GCS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2026 AND 2025

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' REPORT TRANSLATED FROM CHINESE

To GCS Holdings, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of GCS Holdings, Inc. and subsidiaries (the "Group") as of June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, except as explained in the following paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2026 and 2025, and its consolidated financial performance for the three-month and six-month periods then ended, and its consolidated cash flows for the six-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.

Basis for Qualified Opinion

The financial statements of investments accounted for using the equity method were not audited by independent auditors. The balance of investments accounted for using the equity method amounted to NT$277,480 thousand and NT$604,097 thousand, respectively, constituting 5% and 19% of the consolidated total assets as of June 30, 2026 and 2025; and the share of comprehensive income (loss) of associates and joint ventures accounted for using equity method amounted to NT$23,729 thousand, (NT$74,490) thousand, NT$60,288 thousand and (NT$186,473) thousand, respectively, constituting

25%, 22%, 12% and 51% of the consolidated total comprehensive income (loss) for the three-month and six-month periods then ended. We were not engaged to audit the financial statements of investments accounted for using the equity method, therefore, we were unable to obtain sufficient and appropriate audit evidence about their financial amounts. As a result, we were not able to determine whether any necessary adjustments to these amounts were needed.

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the six-month period ended June 30, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters, except as explained in the *Basis for Qualified Opinion*. Key audit matters for the Group's consolidated financial statements for the six-month period ended June 30, 2026 are stated as follows:

Key Audit Matter – Assessment of allowance for valuation of inventory

Description

Please refer to Note 4(4) for description of accounting policies on allowance for inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty on evaluation of inventory. Please refer to Note 6(3) for description of allowance for inventory valuation.

The Group primarily engages in the manufacturing and selling of compound semiconductor wafers and advanced optoelectronics technology products. Due to rapid technological innovations, intense market competition and fluctuations in market prices, there is a higher risk of inventory losses resulting from market value decline or obsolescence. The Group's inventories were measured at the lower of cost and net realizable value. Since the Group's inventory was material to the consolidated financial statements and the inventory valuation involves management's judgement, we consider the valuation of inventories as a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above area included the following:

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the Group's operations and the nature of business and industry.
2. Validated the appropriateness of inventory aging report used by management to ensure that the information in the inventory aging report is consistent with the corresponding accounting policies.

3. Obtained net realizable value calculation report prepared by management, sampled inventory items and checked whether supporting documents related to their net realizable value corresponded to records and recalculated the net realizable value calculation for accuracy. Performed the aforementioned audit procedures to assess the reasonableness of recognized inventory valuation.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Bai, Shu-Chian　　Liu, Chien-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

August 5, 2026

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
JUNE 30, 2026, DECEMBER 31, 2025 AND JUNE 30, 2025
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	June 30, 2026 AMOUNT	%	December 31, 2025 AMOUNT	%	June 30, 2025 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 2,232,034	44	$ 1,210,366	31	$ 676,928	21
1170	Accounts receivable, net	6(2)	283,330	5	249,667	7	335,407	10
1180	Accounts receivable - related parties	6(2) and 7	70,416	1	28,601	1	27,249	1
1200	Other receivables	6(27)	33,630	1	24,421	1	4,205	-
1210	Other receivables - related parties	7	46,765	1	61,981	2	22,317	1
1220	Current income tax assets		-	-	3,998	-	-	-
130X	Inventories	6(3)	442,742	9	457,874	12	334,907	10
1410	Prepayments	7	131,886	2	94,209	2	114,470	4
1460	Non-current assets or disposal groups classified as held for sale, net	6(10)	30,113	1	51,612	1	223,231	7
1470	Other current assets	6(4) and 8	308,707	6	95,890	2	34,172	1
11XX	**Total current assets**		3,579,623	70	2,278,619	59	1,772,886	55
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	85,282	2	1,430	-	1,333	-
1550	Investments accounted for using equity method	6(6)	277,480	5	527,585	14	604,097	19
1600	Property, plant and equipment	6(7) and 8	802,946	16	754,465	19	620,883	19
1755	Right-of-use assets	6(8)	31,668	1	-	-	-	-
1780	Intangible assets		23,146	-	5,181	-	5,655	-
1840	Deferred income tax assets		161,335	3	216,010	6	193,641	6
1990	Other non-current assets	6(9) and 8	151,650	3	62,535	2	45,758	1
15XX	**Total non-current assets**		1,533,507	30	1,567,206	41	1,471,367	45
1XXX	**Total assets**		$ 5,113,130	100	$ 3,845,825	100	$ 3,244,253	100

(Continued)

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2026, DECEMBER 31, 2025 AND JUNE 30, 2025
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	June 30, 2026 AMOUNT	%	December 31, 2025 AMOUNT	%	June 30, 2025 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(11)	$ 35,698	1	$ 76,574	2	$ 20,000	1
2130	Current contract liabilities	6(20)	70,746	1	26,239	1	7,887	-
2170	Accounts payable		45,355	1	27,522	1	19,511	1
2200	Other payables	6(12)	174,658	4	180,570	5	101,386	3
2220	Other payables - related parties	7	5,282	-	20,227	-	5,008	-
2230	Current income tax liabilities		15,105	-	-	-	5,021	-
2280	Current lease liabilities		4,292	-	-	-	-	-
2320	Long-term borrowings, current portion	6(13)	6,969	-	6,648	-	6,017	-
2399	Other current liabilities		276	-	3,210	-	4,315	-
21XX	**Total current liabilities**		358,381	7	340,990	9	169,145	5
	Non-current liabilities							
2540	Long-term borrowings	6(13)	148,830	3	150,361	4	143,297	5
2570	Deferred income tax liabilities		114,887	2	110,076	3	100,528	3
2580	Non-current lease liabilities		27,884	1	-	-	-	-
25XX	**Total non-current liabilities**		291,601	6	260,437	7	243,825	8
2XXX	**Total liabilities**		649,982	13	601,427	16	412,970	13
	Equity							
	Share capital	6(16)						
3110	Common stock		1,210,847	24	1,138,592	30	1,136,022	35
	Capital surplus	6(17)						
3200	Capital surplus		2,922,996	57	2,013,005	52	1,929,858	59
	Retained earnings	6(18)						
3320	Special reserve		17,469	-	-	-	-	-
3350	Unappropriated retained earnings (accumulated deficit)		306,250	6	17,469	-	(64,718)	(2)
	Other equity interest	6(19)						
3400	Other equity interest		(10,753)	-	75,332	2	(169,879)	(5)
36XX	**Non-controlling interests**		16,339	-	-	-	-	-
3XXX	**Total equity**		4,463,148	87	3,244,398	84	2,831,283	87
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the reporting period	11						
3X2X	**Total liabilities and equity**		$ 5,113,130	100	$ 3,845,825	100	$ 3,244,253	100

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2026 AND 2025
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS (LOSSES) PER SHARE)

			Three-month periods ended June 30				Six-month periods ended June 30			
			2026		2025		2026		2025	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	$ 770,103	100	$ 489,983	100	$ 1,484,783	100	$ 963,153	100
5000	Cost of operating revenue	6(3)(23)(24) and 7	(436,908)	(57)	(250,850)	(51)	(761,841)	(51)	(552,333)	(57)
5900	Net operating margin		333,195	43	239,133	49	722,942	49	410,820	43
	Operating expenses	6(23)(24)								
6100	Selling and marketing expenses		(13,919)	(2)	(11,094)	(2)	(28,320)	(2)	(24,383)	(3)
6200	General and administrative expenses		(143,787)	(18)	(61,077)	(12)	(249,626)	(17)	(125,393)	(13)
6300	Research and development expenses		(78,134)	(10)	(51,378)	(11)	(167,538)	(11)	(110,041)	(11)
6450	Net impairment income on financial assets	12(2)	691	-	1,489	-	2,727	-	3,077	-
6000	Total operating expenses		(235,149)	(30)	(122,060)	(25)	(442,757)	(30)	(256,740)	(27)
6900	Operating income		98,046	13	117,073	24	280,185	19	154,080	16
	Non-operating income and expenses									
7100	Interest income		13,961	2	3,038	1	24,495	2	8,810	1
7010	Other income		1,618	-	-	-	1,666	-	-	-
7020	Other gains and losses	6(6)(21)	3,776	-	(24,717)	(5)	142,466	9	(26,657)	(3)
7050	Finance costs	6(22)	(3,336)	-	(2,828)	(1)	(6,997)	(1)	(5,708)	(1)
7060	Share of net loss of associates and joint ventures accounted for using equity method	6(6)	19,514	2	(86,705)	(18)	(62,413)	(4)	(203,629)	(21)
7000	Total non-operating income and expenses		35,533	4	(111,212)	(23)	99,217	6	(227,184)	(24)
7900	**Profit (loss) before income tax**		133,579	17	5,861	1	379,402	25	(73,104)	(8)
7950	Income tax (expense) benefit	6(25)	(29,040)	(4)	8,409	2	(78,773)	(5)	8,386	1
8200	**Net income (loss) for the period**		$ 104,539	13	$ 14,270	3	$ 300,629	20	$ (64,718)	(7)
	Other comprehensive income									
	Other comprehensive income components that will not be reclassified to profit or loss									
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(5)	$ 5,460	1	$ -	-	$ 5,460	1	$ -	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(1,147)	-	-	-	(1,147)	-	-	-
8361	Financial statements translation differences of foreign operations	6(19)	(18,531)	(3)	(373,321)	(76)	56,937	4	(334,607)	(35)
	Components of other comprehensive income that will be reclassified to profit or loss									
8370	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method-financial statements translation differences of foreign operations	6(19)	4,582	1	27,835	5	122,512	8	32,383	4
8300	**Total other comprehensive income (loss), net**		$ (9,636)	(1)	$ (345,486)	(71)	$ 183,762	13	$ (302,224)	(31)
8500	**Total comprehensive income (loss) for the period**		$ 94,903	12	$ (331,216)	(68)	$ 484,391	33	$ (366,942)	(38)
	Income (loss) attributable to:									
8610	Owners of the parent		$ 110,160	14	$ 14,270	3	$ 306,250	21	$ (64,718)	(7)
8620	Non-controlling interests		(5,621)	(1)	-	-	(5,621)	(1)	-	-
	Total		$ 104,539	13	$ 14,270	3	$ 300,629	20	$ (64,718)	(7)
	Total comprehensive income (loss) attributable to:									
8710	Owners of the parent		$ 100,524	13	$ (331,216)	(68)	$ 490,012	33	$ (366,942)	(38)
8720	Non-controlling interests		(5,621)	(1)	-	-	(5,621)	-	-	-
	Total		$ 94,903	12	$ (331,216)	(68)	$ 484,391	33	$ (366,942)	(38)
	Earnings (losses) per share	6(26)								
9750	Basic earnings (losses) per share (in dollars)		$	0.92	$	0.13	$	2.58	$	(0.57)
9850	Diluted earnings (losses) per share (in dollars)		$	0.91	$	0.13	$	2.54	$	(0.57)

