

G.M.I. Technology Inc.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of G.M.I. Technology Inc.:

Opinion

We have audited the financial statements of G.M.I. Technology Inc. (“the Company”), which comprise the balance sheet as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgment, should be communicated are as follows:

1. Revenue recognition

Please refer to note 4(m) “Revenue Recognition” for accounting policy, and note 6(q) Revenue from Customer Contracts, of the financial statements.

Description of key audit matter:

The Company mainly engages in the purchase and sale of electronic components. Since revenue is an important item in financial reporting and is of the interest to the users of financial statements, revenue recognition is one of the important evaluations performed by our auditors in the consolidated financial statements.

How the matter was addressed in our audit:

Our principal audit procedures included:

- Understand and test the internal processes and related controls related to revenue recognition.
- Analyze the form and transaction terms of major revenues to assess the appropriateness of the timing of revenue recognition
- Verify the revenue transaction records and various certificates for the period before and after the selected financial reporting date to assess the appropriate cutoff of operating revenue records.
- Assess whether there are material sales returns and allowances after year end.

Other Matter

We did not audit the financial statements of Unitech Electronics Co., Ltd. and Global Mobile Internet Co., Ltd., subsidiaries of the Company. Those statements were audited by other auditors, whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for Unitech Electronics Co., Ltd. and Global Mobile Internet Co., Ltd., is based solely on the reports of other auditors. The financial statements of Unitech Electronics Co., Ltd. and Global Mobile Internet Co., Ltd. reflect total assets constituting 2.39% and 3.56% of the consolidated total assets at December 31, 2024 and 2023, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting 2.60% and 1.46% of total Earning before tax for the years then ended respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yang, Shu-Chih and Lin, Heng-Shen.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2025

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
G.M.I. Technology Inc.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2024</u>		<u>December 31, 2023</u>				<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 2,022,304	20	1,404,706	22	2100	Short-term borrowings (notes (6)(i) and (8))	\$ 2,095,898	20	1,350,950	21
1110	Current financial assets at fair value through profit or loss (note (6)(k))	1,200	-	-	-	2110	Short-term notes and bills payable (note (6)(h))	449,326	4	199,601	3
1150	Notes receivable (notes (6)(b)(q))	201,942	2	91,684	1	2130	Current contract liabilities (note (6)(q))	14,023	-	14,531	-
1170	Accounts receivable (notes (6)(b)(q) and (8))	3,702,646	36	2,975,358	45	2170	Accounts payable	166,710	2	212,136	3
1180	Accounts receivable due from related parties, net (notes (6)(b), (q)and (7))	329,841	3	193,053	3	2180	Accounts payable to related parties (note (7))	2,468,239	24	1,909,752	29
1199	Finance lease payment receivable—related parties(notes (6)(c)and (7))	85,929	1	-	-	2213	Payable on machinery and equipment (note (6)(f))	912,248	9	-	-
1200	Other receivables	17,392	-	18,589	-	2219	Other payables, others	82,299	1	68,764	1
1220	Current income tax assets	20,380	-	22,621	-	2220	Payables to related parties (note (7))	200	-	5,123	-
130X	Inventories (note (6)(d))	1,160,439	11	1,015,021	16	2230	Current income tax liabilities	21,771	-	27,871	-
1476	Other current financial assets (note (8))	231,596	2	225,303	3	2280	Current lease liabilities (note (6)(l))	5,310	-	5,058	-
1470	Other current assets:	42,530	1	85,698	1	2322	Long-term borrowings, current portion (notes (6)(j) and (8))	-	-	26,775	-
	Total current assets	<u>7,816,199</u>	<u>76</u>	<u>6,032,033</u>	<u>91</u>		Total Current liabilities	<u>6,216,024</u>	<u>60</u>	<u>3,820,561</u>	<u>57</u>
Non-current assets:						Non-Current liabilities:					
1550	Investments accounted for using equity method (notes (6)(e) and (7))	274,237	3	254,593	4	2530	Bonds payable (note (6)(k))	946,322	9	-	-
1600	Property, plant and equipment (note (6)(f))	1,765,387	17	326,638	5	2540	Long-term borrowings(notes (6)(j)and (8))	-	-	175,525	3
1755	Right-of-use assets (note (6)(g))	5,251	-	7,144	-	2570	Total deferred tax liabilities (note (6)(n))	9,194	-	-	-
1840	Deferred tax assets (note (6)(n))	10,927	-	26,863	-	2580	Non-current lease liabilities (note (6)(l))	-	-	2,209	-
194K	Long-term finance lease payment receivable—related parties (notes (6)(c)and (7))	419,117	4	-	-	2650	Credit in investments accounted for using equity method(note (6)(e))	69,755	1	6,605	-
1915	Prepayments for business facilities	27,876	-	-	-	2670	Other non-current liabilities	57	-	-	-
1975	Net defined benefit assets- non current (note (m))	6,131	-	2,387	-		Total Non-current liabilities	<u>1,025,328</u>	<u>10</u>	<u>184,339</u>	<u>3</u>
1900	Other non-current assets	4,290	-	4,061	-		Total liabilities	<u>7,241,352</u>	<u>70</u>	<u>4,004,900</u>	<u>60</u>
	Total non-current assets	<u>2,513,216</u>	<u>24</u>	<u>621,686</u>	<u>9</u>		Share capital (note (6)(o)):				
						3110	Ordinary share	1,626,254	16	1,626,254	24
						3200	Capital surplus	309,068	3	223,116	3
						3310	Legal reserve	178,894	2	146,600	2
						3350	Unappropriated retained earnings	779,596	7	618,896	10
						3400	Other equity	194,251	2	33,953	1
							Total equity	<u>3,088,063</u>	<u>30</u>	<u>2,648,819</u>	<u>40</u>
	Total assets	<u>\$ 10,329,415</u>	<u>100</u>	<u>6,653,719</u>	<u>100</u>		Total liabilities and equity	<u>\$ 10,329,415</u>	<u>100</u>	<u>6,653,719</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
G.M.I. Technology Inc.

