Stock Code: 6525

GEM SERVICES, INC. AND ITS SUBSIDIARIES

Consolidated Financial Statements with CPA's Review Report

First Quarter of 2025 and 2024

Address: PO Box 472, 2nd Floor, Harbour Place, Grand
Cayman, KY1-1106, Cayman Island
Tel: (02)22480680

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying 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 financial statements shall prevail.

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CPA's Review Report

GEM Services, Inc.:

Foreword

Consolidated Balance Sheets of GEM Services, Inc. and its subsidiaries (GEM Group) for March 31, 2025 and 2024, in addition to the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to March 31, 2025 and 2024, have been reviewed by the CPAs. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC recognized and published IAS 34 "Interim Financial Reporting", it is the management's responsibility to prepare a fair representation of the consolidated financial statements, and the CPA's responsibility to draw a conclusion on the consolidated financial statements based on the review results.

Scope of the report

With the exception of the matter described in the basis for qualified conclusion, the CPA has reviewed in accordance with the TWSRE 2410 "Review of Financial Statements". The procedures performed in reviewing the consolidated financial statements include inquiries (primarily with those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review is significantly smaller than that of the audit work, so the CPA may not be able to detect all the matters that can be identified through the audit work, and therefore cannot express an audit opinion.

Basis for qualified conclusion

As disclosed in Note 12 to the consolidated financial statements, GEM Group's investments accounted using the equity method on March 31, 2025 and 2024 were NT$128,751 thousand and NT$120,216 thousand respectively. For the three months ended March 31, 2025 and 2024 the share of profits and losses of associates and joint ventures accounted using the equity method were NT$5,444 thousand, and NT$5,323 thousand respectively. The relevant information disclosed in Note 31 to the consolidated financial statements is recognized and disclosed based on the investee company's financial statements for the same period that have not been reviewed.

Qualified conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the investee company as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of GEM Group as of March 31, 2025 and 2024, its consolidated financial performance for the three months ended March 31, 2025 and 2024 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

CPA Keng-Hsi, Chang

CPA Meng-Kuei, Yu

Approved for recordation by Securities and Futures Commission, Ministry of Finance
Tai-Tsai-Cheng-Liu-Tzu No. 0920123784

Approved for recordation by Financial Supervisory Commission
Chin-Kuan-Cheng-Shen-Tzu No. 1130357402

May 5, 2025

GEM SERVICES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

March 31, 2025 and December 31 and March 31, 2024

(In Thousands of New Taiwan Dollars)

		March 31, 2025		December 31, 2024		March 31, 2024	
Code	Assets	Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 2,493,527	36	$ 2,275,498	34	$ 2,007,565	32
1136	Financial assets measured at amortized cost - current (Notes 7 and 8)	199,230	3	196,710	3	-	-
1140	Current contract assets (Notes 5 and 21)	120,910	2	108,353	2	124,204	2
1170	Accounts receivable (Notes 5, 9, 21 and 26)	897,711	13	852,200	13	787,779	13
1180	Accounts receivable due from related parties (Notes 5, 21 and 28)	10,278	-	8,903	-	9,348	-
1200	Other receivables (Notes 5 and 9)	136,448	2	119,797	2	92,833	1
1210	Other receivables due from related parties (Notes 5, 26 and 28)	4,548	-	863	-	66	-
1220	Current tax assets (Note 4)	-	-	-	-	2,138	-
130X	Inventories (Note 10)	145,798	2	141,948	2	161,208	3
1410	Prepayments (Note 17)	20,765	1	30,696	-	28,041	-
11XX	Total current assets	4,029,215	59	3,734,968	56	3,213,182	51
	Non-current assets						
1550	Investments accounted for using equity method (Note 12)	128,751	2	125,814	2	120,216	2
1600	Property, plant and equipment (Notes 13 and 25)	2,413,452	35	2,476,339	37	2,792,844	44
1755	Right-of-use assets (Note 14)	130,939	2	137,919	2	67,887	1
1760	Investment property (Note 15)	42,157	-	43,522	1	48,845	1
1780	Other intangible assets (Note 16)	2,908	-	3,246	-	3,362	-
1840	Deferred tax assets (Note 4)	56,695	1	55,961	1	39,896	1
1990	Other non-current assets (Notes 17 and 28)	78,784	1	43,157	1	25,473	-
15XX	Total non-current assets	2,853,686	41	2,885,958	44	3,098,523	49
1XXX	Total assets	$ 6,882,901	100	$ 6,620,926	100	$ 6,311,705	100
Code	Liabilities and equity						
	Current liabilities						
2130	Current contract liabilities (Note 21)	$ 22,250	-	$ 18,892	-	$ 2,270	-
2170	Accounts payable	713,116	10	683,783	10	572,594	9
2200	Other payables (Notes 18 and 26)	1,057,145	15	521,970	8	993,046	16
2230	Current tax liabilities (Note 4)	122,911	2	98,948	2	31,750	1
2250	Current provisions (Note 19)	30,000	1	30,000	-	30,000	-
2281	Current lease liabilities (Note 14)	33,997	1	33,212	1	24,713	-
2300	Other current liabilities (Notes 18, 26 and 28)	180,241	3	180,049	3	162,724	3
21XX	Total current liabilities	2,159,660	32	1,566,854	24	1,817,097	29
	Non-current liabilities						
2570	Deferred tax liabilities (Note 4)	25,821	-	27,541	-	15,722	-
2581	Non-current lease liabilities (Note 14)	57,488	1	65,176	1	5,046	-
2670	Other non-current liabilities (Notes 18 and 28)	416,520	6	439,262	7	514,998	8
25XX	Total non-current liabilities	499,829	7	531,979	8	535,766	8
2XXX	Total liabilities	2,659,489	39	2,098,833	32	2,352,863	37
	Equity attributable to owners of the Company (Note 20)						
	Share capital						
3110	Common stock	1,290,474	19	1,290,474	19	1,290,474	20
3200	Capital surplus	624,536	9	624,536	9	624,536	10
	Retained earnings						
3310	Legal reserve	622,122	9	622,122	9	565,513	9
3320	Special reserve	253,910	4	253,910	4	209,037	3
3350	Unappropriated earnings	1,472,551	21	1,830,668	28	1,424,406	23
3300	Total retained earnings	2,348,583	34	2,706,700	41	2,198,956	35
3400	Other equity	(40,181)	(1)	(99,617)	(1)	(155,124)	(2)
3XXX	Total equity	4,223,412	61	4,522,093	68	3,958,842	63
	Total liabilities and equity	$ 6,882,901	100	$ 6,620,926	100	$ 6,311,705	100

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

(Please refer to the review report of Deloitte & Touche on May 5, 2025)

Chairman:
Chu-Liang, Cheng

General Manager:
Yen-Chiang, Tang

Head-Finance & Accounting:
Jui-Ping, Wang

GEM SERVICES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

January 1 to March 31, 2025 and 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		January 1 to March 31, 2025		January 1 to March 31, 2024	
Code		Amount	%	Amount	%
4000	Operating revenue (Notes 21 and 28)	$ 1,214,351	100	$ 1,061,426	100
5000	Operating costs (Notes 10 and 22)	(915,176)	(76)	(843,033)	(80)
5900	Gross profit from operations	299,175	24	218,393	20
	Operating expenses (Notes 9, 21, 22 and 28)				
6100	Selling expenses	(4,705)	-	(4,517)	-
6200	Administrative expenses	(77,756)	(6)	(71,969)	(7)
6300	Research and development expenses	(9,972)	(1)	(11,588)	(1)
6450	Expected credit (losses) gain	3,516	-	(673)	-
6000	Total operating expenses	(88,917)	(7)	(88,747)	(8)
6900	Net operating income	210,258	17	129,646	12
	Non-operating income and expenses				
7100	Interest income (Note 22)	14,356	1	11,021	1
7010	Other income (Note 22)	596	-	742	-
7020	Other gains and losses (Note 22)	916	-	49,750	5
7050	Finance costs (Note 22)	(830)	-	(316)	-
7060	Share of profit of subsidiaries and associates accounted for using equity method (Note 12)	5,444	1	5,323	1
7000	Total non-operating income and expenses	20,482	2	66,520	7

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Code		January 1 to March 31, 2025		January 1 to March 31, 2024	
		Amount	%	Amount	%
7900	Profit before income tax	$ 230,740	19	$ 196,166	19
7950	Income tax expense (Notes 4 and 23)	(46,858)	(4)	(39,713)	(4)
8200	Profit	183,882	15	156,453	15
	Other comprehensive income (loss) (Note 20)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8341	Translation differences from functional currency to presentation currency	41,386	3	164,591	15
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	18,050	2	(65,805)	(6)
8300	Other comprehensive income in the current period (net amount after tax)	59,436	5	98,786	9
8500	Total comprehensive income in current period	$ 243,318	20	$ 255,239	24
	Earnings per share (Note 24)				
	From continuing operations				
9710	Basic earnings per share	$ 1.42		$ 1.21	
9810	Diluted earnings per share	$ 1.41		$ 1.20	

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

(Please refer to the review report of Deloitte & Touche on May 5, 2025)

