

GEM SERVICES, INC. AND ITS SUBSIDIARIES

Consolidated Financial Statements with CPA's Review Report

First Quarter of 2026 and 2025

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, 2026 and 2025, 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, 2026 and 2025, 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, 2026 and 2025 were NT\$115,077 thousand and NT\$128,751 thousand respectively. For the three months ended March 31, 2026 and 2025 the share of profit of associates and joint ventures accounted for using equity method were NT\$1,858 thousand, and NT\$5,444 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, 2026 and 2025, its consolidated financial performance for the three months ended March 31, 2026 and 2025 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 4, 2026

GEM SERVICES, INC. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
MARCH 31, 2026 AND DECEMBER 31 AND MARCH 31, 2025

(In Thousands of New Taiwan Dollars)

Code	Assets	March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 1,712,193	24	\$ 1,868,250	27	\$ 2,493,527	36
1136	Financial assets measured at amortized cost - current (Notes 7 and 8)	1,315,962	18	872,608	13	199,230	3
1140	Current contract assets (Notes 5 and 21)	82,755	1	88,248	1	120,910	2
1170	Accounts receivable (Notes 5, 9, 21 and 26)	1,047,910	14	989,290	15	897,711	13
1180	Accounts receivable due from related parties (Notes 5, 21 and 28)	8,765	-	8,066	-	10,278	-
1200	Other receivables (Notes 5 and 9)	82,480	1	105,788	2	136,448	2
1210	Other receivables due from related parties (Notes 5, 26 and 28)	20,530	-	52	-	4,548	-
130X	Inventories (Note 10)	205,150	3	162,793	2	145,798	2
1410	Prepayments (Note 17)	40,166	1	34,147	1	20,765	1
11XX	Total current assets	<u>4,515,911</u>	<u>62</u>	<u>4,129,242</u>	<u>61</u>	<u>4,029,215</u>	<u>59</u>
	Non-current assets						
1550	Investments accounted for using equity method (Note 12)	115,077	2	129,284	2	128,751	2
1600	Property, plant and equipment (Notes 13 and 25)	2,330,568	32	2,206,456	32	2,413,452	35
1755	Right-of-use assets (Note 14)	95,110	1	100,626	1	130,939	2
1760	Investment property (Note 15)	34,203	1	34,995	1	42,157	-
1780	Other intangible assets (Note 16)	10,077	-	10,906	-	2,908	-
1840	Deferred tax assets (Note 4)	66,238	1	55,389	1	56,695	1
1990	Other non-current assets (Notes 17 and 28)	91,533	1	154,660	2	78,784	1
15XX	Total non-current assets	<u>2,742,806</u>	<u>38</u>	<u>2,692,316</u>	<u>39</u>	<u>2,853,686</u>	<u>41</u>
1XXX	Total assets	<u>\$ 7,258,717</u>	<u>100</u>	<u>\$ 6,821,558</u>	<u>100</u>	<u>\$ 6,882,901</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2130	Current contract liabilities (Note 21)	\$ 48,916	1	\$ 43,006	1	\$ 22,250	-
2170	Accounts payable	785,998	11	723,668	11	713,116	10
2200	Other payables (Notes 18 and 26)	1,225,178	17	554,319	8	1,057,145	15
2230	Current tax liabilities (Note 4)	137,075	2	102,187	2	122,911	2
2250	Current provisions (Note 19)	30,000	-	30,000	-	30,000	1
2281	Current lease liabilities (Note 14)	34,611	-	33,790	-	33,997	1
2300	Other current liabilities (Notes 18, 26 and 28)	199,964	3	204,568	3	180,241	3
21XX	Total current liabilities	<u>2,461,742</u>	<u>34</u>	<u>1,691,538</u>	<u>25</u>	<u>2,159,660</u>	<u>32</u>
	Non-current liabilities						
2570	Deferred tax liabilities (Note 4)	37,644	1	33,174	1	25,821	-
2581	Non-current lease liabilities (Note 14)	22,854	-	30,112	-	57,488	1
2670	Other non-current liabilities (Notes 18 and 28)	351,338	5	372,118	5	416,520	6
25XX	Total non-current liabilities	<u>411,836</u>	<u>6</u>	<u>435,404</u>	<u>6</u>	<u>499,829</u>	<u>7</u>
2XXX	Total liabilities	<u>2,873,578</u>	<u>40</u>	<u>2,126,942</u>	<u>31</u>	<u>2,659,489</u>	<u>39</u>
	Equity attributable to owners of the Company (Note 20)						
	Share capital						
3110	Common stock	1,290,474	18	1,290,474	19	1,290,474	19
3200	Capital surplus	624,536	8	624,536	9	624,536	9
	Retained earnings						
3310	Legal reserve	688,542	10	688,542	10	622,122	9
3320	Special reserve	99,617	1	99,617	2	253,910	4
3350	Unappropriated earnings	1,698,666	23	2,135,187	31	1,472,551	21
3300	Total retained earnings	2,486,825	34	2,923,346	43	2,348,583	34
3400	Other equity	(16,696)	-	(143,740)	(2)	(40,181)	(1)
3XXX	Total equity	<u>4,385,139</u>	<u>60</u>	<u>4,694,616</u>	<u>69</u>	<u>4,223,412</u>	<u>61</u>
	Total liabilities and equity	<u>\$ 7,258,717</u>	<u>100</u>	<u>\$ 6,821,558</u>	<u>100</u>	<u>\$ 6,882,901</u>	<u>100</u>

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

(Please refer to the review report of Deloitte & Touche on May 4, 2026)

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, 2026 AND 2025

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

Code		January 1 to March 31, 2026		January 1 to March 31, 2025	
		Amount	%	Amount	%
4000	Operating revenue (Notes 21 and 28)	\$ 1,357,265	100	\$ 1,214,351	100
5000	Operating costs (Notes 10 and 22)	(1,002,466)	(74)	(915,176)	(76)
5900	Gross profit from operations	<u>354,799</u>	<u>26</u>	<u>299,175</u>	<u>24</u>
	Operating expenses (Notes 9, 21, 22 and 28)				
6100	Selling expenses	(5,096)	-	(4,705)	-
6200	Administrative expenses	(80,215)	(6)	(77,756)	(6)
6300	Research and development expenses	(9,930)	(1)	(9,972)	(1)
6450	Expected credit (impairment loss) reversal gain	(<u>30</u>)	<u>-</u>	<u>3,516</u>	<u>-</u>
6000	Total operating expenses	(<u>95,271</u>)	(<u>7</u>)	(<u>88,917</u>)	(<u>7</u>)
6900	Net operating income	<u>259,528</u>	<u>19</u>	<u>210,258</u>	<u>17</u>
	Non-operating income and expenses (Notes 12 and 22)				
7100	Interest income	10,380	1	14,356	1
7010	Other income	2,028	-	596	-
7020	Other gains and losses	(10,245)	-	916	-
7050	Finance costs	(517)	-	(830)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	<u>1,858</u>	<u>-</u>	<u>5,444</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>3,504</u>	<u>1</u>	<u>20,482</u>	<u>2</u>