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes (6)(q) and (7))	\$ 17,742,569	100	15,303,570	100
5000	Operating costs (notes (6)(d) and (7))	<u>16,804,095</u>	<u>95</u>	<u>14,427,898</u>	<u>94</u>
	Gross profit (loss) from operations	<u>938,474</u>	<u>5</u>	<u>875,672</u>	<u>6</u>
	Operating expenses (notes (6)(f)(g)(m) and (7)):				
6100	Selling expenses	304,315	2	286,398	2
6200	Administrative expenses	157,578	1	134,885	1
6300	Research and development expenses	26,602	-	24,022	-
6450	Impairment loss (impairment gain) determined in accordance with IFRS 9 (note (6)(b))	<u>4,797</u>	<u>-</u>	<u>(19,479)</u>	<u>-</u>
	Total operating expenses	<u>493,292</u>	<u>3</u>	<u>425,826</u>	<u>3</u>
	Net operating income (loss)	<u>445,182</u>	<u>2</u>	<u>449,846</u>	<u>3</u>
	Non-operating income and expenses (note (6)(s)):				
7100	Interest income	54,128	-	27,368	-
7010	Other income	15,750	-	25,811	-
7020	Other gains and losses	119,091	1	8,198	-
7050	Finance costs	(78,015)	-	(73,980)	-
7060	Share of profit of associates accounted for using equity method	<u>(60,286)</u>	<u>-</u>	<u>(35,357)</u>	<u>-</u>
	Total non-operating income and expenses	<u>50,668</u>	<u>1</u>	<u>(47,960)</u>	<u>-</u>
7900	Profit before income tax	495,850	3	401,886	3
7950	Less: Income tax expenses (note (6)(n))	<u>109,472</u>	<u>1</u>	<u>79,501</u>	<u>1</u>
	Profit	<u>386,378</u>	<u>2</u>	<u>322,385</u>	<u>2</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans (note (6)(m))	1,766	-	557	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,766</u>	<u>-</u>	<u>557</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	159,244	1	(7,847)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, that may be reclassified to profit or loss	1,054	-	(263)	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>160,298</u>	<u>1</u>	<u>(8,110)</u>	<u>-</u>
8300	Other comprehensive income	<u>162,064</u>	<u>1</u>	<u>(7,553)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 548,442</u>	<u>3</u>	<u>314,832</u>	<u>2</u>
	Earnings per share (note (6)(q))				
9750	Basic earnings per share	<u>\$ 2.38</u>		<u>1.98</u>	
9850	Diluted earnings per share	<u>\$ 2.33</u>		<u>1.98</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
G.M.I. Technology Inc.

Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total other equity interest		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2023	\$ 1,626,254	223,116	101,075	113,848	552,882	42,025	38	2,659,238
Profit for the period	-	-	-	-	322,385	-	-	322,385
Other comprehensive income or loss for the period	-	-	-	-	557	(8,515)	405	(7,553)
Total comprehensive income for the period	-	-	-	-	322,942	(8,515)	405	314,832
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	45,525	-	(45,525)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(325,251)	-	-	(325,251)
Special reserve	-	-	-	(113,848)	113,848	-	-	-
Balance at December 31, 2023	1,626,254	223,116	146,600	-	618,896	33,510	443	2,648,819
Profit for the period	-	-	-	-	386,378	-	-	386,378
Other comprehensive income or loss for the period	-	-	-	-	1,766	159,244	1,054	162,064
Total comprehensive income	-	-	-	-	388,144	159,244	1,054	548,442
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	32,294	-	(32,294)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(195,150)	-	-	(195,150)
Other changes in capital surplus:								
Changes in ownership interests in subsidiaries	-	19,710	-	-	-	-	-	19,710
Due to recognition of equity component of convertible bonds (preference share) issued	-	65,872	-	-	-	-	-	65,872
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	370	-	-	-	-	-	370
Balance at December 31, 2024	<u>\$ 1,626,254</u>	<u>309,068</u>	<u>178,894</u>	<u>-</u>	<u>779,596</u>	<u>192,754</u>	<u>1,497</u>	<u>3,088,063</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

G.M.I. Technology Inc.**Statements of Cash Flows****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 495,850	401,886
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	12,878	12,814
Expected credit loss (Reversal of expected (credit loss)	4,797	(19,479)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	600	-
Interest expense	78,015	73,980
Interest income	(54,128)	(27,368)
Finance lease interest revenue	(38,117)	-
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	60,286	35,357
Loss (gain) on disposal of investments	-	(38)
Total adjustments to reconcile profit (loss)	64,331	75,266
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(101,181)	4,166
(Increase) decrease in accounts receivable	(555,360)	366,084
Increase in accounts receivable due from related parties	(119,912)	(22,859)
Decrease (increase) in other receivable	896	(3,129)
Decrease in finance lease receivable due from related parties	75,482	-
Increase in prepayments for business facilities	(27,876)	-
(Increase) decrease in inventories	(80,111)	1,302,090
Decrease (increase) in other current assets	44,597	(5,920)
Total changes in operating assets	(763,465)	1,640,432
Decrease in contract liabilities	(2,074)	(4,493)
Decrease in accounts payable	(115,957)	(183,273)
Increase (decrease) in accounts payable to related parties	503,431	(353,268)
Increase in other payable	9,558	11,198
(Decrease) increase in other payable to related parties	(5,091)	4,923
Decrease in net defined benefit liability	(1,978)	(404)
Total changes in operating liabilities	387,889	(525,317)
Total adjustments	(311,245)	1,190,381
Cash inflow (outflow) generated from operations	184,605	1,592,267
Interest received	54,652	26,835
Interest paid	(64,725)	(78,672)
Income taxes refund (paid)	(86,161)	(61,922)
Net cash flows from (used in) operating activities	88,371	1,478,508
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(1,116)	(21,841)
Proceeds from disposal of investments accounted for using equity method	1,950	-
Acquisition of property, plant and equipment	(1,055,596)	(2,701)
Decrease in other financial assets	9,153	6,050
Increase in other non-current assets	(107)	(2,398)
Dividends received	3,306	6,408
Net cash flows from (used in) investing activities	(1,042,410)	(14,482)
Cash flows from (used in) financing activities:		
Increase in short-term loans	7,125,076	7,355,369
Decrease in short-term loans	(6,384,496)	(8,249,542)
Increase in short-term notes and bills payable	3,247,077	3,355,559
Decrease in short-term notes and bills payable	(2,997,352)	(3,535,121)
Proceeds from issuing bonds	1,000,000	-
Repayments of long-term debt	(202,300)	(11,900)
Payment of lease liabilities	(8,168)	(7,777)
Increase in other non-current liabilities	57	-
Cash dividends paid	(195,150)	(325,251)
Net cash flows from (used in) financing activities	1,584,744	(1,418,663)
Effect of exchange rate changes on cash and cash equivalents	(13,107)	(7,955)
Net increase (decrease) in cash and cash equivalents	617,598	37,408
Cash and cash equivalents at beginning of period	1,404,706	1,367,298
Cash and cash equivalents at end of period	\$ 2,022,304	1,404,706