Chairman: Chu-Liang, Cheng

General Manager: Yen-Chiang, Tang

Head-Finance & Accounting: Jui-Ping, Wang

GEM SERVICES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

January 1 to March 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

Code		Equity attributable to owners of the Company						
		Share capital		Retained earnings			Other equity	
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Total equity
A1	Balance as of January 1, 2024	$ 1,290,474	$ 624,536	$ 565,513	$ 209,037	$ 1,719,619	($ 253,910)	$ 4,155,269
	Distribution of 2023 earnings (Note 20)							
B5	Cash dividends	-	-	-	-	(451,666)	-	(451,666)
D1	Net profit from January 1 to March 31, 2024	-	-	-	-	156,453	-	156,453
D3	Other comprehensive income from January 1 to March 31, 2024	-	-	-	-	-	98,786	98,786
D5	Total comprehensive income from January 1 to March 31, 2024	-	-	-	-	156,453	98,786	255,239
Z1	Balance as of March 31, 2024	$ 1,290,474	$ 624,536	$ 565,513	$ 209,037	$ 1,424,406	($ 155,124)	$ 3,958,842
A1	Balance as of January 1, 2025	$ 1,290,474	$ 624,536	$ 622,122	$ 253,910	$ 1,830,668	($ 99,617)	$ 4,522,093
	Distribution of 2024 earnings (Note 20)							
B5	Cash dividends	-	-	-	-	(541,999)	-	(541,999)
D1	Net profit from January 1 to March 31, 2025	-	-	-	-	183,882	-	183,882
D3	Other comprehensive income from January 1 to March 31, 2025	-	-	-	-	-	59,436	59,436
D5	Total comprehensive income from January 1 to March 31, 2025	-	-	-	-	183,882	59,436	243,318
Z1	Balance as of March 31, 2025	$ 1,290,474	$ 624,536	$ 622,122	$ 253,910	$ 1,472,551	($ 40,181)	$ 4,223,412

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

(Please refer to the review report of Deloitte & Touche on May 5, 2025)

Chairman:
Chu-Liang, Cheng

General Manager:
Yen-Chiang, Tang

Head-Finance & Accounting:
Jui-Ping, Wang

GEM SERVICES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 to March 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

Code		January 1 to March 31, 2025	January 1 to March 31, 2024
	Cash flows from operating activities		
A10000	Profit before tax	$ 230,740	$ 196,166
A20010	Adjustments for:		
A20100	Depreciation expense	147,297	162,320
A20200	Amortization expense	381	411
A20300	(Gains on reversal of) expected credit impairment losses	(3,516)	673
A20900	Finance costs	830	316
A21200	Interest income	(14,356)	(11,021)
A22300	Share of (profit) loss of subsidiaries and associates accounted for using equity method	(5,444)	(5,323)
A22500	Loss on disposal of property, plant and equipment	20	146
A23700	Loss on decline in market value and obsolete and slow-moving inventories	66	678
A24100	Foreign currency exchange (gain) loss	6,869	(82,781)
A29900	Liability provisions	-	288
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(6,161)	(3,696)
A31150	Accounts receivable	(70,314)	16,414
A31160	Accounts receivable due from related parties	(1,236)	919
A31180	Other receivables	(14,013)	20,498
A31200	Inventories	(1,951)	16,980
A31230	Prepayments	10,270	1,086
A32125	Contract liabilities	3,357	(21,084)
A32150	Accounts payable	19,266	(43,394)
A32180	Other payables	(35,943)	(55,216)
A32200	Liability provisions	-	(288)
A32230	Other current liabilities	-	(2)
A33000	Cash inflows generated from operating activities	266,162	194,090
A33100	Interest received	13,500	10,500
A33300	Interest paid	(830)	(316)
A33500	Income taxes paid	(25,069)	(11,583)
AAAA	Net cash generated from operating activities	253,763	192,691

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Code		January 1 to March 31, 2025	January 1 to March 31, 2024
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	($ 15,673)	($ 10,348)
B03800	Decrease in refundable deposits	-	783
B04300	Increase in other receivables due from related parties	(92)	(18)
B07100	Increase in prepayments for equipment	(50,836)	(2,561)
B07600	Dividends received	-	6,500
BBBB	Net cash used in investing activities	(66,601)	(5,644)
	Cash flows from financing activities		
C04020	Repayment of the principal portion of lease liabilities	(8,230)	(7,873)
CCCC	Cash used in financing activities	(8,230)	(7,873)
DDDD	Effect of exchange rate changes on cash and equivalents	39,097	96,898
EEEE	Net increase in cash and cash equivalents	218,029	276,072
E00100	Cash and cash equivalents at beginning of period	2,275,498	1,731,493
E00200	Cash and cash equivalents at end of period	$ 2,493,527	$ 2,007,565

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

(Please refer to the review report of Deloitte & Touche on May 5, 2025)

Chairman: Chu-Liang, Cheng

General Manager: Yen-Chiang, Tang

Head-Finance & Accounting: Jui-Ping, Wang

(Otherwise stated, all amounts are in thousands of NTD)

1. Company history

GEM Services, Inc. (hereinafter referred to as "the Company") was established in the Cayman Islands in April 1998. On June 23, 2015, with the resolution of the shareholders' meeting, the Company changed the denomination of shares to New Taiwan Dollars to be listed where the face value per share is NT$10. As of March 31, 2025, the Company's paid-in capital was $1,290,474 thousand, and its business activities include 1. Semiconductor packaging and testing foundry; 2. Plant leasing, etc.

The Company's functional currency is US dollars, but the Company's stock was listed TWSE on April 12, 2016. To increase the comparability and consistency of the financial statement, this consolidated financial statement is presented in New Taiwan Dollar.

2. Dates and procedures for the financial statement approval

The consolidated financial statements were approved by the Company's Board of Directors on May 5, 2025.

3. Application of new and revised standards, amendments, and interpretations

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC in this period does not have a significant effect on the accounting policies of the Company and its subsidiaries (collectively as the "Consolidated Company").

(2) Applicable FSC-approved IFRS Accounting Standards in 2026

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding amendments to the application guidance on the classification of financial assets	January 1, 2026 (Note 1)

Note 1: The amendments apply to the annual reporting periods beginning on or after January 1, 2026. Enterprises may also choose to apply early on January 1, 2025.

As of the date the consolidated financial statements were authorized, the Consolidated Company is continuously assessing the impact of this amendment on the Consolidated Company's financial position and financial performance.

(3) New IFRSs Accounting Standards in issue by IASB but not yet endorsed and issued into effect by the FSC

New, revised or amended standards and interpretations	Effective date issued by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding amendments to the application guidance on the derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	January 1, 2026
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
IFRS 18 - Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 "Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above new/revised/amended standards or interpretations are effective for annual reporting periods beginning on their respective effective dates.

<u>IFRS 18 - Presentation and Disclosure in Financial Statements</u>

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes in this standard include:

- The statement of profit or loss should classify income and expenses in the operating, investing, financing, income taxes, and discontinued operations categories.

- An entity has to present totals and subtotals in the statement of profit or loss for operating profit or loss, pre-tax profit or loss before financing, and profit or loss.
- Requirements for provision of guidance to enhance aggregation and disaggregation: The Consolidated Company should identify assets, liabilities, equity, income, expenses, losses, and cash flows in each transaction or other events, and classify and aggregate them based on shared characteristics so that the main line items presented in the financial statements share at least one similar characteristic. Items should be disaggregated based on non-similar characteristics. The Consolidated Company should label such items as "other" only if it cannot find a more informative title.
- Increasing the disclosure of management-defined performance measures (MPMs): When the Consolidated Company engages in public communications outside financial statements and communicate to management’s view of an aspect of the financial performance of the entity as a whole, the Consolidated Company should disclose information about its MPMs in a single note to the financial statements, including a description of how the MPM is measured, how the MPM is calculated, and a reconciliation between the MPM and the total or subtotal required by IFRS Accounting Standards, including the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation.

In addition to the above impacts, as of the date the consolidated financial statements were authorized, the Consolidated Company is continuously assessing the other impacts that the application of the standards and interpretations will have on the Consolidated Company’s financial position and financial performance and will disclose the relevant impacts when the assessment is completed.

4. <u>Summary of significant accounting policies</u>

(1) Statement of compliance

This consolidated financial statement has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” approved and issued by the FSC. This consolidated financial statement does not contain all the IFRSs Accounting Standards disclosures required by the annual report.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

(3) Consolidation basis

This consolidated financial statement includes the financial statement of the Company and the entities (subsidiaries) controlled by the Company. The financial statements of subsidiaries have been adjusted to ensure the accounting policies are line with those of the Consolidated Company. Transactions between entities, account balances, profit and losses have been fully eliminated in preparing the consolidated financial statements.

For details of subsidiaries, shareholding ratio and business activities, please refer to Note 11 and Table 4 and Table 5 of Note 31.

(4) Other significant accounting policies

In addition to the following descriptions, please refer to the Summary of Significant Accounting Policies in the 2024 consolidated financial statement.

Income tax expenses

Income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated on the interim pre-tax profit at the tax rate applicable to the expected total annual earnings.

5. Major sources of uncertainty in significant accounting judgments, estimations, and assumptions

When Consolidated Company adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the information that is not easily obtained from other sources. Actual results may differ from estimates.

The Consolidated Company will take the possible impact of inflation, market interest rate fluctuations, and U.S. reciprocal tariff measures into consideration when making major estimates, such as cash flow estimates, growth rates, discount rates, and profitability. The management will continue to review the estimates and the basic assumptions.