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Code		January 1 to March 31, 2026		January 1 to March 31, 2025	
		Amount	%	Amount	%
7900	Profit from continuing operations before income tax	\$ 263,032	20	\$ 230,740	19
7950	Income tax expense (Notes 4 and 23)	(54,316)	(4)	(46,858)	(4)
8200	Profit	<u>208,716</u>	<u>16</u>	<u>183,882</u>	<u>15</u>
	Other comprehensive income (loss) (Note 20)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8341	Translation differences from functional currency to presentation currency	70,578	5	41,386	3
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>56,466</u>	<u>4</u>	<u>18,050</u>	<u>2</u>
8300	Other comprehensive income in the current period	<u>127,044</u>	<u>9</u>	<u>59,436</u>	<u>5</u>
8500	Total comprehensive income in current period	<u>\$ 335,760</u>	<u>25</u>	<u>\$ 243,318</u>	<u>20</u>
	Earnings per share (Note 24)				
	From continuing operations				
9710	Basic earnings per share	<u>\$ 1.62</u>		<u>\$ 1.42</u>	
9810	Diluted earnings per share	<u>\$ 1.60</u>		<u>\$ 1.41</u>	

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

(Please refer to the review report of Deloitte & Touche on May 4, 2026)

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, 2026 AND 2025

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company					Other equity Exchange differences on translation of foreign financial statements	Total equity
Code		Share capital	Retained earnings			Unappropriated earnings		
		Common stock	Capital surplus	Legal reserve	Special reserve			
A1	Balance as of January 1, 2025	<u>\$ 1,290,474</u>	<u>\$ 624,536</u>	<u>\$ 622,122</u>	<u>\$ 253,910</u>	<u>\$ 1,830,668</u>	<u>(\$ 99,617)</u>	<u>\$ 4,522,093</u>
B5	Distribution of 2024 earnings (Note 20) 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,436</u>	<u>59,436</u>
D5	Total comprehensive income from January 1 to March 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,882</u>	<u>59,436</u>	<u>243,318</u>
Z1	Balance as of March 31, 2025	<u>\$ 1,290,474</u>	<u>\$ 624,536</u>	<u>\$ 622,122</u>	<u>\$ 253,910</u>	<u>\$ 1,472,551</u>	<u>(\$ 40,181)</u>	<u>\$ 4,223,412</u>
A1	Balance as of January 1, 2026	<u>\$ 1,290,474</u>	<u>\$ 624,536</u>	<u>\$ 688,542</u>	<u>\$ 99,617</u>	<u>\$ 2,135,187</u>	<u>(\$ 143,740)</u>	<u>\$ 4,694,616</u>
B5	Distribution of 2025 earnings (Note 20) Cash dividends	-	-	-	-	(645,237)	-	(645,237)
D1	Net profit from January 1 to March 31, 2026	-	-	-	-	208,716	-	208,716
D3	Other comprehensive income from January 1 to March 31, 2026	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,044</u>	<u>127,044</u>
D5	Total comprehensive income from January 1 to March 31, 2026	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,716</u>	<u>127,044</u>	<u>335,760</u>
Z1	Balance as of March 31, 2026	<u>\$ 1,290,474</u>	<u>\$ 624,536</u>	<u>\$ 688,542</u>	<u>\$ 99,617</u>	<u>\$ 1,698,666</u>	<u>(\$ 16,696)</u>	<u>\$ 4,385,139</u>

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

(Please refer to the review report of Deloitte & Touche on May 4, 2026)

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, 2026 AND 2025

(In Thousands of New Taiwan Dollars)

Code		January 1 to March 31, 2026	January 1 to March 31, 2025
	Cash flows from operating activities		
A10000	Profit before tax	\$ 263,032	\$ 230,740
A20010	Adjustments for:		
A20100	Depreciation expense	142,124	147,297
A20200	Amortization expense	1,182	381
A20300	(Gains on reversal of) expected credit impairment losses	30	(3,516)
A20900	Finance costs	517	830
A21200	Interest income	(10,380)	(14,356)
A22300	Share of profit of associates and joint ventures accounted for using equity method	(1,858)	(5,444)
A22500	Loss on disposal of property, plant and equipment	221	20
A23700	Loss on decline in market value and obsolete and slow-moving inventories	1,356	66
A24100	Foreign currency exchange (gain) or loss	182	6,869
A29900	Liability provisions	33	-
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	6,736	(6,161)
A31150	Accounts receivable	(69,202)	(70,314)
A31160	Accounts receivable due from related parties	(417)	(1,236)
A31180	Other receivables	28,091	(14,013)
A31200	Inventories	(37,840)	(1,951)
A31230	Prepayments	(4,810)	10,270
A32125	Contract liabilities	5,854	3,357
A32150	Accounts payable	39,063	19,266
A32180	Other payables	(41,422)	(35,943)
A32200	Liability provisions	(33)	-
A33000	Cash inflows generated from operating activities	322,459	266,162
A33100	Interest received	5,012	13,500
A33300	Interest paid	(517)	(830)
A33500	Income taxes paid	(25,618)	(25,069)
AAAA	Net cash generated from operating activities	<u>301,336</u>	<u>253,763</u>

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<u>Code</u>		<u>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(\$ 409,581)	\$ -
B02700	Acquisition of property, plant and equipment	(34,180)	(15,673)
B02800	Disposal of property, plant and equipment	5,097	-
B04300	Increase in other receivables due from related parties	-	(92)
B04400	Decrease in other receivables due from related parties	22	-
B07100	Increase in prepayments for equipment	(<u>56,024</u>)	(<u>50,836</u>)
BBBB	Net cash used in investing activities	(<u>494,666</u>)	(<u>66,601</u>)
	Cash flows from financing activities		
C03100	Decrease in guarantee deposit	(5,213)	-
C04020	Repayment of the principal portion of lease liabilities	(<u>8,478</u>)	(<u>8,230</u>)
CCCC	Net cash used in financing activities	(<u>13,691</u>)	(<u>8,230</u>)
DDDD	Effect of exchange rate changes on cash and equivalents	<u>50,964</u>	<u>39,097</u>
EEEE	Net (decrease) increase in cash and cash equivalents	(156,057)	218,029
E00100	Cash and cash equivalents at beginning of period	<u>1,868,250</u>	<u>2,275,498</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 1,712,193</u>	<u>\$ 2,493,527</u>

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

(Please refer to the review report of Deloitte & Touche on May 4, 2026)

Chairman:
Chu-Liang, Cheng

General Manager: Yen-
Chiang, Tang

Head-Finance & Accounting:
Jui-Ping, Wang

GEM SERVICES, INC. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 1 TO MARCH 31, 2026 AND 2025
(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, 2026, 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 4, 2026.