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX-MONTH PERIODS ENDED JUNE 30, 2026 AND 2025
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity Attributable to Owners of the Parent									
				Retained Earnings		Other Equity Interest					
	Notes	Common Stock	Capital Surplus	Special Reserve	Unappropriated Retained Earnings (Accumulated Deficit)	Financial Statements Translation Differences Of Foreign Operations	Unrealised Gains (Losses) From Financial Assets Measured At Fair Value Through Other Comprehensive Income	Unearned Compensation Costs	Total	Non-Controlling Interests	Total Equity
Six-month period ended June 30, 2025											
Balance at January 1, 2025		$ 1,123,383	$ 1,958,874	$ -	$ (236,986)	$ 178,261	$ -	$ (2,136)	$ 3,021,396	$ -	$ 3,021,396
Consolidated net loss for the period		-	-	-	(64,718)	-	-	-	(64,718)	-	(64,718)
Other comprehensive loss for the period	6(19)	-	-	-	-	(302,224)	-	-	(302,224)	-	(302,224)
Total comprehensive loss for the period		-	-	-	(64,718)	(302,224)	-	-	(366,942)	-	(366,942)
Capital surplus used to compensate accumulated deficit	6(17)(18)	-	(236,986)	-	236,986	-	-	-	-	-	-
Compensation costs of share-based payment	6(15)(17)(19)	-	1,980	-	-	-	-	15,923	17,903	-	17,903
Issuance of restricted stocks to employees	6(15)(16)(17)(19)	4,480	55,223	-	-	-	-	(59,703)	-	-	-
Exercise of employee stock options	6(15)(16)(17)	8,159	35,829	-	-	-	-	-	43,988	-	43,988
Retirement of employee stock options	6(15)(17)	-	(336)	-	-	-	-	-	(336)	-	(336)
Recognized changes in equity of associates	6(6)(17)	-	115,274	-	-	-	-	-	115,274	-	115,274
Balance at June 30, 2025		$ 1,136,022	$ 1,929,858	$ -	$ (64,718)	$ (123,963)	$ -	$ (45,916)	$ 2,831,283	$ -	$ 2,831,283
Six-month period ended June 30, 2026											
Balance at January 1, 2026		$ 1,138,592	$ 2,013,005	$ -	$ 17,469	$ 97,824	$ -	$ (22,492)	$ 3,244,398	$ -	$ 3,244,398
Consolidated net profit (loss) for the period		-	-	-	306,250	-	-	-	306,250	(5,621)	300,629
Other comprehensive income for the period	6(19)	-	-	-	-	179,449	4,313	-	183,762	-	183,762
Total comprehensive income (loss) for the period		-	-	-	306,250	179,449	4,313	-	490,012	(5,621)	484,391
Special reserve appropriated		-	-	17,469	(17,469)	-	-	-	-	-	-
Issuance of shares	6(16)(17)	60,000	726,000	-	-	-	-	-	786,000	-	786,000
Compensation costs of share-based payments	6(15)(17)(19)	-	1,682	-	-	-	-	100,653	102,335	-	102,335
Issuance of restricted stocks to employees	6(15)(16)(17)(19)	10,000	360,500	-	-	-	-	(370,500)	-	-	-
Exercise of employee stock options	6(15)(16)(17)	2,255	11,705	-	-	-	-	-	13,960	-	13,960
Recognized changes in equity of associates	6(6)(17)	-	41,256	-	-	-	-	-	41,256	-	41,256
Disposal of investments accounted for using equity method	6(6)(17)	-	(231,152)	-	-	-	-	-	(231,152)	-	(231,152)
Non-controlling interests	6(29)	-	-	-	-	-	-	-	-	21,960	21,960
Balance at June 30, 2026		$ 1,210,847	$ 2,922,996	$ 17,469	$ 306,250	$ 277,273	$ 4,313	$ (292,339)	$ 4,446,809	$ 16,339	$ 4,463,148

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Six-month periods ended June 30 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 379,402	$ (73,104)
Adjustments			
Adjustments to reconcile profit (loss)			
Net impairment income on financial assets	12(2)	(2,727)	(3,077)
Depreciation	6(7)(8)(23)	67,748	63,470
Amortization	6(23)	1,547	1,202
Compensation cost of share-based payment	6(15)(24)	102,335	17,567
Interest income		(24,495)	(8,810)
Interest expense	6(22)	6,997	5,708
Share of net loss of associate and joint ventures accounted for using equity method	6(6)	62,413	203,629
(Gain) loss on disposal of investments	6(6)(21)	(163,760)	6,258
Loss on disposal of investments in subsidiaries	6(21)	-	5,204
Gain on disposal of property, plant and equipment	6(21)	(2,006)	2,144
Construction in progress transferred to other expenses	6(7)	-	227
Impairment loss on non-current assets held for sale	6(10)(21)	9,579	12,039
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(26,767)	(72,496)
Accounts receivable- related parties		(41,120)	4,472
Other receivables		6,126	(346)
Inventories		25,380	(73,937)
Prepayments		(34,605)	(83,002)
Other non-current assets		4,731	(45,588)
Changes in operating liabilities			
Contract liabilities		5,668	789
Accounts payable		16,153	(16,687)
Accounts payable- related parties		-	(344)
Other payables		36,176	3,649
Other payables- related parties		(15,100)	1,230
Other current liabilities		(1,201)	4,417
Cash inflow (outflow) generated from operations		412,474	(45,386)
Interest received		24,495	8,810
Interest paid		(6,997)	(5,708)
Income tax paid		(445)	(2,191)
Net cash flows from (used in) operating activities		429,527	(44,475)

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GCS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Six-month periods ended June 30 2026	2025
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments accounted for using equity method	6(6)(27)	$ 187,894	$ -
Acquisition of property, plant and equipment	6(27)	(206,292)	(30,220)
Proceeds from disposal of property, plant and equipment		2,386	86,056
Proceeds from disposal of non-current assets classified as held for sale	6(27)	26,625	-
Acquisition of intangible assets		(2,598)	(819)
Increase in refundable deposits		(32)	(360)
(Increase) decrease in other current assets		(209,946)	129,309
Proceeds from disposal of subsidiary net cash inflow (outflow)	6(27)	7,903	(983)
Proceeds from disposal of subsidiary	6(29)	2,604	-
Net cash flows (used in) from investing activities		(191,456)	182,983
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(28)	43,888	20,000
Repayments of short-term borrowings	6(28)	(85,088)	(20,000)
Repayments of long-term borrowings	6(28)	(3,283)	(3,101)
Repayments of lease liabilities	6(28)	(1,486)	(3,495)
Proceeds from issuing shares	6(16)	786,000	-
Exercise of employee share options		13,960	43,988
Net cash flows from financing activities		753,991	37,392
Effect of changes in exchange rates		29,606	(75,488)
Net increase in cash and cash equivalents		1,021,668	100,412
Cash and cash equivalents at beginning of period	6(1)	1,210,366	576,516
Cash and cash equivalents at end of period	6(1)	$ 2,232,034	$ 676,928

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

GCS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX-MONTH PERIODS ENDED JUNE 30, 2026 AND 2025
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

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 August 5, 2026.

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 effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(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 2027 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note 1)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a hyperinflationary presentation currency'	January 1, 2027
Amendments to IAS 28, 'Amendments to the fair value option in IAS 28 investments in associates and joint ventures'	January 1, 2027(Note 2)

Note 1: The entities shall apply IFRS 18 starting from January 1, 2028. Additionally, entities can choose to adopt IFRS 18 earlier.

Note 2: The entities shall apply the amendment simultaneously with 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.

(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 20, 'Regulatory assets and regulatory liabilities'	January 1, 2029

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

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, 2025 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, 2025.

(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, 2025.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			June 30, 2026	December 31, 2025	June 30, 2025	
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	-
The Company	WellyWave Semiconductors Inc.	Processing of microelectronic devices and optoelectronic devices	60.05	-	-	(Note 1)
Global Communication Semiconductors, LLC	D-Tech Optoelectronics, Inc.	Developing, manufacturing and selling of photodiodes and avalanche photodiodes for telecommunication systems and data communication networks	-	-	-	(Note 2)
D-Tech Optoelectronics, Inc.	D-Tech Optoelectronics (Taiwan) Corporation	Manufacturing, retailing and wholesaling of telecommunications devices, and manufacturing and wholesaling of electronic components	-	-	-	(Note 2)

Note 1: In April 2026, the Group obtained control over WellyWave Semiconductors Inc. and the entity was included in the consolidated financial statements. Please refer to Note 6(29) for details.

Note 2: 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(27).