Main sources of uncertainty in estimates and assumptions

Estimated impairment of financial assets and contract assets

The estimated impairment of accounts receivable, other receivables and contract assets is based on the Consolidated Company's assumptions of probability of default and loss given default. The Consolidated Company takes experience, current market conditions and forward-looking information into account to develop assumptions and inputs for impairment assessments. Please refer to Note 9 and Note 21 for the key assumptions and inputs used. If the actual future cash flow is less than the Consolidated Company's expectations, there may be significant impairment losses.

6. Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and working fund	$ 193	$ 297	$ 187
Bank demand deposit	1,505,002	1,457,028	1,428,178
Cash Equivalent (Investments with original maturity within 3 months)			
Bank fixed deposit	988,332	818,173	579,200
	$ 2,493,527	$ 2,275,498	$ 2,007,565

As of March 31, 2025, and December 31 and March 31, 2024, the interest rate ranges for bank deposits were 0.05% to 4.35%, 0.05% to 4.8%, and 0.05% to 5.35%, respectively.

7. Financial assets measured at amortized cost

	March 31, 2025	December 31, 2024	March 31, 2024
Current			
Time deposits with original maturities exceeding 3 months (1)	$ 199,230	$ 196,710	$ -

(1) As of March 31, 2025, and December 31, 2024, the interest rate for time deposits with an original maturity of more than 3 months is 4.30% per annum.

(2) Please refer to Note 8 for information on credit risk management and impairment assessment related to financial assets measured at amortized cost.

8. Credit risk management of debt instrument investment

The debt instruments of the Consolidated Company are financial assets measured at amortized cost:

	March 31, 2025	December 31, 2024	March 31, 2024
Measured at amortized cost			
Total amount	$ 199,230	$ 196,710	$ -
Loss allowances	-	-	-
Measured at amortized cost	$ 199,230	$ 196,710	$ -

The policy adopted by the Consolidated Company is to invest only in debt instruments issued by creditworthy entities. The Consolidated Company continues to track changes in the credit risk of the debt instruments it invests in while reviewing other information, such as material information on debtors, to assess whether the credit risk of debt instrument investments has increased significantly since initial recognition.

To mitigate credit risk, the Consolidated Company's management will collect relevant information to assess the default risk of its debt instrument investments. The Consolidated Company gives appropriate internal ratings based on publicly available financial information.

The Consolidated Company considers the debtor's historical record, current market conditions, and forward-looking information to measure the 12-month expected credit loss or lifetime expected credit loss of its debt instrument investments. As of March 31, 2025, and December 31, 2024, the Consolidated Company assessed that it was not necessary to report expected credit losses for debt instrument investments it held.

9. Accounts receivable and other receivables

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable			
Measured at amortized cost			
Total amount	$ 900,388	$ 852,290	$ 788,707
Less: loss allowances	(2,677)	(90)	(928)
	$ 897,711	$ 852,200	$ 787,779
Other receivables			
OEM collection and payment	$ 118,918	$ 109,034	$ 82,523
Interest receivable	7,981	7,125	3,445
Scrap receivable	6,819	754	5,555
Other	2,730	2,884	1,310
	$ 136,448	$ 119,797	$ 92,833

(1) Accounts receivable

The Consolidated Company's average credit period for commodity sales is 30 to 90 days, and the collection policy does not add interest to overdue accounts receivable. When determining the recoverability of accounts receivable, the Consolidated Company considers any changes in the quality of accounts receivable from the original credit date to the balance sheet date. Experience shows that most accounts receivable are recovered well.

To mitigate credit risk, the management of the Consolidated Company performs credit limit determination, credit approval and other monitoring procedures for each counterparty to ensure appropriate actions have been taken to recover overdue accounts receivable. In addition, the Consolidated Company will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure the unrecoverable accounts receivable are recognized as impairment losses. Accordingly, the management of the Consolidated Company believes that the credit risk of the Consolidated Company has been significantly reduced.

The Consolidated Company recognizes loss allowance for accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers experience, current market conditions and business outlook. As the Consolidated Company's credit loss experience shows that there is no significant difference in the provision matrix of different customer groups, the provision matrix does not further differentiate customer groups, and only sets the expected credit loss rate based on the number of days overdue for accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Consolidated Company cannot reasonably expect the recoverable amount, the Consolidated Company will directly write off the relevant accounts receivable and loss allowance, but will continue to pursue account recovery, and the amount recovered due to pursuit and recovery will be recognized in profit or loss.

The Consolidated Company measures the loss allowance of accounts receivable according to the provision matrix as follows:

March 31, 2025

	Not past due	1~60 days past due	61~90 days past due	91~120 days past due	Over 120 days past due	Total
Expected credit loss rate	0.03%	0.08%～ 8.49%	8.99%～ 29.52%	13.56%～ 44.35%	50%～ 100%	
Total amount	$ 852,310	$ 39,089	$ 5,580	$ 3,409	$ -	$ 900,388
Loss allowance (lifetime expected credit losses)	(90)	(113)	(1,648)	(826)	-	(2,677)
Measured at amortized cost	$ 852,220	$ 38,976	$ 3,932	$ 2,583	$ -	$ 897,711

December 31, 2024

	Not past due	1~60 days past due	61~90 days past due	91~120 days past due	Over 120 days past due	Total
Expected credit loss rate	0.02%	0.02%～ 6.19%	6.74%～ 12.59%	13.56%～ 33.33%	50%～ 100%	
Total amount	$ 809,912	$ 42,361	$ 17	$ -	$ -	$ 852,290
Loss allowance (lifetime expected credit losses)	(19)	(69)	(2)	-	-	(90)
Measured at amortized cost	$ 809,893	$ 42,292	$ 15	$ -	$ -	$ 852,200

March 31, 2024

	Not past due	1~60 days past due	61~90 days past due	91~120 days past due	Over 120 days past due	Total
Expected credit loss rate	0.01%～ 0.03%	0.02%～ 16.03%	4.48%～ 30.58%	11.58%～ 59.01%	22.99%～ 100%	
Total amount	$ 751,643	$ 36,388	$ 21	$ -	$ 655	$ 788,707
Loss allowance (lifetime expected credit losses)	(172)	(207)	-	-	(549)	(928)
Measured at amortized cost	$ 751,471	$ 36,181	$ 21	$ -	$ 106	$ 787,779

Changes in loss allowance for accounts receivable is as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Opening balance	$ 90	$ 255
Add: Impairment losses for the current period	2,569	673
Effect of exchange rate changes	18	-
Ending balance	$ 2,677	$ 928

(2) Other receivables

The Consolidated Company accounts for other receivables such as OEM collection and payment, interest receivable and unrecovered amount from the sale of scraps. The Consolidated Company's policy is to only conduct business with customers with good credit. The Consolidated Company continues to monitor and refer to the counterparty's past default records and analyze its current financial position to assess whether the credit risk of other receivables has increased significantly since the original recognition and to measure expected credit losses. If there is evidence that the counterparty has signs of breach of contract or the termination so where the recoverable amount cannot be reasonably estimated, the Consolidated Company will directly write off the relevant other accounts receivable and loss allowance, but will continue to pursue for recovery. The amount recovered by the pursuit will be recognized in profit or loss. As of March 31, 2025, and December 31 and March 31, 2024, the Consolidated Company assessed other receivables without the need to report expected credit losses.

10. Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw material	$ 145,798	$ 141,948	$ 161,208

The nature of cost of goods sold is as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Cost of inventories sold	$ 912,983	$ 840,301
Lease cost	2,127	2,054
Loss on decline in market value and obsolete and slow-moving inventories	66	678
	$ 915,176	$ 843,033

11. Subsidiary

Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

			Shareholding percentage		
Investor Company	Subsidiary	Nature of business	March 31, 2025	December 31, 2024	March 31, 2024
The Company	GEM Electronics Company Limited	Holding company business	100.00%	100.00%	100.00%
	GEM Tech Ltd.	Manufacture and sales of electronic parts	100.00%	100.00%	100.00%
GEM Electronics Company Limited	GEM Electronics (Shanghai) Co., Ltd.	Manufacture and sales of electronic parts	100.00%	100.00%	100.00%
GEM Electronics (Shanghai) Co., Ltd.	GEM Electronics (Hefei) Co., Ltd.	Manufacture and sales of electronic parts, plant leasing	100.00%	100.00%	100.00%

12. Investments accounted for using equity method

Investments in associates

	March 31, 2025	December 31, 2024	March 31, 2024
Individually insignificant associates			
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	$ 128,751	$ 125,814	$ 120,216

Shareholding and voting rights of the Consolidated Company in the associates at the balance sheet date are as follows:

			Shareholding and voting rights		
Company name	Nature of business	Main business site	March 31, 2025	December 31, 2024	March 31, 2024
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	Hefei City, Anhui Province, China	20%	20%	20%

Information of individually insignificant associates

	January 1 to March 31, 2025	January 1 to March 31, 2024
Attributable to the Consolidated Company		
Net income from continuing operations	$ 5,444	$ 5,323
Other comprehensive income	-	-
Total comprehensive income	$ 5,444	$ 5,323

Share of profit of associates and joint ventures accounted for using equity method is recognized based on the financial statements of the associates that have not been reviewed by CPA during the same period.