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) 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)
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 18 - Presentation and Disclosure in Financial Statements	January 1, 2027 (Note 2)

New, revised or amended standards and interpretations	Effective date issued by IASB (Note 1)
IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures” (Including the 2025 Amendments)	January 1, 2027
Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency	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.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will be mandatory for Taiwanese companies starting January 1, 2028, with an option for early adoption once the FSC has approved the standard.

IFRS 18 - Presentation and Disclosure in Financial Statements and related consequential amendments

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

- The Consolidated Company shall assess whether it possesses specific main business activities, such as investing in specific types of assets and providing financing to customers. Based on this assessment, income and expense items in the statement of profit or loss shall be classified into operating, investing, financing, income tax, 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.

Furthermore, IAS 7 "Statement of Cash Flows" has undergone the following consequential amendments:

- When the Consolidated Company prepares cash flows from operating activities using the indirect method, "operating profit or loss" shall be used as the starting point for reconciliation.
- Interest and dividends received by the Consolidated Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the Consolidated Company is assessed to have specific main business activities, it must consider the classification of dividend income, interest income, and interest expense presented in the statement of profit or loss to determine the classification of dividends received, interest received, and interest paid within the statement of cash flows; provided, however, that each such cash flow may only be classified within a single activity in the statement of cash flows.

As of the date the consolidated financial statements were authorized, the Consolidated Company is continuously assessing the possible impact that the application of various standards and interpretations will have on the Consolidated Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies

(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 2025 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, 2026	December 31, 2025	March 31, 2025
Cash on hand and working fund	\$ 144	\$ 289	\$ 193
Bank demand deposit	937,146	1,486,090	1,505,002
Cash Equivalent (Investments with original maturity within 3 months)			
Bank fixed deposit	<u>774,903</u>	<u>381,871</u>	<u>988,332</u>
	<u>\$ 1,712,193</u>	<u>\$ 1,868,250</u>	<u>\$ 2,493,527</u>

As of March 31, 2026, and December 31 and March 31, 2025, the interest rate ranges for bank deposits were 0.05% to 3.70%, 0.05% to 3.88%, and 0.05% to 4.35%, respectively.

7. Financial assets measured at amortized cost

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
Time deposits with original maturities exceeding 3 months (1)	<u>\$ 1,315,962</u>	<u>\$ 872,608</u>	<u>\$ 199,230</u>

(1) As of March 31, 2026, and December 31 and March 31, 2025, the interest rate for time deposits with an original maturity of more than 3 months were 1.10% to 4.40%, 1.10% to 4.40% and 4.30% per annum, respectively.

(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, 2026	December 31, 2025	March 31, 2025
Measured at amortized cost			
Total amount	\$ 1,315,962	\$ 872,608	\$ 199,230
Loss allowances	-	-	-
Measured at amortized cost	<u>\$ 1,315,962</u>	<u>\$ 872,608</u>	<u>\$ 199,230</u>

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, 2026, and December 31 and March 31, 2025, 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, 2026	December 31, 2025	March 31, 2025
<u>Accounts receivable</u>			
Measured at amortized cost			
Total amount	\$1,047,965	\$ 989,315	\$ 900,388
Less: loss allowances	(<u>55</u>)	(<u>25</u>)	(<u>2,677</u>)
	<u>\$1,047,910</u>	<u>\$ 989,290</u>	<u>\$ 897,711</u>
<u>Other receivables</u>			
OEM collection and payment	\$ 65,523	\$ 89,139	\$ 118,918
Interest receivable	10,619	5,251	7,981
Scrap receivable	-	-	6,819
Receivables from disposal of equipment (Note 26)	-	3,236	-
Other	<u>6,338</u>	<u>8,162</u>	<u>2,730</u>
	<u>\$ 82,480</u>	<u>\$ 105,788</u>	<u>\$ 136,448</u>

(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, 2026

	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	0.002%~ 0.07%	0.04%~ 8.67%	3.70%~ 25%	25%	100%	
Total amount	\$ 1,005,814	\$ 41,618	\$ 533	\$ -	\$ -	\$ 1,047,965
Loss allowance (lifetime expected credit losses)	(7)	(48)	-	-	-	(55)
Measured at amortized cost	<u>\$ 1,005,807</u>	<u>\$ 41,570</u>	<u>\$ 533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,047,910</u>

December 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	0.05%	0.06%~ 5.80%	7.93%~ 10.81%	20%~33.33%	100%	
Total amount	\$ 910,790	\$ 78,514	\$ -	\$ 11	\$ -	\$ 989,315
Loss allowance (lifetime expected credit losses)	(7)	(16)	-	(2)	-	(25)
Measured at amortized cost	<u>\$ 910,783</u>	<u>\$ 78,498</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 989,290</u>

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

Changes in loss allowance for accounts receivable is as follows:

	January 1 to March 31, 2026	January 1 to March 31, 2025
Opening balance	\$ 25	\$ 90
Add: Impairment losses for the current period	30	2,569
Effect of exchange rate changes	-	18
Ending balance	<u>\$ 55</u>	<u>\$ 2,677</u>

(2) Other receivables

The Consolidated Company accounts for other receivables such as OEM collection and payment, interest receivable, unrecovered amount from the sale of scraps, and receivables from the disposal of equipment. 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, 2026, and December 31 and March 31, 2025, the Consolidated Company assessed other receivables without the need to report expected credit losses.

10. Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Raw material	<u>\$ 205,150</u>	<u>\$ 162,793</u>	<u>\$ 145,798</u>

The nature of cost of goods sold is as follows:

	January 1 to March 31, 2026	January 1 to March 31, 2025
Cost of inventories sold	\$ 998,998	\$ 912,983
Lease cost	2,112	2,127
Loss on decline in market value and obsolete and slow-moving inventories	<u>1,356</u>	<u>66</u>
	<u>\$ 1,002,466</u>	<u>\$ 915,176</u>

11. Subsidiaries

Subsidiaries included in the consolidated financial statements

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

Investor Company	Subsidiary	Nature of business	Shareholding percentage		
			March 31, 2026	December 31, 2025	March 31, 2025
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, 2026	December 31, 2025	March 31, 2025
Individually insignificant associates			
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	<u>\$ 115,077</u>	<u>\$ 129,284</u>	<u>\$ 128,751</u>

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

Company name	Nature of business	Main business site	Shareholding and voting rights		
			March 31, 2026	December 31, 2025	March 31, 2025
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, 2026	January 1 to March 31, 2025
Attributable to the Consolidated Company		
Net income from continuing operations	\$ 1,858	\$ 5,444
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 1,858</u>	<u>\$ 5,444</u>

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, 2026	\$ 537,287	\$ 6,627,178	\$ 10,596	\$ 60,395	\$ 100,163	\$ 97,166	\$ 75,591	\$ 7,508,376
Enhancements	-	5,949	1,019	124	3,674	-	81,038	91,804
Reclassification (Note)	-	8,963	-	-	-	-	113,122	122,085
Disposals	-	(8,082)	(779)	-	-	-	-	(8,861)
Effect of exchange rate changes	18,304	118,346	136	2,027	3,472	3,312	3,469	149,066
Balance as of March 31, 2026	<u>\$ 555,591</u>	<u>\$ 6,752,354</u>	<u>\$ 10,972</u>	<u>\$ 62,546</u>	<u>\$ 107,309</u>	<u>\$ 100,478</u>	<u>\$ 273,220</u>	<u>\$ 7,862,470</u>
Accumulated depreciation and impairment								
Balance as of January 1, 2026	\$ 208,801	\$ 4,855,713	\$ 10,520	\$ 55,633	\$ 86,667	\$ 84,586	\$ -	\$ 5,301,920
Depreciation expense	6,246	120,763	-	473	2,520	1,366	-	131,368
Disposals	-	(6,078)	(701)	-	-	-	-	(6,779)
Effect of exchange rate changes	7,214	90,291	117	1,874	2,993	2,904	-	105,393
Balance as of March 31, 2026	<u>\$ 222,261</u>	<u>\$ 5,060,689</u>	<u>\$ 9,936</u>	<u>\$ 57,980</u>	<u>\$ 92,180</u>	<u>\$ 88,856</u>	<u>\$ -</u>	<u>\$ 5,531,902</u>
Net amount as of March 31, 2026	<u>\$ 333,330</u>	<u>\$ 1,691,665</u>	<u>\$ 1,036</u>	<u>\$ 4,566</u>	<u>\$ 15,129</u>	<u>\$ 11,622</u>	<u>\$ 273,220</u>	<u>\$ 2,330,568</u>
Net amount as of December 31, 2025 and January 1, 2026	<u>\$ 328,486</u>	<u>\$ 1,771,465</u>	<u>\$ 76</u>	<u>\$ 4,762</u>	<u>\$ 13,496</u>	<u>\$ 12,580</u>	<u>\$ 75,591</u>	<u>\$ 2,206,456</u>
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	<u>\$ 555,816</u>	<u>\$ 6,482,532</u>	<u>\$ 10,729</u>	<u>\$ 65,197</u>	<u>\$ 96,820</u>	<u>\$ 94,822</u>	<u>\$ 153,877</u>	<u>\$ 7,459,793</u>
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	<u>\$ 196,955</u>	<u>\$ 4,611,455</u>	<u>\$ 10,177</u>	<u>\$ 60,196</u>	<u>\$ 83,985</u>	<u>\$ 83,573</u>	<u>\$ -</u>	<u>\$ 5,046,341</u>
Net amount as of March 31, 2025	<u>\$ 358,861</u>	<u>\$ 1,871,077</u>	<u>\$ 552</u>	<u>\$ 5,001</u>	<u>\$ 12,835</u>	<u>\$ 11,249</u>	<u>\$ 153,877</u>	<u>\$ 2,413,452</u>

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, 2026 and 2025.

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, 2026	December 31, 2025	March 31, 2025
Carrying amount of right-of-use assets			
Land (Note)	\$ 38,520	\$ 37,540	\$ 39,733
Building	56,142	62,579	90,458
Office equipment	448	507	748
	<u>\$ 95,110</u>	<u>\$ 100,626</u>	<u>\$ 130,939</u>
Depreciation expense on right-of-use assets		January 1 to March 31, 2026	January 1 to March 31, 2025
Land (Note)		\$ 295	\$ 297
Building		8,434	8,496
Office equipment		74	74
		<u>\$ 8,803</u>	<u>\$ 8,867</u>

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, 2026 and 2025.

(2) Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amounts of lease liabilities			
Current	\$ 34,611	\$ 33,790	\$ 33,997
Non-current	\$ 22,854	\$ 30,112	\$ 57,488

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

	March 31, 2026	December 31, 2025	March 31, 2025
Building	3.6%-4.35%	3.6%-4.35%	3.6%-4.35%
Office equipment	4.35%	4.35%	4.35%

(3) Other lease information

	January 1 to March 31, 2026	January 1 to March 31, 2025
Expense on short-term lease	\$ 1,588	\$ 1,514
Total cash outflow from lease	(\$ 10,583)	(\$ 10,574)

15. Investment property

	March 31, 2026	December 31, 2025	March 31, 2025
Building	\$ 29,456	\$ 30,369	\$ 37,261
Right-of-use assets - land	4,747	4,626	4,896
	\$ 34,203	\$ 34,995	\$ 42,157

The right-of-use assets 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 (including buildings and right-of-use assets - land) 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, 2026	December 31, 2025	March 31, 2025
Year 1	\$ 37,934	\$ 48,912	\$ 50,599
Year 2	-	-	37,949
Year 3	-	-	-
Year 4	-	-	-
Year 5	-	-	-
	<u>\$ 37,934</u>	<u>\$ 48,912</u>	<u>\$ 88,548</u>

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, 2026 and 2025. 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, 2026	December 31, 2025	March 31, 2025
Fair value	<u>\$ 266,332</u>	<u>\$ 254,259</u>	<u>\$ 266,983</u>

16. Other intangible assets

	<u>Computer software</u>
<u>Cost</u>	
Balance as of January 1, 2026	\$ 14,168
Effect of exchange rate changes	<u>483</u>
Balance as of March 31, 2026	<u>\$ 14,651</u>