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

G.M.I. Technology Inc.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

G.M.I. Technology Inc.(hereinafter referred to as the Company) was established in October 1995 with the approval of the Ministry of Economic Affairs, R.O.C and its registered office is located at 2F, No. 57, Xingzhong Rd, Neihu District, Taipei, Taiwan. The Company and its subsidiaries (hereinafter collectively referred to as the Group) are principally engaged in the trading and manufacturing of electronic equipment and components, computer software development, trading and related business services.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on March 11, 2025.

(3) New standards, amendments and interpretations adopted:

The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(a) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

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The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note XX.

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(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are shortterm, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting shortterm cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the ‘trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories transferred from biological assets is its fair value less costs to sell at the date of harvest.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

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The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent company only financial statement are the same as those attributable to the owners of parent in the financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment on January 1, 2012, the Group's date of transition to the Standards, was determined with reference to its fair value at that date.

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If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

(k) Leases

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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Lease payments included in the measurement of the lease liability comprise the following:

- (1) fixed payments, including in-substance fixed payments;
- (2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) amounts expected to be payable under a residual value guarantee; and
- (4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (1) there is a change in future lease payments arising from the change in an index or rate; or
- (2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- (3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- (5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Company will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Impairment of non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(m) Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The main revenues items of the merged company are described as follows:

(i) Selling goods

The Company recognizes revenue when control over a product is transferred. The transfer of control of the product means that the product has been delivered to the customer, the customer has full control over the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when the product is delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, the terms of acceptance have lapsed, or the Company has objective evidence that all acceptance conditions have been met.

The Company regularly provides sales discounts to its customers on the basis of sales achieved. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The Company recognizes accounts receivable when the goods are delivered because the Company has the unconditional right to receive the consideration at that point in time.

(ii) Rental income

When the combined company leases equipment to customers, lease income is recognized based on the conditions of the lease contract and the period during which it is realized.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

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(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(q) Operating segments

Segment information was disclosed in consolidated financial statements; therefore, it was not disclosed in the parent company only financial statement.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these parent company only financial statements, management has made judgments and estimates, about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

The accounting policies involved significant judgement and have a significant impact on the amounts recognized in this consolidated financial report as follows:

(a) Judgement regarding significant influence over an investee

The Group holds 12.73% voting shares, and is the second largest shareholder, of Unitech Electronics Co., Ltd., resulting in the Group's chairman and his family having substantial control and significant influence over Unitech Electronics Co., Ltd..

(b) Judgment regarding substantive control over an investee

Although the Company owns less than 50% of Rehear Audiology Company LTD, the Company and the related parties own more than 50% of Rehear Audiology Company LTD, and the Company could determine the related operating activities. Therefore, Rehear Audiology Company LTD, is regarded as a subsidiary.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance for trade receivables

The Company has estimated the loss allowance for trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(b).

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G.M.I. Technology Inc.
Notes to the Financial Statements

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, The Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon. Due to the rapid technological changes, the net realizable value of inventories may change significantly. The relevant assumptions and input values, please refer to note 6(d).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 1,274	3,828
Cheques and demand deposits	2,021,030	1,400,878
	<u>\$ 2,022,304</u>	<u>1,404,706</u>

(b) Notes receivable and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable - arising from operations	\$ 202,550	91,960
Accounts receivable - measured at amortized cost	3,737,459	3,008,056
Accounts receivable due from related parties	329,841	193,053
Less: Allowance for losses	(35,421)	(32,974)
	<u>\$ 4,234,429</u>	<u>3,260,095</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provisions were determined as follows:

	December 31, 2024		
	Notes and accounts receivable carrying amount	Weighted- average loss ratio	Allowance provision
Current	\$ 4,122,146	0.82%	33,790
Less than 90 days past due	147,358	0.87%	1,285
More than 180 days past due	346	100%	346
	<u>\$ 4,269,850</u>		<u>35,421</u>

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

	December 31, 2023		
	Notes and accounts receivable carrying amount	Weighted- average loss ratio	Allowance provision
Current	\$ 3,253,038	0.95%	30,845
Less than 90 days past due	40,031	5.32%	2,129
	\$ 3,293,069		32,974

The movement in the allowance for notes and accounts receivable were as follows:

	2024	2023
Balance at January 1	\$ 32,974	52,337
Impairment losses (reversal of gains)	4,797	(19,479)
Foreign exchange gains or losses	(2,350)	116
Balance at December 31	\$ 35,421	32,974

For details on financial assets guaranteed as short-term loans and financing guarantees mentioned above, please refer to note 8.

(c) Finance lease payment receivable - related party

The Company leases the GPU server to its related party, GMI Computing International Ltd., wherein the Group classified the lease as a finance lease because the leases included the whole of the remaining term of the head lease. Please refer to note 7 for the description of related party transactions.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2024		December 31, 2023	
	USD	TWD	USD	TWD
Less than one year	\$ 4,680	153,449	-	-
1~2 year	4,680	153,449	-	-
2~3 year	4,680	153,449	-	-
3~4 year	4,680	153,449	-	-
4~5 year	2,342	76,722	-	-
Total lease payments receivable	21,062	690,518	-	-
Unearned finance income	(5,803)	(185,472)	-	-
Present value of lease payments receivable	\$ 15,259	505,046	-	-

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

	December 31, 2024	December 31, 2023
Finance lease payment receivable - current	\$ 85,929	-
Long term finance lease payment receivable	419,117	-
	<u>\$ 505,046</u>	<u>-</u>

For credit risk information, please refer to note 6(u).