13. Property, plant and equipment

Used for its own

	Building	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Other	Property under construction and equipment to be inspected	Total
Cost								
Balance as of January 1, 2025	$ 548,006	$ 6,404,629	$ 10,673	$ 64,703	$ 95,459	$ 92,534	$ 129,817	$ 7,345,821
Enhancements	-	470	-	81	-	1,015	37,794	39,360
Reclassification (Note)	-	31,196	-	160	-	-	(15,458)	15,898
Disposals	-	(532)	-	(651)	-	(55)	-	(1,238)
Effect of exchange rate changes	7,810	46,769	56	904	1,361	1,328	1,724	59,952
Balance as of March 31, 2025	$ 555,816	$ 6,482,532	$ 10,729	$ 65,197	$ 96,820	$ 94,822	$ 153,877	$ 7,459,793
Accumulated depreciation and impairment								
Balance as of January 1, 2025	$ 187,927	$ 4,449,833	$ 9,945	$ 59,481	$ 81,404	$ 80,892	$ -	$ 4,869,482
Depreciation expense	6,292	126,505	177	512	1,408	1,569	-	136,463
Disposals	-	(532)	-	(631)	-	(55)	-	(1,218)
Effect of exchange rate changes	2,736	35,649	55	834	1,173	1,167	-	41,614
Balance as of March 31, 2025	$ 196,955	$ 4,611,455	$ 10,177	$ 60,196	$ 83,985	$ 83,573	$ -	$ 5,046,341
Net amount as of March 31, 2025	$ 358,861	$ 1,871,077	$ 552	$ 5,001	$ 12,835	$ 11,249	$ 153,877	$ 2,413,452
Net amount as of December 31, 2024 and January 1, 2025	$ 360,079	$ 1,954,796	$ 728	$ 5,222	$ 14,055	$ 11,642	$ 129,817	$ 2,476,339
Cost								
Balance as of January 1, 2024	$ 519,909	$ 6,099,106	$ 10,479	$ 59,589	$ 79,227	$ 90,323	$ 186,307	$ 7,044,940
Enhancements	-	-	-	-	-	-	3,090	3,090
Reclassification (Note)	-	58,756	-	21	-	-	(52,430)	6,347
Disposals	-	(3,281)	-	(22)	-	(158)	-	(3,461)
Effect of exchange rate changes	20,987	119,922	151	2,368	3,198	3,642	5,150	155,418
Balance as of March 31, 2024	$ 540,896	$ 6,274,503	$ 10,630	$ 61,956	$ 82,425	$ 93,807	$ 142,117	$ 7,206,334
Accumulated depreciation and impairment								
Balance as of January 1, 2024	$ 154,872	$ 3,827,863	$ 8,969	$ 54,563	$ 43,794	$ 71,713	$ -	$ 4,161,774
Depreciation expense	6,051	134,785	211	500	8,688	2,275	-	152,510
Disposals	-	(3,138)	-	(22)	-	(155)	-	(3,315)
Effect of exchange rate changes	6,365	88,968	145	2,180	1,930	2,933	-	102,521
Balance as of March 31, 2024	$ 167,288	$ 4,048,478	$ 9,325	$ 57,221	$ 54,412	$ 76,766	$ -	$ 4,413,490
Net amount as of March 31, 2024	$ 373,608	$ 2,226,025	$ 1,305	$ 4,735	$ 28,013	$ 17,041	$ 142,117	$ 2,792,844

Note: It was transferred from other non-current assets - prepayments for equipment.

No impairment losses were recognized or reversed from January 1 to March 31, 2025 and 2024.

Depreciation expense is accrued on a straight-line basis for the following economic life:

Building	
Factory main building	20 years
Building improvement	10 to 20 years
Machinery equipment	3 to 15 years

Transportation equipment	5 years
Office equipment	3 to 7 years
Leasehold improvements	2 to 5 years
Other	2 to 10 years

14. Leasing agreement

(1) Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amount of right-of-use assets			
Land (Note)	$ 39,733	$ 39,469	$ 39,907
Building	90,458	97,639	26,959
Office equipment	748	811	1,021
	$ 130,939	$ 137,919	$ 67,887

	January 1 to March 31, 2025	January 1 to March 31, 2024
Depreciation expense on right-of-use assets		
Land (Note)	$ 297	$ 287
Building	8,496	7,551
Office equipment	74	72
	$ 8,867	$ 7,910

Note: For the land use right in mainland China, the Consolidated Company has obtained the Land Use Certificates for State Owned Land, and the lease period is 50 years.

Part of the land leased by the Consolidated Company in Hefei, Anhui Province, China has been sub-leased to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing from January 1, 2022, and the relevant right-of-use assets are presented as investment properties please refer to Note 15.

The relevant amount of the above right-of-use assets does not include the right-of-use assets that meet the definition of investment properties.

Except for the above-mentioned recognition of depreciation expenses, there was no impairment of the right-of-use assets for the Consolidated Company from January 1 to March 31, 2025 and 2024.

(2) Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amounts of lease liabilities			
Current	$ 33,997	$ 33,212	$ 24,713
Non-current	$ 57,488	$ 65,176	$ 5,046

The range of discount rates for lease liabilities is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Building	3.6%-4.35%	3.6%-4.35%	4.35%
Office equipment	4.35%	4.35%	4.35%

(3) Other lease information

	January 1 to March 31, 2025	January 1 to March 31, 2024
Expense on short-term lease	$ 1,514	$ 1,623
Total cash outflow from lease	($ 10,574)	($ 9,812)

15. Investment property

	March 31, 2025	December 31, 2024	March 31, 2024
Building	$ 37,261	$ 38,658	$ 43,927
Right-of-use assets- Land	4,896	4,864	4,918
	$ 42,157	$ 43,522	$ 48,845

The right-of-use asset in the investment property is the subleasing of the leased land located in Hefei City, Anhui Province, China to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing.

The lease term of the investment property is 5 years with an option to extend the lease term for 2 years. The lessee does not have the bargain purchase price option at the end of the lease period.

The total lease payments for operational leasing of investment property to be received in the future are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Year 1	$ 50,599	$ 49,888	$ 49,335
Year 2	37,949	49,888	49,335
Year 3	-	-	37,001
Year 4	-	-	-
Year 5	-	-	-
	$ 88,548	$ 99,776	$ 135,671

Except for the recognition of depreciation expenses, there was no significant addition, disposal or impairment of the investment properties of the Consolidated Company from January 1 to March 31, 2025 and 2024. Investment properties are depreciated on a straight-line basis over the following economic life:

Building	
Factory main building	20 years
Right-of-use assets- Land	50 years

The Consolidated Company implements a general risk management policy to reduce the residual risk of the leased buildings and right-of-use assets upon expiry of the lease term.

The fair value of the investment properties is measured by the independent appraisal company Anhui Huateng Property Assessment Office as a Level 3 input on the balance sheet date. The evaluation is based on market evidence of similar property transaction prices and the cash flow method, and the important unobservable input used include discount rate. The fair value obtained from the evaluation is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value	$ 266,983	$ 262,385	$ 267,497

16. Other intangible assets

	Computer software
Cost	
Balance as of January 1, 2025	$ 4,788
Effect of exchange rate changes	68
Balance as of March 31, 2025	$ 4,856
Accumulated amortization	
Balance as of January 1, 2025	$ 1,542
Amortization expense	381
Effect of exchange rate changes	25
Balance as of March 31, 2025	$ 1,948
Net amount as of March 31, 2025	$ 2,908
Net amount as of December 31, 2024 and January 1, 2025	$ 3,246
Cost	
Balance as of January 1, 2024	$ 5,053
Effect of exchange rate changes	204
Balance as of March 31, 2024	$ 5,257

	Computer software
Accumulated amortization	
Balance as of January 1, 2024	$ 1,419
Amortization expense	411
Effect of exchange rate changes	65
Balance as of March 31, 2024	$ 1,895
Net amount as of March 31, 2024	$ 3,362

Amortization expenses are accrued on a straight-line basis over the economic life:

Computer software	3 to 5 years

17. Other assets

	March 31, 2025	December 31, 2024	March 31, 2024
Current			
Prepayments			
Tax credit	$ 5,106	$ 13,250	$ 8,066
Prepayments to suppliers	5,953	11,954	15,525
Other	9,706	5,492	4,450
	$ 20,765	$ 30,696	$ 28,041
Non-current			
Prepayments for equipment	$ 69,158	$ 33,665	$ 16,579
Refundable deposits paid (Note 28) (Note)	9,626	9,492	8,894
	$ 78,784	$ 43,157	$ 25,473

Note: The Consolidated Company considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the refundable deposit paid. As of March 31, 2025, and December 31 and March 31, 2024, the Consolidated Company assessed that it was not necessary to report expected credit losses for refundable deposits paid.

18. Other liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Current			
Other payables			
Cash dividends (Note 26)	$ 542,145	$ 146	$ 451,797
Payable for equipment (Note 26)	94,677	70,990	157,763
Remuneration to the employees and directors	149,626	139,493	137,970
Salary and bonus	94,859	141,251	86,670

	March 31, 2025	December 31, 2024	March 31, 2024
OEM collection and payment	54,219	52,151	40,619
Insurance premium	42,929	38,945	40,438
Pension	16,919	16,387	16,600
Professional service fee	6,051	4,281	5,191
Utility bill	3,246	1,545	3,407
Business tax	1,270	2,778	932
Contract service payment	1,277	1,277	1,277
Other	49,927	52,726	50,382
	$ 1,057,145	$ 521,970	$ 993,046
Other current liabilities			
Guarantee deposit - payments received to retain capacity (Note) (Note 26)	$ 176,010	$ 175,872	$ 158,603
Advance receipts (Note 28)	4,156	4,097	4,052
Temporary receipts	75	80	69
	$ 180,241	$ 180,049	$ 162,724
Non-current			
Guarantee deposits and margins received			
Payments received to retain capacity (Note)	$ 395,508	$ 418,545	$ 494,511
Other (Note 28)	21,012	20,717	20,487
	$ 416,520	$ 439,262	$ 514,998

Note: To expand the production capacity in response to the increase in customer demand, the Consolidated Company has signed a production capacity agreement with its customers and collected a production capacity deposit which the customers can offset the payment for shipments in phases during the production capacity guarantee period according to the conditions stipulated in the agreement.