	<u>Computer software</u>
<u>Accumulated amortization</u>	
Balance as of January 1, 2026	\$ 3,262
Amortization expense	1,182
Effect of exchange rate changes	<u>130</u>
Balance as of March 31, 2026	<u>\$ 4,574</u>
Net amount as of March 31, 2026	<u>\$ 10,077</u>
Net amount as of December 31, 2025 and January 1, 2026	<u>\$ 10,906</u>
<u>Cost</u>	
Balance as of January 1, 2025	\$ 4,788
Effect of exchange rate changes	<u>68</u>
Balance as of March 31, 2025	<u>\$ 4,856</u>
<u>Accumulated amortization</u>	
Balance as of January 1, 2025	\$ 1,542
Amortization expense	381
Effect of exchange rate changes	<u>25</u>
Balance as of March 31, 2025	<u>\$ 1,948</u>
Net amount as of March 31, 2025	<u>\$ 2,908</u>

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

Computer software

3 to 5 years

17. Other assets

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
<u>Current</u>			
Prepayments			
Tax credit	\$ 14,283	\$ 17,116	\$ 5,106
Prepayments to suppliers	9,874	9,305	5,953
Other	<u>16,009</u>	<u>7,726</u>	<u>9,706</u>
	<u>\$ 40,166</u>	<u>\$ 34,147</u>	<u>\$ 20,765</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 77,759	\$ 141,338	\$ 69,158
Refundable deposits paid			
(Note 28) (Note)	9,658	9,340	9,626
Other prepayments	<u>4,116</u>	<u>3,982</u>	<u>-</u>
	<u>\$ 91,533</u>	<u>\$ 154,660</u>	<u>\$ 78,784</u>

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, 2026, and December 31 and March 31, 2025, the Consolidated Company assessed that it was not necessary to report expected credit losses for refundable deposits paid.

18. Other liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
Other payables			
Cash dividends (Note 26)	\$ 645,401	\$ 164	\$ 542,145
Remuneration to the employees and directors	179,453	151,865	149,626
Salary and bonus	92,700	146,300	94,859
Payable for equipment (Note 26)	118,225	60,601	94,677
OEM collection and payment	36,669	43,409	54,219
Insurance premium	49,228	46,456	42,929
Pension	19,491	17,225	16,919
Engineering service fee	2,814	13,654	-
Processing fee	3,935	3,866	-
Professional service fee	6,058	6,180	6,051
Utility bill	1,326	1,554	3,246
Business tax	1,296	1,936	1,270
Other	<u>68,582</u>	<u>61,109</u>	<u>51,204</u>
	<u>\$ 1,225,178</u>	<u>\$ 554,319</u>	<u>\$ 1,057,145</u>
Other current liabilities			
Guarantee deposit - payments received to retain capacity (Note) (Note 26)	\$ 195,731	\$ 200,474	\$ 176,010
Advance receipts (Note 28)	4,154	4,017	4,156
Temporary receipts	<u>79</u>	<u>77</u>	<u>75</u>
	<u>\$ 199,964</u>	<u>\$ 204,568</u>	<u>\$ 180,241</u>
<u>Non-current</u>			
Guarantee deposits and margins received			
Payments received to retain capacity (Note)	\$ 330,335	\$ 346,684	\$ 395,508
Other (Note 28)	<u>21,003</u>	<u>25,434</u>	<u>21,012</u>
	<u>\$ 351,338</u>	<u>\$ 372,118</u>	<u>\$ 416,520</u>

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, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
Warranty	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>
	January 1 to March 31, 2026	January 1 to March 31, 2025	
Opening balance	\$ 30,000	\$ 30,000	
Warranty expense for this period	33	-	
Used during this period	(<u>33</u>)	-	
Ending balance	<u>\$ 30,000</u>	<u>\$ 30,000</u>	

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, 2026	December 31, 2025	March 31, 2025
Number of shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Authorized capital amount (NTD in thousand)	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Issued and paid shares (in thousands)	<u>129,047</u>	<u>129,047</u>	<u>129,047</u>
Issued capital (NTD in thousand)	<u>\$ 1,290,474</u>	<u>\$ 1,290,474</u>	<u>\$ 1,290,474</u>

(2) Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
<u>May be used to offset a deficit, distributed as cash dividends or transferred to capital (Note)</u>			
Share premium	\$ 530,686	\$ 530,686	\$ 530,686
Treasury shares	<u>93,850</u>	<u>93,850</u>	<u>93,850</u>
	<u>\$ 624,536</u>	<u>\$ 624,536</u>	<u>\$ 624,536</u>

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 2025 and 2024 earnings distribution proposals are as follows:

	<u>2025</u>	<u>2024</u>
Legal reserve	\$ 75,865	\$ 66,420
Special reserve	\$ 44,123	(\$154,293)
Cash dividends	<u>\$645,237</u>	<u>\$541,999</u>
Cash dividend per share (NTD)	\$ 5.0	\$ 4.2

The above cash dividends have been approved by the Board of Directors on March 9, 2026 and March 10, 2025. The remaining items for the appropriation of 2025 earnings are still subject to resolution at the annual general meeting of shareholders to be held on May 26, 2026, while the remaining items for the appropriation of 2024 earnings were resolved at the annual general meeting of shareholders on May 26, 2025.

(4) Other equity

Exchange differences on translation of foreign financial statements:

	<u>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
Opening balance	(\$ 143,740)	(\$ 99,617)
Recognized in the current period		
Translation differences in presentation currency	70,578	41,386
Exchange differences on translation	<u>56,466</u>	<u>18,050</u>
Other comprehensive income in the current period	<u>127,044</u>	<u>59,436</u>
Ending balance	(\$ 16,696)	(\$ 40,181)

21. Revenue

	January 1 to March 31, 2026	January 1 to March 31, 2025
Revenue from customer contracts		
Packaging and testing	\$ 1,323,369	\$ 1,176,300
Other (Note 28)	21,631	25,697
Other revenue		
Lease revenue (Note 28)	<u>12,265</u>	<u>12,354</u>
	<u>\$ 1,357,265</u>	<u>\$ 1,214,351</u>