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) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(5) Investments accounted for using equity method / associates and joint ventures

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are

reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. The Group accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

I . At the balance sheet date, the Group performs an impairment test for an investment in an associate when there is an indication that the investment may be impaired. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

(6) 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.

(7) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the

fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

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 June 30, 2026, the carrying amount of inventories was $442,742.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand and revolving funds	$ 138	$ 103	$ 102
Checking accounts and demand deposits	1,124,204	391,460	338,959
Time deposits	547,357	818,803	337,867
Cash equivalents- Money Market Fund	560,335	-	-
	$ 2,232,034	$ 1,210,366	$ 676,928

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

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable	$ 290,322	$ 261,007	$ 346,725
Accounts receivable-related party	70,416	28,601	27,249
	360,738	289,608	373,974
Less: Loss allowance	(6,992)	(11,340)	(11,318)
	$ 353,746	$ 278,268	$ 362,656

A. As of June 30, 2026, December 31, 2025 and June 30, 2025, accounts receivable were all from contracts with customers. And as of January 1, 2025, the balance of receivables from contracts with customers was $335,755.

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

(3) Inventories

	June 30, 2026		
	Cost	Allowance	Book value
Raw materials	$ 213,274	$ (23,740)	$ 189,534
Work in progress	303,077	(54,531)	248,546
Finished goods	19,342	(14,680)	4,662
	$ 535,693	$ (92,951)	$ 442,742

	December 31, 2025		
	Cost	Allowance	Book value
Raw materials	$ 198,883	$ (18,176)	$ 180,707
Work in progress	289,028	(35,997)	253,031
Finished goods	34,065	(9,929)	24,136
	$ 521,976	$ (64,102)	$ 457,874

	June 30, 2025		
	Cost	Allowance	Book value
Raw materials	$ 144,447	$ (16,849)	$ 127,598
Work in progress	235,796	(48,501)	187,295
Finished goods	29,326	(9,312)	20,014
	$ 409,569	$ (74,662)	$ 334,907

Expenses and costs incurred as cost of operating revenue for the three-month and six-month periods ended June 30, 2026 and 2025 were as follows:

	Three-month periods ended June 30,	
	2026	2025
Cost of goods sold	$ 427,183	$ 293,998
Loss (gain) on (reversal of) decline in market price	20,279	(24,217)
Other	6,907	-
Revenue from sale of scraps	(17,461)	(18,931)
	$ 436,908	$ 250,850

	Six-month periods ended June 30,	
	2026	2025
Cost of goods sold	$ 765,462	$ 589,884
Loss (gain) on (reversal of) decline in market price	23,337	(7,096)
Other	6,907	-
Revenue from sale of scraps	(33,865)	(30,455)
	$ 761,841	$ 552,333

The Group recognized gain on reversal of market price decline for the three-month and six-month periods ended June 30, 2025, due to the recovery of the market and the inventories previously written down were sold.

(4) Other current assets

Item	June 30, 2026	December 31, 2025	June 30, 2025
Time deposits	$ 308,707	$ 95,890	$ 34,172

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	June 30, 2026	December 31, 2025	June 30, 2025
Non-current items:			
Equity instruments			
Unlisted, OTC, Emerging stocks	$ 79,822	$ 1,430	$ 1,333
Valuation adjustment	5,460	-	-
	$ 85,282	$ 1,430	$ 1,333

A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Six-month periods ended June 30,	
	2026	2025
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 5,460	$ -

B. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

C. 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:

	2026	2025
At January 1	$ 527,585	$ 755,769
Disposal of investments accounted for using the equity method	(82,063)	-
Share of net loss of investments accounted for using the equity method	(62,413)	(203,629)
Changes in capital surplus	41,256	115,274
Loss on disposal of investments transferred from other comprehensive income due to not recognized by shareholding percentage	(1,520)	(6,258)
Transferred to financial assets at fair value through other comprehensive (loss) income	(161,209)	-
Net exchange difference	15,844	(57,059)
At June 30	$ 277,480	$ 604,097

	June 30, 2026	December 31, 2025	June 30, 2025
Joint ventures:			
Changzhou Chemsemi Co., Ltd. ("Chemsemi")	$ -	$ 303,771	$ 420,022
Shanghai Galasemi Co., Ltd. ("Shanghai Galasemi")	277,480	223,814	184,075
	$ 277,480	$ 527,585	$ 604,097

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
		June 30, 2026	December 31, 2025	June 30, 2025		
Chemsemi	China	12.56% (Note)	19.56%	19.83%	Joint venture	Equity method
Shanghai Galasemi	China	48.00%	48.00%	48.00%	Joint venture	Equity method

Note: Classified as financial assets at fair value through other comprehensive income - non-current starting from March 31, 2026.

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

Balance sheet

	Chemsemi	
	December 31, 2025	June 30, 2025
Current assets	$ 875,601	$ 1,336,386
Non-current assets	7,361,892	7,036,974
Current liabilities	(1,701,309)	(1,842,262)
Non-current liabilities	(4,993,084)	(4,422,167)
Total net assets	$ 1,543,100	$ 2,108,931

	Shanghai Galasemi		
	June 30, 2026	December 31, 2025	June 30, 2025
Current assets	$ 665,713	$ 581,025	$ 426,671
Non-current assets	314,610	271,146	166,551
Current liabilities	(367,458)	(350,675)	(163,522)
Non-current liabilities	(21,312)	(22,482)	(32,692)
Total net assets	$ 591,553	$ 479,014	$ 397,008

Statement of comprehensive income

	Chemsemi
	Three-month periods ended June 30,
	2025
Net loss/ total comprehensive loss	$ (502,585)

	Chemsemi	
	Six-month periods ended June 30,	
	2026	2025
Net loss/ total comprehensive loss	$ (542,981)	$ (1,143,653)

	Shanghai Galasemi	
	Three-month periods ended June 30,	
	2026	2025
Net income/ total comprehensive income	$ 40,313	$ 27,796

	Shanghai Galasemi	
	Six-month periods ended June 30,	
	2026	2025
Net income/ total comprehensive income	$ 90,214	$ 59,200

D. The Group did not participate in Chemsemi's 2025 increase of common stocks for cash from February 2025 to December 2025, resulting in a change in the shareholding ratio of Chemsemi by the Group from 20.69% to 19.56%.

E. The Group did not participate in Chemsemi's 2026 increase of common stocks for cash in March 2026, resulting in a change in the shareholding ratio of Chemsemi by the Group from 19.56% to 19.30%.

F. On March 31, 2026, the Group disposed of a portion of its equity interest in Changzhou Chemsemi Co., Ltd. ("Chemsemi") for a disposal consideration of USD 6,667 thousand (NTD 210,867 thousand), recognising a gain on disposal of investment of USD 5,360 thousand (NTD 169,527 thousand) (shown as other gains and losses). After the disposal, the Group's shareholding ratio in Chemsemi decreased to 12.83%. Due to the reduction in the Group's shareholding ratio and the fact that the Group no longer serves as a director of Chemsemi, the Group comprehensively assessed that the Group lost significant influence over Chemsemi from that date. Consequently, the carrying amount of the investment previously accounted for using the equity method was remeasured at its fair value and reclassified as financial assets at fair value through other comprehensive income. The resulting difference was recognised as a loss on disposal of investment amounting to USD 136 thousand (NTD 4,247 thousand) (shown as other gains and losses).

(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, 2026									
Cost	$ 144,735	$ 96,490	$ 1,623,059	$ 5,360	$ 162,231	$ 2,892	$ 242,007	$ 60,930	$ 2,337,704
Accumulated depreciation and impairment	-	(28,717)	(1,191,308)	(5,312)	(118,819)	(2,453)	(236,630)	-	(1,583,239)
	$ 144,735	$ 67,773	$ 431,751	$ 48	$ 43,412	$ 439	$ 5,377	$ 60,930	$ 754,465
2026									
Opening net book amount	$ 144,735	$ 67,773	$ 431,751	$ 48	$ 43,412	$ 439	$ 5,377	$ 60,930	$ 754,465
Additions	-	-	62,147	1,265	3,250	100	-	6,768	73,530
Acquired from business combinations	-	-	31,467	-	-	-	1	-	31,468
Transfers	-	-	59,749	-	-	-	-	(59,749)	-
Disposals	-	-	(77)	-	-	-	-	(303)	(380)
Depreciation charges	-	(1,386)	(57,467)	(76)	(6,022)	(38)	(1,159)	-	(66,148)
Net exchange differences	1,934	895	6,157	10	536	7	63	409	10,011
Closing net book amount	$ 146,669	$ 67,282	$ 533,727	$ 1,247	$ 41,176	$ 508	$ 4,282	$ 8,055	$ 802,946
At June 30, 2026									
Cost	$ 146,669	$ 97,780	$ 1,859,431	$ 6,436	$ 146,747	$ 3,053	$ 245,757	$ 8,055	$ 2,513,928
Accumulated depreciation and impairment	-	(30,498)	(1,325,704)	(5,189)	(105,571)	(2,545)	(241,475)	-	(1,710,982)
	$ 146,669	$ 67,282	$ 533,727	$ 1,247	$ 41,176	$ 508	$ 4,282	$ 8,055	$ 802,946