19. Liability provisions

	March 31, 2025	December 31, 2024	March 31, 2024
Current			
Warranty	$ 30,000	$ 30,000	$ 30,000

	January 1 to March 31, 2025	January 1 to March 31, 2024
Opening balance	$ 30,000	$ 30,000
Warranty expense for this period	-	288
Used during this period	-	(288)
Ending balance	$ 30,000	$ 30,000

The warranty provision for liabilities is the present value of the best estimate of the future economic outflows due to the warranty obligations by the management of the Consolidated Company according to the contract for the sale of goods. This estimate is based on historical warranty and adjusted by taking into account new raw materials, changes in the process or other factors that affect product quality.

20. Equity

(1) Share capital

Common stock

	March 31, 2025	December 31, 2024	March 31, 2024
Number of shares authorized (in thousands)	250,000	250,000	250,000
Authorized capital amount (NTD in thousand)	$ 2,500,000	$ 2,500,000	$ 2,500,000
Issued and paid shares (in thousands)	129,047	129,047	129,047
Issued capital (NTD in thousand)	$ 1,290,474	$ 1,290,474	$ 1,290,474

(2) Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
May be used to offset a deficit, distributed as cash dividends or transferred to capital (Note)			
Share premium	$ 530,686	$ 530,686	$ 530,686
Treasury shares	93,850	93,850	93,850
	$ 624,536	$ 624,536	$ 624,536

Note: Such capital surplus can be used to offset a deficit, and can be used to distribute cash or transfer to capital when the Company has no deficit. However, the appropriation to the share capital is limited to a certain ratio of the paid-in share capital each year.

(3) Retained earning and dividend policy

According to the earnings distribution policy of the Company's Articles of Association, if there is a surplus in the annual final statement, the Board of Directors shall formulate an earning distribution proposal in the following manner and sequence. In the case of share distribution, a resolution shall be submitted to the shareholders' meeting; in the case of cash distribution, the Board of Directors may be authorized to make a special resolution and report to the shareholders' meeting:

A. the Company shall set aside all taxes that legally required to be paid;
B. offset its losses in previous years that have not been previously offset;
C. set aside 10% as Legal Reserve in accordance with the Applicable Public Company Rules, unless the accumulated amount of such Legal Reserve has reached the total paid-up capital of the Company;
D. set aside a special capital reserve, if one is required, in accordance with the Applicable Public Company Rules or as requested by the authorities in charge.

The Company is in the growth stage. Based on the needs of capital expenditure, business expansion and sound financial planning for sustainable development, the Company's dividend policy will be appropriated in cash dividends or stock dividends according to the Company's future capital expenditure budget and capital needs. The proportion of cash dividends distributed to shareholders of the Company shall not be less than 10% of the total dividends to shareholders.

Please refer to Note 22 (8) Employee Remuneration and Director Remuneration for the employees and directors remuneration policy stipulated in the Articles of Association of the Company.

According to Article 237 of the Company Act of the Republic of China, when allocating surplus profits after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts equal to the total paid-in capital, this provision shall not apply. The legal reserve can be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated in cash in addition to being accounted as share capital.

The Company set aside the special reserve in accordance with the Official Letter Chin-Kuan-Cheng-Fa-Tzu No. 1090150022 and "Questions and Answers for Special Reserves Appropriated Following Adoption of the IFRSs (IFRS Accounting Standards)".

The Company's 2024 and 2023 earnings distribution proposals are as follows:

	2024	2023
Legal reserve	$ 66,420	$ 56,609
Special reserve	($154,293)	$ 44,873
Cash dividends	$541,999	$451,666
Cash dividend per share (NTD)	$ 4.2	$ 3.5

The above cash dividends have been approved by the Board of Directors on March 10, 2025 and March 12, 2024. The remaining earnings distribution items in 2023 were resolved by the annual general meeting held on May 27, 2024 and the remaining earnings distribution items for 2024 are to be resolved at the annual general meeting held on May 26, 2025.

(4) Other equity

Exchange differences on translation of foreign financial statements:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Opening balance	($ 99,617)	($ 253,910)
Recognized in the current period		
Translation differences in presentation currency	41,386	164,591
Exchange differences on translation	18,050	(65,805)
Other comprehensive income in the current period	59,436	98,786
Ending balance	($ 40,181)	($ 155,124)

21. Revenue

	January 1 to March 31, 2025	January 1 to March 31, 2024
Revenue from customer contracts		
Packaging and testing	$ 1,176,300	$ 1,027,077
Other revenue		
Other (Note 28)	38,051	34,349
	$ 1,214,351	$ 1,061,426

(1) Contract balance

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Accounts receivable (Note 9)	$ 897,711	$ 852,200	$ 787,779	$ 780,906
Accounts receivable due from related parties (Note 28)	10,278	8,903	9,348	9,885
	$ 907,989	$ 861,103	$ 797,127	$ 790,791

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract assets				
Packaging and testing	$ 123,917	$ 117,427	$ 131,146	$ 123,426
Less: loss allowances	(3,007)	(9,074)	(6,942)	(6,933)
Current contract assets	$ 120,910	$ 108,353	$ 124,204	$ 116,493
Contract liabilities				
Packaging and testing	$ 22,250	$ 18,892	$ 2,270	$ 23,353

The Consolidated Company recognizes loss allowance for contract assets based on lifetime expected credit losses. The average process duration of the packaging and testing service contracts signed by the Consolidated Company is 20 to 30 days. When determining the possibility of obtaining an unconditional right of payment for contract assets in the future, the policy adopted by the Consolidated Company refers to the historical experience of the counterparty's relevant contract assets, current market conditions and business outlook, considers the contracts that are still under obligations on the balance sheet date, examines each contract for stagnation, and recognizes the loss allowance for contract assets according to the expected credit losses during the duration. If there is evidence that the obligation of the contract have been stagnant for more than 30 days, the Consolidated Company will recognize the loss allowance at full amount, but will continue to pursuit the stagnation of the contract, and carry out the obligation when the stagnation has been eliminated. If there is evidence that the counterparty has signs of breach of contract or is facing serious financial difficulties where the recoverable amount cannot be reasonably estimated, the Consolidated Company will directly write off the relevant contract assets and loss allowance, but will continue to pursue for recovery. The amount recovered by the pursuit will be recognized in profit or loss.

	March 31, 2025	December 31, 2024	March 31, 2024
Expected credit loss rate	2.4%	7.7%	5.3%
Total amount	$ 123,917	$ 117,427	$ 131,146
Loss allowance (lifetime expected credit losses)	(3,007)	(9,074)	(6,942)
	$ 120,910	$ 108,353	$ 124,204

Information on changes in the loss allowance on contract assets:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Opening balance	$ 9,074	$ 6,933
Less: Reversal of impairment loss for the current period	(6,085)	-
Effect of exchange rate changes	18	9
Ending balance	$ 3,007	$ 6,942

(2) Detail of revenue from customer contracts

Type of service	January 1 to March 31, 2025	January 1 to March 31, 2024
Packaging and testing	$ 1,176,300	$ 1,027,077
Electroplating services	23,857	20,753
Lease and other services	14,194	13,596
	$ 1,214,351	$ 1,061,426

22. Profit from continuing operations

(1) Interest income

	January 1 to March 31, 2025	January 1 to March 31, 2024
Bank deposit	$ 14,356	$ 11,021

(2) Other income

	January 1 to March 31, 2025	January 1 to March 31, 2024
Government subsidy	$ 155	$ 57
Other	441	685
	$ 596	$ 742

(3) Other gains and losses

	January 1 to March 31, 2025	January 1 to March 31, 2024
Gain on foreign exchange	$ 1,038	$ 49,914
Loss on disposal of property, plant and equipment	(20)	(146)
Other	(102)	(18)
	$ 916	$ 49,750

(4) Finance costs

	January 1 to March 31, 2025	January 1 to March 31, 2024
Interest expense on lease liability	$ 830	$ 316

(5) Depreciation and amortization

	January 1 to March 31, 2025	January 1 to March 31, 2024
Depreciation expenses summarized by function		
Operating costs	$ 138,067	$ 153,676
Operating expenses	9,230	8,644
	$ 147,297	$ 162,320
Amortization expenses summarized by function		
Administrative expenses	$ 381	$ 411

(6) Direct operating expenses of investment property

	January 1 to March 31, 2025	January 1 to March 31, 2024
Related to lease revenue		
Depreciation expense	$ 1,967	$ 1,900
Other	160	154
	$ 2,127	$ 2,054

(7) Employee benefits expenses

	January 1 to March 31, 2025	January 1 to March 31, 2024
Post-employment benefits		
Determined appropriation plan	$ 33,010	$ 32,565
Other employee benefits	322,481	286,059
Total employee benefits expenses	$ 355,491	$ 318,624
Summarized by function		
Operating costs	$ 299,273	$ 269,557
Operating expenses	56,218	49,067
	$ 355,491	$ 318,624

(8) Remuneration to the employees and directors

According to the Articles of Association, the Company appropriates the remuneration of employees and directors according to the pre-tax profit before deducting the remuneration of employees and directors of the current year at a rate of 5% to 10% and less than or equal to 3% respectively. Estimated employee remuneration and director remuneration for the three months ended March 31, 2025 and 2024 are as follows:

Estimated ratio

	January 1 to March 31, 2025	January 1 to March 31, 2024
Remuneration to employees	8.7%	10%
Remuneration to directors	2.5%	2.9%

Amount

	January 1 to March 31, 2025	January 1 to March 31, 2024
Remuneration to employees	$ 22,500	$ 22,500
Remuneration to directors	$ 6,500	$ 6,500

If there is still a change in the amount after the annual consolidated financial statement is approved, it will be treated as a change in accounting estimates and adjusted and recorded in the following year.