(1) Contract balance

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Accounts receivable (Note 9)	\$ 1,047,910	\$ 989,290	\$ 897,711	\$ 852,200
Accounts receivable due from related parties (Note 28)	<u>8,765</u>	<u>8,066</u>	<u>10,278</u>	<u>8,903</u>
	<u>\$ 1,056,675</u>	<u>\$ 997,356</u>	<u>\$ 907,989</u>	<u>\$ 861,103</u>
Contract assets				
Packaging and testing	\$ 90,351	\$ 95,703	\$ 123,917	\$ 117,427
Less: loss allowances	(<u>7,596</u>)	(<u>7,455</u>)	(<u>3,007</u>)	(<u>9,074</u>)
Current contract assets	<u>\$ 82,755</u>	<u>\$ 88,248</u>	<u>\$ 120,910</u>	<u>\$ 108,353</u>
Contract liabilities				
Packaging and testing	<u>\$ 48,916</u>	<u>\$ 43,006</u>	<u>\$ 22,250</u>	<u>\$ 18,892</u>

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, 2026	December 31, 2025	March 31, 2025
Expected credit loss rate	8.4%	7.8%	2.4%
Total amount	\$ 90,351	\$ 95,703	\$ 123,917
Loss allowance (lifetime expected credit losses)	(<u>7,596</u>)	(<u>7,455</u>)	(<u>3,007</u>)
	<u>\$ 82,755</u>	<u>\$ 88,248</u>	<u>\$ 120,910</u>

Information on changes in the loss allowance on contract assets:

	January 1 to March 31, 2026	January 1 to March 31, 2025
Opening balance	\$ 7,455	\$ 9,074
Less: Reversal of impairment loss for the current period	-	(6,085)
Effect of exchange rate changes	<u>141</u>	<u>18</u>
Ending balance	<u>\$ 7,596</u>	<u>\$ 3,007</u>

(2) Detail of revenue from customer contracts

Type of service	January 1 to March 31, 2026	January 1 to March 31, 2025
Packaging and testing	\$ 1,323,369	\$ 1,176,300
Electroplating services	19,898	23,857
Lease and other services	<u>13,998</u>	<u>14,194</u>
	<u>\$ 1,357,265</u>	<u>\$ 1,214,351</u>

22. Profit from continuing operations

(1) Interest income

	January 1 to March 31, 2026	January 1 to March 31, 2025
Bank deposit	<u>\$ 10,380</u>	<u>\$ 14,356</u>

(2) Other income

	January 1 to March 31, 2026	January 1 to March 31, 2025
Government subsidy	\$ 261	\$ 155
Other	<u>1,767</u>	<u>441</u>
	<u>\$ 2,028</u>	<u>\$ 596</u>

(3) Other gains and losses

	January 1 to March 31, 2026	January 1 to March 31, 2025
Gain or (loss) on foreign exchange	(\$ 10,016)	\$ 1,038
Loss on disposal of property, plant and equipment	(221)	(20)
Other	<u>(8)</u>	<u>(102)</u>
	<u>(\$ 10,245)</u>	<u>\$ 916</u>

(4) Finance costs

	January 1 to March 31, 2026	January 1 to March 31, 2025
Interest expense on lease liability	<u>\$ 517</u>	<u>\$ 830</u>

(5) Depreciation and amortization

	January 1 to March 31, 2026	January 1 to March 31, 2025
Depreciation expenses summarized by function		
Operating costs	\$ 133,551	\$ 138,067
Operating expenses	<u>8,573</u>	<u>9,230</u>
	<u>\$ 142,124</u>	<u>\$ 147,297</u>
Amortization expenses summarized by function		
Administrative expenses	<u>\$ 1,182</u>	<u>\$ 381</u>

(6) Direct operating expenses of investment property

	January 1 to March 31, 2026	January 1 to March 31, 2025
Related to lease revenue		
Depreciation expense	\$ 1,953	\$ 1,967
Other	<u>159</u>	<u>160</u>
	<u>\$ 2,112</u>	<u>\$ 2,127</u>

(7) Employee benefits expenses

	January 1 to March 31, 2026	January 1 to March 31, 2025
Post-employment benefits		
Determined appropriation		
plan	\$ 35,724	\$ 33,010
Other employee benefits	<u>347,988</u>	<u>322,481</u>
Total employee benefits expenses	<u>\$ 383,712</u>	<u>\$ 355,491</u>
Summarized by function		
Operating costs	\$ 318,267	\$ 299,273
Operating expenses	<u>65,445</u>	<u>56,218</u>
	<u>\$ 383,712</u>	<u>\$ 355,491</u>

(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, 2026 and 2025 are as follows:

Estimated ratio

	January 1 to March 31, 2026	January 1 to March 31, 2025
Remuneration to employees	8.4%	8.7%
Remuneration to directors	2.5%	2.5%

Amount

	January 1 to March 31, 2026	January 1 to March 31, 2025
Remuneration to employees	<u>\$ 24,750</u>	<u>\$ 22,500</u>
Remuneration to directors	<u>\$ 7,500</u>	<u>\$ 6,500</u>

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 2025 and 2024 were approved by the Board of Directors on March 9, 2026 and March 10, 2025 as follows:

Amount

	<u>2025</u>	<u>2024</u>
	<u>Cash</u>	<u>Cash</u>
Remuneration to employees	<u>\$ 99,000</u>	<u>\$ 90,000</u>
Remuneration to directors	<u>\$ 30,000</u>	<u>\$ 26,000</u>

There is no difference between the aforementioned approved amounts of employee remuneration and director remuneration in 2025 and 2024 and the recognized amounts in the consolidated financial statement for 2025 and 2024.

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

	<u>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
Total foreign currency exchange gain	\$ 42,480	\$ 48,161
Total foreign currency exchange loss	(<u>52,496</u>)	(<u>47,123</u>)
Net (loss) gain	(<u>\$ 10,016</u>)	<u>\$ 1,038</u>

23. Income tax for continuing operation

(1) Income tax recognized in profit or loss

Detail of income tax expenses:

	<u>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
Current income tax		
Current period	\$ 60,506	\$ 49,032
Deferred income tax		
Current period	(<u>6,190</u>)	(<u>2,174</u>)
Income tax expense recognized in profit or loss	<u>\$ 54,316</u>	<u>\$ 46,858</u>

(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 2024.

The Consolidated Company had no pending tax litigation as of date March 31, 2026.