	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)
	$ 150,998	$ 73,581	$ 423,699	$ 241	$ 48,496	$ 56	$ 26,801	$ 375,581	$ 1,099,453
2025									
Opening net book amount	$ 150,998	$ 73,581	$ 423,699	$ 241	$ 48,496	$ 56	$ 26,801	$ 375,581	$ 1,099,453
Additions	-	-	21,020	-	888	-	-	10,986	32,894
Transfers	-	-	21,797	-	9,202	-	-	(30,999)	-
Disposals	-	-	(3,654)	-	-	-	-	(84,546)	(88,200)
Decrease in disposal of subsidiaries	-	-	(1,537)	-	-	-	(16,639)	-	(18,176)
Reclassified to non-current assets held for sale (Note)	-	-	(9,973)	-	-	-	-	(249,156)	(259,129)
Reclassifications	-	-	-	-	-	-	-	(227)	(227)
Depreciation charges	-	(1,397)	(49,138)	(102)	(6,868)	(11)	(2,783)	-	(60,299)
Net exchange differences	(16,071)	(7,719)	(43,371)	(16)	(5,421)	(6)	(1,293)	(11,536)	(85,433)
Closing net book amount	$ 134,927	$ 64,465	$ 358,843	$ 123	$ 46,297	$ 39	$ 6,086	$ 10,103	$ 620,883
At June 30, 2025									
Cost	$ 134,927	$ 89,951	$ 1,453,860	$ 5,572	$ 154,603	$ 4,627	$ 225,644	$ 10,103	$ 2,079,287
Accumulated depreciation and impairment	-	(25,486)	(1,095,017)	(5,449)	(108,306)	(4,588)	(219,558)	-	(1,458,404)
	$ 134,927	$ 64,465	$ 358,843	$ 123	$ 46,297	$ 39	$ 6,086	$ 10,103	$ 620,883

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

A. Amount of borrowing costs capitalized as part of property, plant and equipment for the six-month periods ended June 30, 2026 and 2025: 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 land and plants. Rental contracts are made for periods of 5 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:

	June 30, 2026	December 31, 2025	June 30, 2025
	Carrying amount	Carrying amount	Carrying amount
Land	$ 428	$ -	$ -
Buildings	31,240	-	-
	$ 31,668	$ -	$ -

	Three-month periods ended June 30,	
	2026	2025
	Depreciation charge	Depreciation charge
Land	$ 21	$ -
Buildings	1,098	716
	$ 1,119	$ 716

	Six-month periods ended June 30,	
	2026	2025
	Depreciation charge	Depreciation charge
Land	$ 21	$ -
Buildings	1,579	3,171
	$ 1,600	$ 3,171

C. For the six-month periods ended June 30, 2026 and 2025, the additions to right-of-use assets were $19,228 and $0, respectively.

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

	Three-month periods ended June 30,	
	2026	2025
Items affecting profit or loss		
Interest expense on lease liabilities	$ 163	$ 7
Expense on short-term lease agreements	794	828
Expense on leases of low-value assets	11	6

	Six-month periods ended June 30,	
	2026	2025
Items affecting profit or loss		
Interest expense on lease liabilities	$ 282	$ 51
Expense on short-term lease agreements	1,555	1,453
Expense on leases of low-value assets	17	12

E. For the six-month periods ended June 30, 2026 and 2025, the Group's total cash outflow for leases amounted to $3,340 and $5,011, respectively.

(9) Non-current assets

Item	June 30, 2026	December 31, 2025	June 30, 2025
Prepayments for equipment	$ 83,524	$ 13,128	$ -
Prepayments to suppliers	47,775	47,145	43,950
Time deposits (Notes 1 and 2)	9,800	-	-
Prepayments for construction	7,800	-	-
Refundable deposits (Note 1)	2,751	2,262	1,808
	$ 151,650	$ 62,535	$ 45,758

Note 1：Please refer to Note 8 for the information of the contracts secured by refundable deposits.

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

(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 assets held for sale amounting to $246,403. In response to the requirements of production and research and development, the Group's management approved to reclassify assets held for sale amounting to $75,610 to machinery and equipment in December 2025.

Information of disposal assets held for sale is as follows:

	Six-month periods ended June 30, 2026	Six-month periods ended June 30, 2025
Beginning balance	$ 51,612	$ -
Reclassifications for the period	-	259,129
Disposals for the period	(12,511)	(4,096)
Impairment for the period	(9,579)	(12,039)
Effect of foreign exchange	591	(19,763)
Ending balance	$ 30,113	$ 223,231

B. Impairment loss of $9,579 and $12,039 were recognized in other gains and losses for the six-month periods ended June 30, 2026 and 2025, respectively, 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	June 30, 2026	December 31, 2025	June 30, 2025	Collateral
Bank borrowings				
Secured borrowings	$ 35,698	$ 76,574	$ 20,000	Time deposit (Note)
Interest rate range	2.45%	2.53%~5.80%	2.56%	

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

(12) Other payables

	June 30, 2026	December 31, 2025	June 30, 2025
Accrued salaries and bonuses	$ 56,206	$ 64,670	$ 40,354
Accrued unused compensated absences	30,990	28,189	25,037
Payables for employees' compensation and directors'remuneration	29,615	1,007	-
Accrued R&D expenses	13,696	-	-
Accrued outsourcing manufacturing services charges	9,106	7,278	8,928
Payables for miscellaneous expenses	6,396	2,289	2,696
Accrued maintenance expenses	5,461	3,791	6,769
Accrued utilities	5,443	-	3,871
Payables for equipment	712	55,278	411
Other accrued expenses	17,033	18,068	13,320
	$ 174,658	$ 180,570	$ 101,386

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2026	December 31, 2025
Secured borrowings (Note 1)	(Note 2)	6.50%	Land and buildings (Note 3)	$ 155,799	$ 157,009
Less: Current portion				(6,969)	(6,648)
				$ 148,830	$ 150,361

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2025
Secured borrowings (Note 1)	(Note 2)	6.50%	Land and buildings (Note 3)	$ 149,314
Less: Current portion				(6,017)
				$ 143,297

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 June 30, 2026, 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 who have been formally employed for three months. 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 matching contributions below 4% of employees' salaries from the US 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 six-month periods ended June 30, 2026 and 2025 amounted to $5,453, $4,615, $12,262 and $11,239, respectively.

(15) Share-based payment-employee compensation plan

A. Through June 30, 2026, December 31, 2025 and June 30, 2025, the Group's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting condition
The Company				
Employee stock options	February 2015	652,200 shares	10 years	(Note 1)
Employee stock options	August 2016	895,000 shares	10 years	(Note 1)
Employee stock options	November 2016	34,000 shares	10 years	(Note 1)
Employee stock options	February 2017	15,000 shares	10 years	(Note 1)
Employee stock options	August 2017	215,000 shares	10 years	(Note 1)
Employee stock options	January 2018	13,000 shares	10 years	(Note 1)
Employee stock options	February 2018	355,000 shares	10 years	(Note 1)
Employee stock options	August 2018	27,000 shares	10 years	(Note 1)
Employee stock options	March 2019	578,000 shares	10 years	(Note 1)
Employee stock options	August 2019	40,000 shares	10 years	(Note 1)
Employee stock options	March 2020	250,000 shares	10 years	(Note 1)
Employee stock options	August 2020	3,000 shares	10 years	(Note 1)
Employee stock options	November 2020	6,000 shares	10 years	(Note 1)
Employee stock options	March 2021	820,000 shares	10 years	(Note 1)
Employee stock options	February 2022	454,000 shares	10 years	(Note 1)
Employee stock options	August 2022	23,000 shares	10 years	(Note 1)
Employee stock options	November 2022	36,000 shares	10 years	(Note 1)
Employee stock options	February 2023	40,000 shares	10 years	(Note 1)
Employee stock options	May 2023	75,000 shares	10 years	(Note 1)
Employee stock options	July 2023	18,000 shares	10 years	(Note 1)
Employee stock options	February 2024	3,000 shares	10 years	(Note 1)
Restricted stocks to employees (Note 3)	February 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)
Restricted stocks to employees (Note 3)	March 2026	1,000,000 shares	2 years	(Note 2)
Cash capital increase reserved for employee preemption (Note 4)	December 2025	600,000 shares	Not applicable	Vested immediately
Subsidiary				
- WellyWave Semiconductors Inc.				
Employee stock options	February 2022	1,500,000 shares	5 years	(Note 5)

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.

Note 4: On May 7, 2025, the Company's Board of Directors resolved to increase its capital by issuing 6,000 thousand ordinary shares, and 10% of the ordinary shares were reserved for employee subscription. The capital increase was approved by the regulator on November 26, 2025, and the share subscription from the capital increase was set effective on December 28, 2025.

Note 5: Employee stock options are 50% vested after two years from the grant date and 100% vested after three years from the grant date. The duration of employee stock options is five years. Furthermore, the number of shares which can be subscribed shall be adjusted and reduced based on the Company's capital reduction ratio in the event of capital reduction.

B. Details of the Company's share-based payment are as follows:

(a) Details of the employee stock options are set forth below:

	Six-month period ended June 30, 2026		
	No. of options	Currency	Weighted average exercise price
			(in dollars)
Options outstanding at beginning of the period	1,448,333	NTD	$ 55.96
Options exercised	(225,418)	NTD	61.85
Options outstanding at end of the period	1,222,915	NTD	54.87
Options exercisable at end of the period	1,214,596	NTD	55.00

	Six-month period ended June 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	(815,889)	NTD	53.82
Options forfeited	(92,417)	NTD	41.49
Options outstanding at end of the period	1,776,125	NTD	56.08
Options exercisable at end of the period	1,671,674	NTD	57.15

(b) The weighted-average stock price of stock options at exercise dates for the six-month periods ended June 30, 2026 and 2025 were $364.01 and $133.70 (in dollars), respectively.