Employee remuneration and director remuneration in 2024 and 2023 were approved by the Board of Directors on March 10, 2025 and March 12, 2024 as follows:

Amount

	2024	2023
	Cash	Cash
Remuneration to employees	$ 90,000	$ 80,000
Remuneration to directors	$ 26,000	$ 24,000

There is no difference between the aforementioned approved amounts of employee remuneration and director remuneration in 2024 and 2023 and the recognized amounts in the consolidated financial statement for 2024 and 2023.

For information on employee remuneration and director remuneration as approved by the Board of Directors, please visit the "MOPS" of the TWSE.

(9) Foreign currency exchange gain and loss

	January 1 to March 31, 2025	January 1 to March 31, 2024
Total foreign currency exchange gain	$ 48,161	$ 55,231
Total foreign currency exchange loss	(47,123)	(5,317)
Net gain	$ 1,038	$ 49,914

23. Income tax for continuing operation

(1) Income tax recognized in profit or loss

Detail of income tax expenses:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Current income tax		
Current period	$ 49,032	$ 35,300
Deferred income tax		
Current period	(2,174)	4,413
Income tax expense recognized in profit or loss	$ 46,858	$ 39,713

(2) Income tax assessment

The Taiwan branch of the Company's subsidiary GEM Tech Ltd.'s profit-seeking enterprise income tax has been approved by the tax authority until 2023.

The Consolidated Company had no pending tax litigation as of date March 31, 2025.

24. Earnings per share

Unit: NTD per share

	January 1 to March 31, 2025	January 1 to March 31, 2024
Earnings per share - basic		
From continuing operations	$ 1.42	$ 1.21
Earnings per share - diluted		
From continuing operations	$ 1.41	$ 1.20

Earnings and the weighted average number of common shares used to calculate earnings per share:

Profit

	January 1 to March 31, 2025	January 1 to March 31, 2024
Net profit attributable to owners of the Company	$ 183,882	$ 156,453
Net profit used to calculate basic earnings per share and diluted earnings per share	$ 183,882	$ 156,453

Quantity

Unit: thousand shares

	January 1 to March 31, 2025	January 1 to March 31, 2024
Weighted average number of common shares used to calculate basic earnings per share	129,047	129,047
Effect of potential dilutive common shares:		
Remuneration to employees	1,277	1,277
Weighted average number of common shares used to calculate diluted earnings per share	130,324	130,324

If the Consolidated Company can choose to pay employee remuneration in shares or cash, when calculating diluted earnings per share, assumed that employee remuneration will be issued in shares, the weighted average number of outstanding shares shall be included in the potentially dilutive common shares to calculate the diluted EPS. When calculating the diluted EPS before deciding on the number of shares for employee remuneration in the following year, the potentially dilutive common shares will also be considered.

25. Government grants

GEM Electronics (Hefei) Co., Ltd., a subsidiary of the Consolidated Company, met the subsidy conditions of the local government and received a subsidy of $84,796 thousand after filing an application for the buildings built and the machinery and equipment purchased by the subsidiary.

This amount has been deducted from the relevant asset's carrying amount and carried forward to profit or loss over the asset's economic life by reducing the depreciation expense. In the three months ended March 31, 2025 and 2024, the depreciation expenses were reduced $2,276 thousand and $8,052 thousand, respectively.

26. Cash flow

(1) Non-cash transaction

Unless disclosed in other notes, the Consolidated Company conducted the following non-cash investment and financing activities from January 1 to March 31, 2025 and 2024:

A. As of March 31, 2025, and December 31 and March 31, 2024, the purchase price of unpaid properties, plant and equipment acquired by the Consolidated

Company were $94,677 thousand, $70,990 thousand and $157,763 thousand respectively, and were accounted as other payables.

B. As of March 31, 2025, and December 31 and March 31, 2024, there were $542,145 thousand, $146 thousand and $451,797 thousand of declared cash dividends that had not been distributed and were accounted under other payables.

C. As of March 31, 2025, and December 31 and March 31, 2024, the affiliated companies have announced cash dividends of $4,349 thousand, $0, and $0 thousand, respectively, and were accounted as other receivables - related parties.

D. The Consolidated Company signed a production capacity guarantee agreement with the customer and offset the security deposit by offsetting the payment according to the conditions stipulated in the contract. In the three months ended March 31, 2025 and 2024, $23,536 thousand and $17,557 thousand, respectively, offset the security deposit by offsetting accounts receivable.

(2) Changes in liabilities from financing activities

January 1 to March 31, 2025

			Non-cash changes				
	January 1, 2025	Cash flows	Finance costs	Offsetting accounts receivable	Effect of exchange rate change	Other	March 31, 2025
Guarantee deposits and margins received	$ 615,134	$ -	$ -	($ 23,536)	$ 932	$ -	$ 592,530
Lease liabilities	98,388	(8,230)	830	-	1,327	(830)	91,485
	$ 713,522	($ 8,230)	$ 830	($ 23,536)	$ 2,259	($ 830)	$ 684,015

January 1 to March 31, 2024

			Non-cash changes				
	January 1, 2024	Cash flows	Finance costs	Offsetting accounts receivable	Effect of exchange rate change	Other	March 31, 2024
Guarantee deposits and margins received	$ 688,434	$ -	$ -	($ 17,557)	$ 2,724	$ -	$ 673,601
Lease liabilities	36,313	(7,873)	316	-	1,319	(316)	29,759
	$ 724,747	($ 7,873)	$ 316	($ 17,557)	$ 4,043	($ 316)	$ 703,360

27. Financial instrument

(1) Fair value information - financial instruments not measured at fair value

The management of the Consolidated Company considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(2) Types of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
Financial asset			
Financial assets measured at amortized cost (Note 1)	$ 3,751,368	$ 3,463,463	$ 2,906,485
Financial liabilities			
Financial liabilities measured at amortized cost (Note 2)	943,525	887,470	851,720

Note 1: The balance includes cash and cash equivalents, financial assets measured at amortized cost - current, accounts receivable (including related parties), other receivables (including related parties) and refundable deposits.

Note 2: The balance includes financial liabilities such as accounts payable, other payables (excluding cash dividends payable, employee remuneration and director remuneration payable, salaries and bonuses payable, insurance premiums payable, pensions payable and business tax payable) and guarantee deposit.

(3) Financial risk management objectives and policies

The Group's main financial instruments include cash and cash equivalents, investments in debt instruments, receivables, payables, and lease liabilities. Among the financial instruments held by the Consolidated Company, financial risks related to operations include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

A. Market risk

The main financial risks borne by the Consolidated Company's operating activities are the foreign currency exchange rate risk (see (A) below) and the interest rate risk (see (B) below).

(A) Foreign currency risk

The Consolidated Company is engaged in foreign currency-denominated sales and purchase transactions, thus causing the Consolidated Company to be exposed to foreign currency risk. The Consolidated Company regularly evaluates the net risk position of the sales amount and cost amount denominated in non-functional currency, and adjusts the cash holding position of the non-functional currency accordingly to achieve hedging.

For the book values of monetary assets and liabilities of the Consolidated Company denominated in non-functional currencies on the balance sheet date (including those monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements), please refer to Note 30.

Sensitivity analysis

The Consolidated Company is mainly affected by fluctuations in the exchange rates of US dollars and New Taiwan Dollars.

The table below details the sensitivity analysis of the Consolidated Company when the exchange rate of each functional currency of each entity against each relevant foreign currency increases/decreases by 1%. 1% is the sensitivity rate used when reporting exchange rate risk within the Consolidated Company to key management, and also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. Sensitivity analysis only includes foreign currency monetary items in circulation which is translated at the end of the period with a 1% exchange rate adjustment.

When foreign currency monetary items are net assets, a positive number in the table below means that when the functional currency of each consolidated entity depreciates by 1% relative to each related currency (mainly US dollar and New Taiwan Dollar), the pre-tax net profit or equity will increase by a number of the same amount; when the functional currency of each consolidated entity appreciates by 1% relative to each relevant currency, its impact on pre-tax net profit or equity will be a negative number of the same amount.

	The impact of US Dollar		The impact of New Taiwan Dollar	
	January 1 to March 31, 2025	January 1 to March 31, 2024	January 1 to March 31, 2025	January 1 to March 31, 2024
Gain or (loss)	$ 15,723 (i)	$ 17,704 (i)	($ 7,083)(ii)	($ 5,928)(ii)

i. Mainly from the Consolidated Company's USD-denominated cash and cash equivalents, receivables and payables that were in circulation on the balance sheet date without cash flow hedging.