(d) Inventories

	December 31, 2024	December 31, 2023
Goods for sale	<u>\$ 1,160,439</u>	<u>1,015,021</u>

Inventories recognized as cost of sales amounted to \$16,821,698 thousand and \$14,472,471 thousand for the years ended December 31, 2024 and 2023, respectively.

The part of inventories previously write down to net realizable value has been sold, leading to an increase in net realizable value and a decrease in cost of good sold of \$17,603 thousand and \$44,573 thousand for the years ended December 31, 2024 and 2023, respectively.

(e) Investments accounted for using equity method

A summary of The Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2024	December 31, 2023
Subsidiaries	\$ (42,830)	11,309
Associates	323,952	313,319
Accumulated impairment loss and amortization:	<u>(76,640)</u>	<u>(76,640)</u>
Subtotal	204,482	247,988
Credit balance of investment accounted for using equity method	<u>69,755</u>	<u>6,605</u>
	<u>\$ 274,237</u>	<u>254,593</u>

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2024.

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G.M.I. Technology Inc.
Notes to the Financial Statements

(ii) Associates

For Affiliates that are significant to the Company, their relevant information are as follows:

<u>Associate Name</u>	<u>Nature of the relationship with the Group</u>	<u>Main business sector/Country of company registration</u>	<u>Proportion of ownership interest and voting rights</u>	
			<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unitech Electronics Co., Ltd.	Invested by the Group using equity method	Taiwan	12.73 %	12.73 %

For Affiliates that are significant to the Company have been listed on the stock exchange, their fair values are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unitech Electronics	<u>\$ 371,845</u>	<u>287,248</u>

The aggregated financial information of the affiliates that are material to the Company is as follows. The financial information has been adjusted to the amounts included in the IFRS consolidated financial statements of each Affiliate to reflect the Group's fair value adjustments and adjustments made for differences in accounting policies for affiliates when acquiring equity in Affiliates:

1) Unitech Electronics's Aggregate Financial Information:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current Asset	\$ 2,004,388	1,794,128
Non-Current Asset	547,490	582,566
Current Liability	(567,107)	(458,796)
Non-Current Liability	(101,189)	(105,990)
Net Assets	<u>\$ 1,883,582</u>	<u>1,811,908</u>
	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Operating Income	<u>\$ 2,438,169</u>	<u>2,242,442</u>
Current period net profit	\$ 94,214	40,867
Other comprehensive gains and losses	3,434	(548)
Total comprehensive gains and losses	<u>\$ 97,648</u>	<u>40,319</u>

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

	For the years ended December 31,	
	2024	2023
Beginning carrying balance of the Group's share of net assets of affiliates	\$ 222,590	224,079
The Group's total gains and losses attributable to affiliates	12,077	4,919
Dividends received from affiliates	(3,306)	(6,408)
Ending carrying balance of the Group's interest in affiliates	<u><u>\$ 231,361</u></u>	<u><u>222,590</u></u>

- (iii) The aggregate financial information of the Company's equity-method associates, which are individually insignificant, is summarized as follows (amounts included in the Group's consolidated financial statements):

	December 31, 2024	December 31, 2023
Carrying amount of equity in individual insignificant associates	<u><u>\$ 42,876</u></u>	<u><u>32,003</u></u>

	For the years ended December 31,	
	2024	2023
Attributable to the Group:		
Net loss for the period	\$ (9,296)	(3,249)
Other comprehensive income or loss	924	(40)
Total comprehensive income or loss	<u><u>\$ (8,372)</u></u>	<u><u>(3,289)</u></u>

- (iv) Collateral

Some of the Company's investments accounted for using the equity method had been pledged as collateral, please refer to note 8.

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G.M.I. Technology Inc.
Notes to the Financial Statements

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2024 and 2023 were as follows:

		Land	Buildings and Construction	Machinery and equipment	Leasehold improvements	Office equipment	Other equipment	Unfinished construction	Total
Costs									
Balance on January 1, 2024	\$	270,496	51,264	-	2,499	12,951	1,715	-	338,925
Additions		-	-	524,347	-	1,326	2,130	1,440,041	1,967,844
Disposal		-	-	(524,347)	(2,617)	(2,559)	(74)	-	(529,597)
Effects of changes in foreign exchange rates		-	-	-	118	98	-	-	216
Balance on December 31, 2024	\$	<u>270,496</u>	<u>51,264</u>	<u>-</u>	<u>-</u>	<u>11,816</u>	<u>3,771</u>	<u>1,440,041</u>	<u>1,777,388</u>
Balance on January 1, 2023	\$	270,496	51,264	-	2,505	18,311	941	-	343,517
Additions		-	-	-	-	1,886	815	-	2,701
Disposal		-	-	-	-	(7,242)	(41)	-	(7,283)
Effects of changes in foreign exchange rates		-	-	-	(6)	(4)	-	-	(10)
Balance on December 31, 2023	\$	<u>270,496</u>	<u>51,264</u>	<u>-</u>	<u>2,499</u>	<u>12,951</u>	<u>1,715</u>	<u>-</u>	<u>338,925</u>
Depreciation and impairment losses:									
Balance on January 1, 2024	\$	-	4,076	-	2,499	5,316	396	-	12,287
Additions		-	1,699	-	-	2,569	512	-	4,780
Disposal		-	-	-	(2,617)	(2,559)	(74)	-	(5,250)
Effects of changes in foreign exchange rates		-	-	-	118	66	-	-	184
Balance on December 31, 2024	\$	<u>-</u>	<u>5,775</u>	<u>-</u>	<u>-</u>	<u>5,392</u>	<u>834</u>	<u>-</u>	<u>12,001</u>
Balance on January 1, 2023	\$	-	2,376	-	2,088	9,946	193	-	14,603
Depreciation for the year		-	1,700	-	422	2,616	244	-	4,982
Disposal		-	-	-	-	(7,242)	(41)	-	(7,283)
Effects of changes in foreign exchange rates		-	-	-	(11)	(4)	-	-	(15)
Balance on December 31, 2023	\$	<u>-</u>	<u>4,076</u>	<u>-</u>	<u>2,499</u>	<u>5,316</u>	<u>396</u>	<u>-</u>	<u>12,287</u>
Carrying amounts:									
Balance on December 31, 2024	\$	<u>270,496</u>	<u>45,489</u>	<u>-</u>	<u>-</u>	<u>6,424</u>	<u>2,937</u>	<u>1,440,041</u>	<u>1,765,387</u>
Balance on December 31, 2023	\$	<u>270,496</u>	<u>47,188</u>	<u>-</u>	<u>-</u>	<u>7,635</u>	<u>1,319</u>	<u>-</u>	<u>326,638</u>
Balance on January 1, 2023	\$	<u>270,496</u>	<u>48,888</u>	<u>-</u>	<u>417</u>	<u>8,365</u>	<u>748</u>	<u>-</u>	<u>328,914</u>