(c) As of June 30, 2026, December 31, 2025 and June 30, 2025, the range of exercise prices of stock options outstanding are as follows:

		June 30, 2026		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price
				(in dollars)
August 2016	August 2026	159,000	NTD	$ 61.91
November 2016	November 2026	8,000	NTD	60.63
February 2018	February 2028	170,000	NTD	78.70
August 2018	August 2028	8,000	NTD	60.23
March 2019	March 2029	245,000	NTD	57.47
March 2020	March 2030	85,000	NTD	43.25
August 2020	August 2030	3,000	NTD	51.84
November 2020	November 2030	3,000	NTD	46.41
March 2021	March 2031	290,082	NTD	48.09
February 2022	February 2032	193,667	NTD	45.32
August 2022	August 2032	11,333	NTD	39.35
November 2022	November 2032	16,333	NTD	34.61
February 2023	February 2033	24,500	NTD	38.16
July 2023	July 2033	3,000	NTD	33.77
February 2024	February 2034	3,000	NTD	29.97
		1,222,915		

		December 31, 2025		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price (in dollars)
August 2016	August 2026	265,000	NTD	$ 61.91
November 2016	November 2026	8,000	NTD	60.63
February 2017	February 2027	15,000	NTD	53.81
February 2018	February 2028	215,000	NTD	78.70
August 2018	August 2028	8,000	NTD	60.23
March 2019	March 2029	275,000	NTD	57.47
March 2020	March 2030	85,000	NTD	43.25
August 2020	August 2030	3,000	NTD	51.84
November 2020	November 2030	3,000	NTD	46.41
March 2021	March 2031	291,999	NTD	48.09
February 2022	February 2032	218,251	NTD	45.32
August 2022	August 2032	11,333	NTD	39.35
November 2022	November 2032	19,250	NTD	34.61
February 2023	February 2033	24,500	NTD	38.16
July 2023	July 2033	3,000	NTD	33.77
February 2024	February 2034	3,000	NTD	29.97
		1,448,333		

		June 30, 2025		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price (in dollars)
August 2016	August 2026	335,000	NTD	$ 62.70
November 2016	November 2026	8,000	NTD	61.40
February 2017	February 2027	15,000	NTD	54.50
February 2018	February 2028	265,000	NTD	79.70
August 2018	August 2028	8,000	NTD	61.00
March 2019	March 2029	325,000	NTD	58.20
March 2020	March 2030	115,000	NTD	43.80
August 2020	August 2030	3,000	NTD	52.50
November 2020	November 2030	3,000	NTD	47.00
March 2021	March 2031	318,666	NTD	48.70
February 2022	February 2032	237,626	NTD	45.90
August 2022	August 2032	11,333	NTD	39.85
November 2022	November 2032	23,000	NTD	35.05
February 2023	February 2033	27,500	NTD	38.65
May 2023	May 2033	75,000	NTD	33.20
July 2023	July 2033	3,000	NTD	34.20
February 2024	February 2034	3,000	NTD	30.35
		1,776,125		

(d) Details of the restricted stocks to employees are set forth below:

Employee restricted stocks	Six-month periods ended June 30, 2026	Six-month periods ended June 30, 2025
	No. of shares	No. of shares
Outstanding at beginning of the period	693,985	766,690
Granted (Notes 1 and 2)	1,000,000	448,000
Vested	(472,985)	(489,345)
Retired (cancelled)	-	(21,360)
Outstanding at end of the period	1,221,000	703,985

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 March 2026, May 2025, February 2025 and February 2024 was $370.50 (in dollars), $86.80 (in dollars), $135 (in dollars) and $30.35 (in dollars), respectively.

(e) 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)
Cash capital increase reserved for employee preemption	December 2025	NTD	182.50	131.00	Not applicable	Vested immediately	Not applicable	Not applicable	51.50

C. Details of the share-based payment of PAY Semiconductors Inc. are as follows:

(a) Details of the employee stock options of WellyWave Semiconductors Inc. are as follows:

	Three months ended June 30, 2026		
	No. of Shares	Currency	Stock options exercise price
Options outstanding at April 1	112,360	NTD	$ 10.00
Options forfeited	(2,120)	NTD	10.00
Options outstanding at end of the period	110,240	NTD	10.00
Options exercisable at end of the period	110,240	NTD	10.00

(b) As of June 30, 2026, details of the employee stock options outstanding of WellyWave Semiconductors Inc. are as follows:

		June 30, 2026		
Grant date	Expiry date	No. of Shares	Currency	Stock options exercise price
February 2022	February 2027	110,240	NTD	$ 10.00

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

	Three-month periods ended June 30,	
	2026	2025
Equity-settled	$ 73,915	$ 11,812

	Six-month periods ended June 30,	
	2026	2025
Equity-settled	$ 102,335	$ 17,567

(16) Common stock

A. As of June 30, 2026, the Company's paid-in capital was $1,210,847, consisting of 121,084,726 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

	2026	2025
Outstanding ordinary shares at January 1	113,859,308	112,338,362
Exercise of employee stock options	225,418	815,889
Issuance of restricted stocks to employees	1,000,000	448,000
Issuance of shares	6,000,000	-
Restricted stocks retrieved from employees and to be cancelled	-	(21,360)
Outstanding ordinary shares at June 30	121,084,726	113,580,891
Restricted stocks retrieved from employees and to be cancelled	-	21,360
Issued ordinary shares at June 30	121,084,726	113,602,251

B. 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 June 30, 2026, the Company had retrieved 25,000 employee restricted stocks in total due to the employees' resignation, and the retrieved shares have been retired.

C. 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 June 30, 2026, the Company had retrieved 36,860 employee restricted stocks in total due to the employees' resignation, and the retrieved shares have been retired.

D. On May 7, 2025, the Company's Board of Directors resolved to increase its capital by issuing 6,000 thousand ordinary shares with a par value of NT$10 (in dollars) per share, and the issuance price was NT$131 (in dollars) per share. The capital increase was approved by the regulator on November 26, 2025. All proceeds from shares issued had been collected, and the shares were listed on the Taipei Exchange on January 23, 2026.

E. On June 5, 2025, the shareholders adopted a resolution to reserve 1,500,000 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 March 3, 2026, the Board of Directors resolved to grant 1,000,000 employee restricted stocks.

F. 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 thousand and each GDR represents five of the Company's ordinary shares, which in the aggregate representing 8,000 thousand ordinary shares. As of June 30, 2026, there were 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.

	2026					
	Share premium	Employee stock options	Employee restricted stocks	Recognized changes in equity of associates	Others	Total
At January 1	$ 1,653,697	$ 66,500	$ 54,771	$ 189,896	$ 48,141	$ 2,013,005
Issuance of shares	726,000	-	-	-	-	726,000
Compensation costs of share-based payment	-	1,682	-	-	-	1,682
Issuance of restricted stocks to employees	-	-	360,500	-	-	360,500
Retirement of restricted stocks to employees	25,636	-	(25,636)	-	-	-
Exercise of employee stock options	17,043	(5,338)	-	-	-	11,705
Recognized changes in equity of associates	-	-	-	41,256	-	41,256
Disposal of investments accounted for using equity method	-	-	-	(77,975)	-	(77,975)
Transferred to financial assets at fair value through other comprehensive income (loss)	-	-	-	(153,177)	-	(153,177)
At June 30	$ 2,422,376	$ 62,844	$ 389,635	$ -	$ 48,141	$ 2,922,996

	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	-	1,980	-	-	-	1,980
Issuance of restricted stocks to employees	-	-	55,223	-	-	55,223
Restricted stocks to employees vested	18,713	-	(18,713)	-	-	-
Exercise of employee stock options	53,854	(18,025)	-	-	-	35,829
Retirement of employee stock options	-	(2,714)	-	-	2,378	(336)
Capital surplus used to compensate accumulated deficits	(236,986)	-	-	-	-	(236,986)
Recognized changes in equity of associates	-	-	-	115,274	-	115,274
At June 30	$ 1,637,001	$ 36,101	$ 56,118	$ 152,497	$ 48,141	$ 1,929,858

(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 set aside as special reserve 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. However, if the earnings per share for the current year are less than $0.8 (in dollars), the Company may choose not to distribute dividends. 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 their 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 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.

D. The appropriations of 2025 earnings as resolved by the shareholders on June 3, 2026 are as follows:

	2025
Special reserve appropriated	$ 17,469

The above resolution was consistent with the resolution of the Company's Board of Directors during its meeting on March 3, 2026.

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

	2026				
	Currency translation differences	Share of other comprehensive income (loss) of associate and joint ventures accounted for using equity method, financial statements translation differences of foreign operations	Unrealised gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total
At January 1	$ 241,961	$ (144,137)	$ -	$ (22,492)	$ 75,332
Currency translation differences					
-Group	56,937	(189)	-	-	56,748
-Associates	-	10,749	-	-	10,749
-Associates- transfer to net loss from disposal of investments	-	111,952	-	-	111,952
Compensation costs of share-based payment	-	-	-	100,653	100,653
Issuance of restricted stocks to employees	-	-	-	(370,500)	(370,500)
Revaluation	-	-	5,460	-	5,460
Revaluation – tax	-	-	(1,147)	-	(1,147)
At June 30	$ 298,898	$ (21,625)	$ 4,313	$ (292,339)	$ (10,753)

	2025			
	Currency translation differences	Share of other comprehensive income (loss) of 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	(334,607)	3,063	-	(331,544)
-Associates	-	10,898	-	10,898
-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	-	-	15,923	15,923
Issuance of restricted stocks to employees	-	-	(59,703)	(59,703)
At June 30	$ 32,788	$ (156,751)	$ (45,916)	$ (169,879)

(20) Operating revenue

	Three-month periods ended June 30,	
	2026	2025
Revenue from contracts with customers	$ 770,103	$ 489,983

	Six-month periods ended June 30,	
	2026	2025
Revenue from contracts with customers	$ 1,484,783	$ 963,153

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 periods ended June 30, 2026		
	Sales revenue	Royalty revenue	Total
China	$ 487,034	$ 37,484	$ 524,518
United States	89,913	-	89,913
Europe	99,076	-	99,076
Taiwan	22,123	56	22,179
Others	34,417	-	34,417
	$ 732,563	$ 37,540	$ 770,103

	Three-month periods ended June 30, 2025		
	Sales revenue	Royalty revenue	Total
China	$ 302,952	$ 12,856	$ 315,808
United States	135,769	-	135,769
Taiwan	11,210	-	11,210
Others	27,196	-	27,196
	$ 477,127	$ 12,856	$ 489,983