The Consolidated Company's sensitivity to the USD exchange rate decreased in the current period, which was due to the increase in payables denominated in USD.

ii. Mainly from the Consolidated Company's NTD-denominated payables that were still in circulation on the balance sheet date without cash flow hedging.

The Consolidated Company's sensitivity to the NTD exchange rate increased in the current period, which was due to the increase in payables denominated in NTD.

(B) Interest rate risk

Interest rate risk exposure is incurred due to the bank deposits and lease liabilities within the Consolidated Company include fixed and floating interest rates.

The book values of financial assets and financial liabilities of the Consolidated Company subject to interest rate risk exposure on the balance sheet date are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
- Financial assets	$ 1,187,562	$ 1,014,883	$ 579,200
- Financial liabilities	91,485	98,388	29,759
Cash flow interest rate risk			
- Financial assets	1,505,002	1,457,028	1,428,178
- Financial liabilities	-	-	-

<u>Sensitivity analysis</u>

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. The analysis for floating rate liabilities assumes that the amounts of the liabilities outstanding at the balance sheet date were all outstanding during the reporting period. The rate of change used in reporting interest rates within the Consolidated Company to key management is a 1% increase or decrease in interest rates, which represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increased/decreased by 1% when all other variables are held constant, the Consolidated Company’s net profit before tax from January 1 to March 31, 2025 and 2024 will increase/decrease by $3,763 thousand and $3,570 thousand, respectively, mainly due to the interest rate risk with fluctuations arising from the bank deposits floating interest rate.

The Consolidated Company's sensitivity to exchange rates did not change significantly during this period compared with the same period last year.

B. Credit risk

Credit risk refers to the risk that the counterparty defaults on its contractual obligations resulting in financial losses to the Consolidated Company. As of the balance sheet date, the maximum credit risk exposure of the Consolidated Company that may result in financial losses due to the counterparty’s failure to perform its obligations is from the carrying amount of financial assets recognized in the consolidated balance sheet.

The policy adopted by the Consolidated Company is to transact with reputable counterparties and to obtain adequate guarantees to mitigate the risk of financial loss due to default when necessary. The Consolidated Company rates major customers by creating complete customer profiles, using publicly available financial and non-financial information, and referring to past transaction records with the Consolidated Company. The Consolidated Company continuously monitors the credit exposure and the credit rating of the counterparty and controls the credit exposure through the counterparty’s credit limit which is reviewed and approved annually by the responsible supervisor.

The Consolidated Company continuously evaluates the financial status of customers with accounts receivable and contract assets and reviews the recoverable amounts of accounts receivable and contract assets to ensure that unrecoverable accounts receivable and contract assets have been properly set aside for impairment losses. When necessary, receipts in advance will be adopted as a transaction term to reduce credit risk. Thus, the credit risk on accounts receivable and contract assets is expected to be limited.

The credit risk of the Consolidated Company is concentrated in the top five customers. As of March 31, 2025, and December 31 and March 31, 2024, the ratio for the total amount of accounts receivable and total contract assets came from the top five customers were 52%, 47% and 53%, respectively.

C. Liquidity risk

The Consolidated Company manages and maintains a sufficient position of cash and cash equivalents to support the Group's operations and mitigate the impact of fluctuations in cash flow.

Liquidity and Interest Rate Risk for Non-Derivative Financial Liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the earliest date on which the Consolidated Company may be required to repay, and is prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

March 31, 2025

	Payment at sight or less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-interest bearing liabilities	$ 733,565	$ 269,648	$ 461,445	$ 21,012	$ -
Lease liabilities	8,039	1,103	27,428	58,973	-
	$ 741,604	$ 270,751	$ 488,873	$ 79,985	$ -

December 31, 2024

	Payment at sight or less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-interest bearing liabilities	$ 197,279	$ 216,442	$ 453,178	$ 20,717	$ -
Lease liabilities	7,926	1,088	27,042	67,159	-
	$ 205,205	$ 217,530	$ 480,220	$ 87,876	$ -

March 31, 2024

	Payment at sight or less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
Non-interest bearing liabilities	$ 606,200	$ 212,058	$ 464,772	$ 20,487	$ -
Lease liabilities	8,228	114	16,822	5,249	-
	$ 614,428	$ 212,172	$ 481,594	$ 25,736	$ -

28. Related party transaction

The ultimate parent entity and ultimate controller of the Company is Elite Advanced Laser Corporation which held 51% of the Company's shares on March 31, 2025, and December 31 and March 31, 2024.

Transactions, account balances, income and expenses between the Company and its subsidiaries (which are related parties of the Company) are all eliminated upon consolidation, thus not disclosed in this note. Unless disclosed in other notes, the transactions between the Consolidated Company and other related parties are as follows.

(1) Name and relationship of related party

Related party	Relationship with the consolidated company
Elite Advanced Laser Corporation	Ultimate parent entity
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Associate

(2) Revenue

Account	Related party categories	January 1 to March 31, 2025	January 1 to March 31, 2024
Electroplating services	Associate	$ 23,857	$ 20,753
Lease revenue	Associate	$ 12,354	$ 11,932
Other	Associate	$ 1,840	$ 1,664

There is no other comparable transaction of the same sales price and conditions of the related parties. The revenue from electroplating services is determined by the cost-plus pricing, and the payment terms are monthly T/T 45 days. The lease revenue is based on the contract signed according to the general market conditions, and the rent is collected on a monthly basis; the other service revenue is collected on a monthly basis according to the contract content.

(3) Receivables from related parties

Account	Related party categories	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable due from related parties	Associate	$ 10,278	$ 8,903	$ 9,348
Other receivables - related parties	Associate	$ 4,548	$ 863	$ 66

The outstanding receivables from related parties are not overdue, and no guarantee has been received. No allowance for losses was provided for receivables from related parties

(4) Lease agreement

Related party categories	January 1 to March 31, 2025	January 1 to March 31, 2024
Lease expense		
Ultimate parent entity	$ 51	$ 51

The Consolidated Company leased buildings and parking spaces from the Ultimate Parent Entity over a lease term of one year. The rent is signed according to the general market conditions and rents are paid monthly.

The lease fee is a short-term lease, and the total lease payments to be paid in the future are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Total lease payments to be paid in the future	$ 64	$ 115	$ 64

(5) Lease agreement

Operation lease/ sublease

The Consolidated Company leases the buildings and subleases the land use rights related to the buildings to its associate, Mitsubishi Electric GEM Power Semiconductor (Hefei) Co., Ltd., for a lease term of five years, with an option to extend the lease term for two years. The rent is signed according to the general market conditions and rents are paid monthly. At the end of the lease period, the lessee will not have the bargain purchase price option to purchase the real estate. As of March 31, 2025, and December 31 and March 31, 2024, the total lease payments to be received in the future are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Year 1	$ 50,599	$ 49,888	$ 49,335
Year 2	37,949	49,888	49,335
Year 3	-	-	37,001
Year 4	-	-	-
Year 5	-	-	-
	$ 88,548	$ 99,776	$ 135,671

The lease revenue recognized for the three months ended March 31, 2025 and 2024 was $12,354 thousand and $11,932 thousand respectively.

(6) Other related party transactions

Account	Related party categories	March 31, 2025	December 31, 2024	March 31, 2024
Guarantee deposits and margins received	Associate	$ 1,792	$ 1,767	$ 1,747
Refundable deposits paid	Ultimate parent entity	$ 20	$ 20	$ 20
Advance receipts	Associate	$ 4,156	$ 4,097	$ 4,052

(7) Remuneration for key managerial officers

	January 1 to March 31, 2025	January 1 to March 31, 2024
Short-term employee benefits	$ 20,141	$ 21,774
Post-employment benefits	54	54
	$ 20,195	$ 21,828

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee in accordance with individual performance and market trends.

29. Material contingent liabilities and unrecognized contractual commitments

The unrecognized contractual commitments of the Consolidated Company are as follows:

Unit: Foreign currency (thousand)

	March 31, 2025	December 31, 2024	March 31, 2024
Acquisition of property, plant and equipment			
USD	$ 1,883	$ 30	$ 15
RMB	$ 2,375	$ 2,127	$ 3,146

30. Information on significant foreign currency assets and liabilities

The following information is expressed in foreign currencies other than the functional currencies of the Consolidated Companies. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to functional currencies. Significant foreign currency assets and liabilities are as follows:

March 31, 2025

	Foreign currency (thousand)	Exchange rate	Carrying amount
Assets in foreign currency			
Monetary items			
USD	$ 50,118	7.1782 (USD: RMB)	$ 1,664,173
USD	48,137	33.205 (USD: NTD)	1,598,404
Liabilities in foreign currency			
Monetary items			
USD	9,693	7.1782 (USD: RMB)	321,846
USD	41,213	33.205 (USD: NTD)	1,368,479
NTD	594,861	0.0301 (NTD: USD)	594,861
NTD	113,468	0.2162 (NTD: RMB)	113,468

December 31, 2024

	Foreign currency (thousand)	Exchange rate	Carrying amount
Assets in foreign currency			
Monetary items			
USD	$ 48,235	7.1884 (USD: RMB)	$ 1,581,389
USD	41,697	32.7850 (USD: NTD)	1,367,050
Liabilities in foreign currency			
Monetary items			
USD	10,254	7.1884 (USD: RMB)	336,163
USD	22,361	32.7850 (USD: NTD)	733,121
NTD	44,289	0.0305 (NTD: USD)	44,289
NTD	81,334	0.2193 (NTD: RMB)	81,334

March 31, 2024

	Foreign currency (thousand)	Exchange rate	Carrying amount
Assets in foreign currency			
Monetary items			
USD	$ 43,404	7.0950 (USD: RMB)	$ 1,388,938
USD	46,242	32.0000 (USD: NTD)	1,479,736
Liabilities in foreign currency			
Monetary items			
USD	8,260	7.0950 (USD: RMB)	264,328
USD	26,060	32.0000 (USD: NTD)	833,907
NTD	503,122	0.0313 (NTD: USD)	503,122
NTD	89,650	0.2217 (NTD: RMB)	89,650

The Consolidated Company's gain on foreign exchange (including realized and unrealized) from January 1 to March 31, 2025 and 2024 were $1,038 thousand and $49,914 thousand respectively. Due to the wide variety of foreign currency transactions and functional currencies of the Group, it is not possible to disclose exchange gains and losses and significant impact for each currency.

