolved to cancel the loan from Global Communication Semiconductors, LLC to D-Tech Optoelectronics, Inc.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Nine-month period ended September 30, 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 nine- month period ended September 30, 2025	Outstanding endorsement/ guarantee amount at September 30, 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	\$ 1,192,557	\$ 33,210	\$ 30,450	\$ 20,000	\$ 30,450	1.02%	\$ 1,192,557	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 significant marketable securities during the reporting period
September 30, 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 September 30, 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	\$ 1,385	0.31%	\$ 1,385	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
Nine-month period ended September 30, 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	Service revenue	\$ 7,273	Note 5 、 Note 6	0.48%
2	GCS Device Technologies, Co., Ltd.	Global Communication Semiconductors, LLC	2	Service revenue	10,635	Note 5	0.71%
3	GCS Device Technologies, Co., Ltd.	GCS Holdings, Inc.	2	Service revenue	10,141	Note 5	0.67%
4	GCS Device Technologies, Co., Ltd.	Global Communication Semiconductors, LLC	3	Accounts receivable-related parties	2,630	Note 5	0.08%

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:The Group sold all the shares in D-Tech Optoelectronic, Inc. on May 2, 2025 and therefore lost control over the subsidiary.

GCS HOLDINGS, INC. AND SUBSIDIARIES
Information on investees (not including investees in mainland China)
Nine-month period ended September 30, 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 September 30, 2025			Net profit (loss) of the investee for the nine-month period ended September 30, 2025 (Note 2(2))	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2025 (Note 2(3))	Footnote
				Balance as of September 30, 2025	Balance as of December 31, 2024	Number of shares	Ownership (%)	Book value			
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	\$ 1,026,550	\$ 600,250	-	100%	\$ 2,018,648	\$ 274,493	\$ 274,493	Subsidiary
GCS Holdings, Inc.	GCS Device Technologies, Co., Ltd.	Taiwan	Product design and research development services	12,000	12,000	1,200,000	100%	28,643	(3,380)	(3,380)	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	-	-	-	(3,958)	(3,958)	Subsidiary · Note 3
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	-	-	-	(2)	(2)	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 September 30, 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 nine-month period ended September 30, 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 nine-month period ended September 30, 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: The Group sold all the shares in D-Tech Optoelectronic, Inc. on May 2, 2025

GCS HOLDINGS, INC.AND SUBSIDIARIES

Information on investments in mainland China

Nine-month period ended September 30, 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)	Amount remitted from Taiwan to mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2025			Accumulated amount of remittance from Taiwan to mainland China as of September 30, 2025	Net (loss) income of investee for the nine-month period ended September 30, 2025	Ownership held by the Company (direct or indirect)	Investment (loss) income recognized by the Company for the nine-month period ended September 30, 2025 (Note 5)	Book value of investments in mainland China as of September 30, 2025	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2025	Footnote
				Accumulated amount of remittance from Taiwan to mainland China as of January 1, 2025	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.	\$ 2,792,152	2	-	-	-	-	(\$ 1,645,086)	19.83%	(\$ 333,211)	\$ 337,517	-	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	-	-	-	-	76,832	48.00%	39,213	201,975	-	Note 2(2)C 、 Note 4
Company name	Accumulated amount of remittance from Taiwan to mainland China as of September 30, 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 September 30, 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 nine-month period ended September 30, 2025 inculded the adjustment of unrealized gain and losses.