	Six-month periods ended June 30, 2026		
	Sales revenue	Royalty revenue	Total
China	$ 1,011,801	$ 67,039	$ 1,078,840
United States	162,630	-	162,630
Europe	151,320	-	151,320
Taiwan	28,590	348	28,938
Others	63,055	-	63,055
	$ 1,417,396	$ 67,387	$ 1,484,783

	Six-month periods ended June 30, 2025		
	Sales revenue	Royalty revenue	Total
China	$ 626,245	$ 29,630	$ 655,875
United States	245,007	-	245,007
Taiwan	20,460	117	20,577
Others	41,694	-	41,694
	$ 933,406	$ 29,747	$ 963,153

B. Contract liabilities

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

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Contract liabilities				
– advance sales receipts	$ 70,746	$ 26,239	$ 7,887	$ 8,014

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

	Three-month periods ended June 30,	
	2026	2025
Contract liabilities – advance sales receipts	$ 8,685	$ 1,765

	Six-month periods ended June 30,	
	2026	2025
Contract liabilities – advance sales receipts	$ 21,100	$ 6,141

(21) Other gains and losses

	Three-month periods ended June 30,	
	2026	2025
Gain (loss) on disposal of property, plant and equipment	$ 22	$ (2,144)
Reversal of impairment gain (loss) on non-current assets held for sale	6	(12,039)
Gain (loss) on disposal of investments	-	(4,326)
Gain (loss) on disposal of investments in subsidiaries	-	(5,204)
Net currency exchange gains (losses)	3,748	(1,004)
	$ 3,776	$ (24,717)

	Six-month periods ended June 30,	
	2026	2025
Gain (loss) on disposal of property, plant and equipment	$ 2,006	$ (2,144)
Reversal of impairment gain (loss) on non-current assets held for sale	(9,579)	(12,039)
Gain (loss) on disposal of investments	163,760	(6,258)
Gain (loss) on disposal of investments in subsidiaries	-	(5,204)
Net currency exchange gains (losses)	(13,721)	(1,012)
	$ 142,466	($ 26,657)

Note: Reversal of impairment loss on non-current assets held for sale amounting to $6 for the three-month period ended June 30, 2026 referred to the exchange differences arising from translation of presentation currency.

(22) Finance costs

	Three-month periods ended June 30,	
	2026	2025
Interest expense	$ 3,173	$ 2,821
Leased liabilities - Interest expense	163	7
	$ 3,336	$ 2,828

	Six-month periods ended June 30,	
	2026	2025
Interest expense	$ 6,715	$ 5,657
Leased liabilities - interest expense	282	51
	$ 6,997	$ 5,708

(23) Expenses by nature

	Three-month periods ended June 30,	
	2026	2025
Employee benefit expense	$ 281,487	$ 175,101
Depreciation charges on property, plant and equipment and right-of-use assets	$ 36,160	$ 29,533
Amortization charges on intangible assets	$ 777	$ 614

	Six-month periods ended June 30,	
	2026	2025
Employee benefit expense	$ 525,887	$ 375,416
Depreciation charges on property, plant and equipment and right-of-use assets	$ 67,748	$ 63,470
Amortization charges on intangible assets	$ 1,547	$ 1,202

(24) Employee benefit expense

	Three-month periods ended June 30,	
	2026	2025
Wages and salaries	$ 185,005	$ 146,635
Share-based payment	73,915	11,812
Insurance expenses	16,717	11,615
Pension costs	5,453	4,615
Other personnel expenses	397	424
	$ 281,487	$ 175,101

	Six-month periods ended June 30,	
	2026	2025
Wages and salaries	$ 376,590	$ 320,381
Share-based payment	102,335	17,567
Insurance expenses	33,040	25,262
Pension costs	12,262	11,239
Other personnel expenses	1,660	967
	$ 525,887	$ 375,416

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

B. For the three-month and six-month periods ended June 30, 2026, employees' compensation was accrued at $7,309 and $20,434; while directors' remuneration was accrued at $2,924 and $8,174. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 5% and 2% of distributable profit of current year for the six-month period ended June 30, 2026. For the six-month period ended June 30, 2025, the Company did not accrue employees' compensation and directors' remuneration, due to net loss before tax.

Employees' compensation and directors' remuneration of 2025 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2025 financial statements. Abovementioned employees' compensation was distributed in the form of cash.

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.

(25) Income tax

A. Income tax expense (benefit)

(a)Components of income tax expense (benefit):

	Three-month periods ended June 30,	
	2026	2025
Current tax:		
Current tax on profits for the period	$ 10,093	$ (1,896)
Prior year income tax overestimation	-	-
Total current tax	10,093	(1,896)
Deferred tax:		
Origination and reversal of temporary differences	18,947	(6,513)
Total deferred tax	18,947	(6,513)
Income tax expense (benefit)	$ 29,040	$ (8,409)

	Six-month periods ended June 30,	
	2026	2025
Current tax:		
Current tax on profits for the period	$ 20,468	$ 12,917
Prior year income tax overestimation	(25)	-
Total current tax	20,443	12,917
Deferred tax:		
Origination and reversal of temporary differences	58,330	(21,303)
Total deferred tax	58,330	(21,303)
Income tax expense (benefit)	$ 78,773	$ (8,386)

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Six-month periods ended June 30,	
	2026	2025
Changes in fair value of financial assets at fair value through other comprehensive income (loss)	$ (1,147)	$ -

B. Through June 30, 2026, the assessment of income tax returns of the Taiwan subsidiaries are as follows:

Name of subsidiary	Assessment of income tax returns
Global Device Technologies, Co., Ltd.	Assessed and approved up to 2024
WellyWave Semiconductors Inc.	Assessed and approved up to 2024

(26) Earnings (losses) per share

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

	Three-month period ended June 30, 2026		
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 110,160	119,724	$ 0.92
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 110,160	119,724	
Assumed conversion of all dilutive potential ordinary shares			
Employees'compensation	-	14	
Employee stock options	-	1,122	
Employee restricted stocks	-	788	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 110,160	121,648	$ 0.91

	Three-month period ended June 30, 2025		
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 14,270	112,876	$ 0.13
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 14,270	112,876	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	905	
Employee restricted stocks	-	307	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 14,270	114,088	$ 0.13

	Six-month period ended June 30, 2026		
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 306,250	118,795	$ 2.58
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 306,250	118,795	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	38	
Employee stock options	-	1,098	
Employee restricted stocks	-	748	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 306,250	120,679	$ 2.54

	Six-month period ended June 30, 2025		
	Amount after tax	Weighted average outstanding stocks (in thousand of shares)	Losses per share (in dollars)
Basic losses per share			
Losses attributable to ordinary shareholders of the parent (Note)	$ (64,718)	112,559	$ (0.57)

Note: The employee stock options and employee restricted stocks have anti-dilutive effect for the six-month period ended June 30, 2025, as a result, would not be considered while calculating the diluted EPS.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six-month periods ended June 30,	
	2026	2025
Acquisition of property, plant and equipment (including transfer)	$ 73,530	$ 32,894
Add: Ending balance of prepayments for equipment (Note)	83,524	-
Add: Ending balance of prepayments for construction (Note)	7,800	-
Less: Beginning balance of prepayments for equipment (Note)	(13,128)	(2,267)
Less: Ending balance of payables for equipment	(712)	(411)
Add: Beginning balance of payables for equipment	55,278	4
Cash paid	$ 206,292	$ 30,220

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

B. Investing activities with partial cash receivable:

	Six-month periods ended June 30,	
	2026	2025
Sale of non-current assets held for sale	$ 12,511	$ 4,096
Add: Ending balance of receipts in advance for equipment (Note 1)	-	-
Add: Beginning balance of receivables from disposal of equipment (Note 2)	61,981	-
Less: Beginning balance of receipts in advance for equipment (Note 1)	(1,798)	-
Less: Ending balance of receivables from disposal of equipment (Note 2)	(46,765)	(4,004)
Add (less): Effect of foreign exchange	696	(92)
Cash received	$ 26,625	$ -

Note 1: Shown as "Other current liabilities".

Note 2: Shown as "Other receivables - related parties".

	Six-month periods ended June 30,	
	2026	2025
Disposal of investments accounted for using equity method	$ 210,867	$ -
Less: Ending balance of receivable for investment (Note)	(23,013)	-
Add: Effect of foreign exchange	40	-
Cash received	$ 187,894	$ -

Note：Shown as “Other receivables”. As of August 5, 2026, the balance of "Other Receivables" related to the investment has been fully collected.

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	$ 28,766
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	$ 22,656

(b) Net cash inflows (outflows) from disposal of subsidiaries

	June 30, 2026	June 30, 2025
Consideration received in cash and cash equivalents	$ -	$ 28,766
Add: Opening balance of other receivables	7,795	-
Less: Balance of cash and cash equivalents disposed	-	(11,436)
Less: Ending balance of other receivables	-	(18,313)
Add: Effect of foreign exchange	108	-
	$ 7,903	$ (983)

(28) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2026	$ 76,574	$ -	$ 157,009	$ 233,583
Acquired from business combinations	-	14,434	-	14,434
Changes in cash flow from financing activities	(41,200)	(1,486)	(3,283)	(45,969)
Interest expense	-	282	-	282
Interest paid	-	(282)	-	(282)
Changes in other non-cash items	-	19,228	-	19,228
Net exchange differences	324	-	2,073	2,397
At June 30, 2026	$ 35,698	$ 32,176	$ 155,799	$ 223,673

	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	-	(3,495)	(3,101)	(6,596)
Interest expense	-	51	-	51
Interest paid	-	(51)	-	(51)
Declaration of cash dividends	-	(2,205)	-	(2,205)
Net exchange differences	-	(165)	(17,876)	(18,041)
At June 30, 2025	$ 20,000	$ -	$ 149,314	$ 169,314

(29) Business combinations

A. In April 2026, the Group participated in the capital increase of WellyWave Semiconductors Inc. at cash of $49,000. The Group obtained 60.05% shares of the entity and obtained control over it. The Group expects to expand its capacity after the acquisition.