31. <u>Notes to disclosures</u>

(1) Information on significant transactions:

A. Lending funds to others. (None)

B. Providing endorsements or guarantees for others. (None)

C. Holding of significant securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture). (None)

D. The purchase and sale of goods with related parties reaching NT$100 million or 20% of paid-in capital or more. (Table 1)

E. Accounts receivable from related parties reaching NT$100 million or 20% of paid-in capital or more. (Table 2)

F. Others: The relationship and circumstances and amounts of material transactions between the parent and subsidiary companies and between each subsidiary. (Table 3)

(2) Information on investees. (Table 4)

(3) Information of investment in Mainland China:

A. Name of the investee company in Mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period, and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in Mainland China. (Table 5)

B. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

(A) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 1 and Table 3)

(B) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (None)

(C) The amount of property transactions and the amount of the resultant gains or losses. (None)

(D) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)

(E) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (None)

(F) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (Note 28)

32. Department information

Information provided to the operation decision maker to allocate resources and measure departmental performance, focusing on each type of product or service delivered or provided.

The operation decision maker regards semiconductor foundry and sales units in each region as individual operating departments, but when preparing financial statements, the Consolidated Company considers the following factors and aggregates these operating departments as a single department:

(1) Similar product properties and process;

(2) Similar product pricing strategy and sales model.

GEM SERVICES, INC. AND ITS SUBSIDIARIES

The purchase and sale of goods with related parties reaching NT$100 million or 20% of paid-in capital or more

January 1 to March 31, 2025

Table 1

(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Remark
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Sales	($ 375,762)	(62%)	Net 90 days from the end of the month of delivery	—	—	$ 381,008	70%	Notes 1, 2 and 3
GEM Tech Ltd., Taiwan Branch	GEM Electronics (Shanghai) Co., Ltd.	"	Purchase	375,762	64%	〃	—	—	(381,008)	(64%)	Notes 1, 2 and 3
	GEM Electronics (Hefei) Co., Ltd.	"	Purchase	213,199	36%	〃	—	—	(215,741)	(36%)	Notes 1, 2 and 3
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	"	Sales	(213,199)	(61%)	〃	—	—	215,741	77%	Notes 1, 2 and 3

Note 1: The transaction price is determined by the cost-plus pricing.

Note 2: There is no unrealized profit or loss for this period.

Note 3: It has been eliminated when preparing the consolidated financial statements.

GEM SERVICES, INC. AND ITS SUBSIDIARIES

Accounts receivable from related parties reaching NT$100 million or 20% of paid-in capital or more

March 31, 2025

Table 2

(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable $ 381,008	3.91	$ -	—	$ 112,585	$ -
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 215,741	3.90	-	—	61,284	-
The Company	GEM Tech Ltd.	Parent company to subsidiary	Other receivables 664,100	-	-	—	-	-

Note 1: Amount recovered from April 1 to May 5, 2025.

Note 2: It has been eliminated when preparing the consolidated financial statements.

GEM SERVICES, INC. AND ITS SUBSIDIARIES

The relationship and circumstances and amounts of important transactions between the parent and subsidiary companies and between each subsidiary

January 1 to March 31, 2025

Table 3

(In Thousands of New Taiwan Dollars)

No.	Counterparty	Transaction Counterparty	Relationship to the Counterparty	Transaction Details			
				Account	Amount (Note 1)	Transaction Terms	% of Total Sales or Assets (Note 2)
1	GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales Revenue	$ 375,762 (Note 4)	Net 90 days from the end of the month of delivery	31%
				Accounts receivable due from related parties	381,008	-	6%
				Contract assets - related parties	52,390	-	1%
2	GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales Revenue	213,199 (Note 4)	Net 90 days from the end of the month of delivery	18%
				Accounts receivable due from related parties	215,741	-	3%
				Contract assets - related parties	28,661	-	-
3	GEM Tech Ltd.	The Company	Note 3 (2)	Other payables - related parties	664,100	Remittance of earnings	10%

The business relationship between the parent and the subsidiaries:

The Company and GEM Electronics Company Limited are holding companies; GEM Electronics (Shanghai) Co., Ltd., GEM Tech Ltd., Taiwan Branch, and GEM Tech Ltd. are mainly engaged in the manufacture and sale of electronic parts; GEM Electronics (Hefei) Co., Ltd. is mainly engaged in the manufacture and sale of electronic parts and plant leasing.

Note 1: This table discloses information on one-way transactions only, which have been eliminated when preparing the consolidated financial statements.

Note 2: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets is calculated by the closing balance for the consolidated total assets if it is an asset-liability account or calculated by the interim accumulated amount for the consolidated total revenue if it is a profit and loss account.

Note 3: Relationship to the counterparty:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 4: There is no unrealized profit or loss for this period.

GEM SERVICES, INC. AND ITS SUBSIDIARIES

Information, location... and other related information of subsidiaries

January 1 to March 31, 2025

Table 4

(Except for the number of shares, all denominated in thousands of New Taiwan Dollars and foreign currency)

Investor Company	Investee Company	Location	Business Scope	Original Investment Amount		Holding of Investment at the End of the Period			Net Income (Losses) of the Investee	Share of Profits (Losses) of Investee	Remark
				End of the Current Period	End of Last Year	Quantity	Proportion	Carrying amount			
The Company	GEM Electronics Company Limited	British Virgin Islands	Holding company business	$ -	$ -	100	100%	$3,208,996	$ 59,751	$ 59,751	Note 1
	GEM Tech Ltd.	Samoa	Manufacture and sales of electronic parts	18,202 (USD 606)	18,202 (USD 606)	606,091	100%	891,016	121,793	121,793	Note 1

Note 1: The share of profit (losses) of investee is based on the financial statements of the investee company reviewed by the CPA during the same period.

Note 2: It has been eliminated when preparing the consolidated financial statements.

Note 3: Please refer to Table 5 for relevant information on investment in Mainland China.

GEM SERVICES, INC. AND ITS SUBSIDIARIES

Information of investment in Mainland China

January 1 to March 31, 2025

Table 5

Unit: thousands of New Taiwan Dollars/ foreign currency

Investee Company in China	Business Scope	Paid-in shares Capital	Investment Method	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2025	The Company's Direct or Indirect Holding Percentage	Net Income (Losses) of the Investee	Share of Profits (Losses) of Investee	Carrying Amount of Investments at the End of the Period	Accumulated Inward Remittance of Earnings as of March 31, 2025
					Outflow	Inflow						
GEM Electronics (Shanghai) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts	$ 2,291,145 (USD 69,000) (Note 5)	Reinvested by GEM Electronics Company Limited (Note 1(2))	$ -	$ -	$ -	$ -	100%	$ 59,751	$ 59,751 (Note 2(2) 2.)	$ 3,208,996	$ -
GEM Electronics (Hefei) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts, plant leasing	2,019,217 (RMB 436,511)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	100%	15,519	15,519 (Note 2(2) 2.)	1,370,038	-
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	166,025 (USD 5,000)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	20%	27,219	5,444 (Note 2(2) 3.)	128,751	-

Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
(Note 6)	(Note 6)	(Note 6)

Note 1: There are three types of investment methods, and they indicated below:

1. Directly conduct investment in China.
2. Reinvestment in Mainland China through a third regional company (GEM Electronics Company Limited).
3. Other methods (reinvestment through GEM Electronics (Shanghai) Co., Ltd.).

Note 2: In share of profits (losses) of investee

1. It shall be indicated if it is under preparation without investment profit or loss.
2. The basis for recognition of investment gains and losses is divided into the following three types, which should be indicated.
   (1) Financial statements reviewed by an international accounting firm that has a cooperative relationship with an accounting firm of the Republic of China.
   (2) Financial statements reviewed by the certified accounting firm by the parent company in Taiwan.
   (3) Based on the financial statements of the investee that have not been reviewed by accountants during the same period.

Note 3: Relevant figures in this table should be denominated in New Taiwan Dollars.

Note 4: It has been eliminated when preparing the consolidated financial statements.

Note 5: Part of it is reinvested with surplus funds from the third region.

Note 6: The Company is not a company established by the Republic of China, so it is not applicable.