- (i) In order to expand its business and rendering various kinds of services, the Company built a total of 52 GPU servers, which were completed in June 2024, based on a resolution approved during its board meeting held on March 12, 2024. After continuous evaluation and consideration due to a number of factors such as the long preparation time of the professional AI computing team, the difficulty in technology training, and the timing of the AI cloud market, instead of building its own organizational team to operate in cloud services in July, the Company entered into an agreement with GMI Computing International Ltd., a related party, to lease out the GPU servers that have been built, to which it charge a rental fee from them, based on the decisions made by its board on September 5 and October 22, 2024, with the approval of its shareholders on December 10, 2024. Please refer to note (7) for the details of related party transactions.

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G.M.I. Technology Inc.
Notes to the Financial Statements

The Company classified the above lease as a finance lease because the lease included the whole of the remaining term of the head lease and recognized the disposal of the subject asset as a finance lease receivable as of the commencement date of the lease in July 2024. The finance lease payment receivable is disclosed in the following table; please refer to note 6(c).

- (ii) As of December 31, 2024, the equipment had been shipped by the supplier to internal data center in Denver, where the Company has leased out to its related party ,GMI Computing ,to receive and install the said equipment, which was recognized as "unfinished construction" since the relevant construction work has yet to be completed, with the unpaid amount of \$912,248 thousand, classified as "Payable on machinery equipment".
- (iii) For details on financial assets guaranteed as st-term loans and financing guarantees mentioned above, please refer to note 8.

(g) Right-of-use assets

	<u>Buildings and Construction</u>	<u>Trnsporation Equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2024	\$ 11,170	6,528	17,698
Additions	5,995	-	5,995
Reduction	(11,699)	-	(11,699)
Effects of changes in foreign exchange rates	685	-	685
Balance on December 31, 2024	<u>\$ 6,151</u>	<u>6,528</u>	<u>12,679</u>
Balance on January 1, 2023	\$ 11,196	-	11,196
Additions	-	6,528	6,528
Effects of changes in foreign exchange rates	(26)	-	(26)
Balance on December 31, 2023	<u>\$ 11,170</u>	<u>6,528</u>	<u>17,698</u>
Depreciation:			
Balance on January 1, 2024	\$ 8,378	2,176	10,554
Depreciation	5,922	2,176	8,098
Reduction	(11,699)	-	(11,699)
Effects of changes in foreign exchange rates	475	-	475
Balance on December 31, 2024	<u>\$ 3,076</u>	<u>4,352</u>	<u>7,428</u>
Balance on January 1, 2023	\$ 2,800	-	2,800
Depreciation	5,656	2,176	7,832
Effects of changes in foreign exchange rates	(78)	-	(78)
Balance on December 31, 2023	<u>\$ 8,378</u>	<u>2,176</u>	<u>10,554</u>

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G.M.I. Technology Inc.
Notes to the Financial Statements

	Buildings and Construction	Trnsporation Equipment	Total
Carrying amounts:			
Balance on December 31, 2024	\$ 3,075	2,176	5,251
Balance on December 31, 2023	\$ 2,792	4,352	7,144
Balance on January 1, 2023	\$ 8,396	-	8,396

(h) Short-term notes and bills payable

December 31, 2024			
	Guarantee or acceptance institution	Range of interest rates	Total Amount
Commercial paper payable	Dah Chung Bills Finance Corp.	2.099%	\$ 150,000
Commercial paper payable	Taiwan Finance Corporation	2.1%	100,000
Commercial paper payable	Taiwan Cooperative Bills Finance Corporation	2.058%	100,000
Commercial paper payable	Ta Ching Bills Finance Corp.	1.988%	100,000
Less: Discount on short term notes and bills payable			(674)
Total			\$ 449,326

December 31, 2023			
	Guarantee or acceptance institution	Range of interest rates	Total Amount
Commercial paper payable	Grand Bills Finance Corp.	1.9%	\$ 30,000
Commercial paper payable	Dah Chung Bills Finance Corp.	1.9%	30,000
Commercial paper payable	Taiwan Finance Corporation	1.9%	30,000
Commercial paper payable	China Bills Finance Corp.	1.9%	50,000
Commercial paper payable	Taiwan Cooperative Bills Finance Corporation	1.9%	30,000
Commercial paper payable	Ta Ching Bills Finance Corp.	1.9%	30,000
Less: Discount on short term notes and bills payable			(399)
Total			\$ 199,601

The Company were pledged as guarantee for the payment of short-term notes and bills, please refer to note 8.

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(i) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ 1,815,898	1,258,776
Secured bank loans	280,000	92,174
	\$ 2,095,898	1,350,950
Unused short-term credit lines	\$ 5,978,199	6,777,498
Range of Interest rate	1.88%~6.29%	1.78%~7.07%

For the collateral for bank loans, please refer to note 8.