B. The following table summarises the consideration paid for WellyWave Semiconductors Inc. and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	April 1, 2026
Purchase consideration	
Cash	$ 49,000
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	21,960
	70,960
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	(51,604)
Accounts receivable	(624)
Other accounts receivable	(5)
Current income tax assets	(16)
Inventories	(4,306)
Prepayments	(1,589)
Other current assets	(26)
Property, plant and equipment	(31,468)
Right-of-use assets	(14,040)
Intangible assets	(920)
Other non-current assets	(14,970)
Contract liabilities	38,327
Accounts payable	1,194
Other accounts payable	10,586
Other current liabilities	58
Lease liability	14,434
Total identifiable net assets	(54,969)
Goodwill	$ 15,991

C. The assessment of the fair value of identifiable assets acquired is currently recognised at the initial estimated value. The net assets are still waiting for the final valuation. In addition, for the increase (decrease) in certain amounts during the measurement period, the Group adopts the way of decreasing (increasing) the amount of goodwill.

D. The operating revenue included in the consolidated statement of comprehensive income since April 1, 2026 contributed by WellyWave Semiconductors Inc. was $8,358. WellyWave Semiconductors Inc. also contributed loss before income tax of ($16,170) over the same period. Had WellyWave Semiconductors Inc. been consolidated from January 1, 2026, the consolidated statement of comprehensive income would show operating revenue of $1,486,964 and profit before income tax of $360,166.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Changzhou Chemsemi Co., Ltd. ("Chemsemi")	The investee company accounted for using the equity method by the Company (Note 1)
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
Infinity Communication Tech. Inc. ("Infinity Communication Tech")	Other related party
Unikorn Semiconductor Corporation ("Unikorn")	Other related party
Ennostar Corporation ("Ennostar")	Other related party
DTO TECHNOLOGIES INC.	Other related party (Note 2)

Note 1：The Group lost significant influence over Chemsemi in March 31, 2026. Consequently, Chemsemi ceased to be a related party of the Group from that date; please refer to Note 6(6) for details.

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:

	Three-month periods ended June 30,	
	2026	2025
Sales of goods:		
Changzhou Galasemi	$ 710	$ -
Infinity Communication Tech	4,690	-
	$ 5,400	$ -
Royalty revenue:		
Shanghai Galasemi	$ 37,484	$ 12,856

	Six-month periods ended June 30,	
	2026	2025
Sales of goods:		
Changzhou Galasemi	$ 4,980	$ 3,462
Infinity Communication Tech	4,690	-
	$ 9,670	$ 3,462
Royalty revenue:		
Shanghai Galasemi	$ 67,039	$ 29,630

B. Purchases:

	Three-month periods ended June 30,	
	2026	2025
Purchases of goods:		
Unikorn	$ -	$ -

	Six-month periods ended June 30,	
	2026	2025
Purchases of goods:		
Unikorn	$ -	$ 860

C. Receivables from related parties:

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable:			
Shanghai Galasemi	$ 67,548	$ 28,601	$ 27,249
Changzhou Galasemi	2,868	-	-
Other receivables:			
Changzhou Galasemi	46,765	61,981	4,004
DTO TECHNOLOGIES INC.	-	-	18,313
	$ 117,181	$ 90,582	$ 49,566

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

D. Payables to related parties:

	June 30, 2026	December 31, 2025	June 30, 2025
Other payables:			
Changzhou Galasemi	$ 5,282	$ 20,227	$ 5,008

Other payables mainly pertain to processing fees.

E. Prepayments:

	June 30, 2026	December 31, 2025	June 30, 2025
Unikorn	$ -	$ -	$ 10,000

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

F. Contract liabilities - advance receipts:

	June 30, 2026	December 31, 2025	June 30, 2025
Infinity Communication Tech	$ 21,527	$ -	$ -
Ennostar	259	-	-
	$ 21,786	$ -	$ -

G. Property transactions:

(a) Disposal of assets:

		Six-month period ended June 30, 2026	
	Shown as	Disposal proceeds	Gain (loss) on disposal
Unikorn	Non-current assets held for sale	$ 195	$ -
Unikorn	Property, plant and equipment	1,975	1,975
		$ 2,170	$ 1,975

		Six-month period ended June 30, 2025	
	Shown as	Disposal proceeds	Loss on disposal
Changzhou Galasemi	Non-current assets held for sale	$ 4,096	$ -
DTO TECHNOLOGIES INC	Property, plant and equipment	3,094	(560)
		$ 7,190	$ (560)

(b) 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.

H. Other transactions:

		Transaction amounts	
		Three-month periods ended June 30,	
Transaction company	Item	2026	2025
Unikorn	Other expenses	$ (1)	$ -
Unikorn	Outsourcing manufacturing services charges	-	351
Changzhou Galasemi	Outsourcing manufacturing services charges	19,318	10,379
		$ 19,317	$ 10,730

		Transaction amounts	
		Six-month periods ended June 30,	
Transaction company	Item	2026	2025
Unikorn	Other expenses	$ 2,178	$ -
Unikorn	Outsourcing manufacturing services charges	-	556
Changzhou Galasemi	Outsourcing manufacturing services charges	38,481	20,199
		$ 40,659	$ 20,755

Note: Other expenses to Unikorn amounting to $1 for the three-month period ended June 30, 2026 referred to the exchange differences arising from translation of presentation currency.

(3) Key management compensation

	Three-month periods ended June 30,	
	2026	2025
Short-term employee benefits	$ 31,296	$ 28,175
Post-employment benefits	647	848
Compensation costs of share-based payment	19,376	2,743
	$ 51,319	$ 31,766

	Six-month periods ended June 30,	
	2026	2025
Short-term employee benefits	$ 67,027	$ 61,631
Post-employment benefits	2,077	2,224
Share-based payment	25,835	4,100
	$ 94,939	$ 67,955

8. PLEDGED ASSETS

As of June 30, 2026, December 31, 2025 and June 30, 2025, the Group's assets pledged as collateral were as follows:

	Book value			
Assets	June 30, 2026	December 31, 2025	June 30, 2025	Purpose
Land	$ 146,669	$ 144,735	$ 134,927	Long-term borrowings (Note)
Buildings	67,282	67,773	64,465	Long-term borrowings (Note)
Time deposits (Shown as "Other current assets")	90,626	93,229	34,172	Short-term borrowings
Time deposits (Shown as "Other current assets")	9,800	-	-	Performance guarantee of government subsidy plan
Time deposits (Shown as "Other current assets")	2,300	2,300	-	Guarantee for lease contract of plant
Refundable deposits (Shown as "Other non-current assets")	2,751	2,262	1,808	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:

	June 30, 2026	December 31, 2025	June 30, 2025
Property, plant and equipment	$ 166,472	$ 43,861	$ 58,148

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

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

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	$ 85,282	$ 1,430	$ 1,333
Financial assets at amortized cost			
Cash and cash equivalents	2,232,034	1,210,366	676,928
Accounts receivable (including related parties)	353,746	278,268	362,656
Other receivables (including related parties)	80,395	86,402	26,522
Refundable deposits	2,751	2,262	1,808
Time deposits (over three-month period) (Shown as "Other current and non-current assets")	318,507	95,890	34,172
	$ 3,072,715	$ 1,674,618	$ 1,103,419
Financial liabilities			
Financial liabilities at amortized cost			
Short-term borrowings	$ 35,698	$ 76,574	$ 20,000
Accounts payable (including related parties)	45,355	27,522	19,511
Other payables (including related parties)	179,940	200,797	106,394
Long-term borrowings (including current portion)	155,799	157,009	149,314
	$ 416,792	$ 461,902	$ 295,219
Lease liabilities (including current and non-current portion)	$ 32,176	$ -	$ -

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:

	June 30, 2026		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
NTD:USD	$ 11,982	0.031	$ 11,982
RMB:USD	61,604	0.147	288,965
Non-monetary items			
RMB:USD	77,027	0.147	361,313

	December 31, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
NTD:USD	$ 10,038	0.032	$ 10,038
RMB:USD	2,270	0.143	10,207
Non-monetary items			
RMB:USD	117,334	0.143	527,585

	June 30, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
NTD:USD	$ 23,396	0.034	$ 23,396
RMB:USD	802	0.139	3,278
Non-monetary items			
RMB:USD	147,828	0.139	604,097

iii. The total exchange profit (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2026 and 2025, amounted to $3,748, ($1,004), ($13,721) and ($1,012), respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Six-month period ended June 30, 2026		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
NTD:USD	1%	$ 120	$ -
RMB:USD	1%	2,890	-
Non-monetary items			
RMB:USD	1%	-	3,613

	Six-month period ended June 30, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
NTD:USD	1%	$ 234	$ -
RMB:USD	1%	33	-
Non-monetary items			
RMB:USD	1%	-	6,041

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, other components of equity would have increased/decreased by $6,737 and $105, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term borrowings. Borrowings issued at floating rates expose the Group to fair value interest rate risk. For the six-month periods ended June 30, 2026 and 2025, 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 six-month periods ended June 30, 2026 and 2025 would have increased/decreased by $143 and $80, 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 June 30, 2026, December 31, 2025 and June 30, 2025, with no collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the Group's accounts receivable were $360,738, $289,608, and $373,974, 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 June 30, 2026, December 31, 2025 and June 30, 2025, the loss rate methodology is as follows:

Accounts receivable	Not past due	Less than 90 days past due	Less than 180 days and more than 90 days past due	More than 180 days past due	Total
At June 30, 2026					
Expected loss rate	0.21%	1.13%	50%	100%	
Total book value	$ 305,541	$ 47,364	$ 1,682	$ 6,151	$ 360,738
Loss allowance	$ -	$ -	$ 841	$ 6,151	$ 6,992