24. Earnings per share

	Unit: NTD per share	
	January 1 to March 31, 2026	January 1 to March 31, 2025
Earnings per share - basic		
From continuing operations	\$ <u>1.62</u>	\$ <u>1.42</u>
Earnings per share - diluted		
From continuing operations	\$ <u>1.60</u>	\$ <u>1.41</u>

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

Profit

	January 1 to March 31, 2026	January 1 to March 31, 2025
Net profit attributable to owners of the Company	\$ <u>208,716</u>	\$ <u>183,882</u>
Net profit used to calculate basic earnings per share and diluted earnings per share	\$ <u>208,716</u>	\$ <u>183,882</u>

Quantity

	Unit: thousand shares	
	January 1 to March 31, 2026	January 1 to March 31, 2025
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	<u>1,228</u>	<u>1,277</u>
Weighted average number of common shares used to calculate diluted earnings per share	<u>130,275</u>	<u>130,324</u>

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

The buildings constructed and machinery and equipment purchased by GEM Electronics (Hefei) Co., Ltd., a subsidiary of the Consolidated Company, qualified for government subsidy prescribed by the local government. After application, the subsidiary received total subsidies of \$84,796 thousand during the period from 2019 to 2024.

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, 2026 and 2025, the depreciation expenses were reduced \$1,741 thousand and \$2,276 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, 2026 and 2025:

- A. As of March 31, 2026, and December 31 and March 31, 2025, the purchase price of unpaid properties, plant and equipment acquired by the Consolidated Company were \$118,225 thousand, \$60,601 thousand and \$94,677 thousand, respectively, and were accounted as other payables.
- B. As of December 31, 2025, the Consolidated Company had \$3,236 thousand remained uncollected from the sale of property, plant, and equipment, which was accounted for as other receivables.
- C. As of March 31, 2026, and December 31 and March 31, 2025, there were \$645,401 thousand, \$164 thousand and \$542,145 thousand of declared cash dividends that had not been distributed and were accounted under other payables.
- D. As of March 31, 2026, and December 31 and March 31, 2025, the affiliated companies have announced cash dividends of \$20,499 thousand, \$0, and \$4,349 thousand, respectively, and were accounted as other receivables - related parties.
- E. 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, 2026 and 2025, \$22,214 thousand and \$23,536 thousand, respectively, offset the security deposit by offsetting accounts receivable.

(2) Changes in liabilities from financing activities

January 1 to March 31, 2026

	January 1, 2026	Cash flows	Non-cash changes				March 31, 2026
			Finance costs	Offsetting accounts receivable	Effect of exchange rate change	Other	
Guarantee deposits and margins received	\$ 572,592	(\$ 5,213)	\$ -	(\$ 22,214)	\$ 1,904	\$ -	\$ 547,069
Lease liabilities	<u>63,902</u>	<u>(8,478)</u>	<u>517</u>	<u>-</u>	<u>2,041</u>	<u>(517)</u>	<u>57,465</u>
	<u>\$ 636,494</u>	<u>(\$ 13,691)</u>	<u>\$ 517</u>	<u>(\$ 22,214)</u>	<u>\$ 3,945</u>	<u>(\$ 517)</u>	<u>\$ 604,534</u>

January 1 to March 31, 2025

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

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, 2026	December 31, 2025	March 31, 2025
<u>Financial asset</u>			
Financial assets measured at amortized cost (Note 1)	\$ 4,197,498	\$ 3,853,394	\$ 3,751,368
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost (Note 2)	1,044,610	939,475	943,525

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, 2026	January 1 to March 31, 2025	January 1 to March 31, 2026	January 1 to March 31, 2025
Gain or (loss)	\$ 10,765 (i)	\$ 15,723 (i)	(\$ 8,290)(ii)	(\$ 7,083)(ii)

- (i) Mainly from the Consolidated Company's USD-denominated cash and cash equivalents, financial assets measured at amortized cost, 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 decrease of cash and cash equivalents 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, 2026	December 31, 2025	March 31, 2025
Fair value interest rate risk			
- Financial assets	\$ 2,090,865	\$ 1,254,479	\$ 1,187,562
- Financial liabilities	57,465	63,902	91,485
Cash flow interest rate risk			
- Financial assets	937,146	1,486,090	1,505,002
- Financial liabilities	-	-	-

Sensitivity analysis

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, 2026 and 2025 will increase/decrease by \$2,343 thousand and \$3,763 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 interest rates decreased compared with the same period last year, which is due to the decrease in bank deposits with floating interest rates.

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, 2026, and December 31 and March 31, 2025, the ratio for the total amount of accounts receivable and total contract assets came from the top five customers were 50%, 61% and 52%, 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, 2026

	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	\$ 850,938	\$ 213,176	\$ 604,894	\$ 21,003	\$ -
Lease liabilities	<u>8,036</u>	<u>1,103</u>	<u>26,770</u>	<u>23,040</u>	<u>-</u>
	<u>\$ 858,974</u>	<u>\$ 214,279</u>	<u>\$ 631,664</u>	<u>\$ 44,043</u>	<u>\$ -</u>

December 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	\$ 190,772	\$ 205,721	\$ 517,712	\$ 25,434	\$ -
Lease liabilities	<u>7,771</u>	<u>1,067</u>	<u>26,513</u>	<u>30,494</u>	<u>-</u>
	<u>\$ 198,543</u>	<u>\$ 206,788</u>	<u>\$ 544,225</u>	<u>\$ 55,928</u>	<u>\$ -</u>

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	<u>8,039</u>	<u>1,103</u>	<u>27,428</u>	<u>58,973</u>	<u>-</u>
	<u>\$ 741,604</u>	<u>\$ 270,751</u>	<u>\$ 488,873</u>	<u>\$ 79,985</u>	<u>\$ -</u>

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, 2026, and December 31 and March 31, 2025.

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, 2026	January 1 to March 31, 2025
Electroplating services	Associate	<u>\$ 19,898</u>	<u>\$ 23,857</u>
Lease revenue	Associate	<u>\$ 12,265</u>	<u>\$ 12,354</u>
Other	Associate	<u>\$ 1,733</u>	<u>\$ 1,840</u>

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, 2026	December 31, 2025	March 31, 2025
Accounts receivable due from related parties	Associate	<u>\$ 8,765</u>	<u>\$ 8,066</u>	<u>\$ 10,278</u>
Other receivables - related parties	Associate	<u>\$ 20,530</u>	<u>\$ 52</u>	<u>\$ 4,548</u>

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, 2026	January 1 to March 31, 2025
<u>Lease expense</u>		
Ultimate parent entity	<u>\$ 51</u>	<u>\$ 51</u>

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, 2026	December 31, 2025	March 31, 2025
Total lease payments to be paid in the future	<u>\$ 64</u>	<u>\$ 115</u>	<u>\$ 64</u>

(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, 2026, and December 31 and March 31, 2025, the total lease payments to be received in the future are as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Year 1	\$ 37,934	\$ 48,912	\$ 50,599
Year 2	-	-	37,949
Year 3	-	-	-
Year 4	-	-	-
Year 5	-	-	-
	<u>\$ 37,934</u>	<u>\$ 48,912</u>	<u>\$ 88,548</u>

The lease revenue recognized for the three months ended March 31, 2026 and 2025 was \$12,265 thousand and \$12,354 thousand, respectively.