(j) Long-term borrowings

The details were as follows:

	December 31, 2024	December 31, 2023
Secured bank loans	\$ -	202,300
Less: current portion	-	(26,775)
	\$ -	175,525
Unused short-term credit lines	\$ -	-
Range of interest rates (%)	-	1.90%

For the collateral for bank loans, please refer to note 8.

(k) Bonds Payable

(i) The information of the Company's Unsecured Bonds issued were as follows:

	December 31, 2024
Total convertible corporate bond issued	\$ 1,000,000
Less: unamortised discount on corporate bonds payable	(53,678)
Balance of corporate bonds payable at end of period	\$ 946,322
Embedded derivative – recallable right, included in financial assets at fair value through profit or loss	\$ 1,200
Equity component – conversion options, included in capital surplus– stock options	\$ 65,872
	2024
Embedded derivative – recallable right at fair value through profit or loss, included in financial liabilities at fair value through profit or loss	(600)
Interest expense	10,385

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(ii) The principal terms of issue of the first convertible corporate bonds are as follows:

- 1) Periods: 3 Year (As of June 25, 2024 to June 25, 2027)
- 2) Coupon rate : 0%
- 3) Redemption method: The Company may redeem the bonds under the following circumstances:
 - A. For the period from 3 months after the issuance date to the 40 days before the expiration of the issuance period. If the Company's ordinary shares, which are listed on the Taiwan Stock Exchange (TWSE), have a closing price exceeding the current conversion price more than 30% for 30 consecutive business days, the Company has the right to redeem the bonds at the face value.
 - B. For the period from 3 months after the issuance date to the 40 days before expiration of the issuance period. If the outstanding balance of the convertible corporate bonds is less than 10% of the total face value of the original issue, the Company has the right to redeem the bonds at face value.

(iii) Conversion Method:

- A. Creditors may apply for conversion into ordinary shares of the Company in accordance with the conversion method from September 26, 2024 to June 25, 2027.
- B. Conversion Price: \$76.8 per share at the time of issuance, and in the event of an adjustment of the conversion price of the Company's common shares in accordance with the provisions of the issuance terms, the conversion price shall be adjusted in accordance with the formula specified in the issuance terms.

(l) Lease liabilities

The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	\$ <u>5,310</u>	\$ <u>5,058</u>
Non-current	\$ <u>-</u>	\$ <u>2,209</u>

The amounts of leases recognized in profit or loss were as follows:

	For the years ended December 31, 2024	2023
Interest expense on lease liabilities	\$ <u>194</u>	\$ <u>382</u>
Expenses relating to short-term leases	\$ <u>530</u>	\$ <u>531</u>

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

The amounts of leases recognized in the statement of cash flows for the Company was as follows:

	For the years ended December 31,	
	2024	2023
Total cash outflow for leases	\$ 8,892	8,690

The Company leases buildings for its office space and employee housing, with terms that typically run for the periods of five and two years, respectively. Some leases include an option to extend the lease for the same period as the original contract upon maturity. To the extent that it is not reasonably certain that an optional extension of the lease term will be exercised, payments related to the period covered by the option are not included in the lease liability.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	\$ 8,635	12,175
Fair value of plan assets	(14,766)	(14,562)
Net defined benefit liabilities	\$ (6,131)	(2,387)

The Company's employee benefit liabilities were as follows:

	December 31, 2024	December 31, 2023
Liability for short-term compensated absences (included in other payables)	\$ 1,116	1,434

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

G.M.I. Technology Inc.
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The Company's Bank of Taiwan labor pension reserve account balance amounted to \$14,766 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit obligations

The movement in present value of the defined benefit obligations of the Company were as follows:

	For the years ended December 31,	
	2024	2023
Defined benefit obligations at January 1	\$ 12,175	12,456
Current service cost and interest cost	146	150
Net defined benefit liability remeasurement	(494)	(431)
Benefits paid	(3,192)	-
Defined benefit obligations at December 31	\$ 8,635	12,175

3) Movements in fair value of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	For the years ended December 31,	
	2024	2023
Fair value of plan assets at January 1	\$ (14,562)	(13,882)
Interest income	(177)	(169)
Net defined benefit asset remeasurement	(1,272)	(128)
Contributions paid by the employer	(351)	(383)
Benefits paid	1,596	-
Fair value of plan assets at December 31	\$ (14,766)	(14,562)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31,	
	2024	2023
Current service cost and interests	\$ 146	149
Net interest of net liabilities for defined benefit obligations	(177)	(169)
	\$ (31)	(20)

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

	For the years ended December 31,	
	2024	2023
Operating expenses	\$ (31)	(20)

- 5) Remeasurement of the net defined benefit liabilities recognized in other comprehensive income

The cumulative remeasurement of the Company's net defined benefit obligation recognized in other comprehensive income were as follows:

	For the years ended December 31,	
	2024	2023
Cumulated amount at January 1	\$ 114	(443)
Total gain/loss recognized	1,766	557
Cumulated amount at December 31	\$ 1,880	114

- 6) Actuarial assumptions

The principal actuarial assumptions of the actuarial valuation were as follows:

	For the years ended December 31,	
	2024	2023
Discount Rate	1.60 %	1.20 %
Future salary increases	3.00 %	3.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one year period after the reporting date is \$341 thousand.

The weighted average lifetime of the defined benefits plans is 5.4 years.

- 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligations	
	Increased 1.00%	Decreased 1.00%
Balance at December 31, 2024		
Discount Rate	\$ (463)	468
Future salary increases	397	(394)
Balance at December 31, 2023		
Discount Rate	(720)	727
Future salary increases	615	(611)

(Continued)

G.M.I. Technology Inc.
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Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2024 and 2023.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Group of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The total pension costs of the Company's overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations. All pension payment contributed in the current period are recognized as pension expense.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$3,959 thousand and \$5,365 thousand for the years ended December 31, 2024 and 2023, respectively.