Accounts receivable	Not past due	Less than 90 days past due	Less than 180 days and more than 90 days past due	More than 180 days past due	Total
At December 31, 2025					
Expected loss rate	0.21%	3.08%	0%	100%	
Total book value	$ 247,373	$ 30,895	$ -	$ 11,340	$ 289,608
Loss allowance	$ -	$ -	$ -	$ 11,340	$ 11,340

Accounts receivable	Not past due	Less than 90 days past due	Less than 180 days and more than 90 days past due	More than 180 days past due	Total
At June 30, 2025					
Expected loss rate	0.24%	1.12%~ 43.19%	0%	100%	
Total book value	$ 332,246	$ 30,410	$ -	$ 11,318	$ 373,974
Loss allowance	$ -	$ -	$ -	$ 11,318	$ 11,318

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

	2026	2025
	Accounts receivable	Accounts receivable
At January 1	$ 11,340	$ 17,203
Reversal of impairment loss	(2,727)	(3,077)
Write-offs	(1,739)	-
Decrease in disposal of subsidiaries	-	(1,371)
Effect of foreign exchange	118	(1,437)
At June 30	$ 6,992	$ 11,318

ix. 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 June 30, 2026, December 31, 2025 and June 30, 2025, the loss rate methodology is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
	Not past due	Not past due	Not past due
Expected loss rate	0% -100%	0% -100%	0% -100%
Total book value	$ 80,395	$ 86,402	$ 26,522
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:

	June 30, 2026	December 31, 2025	June 30, 2025
Floating rate:			
Expiring within one year	$ 190,303	$ 56,000	$ 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 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.

	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
June 30, 2026		
Short-term borrowings	$ 35,916	$ -
Accounts payable	45,355	-
Other payables (including related parties)	179,940	-
Lease liabilities	4,894	30,053
Long-term borrowings (including current portion)	16,998	185,745

	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
December 31, 2025		
Short-term borrowings	$ 77,941	$ -
Accounts payable	27,522	-
Other payables (including related parties)	200,797	-
Long-term borrowings (including current portion)	16,774	191,683

	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
June 30, 2025		
Short-term borrowings	$ 20,128	$ -
Accounts payable (including related parties)	19,511	-
Other payables (including related parties)	106,394	-
Long-term borrowings (including current portion)	15,637	186,511

(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:

June 30, 2026	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 85,282	$ 85,282
Non-recurring fair value measurements				
Non-current assets held for sale (Note)	-	30,113	-	30,113
	$ -	$ 30,113	$ 85,282	$ 115,395
December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 1,430	$ 1,430
Non-recurring fair value measurements				
Non-current assets held for sale (Note)	-	51,612	-	51,612
	$ -	$ 51,612	$ 1,430	$ 53,042
June 30, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 1,333	$ 1,333
Non-recurring fair value measurements				
Non-current assets held for sale (Note)	-	223,231	-	223,231
	$ -	$ 223,231	$ 1,333	$ 224,564

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 six-month periods ended June 30, 2026 and 2025:

	2026	2025
	Equity instrument	Equity instrument
At January 1	$ 1,430	$ 1,492
Gains and recognised in othercomprehensive income	5,460	-
Reclassification from investments accounted for using the equity method	76,963	-
Effect of exchange rate changes	1,429	(159)
At June 30	$ 85,282	$ 1,333

E. For the six-month periods ended June 30, 2026 and 2025, 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 June 30, 2026	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted Company Shares	$ 1,449	Market comparable companies	Discount for lack of marketability	70%	The higher the discount for lack of marketability, the lower the fair value
Unlisted Company Shares	83,833	Income approach	Discount for lack of marketability and discount for minority interest	20% 23.6%	The higher the discount for lack of marketability, the lower the fair value; the higher the discount for minority interest, the lower the fair value

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted Company Shares	$ 1,430	Market comparable companies	Discount for lack of marketability	60%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at June 30, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted Company Shares	$ 1,333	Market comparable companies	Discount for lack of marketability	60%	The higher the discount for lack of marketability, the lower the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(a) Loans to others: None.

(b) Provision of endorsements and guarantees to others: Please refer to table 1.

(c) Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

(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 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in mainland China): Please refer to table 4.

(3) Information on investments in mainland China

(a) Information on investments in mainland China: Please refer to table 5.

(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 and its subsidiaries operate 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 and its subsidiaries have 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:

	Six-month periods ended June 30,	
	2026	2025
Revenue from external customers	$ 1,484,783	$ 963,153
Inter-segment revenue	-	-
Total segment revenue	$ 1,484,783	$ 963,153
Segment income (loss) (Note)	$ 379,402	$ (73,104)

Note: Exclusive of income tax.

	June 30, 2026	June 30, 2025
Segment assets	$ 4,866,513	$ 3,049,279
Segment liabilities	$ 649,982	$ 412,970

(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

Provision of endorsements and guarantees to others

Six-month period ended June 30, 2026

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount for the six-month period ended June 30, 2026	Outstanding endorsement/ guarantee amount at June 30, 2026	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
0	GCS Holdings, Inc.	GCS Device Technologies. Co.. Ltd.	2	$ 1,785,259	$ 32,000	$ 31,850	$ 20,000	$ 31,850	5.19%	$ 1,785,259	Y	N	N	-
0	GCS Holdings, Inc.	GCS Device Technologies. Co.. Ltd.	2	1,785,259	200,000	200,000	15,698	52,521	5.19%	1,785,259	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

June 30, 2026

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2026				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
GCS Holdings, Inc.	Changzhou Chemsemi Co., Ltd.	None.	Financial assets at fair value through other comprehensive income - non-current	-	$ 83,833	12.56%	$ 83,833	Note 1
Global Communication Semiconductors, LLC	ElectroPhotonic-IC Inc.	None.	Financial assets at fair value through other comprehensive income - non-current	41,617	1,449	0.19%	1,449	

Note 1: It is a limited company.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Six-month period ended June 30, 2026

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	GCS Device Technologies, Co., Ltd.	Global Communication Semiconductors, LLC	3	Service revenue	$ 22,664	Note 5	1.53%
1	GCS Device Technologies, Co., Ltd.	Global Communication Semiconductors, LLC	3	Accounts receivable-related parties	4,085	Note 5	0.08%
2	WellyWave Semiconductors Inc.	Global Communication Semiconductors, LLC	3	Sales revenue	2,099	Note 6	0.14%
2	WellyWave Semiconductors Inc.	Global Communication Semiconductors, LLC	3	Contract liabilities-related parties	7,786	Note 6	0.15%

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: It was transacted based on the agreed transaction price and terms, and the credit terms are advance receipts/prepayments.

GCS HOLDINGS, INC. AND SUBSIDIARIES

Information on investees (not including investees in mainland China)

Six-month period ended June 30, 2026

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of June 30, 2026			Net profit (loss) of the investee for the six-month period ended June 30, 2026	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2026	Footnote
				Balance as of June 30, 2026	Balance as of December 31, 2025	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	$ 1,214,637	$ 1,026,550	-	100%	$ 2,867,685	$ 247,706	$ 247,706	Subsidiary
GCS Holdings, Inc.	GCS Device Technologies, Co., Ltd.	Taiwan	Product design and research development services	12,000	12,000	1,200,000	100%	31,393	1,102	1,102	Subsidiary
GCS Holdings, Inc.	WellyWave Semiconductors Inc.	Taiwan	Processing of microelectronic devices and optoelectronic devices	49,000	-	4,900,000	60.05%	40,898	(14,071)	(8,450)	Subsidiary and Note

Note: In April 2026, the Group participated in the capital increase of WellyWave Semiconductors Inc. at cash of $49,000. The Group obtained 60.05% shares of the entity and obtained control over it.

GCS HOLDINGS, INC.AND SUBSIDIARIES

Information on investments in mainland China

Six-month period ended June 30, 2026

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to mainland China as of January 1, 2026	Amount remitted from Taiwan to mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2026		Accumulated amount of remittance from Taiwan to mainland China as of June 30, 2026	Net (loss) income of investee for the six-month period ended June 30, 2026	Ownership held by the Company (direct or indirect)	Investment (loss) income recognized by the Company for the six-month period ended June 30, 2026	Book value of investments in mainland China as of June 30, 2026	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2026	Footnote
					Remitted to mainland China	Remitted back to Taiwan							
Changzhou Chemsemi Co., Ltd.	Manufacturing and selling of semiconductor discrete devices, integrated circuit chips and related products; Designing and services of integrated circuit chips; Manufacturing and selling of optoelectronic device.	$ 3,178,630	2	$ -	$ -	$ -	$ -	$ (524,981)	12.56%	$ (105,447)	$ -	-	Note 2(2)C、Note 4、Note5
Shanghai Galasemi Co., Ltd.	Technical services and development services in the field of optoelectronic technology , and selling of semiconductor discrete devices	294,516	2	-	-	-	-	90,214	48.00%	43,034	277,480	-	Note 2(2)C、Note 4

Company name	Accumulated amount of remittance from Taiwan to mainland China as of June 30, 2026	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 the six-month period ended June 30, 2026' 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 audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C

B.The financial statements that are audited 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: On March 31, 2026, the Group disposed of a portion of its equity interest in Changzhou Chemsemi Co., Ltd. for a disposal consideration of USD 6,667 thousand (NTD 210,867 thousand), the Group's shareholding ratio in Chemsemi decreased to 12.83%. Due to the fact that the Group no longer serves as a director of Chemsemi, the Group comprehensively assessed that the Group lost significant influence over Chemsemi from that date. Consequently, the carrying amount of the investment previously accounted for using the equity method was remeasured at its fair value and reclassified as financial assets at fair value through other comprehensive income.