(6) Other related party transactions

Account	Related party categories	March 31, 2026	December 31, 2025	March 31, 2025
Guarantee deposits and margins received	Associate	<u>\$ 1,791</u>	<u>\$ 1,732</u>	<u>\$ 1,792</u>
Refundable deposits paid	Ultimate parent entity	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 20</u>
Advance receipts	Associate	<u>\$ 4,154</u>	<u>\$ 4,017</u>	<u>\$ 4,156</u>

(7) Remuneration for key managerial officers

	January 1 to March 31, 2026	January 1 to March 31, 2025
Short-term employee benefits	\$ 21,927	\$ 20,141
Post-employment benefits	<u>54</u>	<u>54</u>
	<u>\$ 21,981</u>	<u>\$ 20,195</u>

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, 2026	December 31, 2025	March 31, 2025
Acquisition of property, plant and equipment			
USD	\$ 473	\$ 984	\$ 1,883
CNY	\$ 17,427	\$ 8,075	\$ 2,375

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, 2026

	Foreign currency (thousand)	Exchange rate	Carrying amount
Assets in foreign currency			
<u>Monetary items</u>			
USD	\$ 34,504	6.9194 (USD: CNY)	\$ 1,103,953
USD	52,748	31.9950 (USD: NTD)	1,687,669
Liabilities in foreign currency			
<u>Monetary items</u>			
USD	6,945	6.9194 (USD: CNY)	222,197
USD	46,660	31.9950 (USD: NTD)	1,492,894
NTD	705,820	0.0313 (NTD: USD)	705,820
NTD	123,213	0.2163 (NTD: CNY)	123,213

December 31, 2025

	Foreign currency (thousand)	Exchange rate	Carrying amount
Assets in foreign currency			
<u>Monetary items</u>			
USD	\$ 52,669	7.0288 (USD: CNY)	\$ 1,655,399
USD	46,308	31.4300 (USD: NTD)	1,455,458

	Foreign currency (thousand)	Exchange rate	Carrying amount
Liabilities in foreign currency			
<u>Monetary items</u>			
USD	8,511	7.0288 (USD: CNY)	267,508
USD	22,699	31.4300 (USD: NTD)	713,428
NTD	50,938	0.0318 (NTD: USD)	50,938
NTD	100,930	0.2236 (NTD: CNY)	100,930

March 31, 2025

	Foreign currency (thousand)	Exchange rate	Carrying amount
Assets in foreign currency			
<u>Monetary items</u>			
USD	\$ 50,118	7.1782 (USD: CNY)	\$ 1,664,173
USD	48,137	33.205 (USD: NTD)	1,598,404
Liabilities in foreign currency			
<u>Monetary items</u>			
USD	9,693	7.1782 (USD: CNY)	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: CNY)	113,468

The Consolidated Company's net gain (loss) on foreign exchange (including realized and unrealized) from January 1 to March 31, 2026 and 2025 were \$(10,016) thousand and \$1,038 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. Notes to disclosures

(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, 2026

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	(\$ 352,959)	(52%)	Net 90 days from the end of the month of delivery	—	—	\$ 359,631	59%	Notes 1, 2 and 3
GEM Tech Ltd., Taiwan Branch	GEM Electronics (Shanghai) Co., Ltd.	"	Purchase	352,959	58%	"	—	—	(359,631)	(58%)	Notes 1, 2 and 3
	GEM Electronics (Hefei) Co., Ltd.	"	Purchase	254,920	41%	"	—	—	(265,775)	(42%)	Notes 1, 2 and 3
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	"	Sales	(254,920)	(61%)	"	—	—	265,775	72%	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, 2026

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 \$ 359,631	3.92	\$ -	—	\$ 129,697	\$ -
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 265,775	3.95	-	—	91,866	-
The Company	GEM Tech Ltd.	Parent company to subsidiary	Other receivables 767,880	-	-	—	-	-

Note 1: Amount recovered from April 1 to May 4, 2026.

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 material transactions between the parent and subsidiary companies and between each subsidiary

January 1 to March 31, 2026

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	\$ 352,959 (Note 4)	Net 90 days from the end of the month of delivery	26%
				Accounts receivable due from related parties	359,631	—	5%
				Contract assets - related parties	56,855	—	1%
2	GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales Revenue	254,920 (Note 4)	Net 90 days from the end of the month of delivery	19%
				Accounts receivable due from related parties	265,775	—	4%
				Contract assets - related parties	24,519	—	-
3	GEM Tech Ltd.	The Company	Note 3 (2)	Other payables - related parties	767,880	Remittance of earnings	11%

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, 2026

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%	\$ 3,628,314	\$ 89,082	\$ 89,082	Note 1
	GEM Tech Ltd.	Samoa	Manufacture and sales of electronic parts	18,202 (USD 606)	18,202 (USD 606)	606,091	100%	655,943	120,464	120,464	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, 2026

Table 5

Unit: thousands of New Taiwan Dollars/ foreign currency

Investee Company in Mainland China	Business Scope	Paid-in Capital	Investment Method	Accumulated Outflow of Investment from Taiwan as of January 1, 2026	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2026	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, 2026
					Outflow	Inflow						
GEM Electronics (Shanghai) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts	\$ 2,207,655 (USD 69,000) (Note 5)	Reinvested by GEM Electronics Company Limited (Note 1(2))	\$ -	\$ -	\$ -	\$ -	100%	\$ 89,082	\$ 89,082 (Note 2(2) 2.)	\$ 3,628,314	\$ -
GEM Electronics (Hefei) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts, plant leasing	2,018,408 (RMB 436,511)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	100%	39,825	39,825 (Note 2(2) 2.)	1,507,779	-
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	159,975 (USD 5,000)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	20%	9,289	1,858 (Note 2(2) 3.)	115,077	-

Accumulated Investment in Mainland China as of March 31, 2026 (Note 6)	Investment Amounts Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 6)
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Note 1: There are three types of investment methods, and they indicated below:

1. Directly conduct investment in Mainland 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.