(n) Income taxes

(i) Income tax expenses

The components of income tax expense (gains) in the years ended December 31, 2024 and 2023 were as follows:

	For the years ended	
	December 31,	
	2024	2023
Current tax expense		
Current period	\$ 84,342	77,369
Adjustment for prior years	-	(7,043)
Subtotal	84,342	70,326
Deferred tax expense (income)		
Origination and reversal of temporary differences	25,130	9,175
Subtotal	109,472	9,175
Income tax expense	\$ 193,814	79,501

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

Reconciliation of income tax expense and profit before tax for 2024 and 2023 is as follows:

	For the years ended December 31,	
	2024	2023
Profit before income tax	\$ 495,850	401,886
Income tax using the Company's domestic tax rate	99,170	80,377
Permanent difference	1,882	(392)
Change in unrecognized temporary differences	12,587	7,450
Adjustments for under provisions of prior years	-	(7,043)
Additional tax on undistributed earnings	4,774	9,916
Others	(8,941)	(10,807)
Total	<u><u>\$ 109,472</u></u>	<u><u>79,501</u></u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized with respect to the following items:

	December 31, 2024	December 31, 2023
Tax effect of deductible Temporary Differences	<u><u>\$ 125,368</u></u>	<u><u>112,781</u></u>

The deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax liabilities for 2024 were as follows:

	Unrealized exchange gains
Balance at January 1, 2024	\$ -
Recognized in profit or loss	9,194
Balance at December 31, 2024	<u><u>\$ 9,194</u></u>

Changes in the amount of deferred tax assets for 2024 and 2023 were as follows:

	Allowance for bad debt	Unrealized exchange loss	Other	Total
Balance at January 1, 2024	\$ 6,956	15,759	4,148	26,863
Recognized in profit or loss	(1,784)	(15,759)	1,607	(15,936)
Balance at December 31, 2024	<u><u>\$ 5,172</u></u>	<u><u>-</u></u>	<u><u>5,755</u></u>	<u><u>10,927</u></u>
Balance at January 1, 2023	\$ 3,831	15,959	16,248	36,038
Recognized in profit or loss	3,125	(200)	(12,100)	(9,175)
Balance at December 31, 2023	<u><u>\$ 6,956</u></u>	<u><u>15,759</u></u>	<u><u>4,148</u></u>	<u><u>26,863</u></u>

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

There were no income tax expense recognized the Company equity and other comprehensive income for amount of years ended December 31, 2024 and 2023.

The Company's tax returns for the years through 2022 were assessed by the National Taxation Bureau of R.O.C..

(o) Capital and other equity

As of December 31, 2024 and 2023, the total value of authorized ordinary shares was amounted to \$2,000,000 thousand. The number of authorized ordinary shares were 200,000 thousand shares with par value of \$10 per share, of which 162,625 thousand shares of ordinary shares were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for year ended December 31, 2024 and 2023 were as follows:

	Ordinary share	
	For the years ended	
	December 31,	
(in thousands of shares)	2024	2023
Balance on December 31(opening balance)	<u>162,625</u>	<u>162,625</u>

(i) Capital surplus

The balances of capital surplus as of December 31, 2024 and 2023, were as follows:

	December 31, 2024	December 31, 2023
Share capital at premium	\$ 219,941	219,941
Difference arising from subsidiary's share price and its carrying value	370	-
Changes in net equity of associates recognized by equity method	36	36
Employee stock options	3,139	3,139
Subsidiary cash capital increase	19,710	-
Convertible corporate bonds stock options	<u>65,872</u>	<u>-</u>
	<u>\$ 309,068</u>	<u>223,116</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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The Company did not participate in the cash capital increase of its subsidiary, Rehear Audiology, who issued 1,000 shares, at a par value of \$5 per share and an issue price of \$80, with the base date set on August 1, 2024, based on its board meeting held on March 25, 2024. Instead, the entire shares above totaling \$80,000 thousand had been fully subscribed by Transcend Information, Inc., with the relevant procedures having been completed on August 16, 2024, resulting in the Company's shareholding ratio to decrease from 27.05% to 25.76%, while maintaining control over Rehear Audiology and its relevant activities. Furthermore, the above transaction resulted in an increase of \$19,710 thousand in the Company's capital reserve.

(ii) Retained earnings

In accordance with the Company's Articles of Association, if there is any surplus in the annual final accounts, the Company shall first pay taxes to cover for the prior years' deficits and then set aside 10% of the legal reserve, except when the legal reserve has reached the Company's paid-in capital; in addition, special reserve shall be set aside in accordance with the Company's operating needs and laws and regulations. Then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

In order to maintain a sound financial structure and to take into account the interests of investors, the Company adopts a balanced dividend policy by distributing no less than 30%% of the distributable earnings and paying cash dividends on 10% or more of the dividends distributed in a given year. If the dividend is less than \$3, the Company may distribute stock dividends in full.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on 6 April 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

3) Earnings distribution

On June 26, 2024 and June 19, 2023, the appropriation the earnings for 2023 and 2022 was resolved in the general meeting of shareholders. The amounts of interests distributed to owners were as follows:

		For the years ended December 31,	
		2023	2022
		Amount per share	Total Amount
		Amount per share	Total Amount
Dividends distributed to ordinary shareholders:			
Cash	1.20	<u>195,150</u>	2.00 <u>325,251</u>

(iii) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at fair value through other comprehensive income
Balance on January 1, 2024	\$ 33,510	443
Exchange differences on translation of net assets of foreign operations	<u>159,244</u>	<u>1,054</u>
Balance on December 31, 2024	<u>\$ 192,754</u>	<u>1,497</u>
Balance at January 1, 2023	\$ 42,025	38
Exchange differences on translation of net assets of foreign operations	<u>(8,515)</u>	<u>405</u>
Balance at December 31, 2023	<u>\$ 33,510</u>	<u>443</u>

(p) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2024 and 2023 was based on the profit attributable to ordinary shareholders of the Company amounting to \$386,378 thousand and \$322,385 thousand, and the weighted average number of ordinary shares outstanding of \$162,625 thousand, respectively, as follows:

1) Profit attributable to ordinary shareholders of the Company

		For the years ended December 31,	
		2024	2023
Profit attributable to ordinary shareholders of the Company		<u>\$ 386,378</u>	<u>322,385</u>

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

2) Weighted-average number of outstanding ordinary shares

	For the years ended December 31,	
	2024	2023
Outstanding at December 31	\$ 162,625	162,625

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2024 and 2023 was based on the profit attributable to ordinary shareholders of the Company, and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares is as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	For the years ended December 31,	
	2024	2023
Profit attributable to ordinary shareholders of the Company	\$ 386,378	322,385
Interest expense on convertible bonds, net of tax and gains on remeasurements of redemption of convertible corporate bonds at fair value	8,908	-
	\$ 395,286	322,385

2) Weighted-average number of ordinary shares (diluted)

	For the years ended December 31,	
	2024	2023
Weighted-average number of ordinary shares outstanding	\$ 162,625	162,625
Effect of convertible corporate bonds	6,778	-
Effect of employee share bonus	13	28
Weighted-average number of ordinary shares outstanding at December 31	\$ 169,416	162,653

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(q) Revenue from contracts with customers

(i) Details of revenue

		For the years ended December 31,	
		2024	2023
Primary geographical markets:			
Taiwan	\$	498,102	515,272
China		16,463,707	14,610,967
Others		780,760	177,331
	\$	<u>17,742,569</u>	<u>15,303,570</u>
Major products/service lines:			
Digital Communication Solutions and Components	\$	15,724,337	13,168,047
Storage Applications Solutions and Components		1,828,152	1,929,294
Analog Electronic Components		151,963	206,229
Server lease interest revenue	\$	38,117	-
	\$	<u>17,742,569</u>	<u>15,303,570</u>

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable	\$ 202,550	91,960	96,295
Accounts receivable	3,737,459	3,008,056	3,376,397
Accounts receivable due from related parties	329,841	193,053	170,783
Less: Loss allowance	<u>(35,421)</u>	<u>(32,974)</u>	<u>(52,337)</u>
Total	<u>\$ 4,234,429</u>	<u>3,260,095</u>	<u>3,591,138</u>
Contract liabilities	<u>\$ 14,023</u>	<u>14,531</u>	<u>19,151</u>

The opening balances of contract liabilities of \$9,643 thousand and \$15,197 thousand on January 1, 2024 and 2023 were recognized as income for the nine months ended December 2024 and 2023, respectively. For details on notes and accounts receivable and allowance for impairment, please refer to note 6(b). For details on finance lease payment receivable and allowance for impairment, please refer to note 6(c)

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(r) Remuneration to employees, and directors

In accordance with the articles of incorporation the Company should contribute no less than 2% of the profit as employee compensation and less than 0.1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The distribution of remuneration of employees, directors, and supervisors should be submitted and reported to the shareholders' meeting. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2024 and 2023, the Company estimated its employee remuneration amounting to \$600 thousand and \$450 thousand, and directors' and supervisors' remuneration amounting to 10,000 thousand and 8,200 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2024 and 2023. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration is distributed through stock dividends, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors.

The related information can be accessed from market observation post system website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2024 and 2023.

(s) Non-operating income and expenses:

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31,	
	2024	2023
Interest income	\$ <u>54,128</u>	<u>27,368</u>

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(ii) Other income

The Company's other income was as follows:

	For the years ended December 31,	
	2024	2023
Compensation income	\$ -	6,266
Deputy merchandse procument	-	2,633
Other	15,750	16,912
	\$ 15,750	25,811

(iii) Other gains and losses

The Company's other gains and losses were as follows:

	For the years ended December 31,	
	2024	2023
Foreign exchange gains	\$ 119,691	14,541
Gain on dosposal of investments	-	38
Miscellaneous disbursements	-	(6,381)
Gains (Losses) on financial assets (liabilities) at fair value through profit or loss	(600)	-
	\$ 119,091	8,198

(iv) Finance costs

Finance costs of the Company are detailed as follows:

	For the years ended December 31,	
	2024	2023
Interest on bank loans	\$ (67,435)	(73,598)
Lease liabilities	(195)	(382)
Convertible corporate bonds	(10,385)	-
	\$ (78,015)	(73,980)

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Company's customers are concentrated in a large group of high-tech computer industry customers. In order to reduce the credit risk of accounts receivable, the Company continuously evaluates the financial position of its customers and, if necessary, requires them to provide guarantees or assurances. The Company also regularly evaluates the probability of collection of accounts receivable and provides an allowance for losses.

3) Credit risk of receivables

For details on credit risk of notes and accounts receivable, please refer to note 6(b).

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	<u>Carrying amounts</u>	<u>Contractual Cash flows</u>	<u>within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2024							
Non-derivative financial liabilities							
Short-term borrowings	\$ 2,095,898	2,116,191	1,967,126	149,065	-	-	-
Short-term notes payables	449,326	450,000	450,000	-	-	-	-
Accounts payable (including related parties)	2,634,949	2,634,949	2,634,949	-	-	-	-
Payable on machinery and equipment	912,248	912,248	912,248	-	-	-	-
Other payable (including related parties)	82,499	82,499	82,499	-	-	-	-
Lease liabilities	5,310	5,295	4,181	1,114	-	-	-
Bonds payable	946,322	1,000,000	-	-	-	1,000,000	-
	<u>\$ 7,126,552</u>	<u>7,201,182</u>	<u>6,051,003</u>	<u>150,179</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>

(Continued)

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	<u>Carrying amounts</u>	<u>Contractual Cash flows</u>	<u>within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings	\$ 1,350,950	1,360,234	1,134,344	225,890	-	-	-
Short-term notes payables	199,601	200,000	200,000	-	-	-	-
Accounts payable (including related parties)	2,121,888	2,121,888	2,121,888	-	-	-	-
Other payables	73,887	73,887	73,887	-	-	-	-
Long-term borrowings (including current portion)	202,300	232,908	24,604	15,150	29,919	51,938	111,297
Lease liabilities	7,267	7,422	4,079	1,114	2,229	-	-
	<u>\$ 3,955,893</u>	<u>3,996,339</u>	<u>3,558,802</u>	<u>242,154</u>	<u>32,148</u>	<u>51,938</u>	<u>111,297</u>

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure of foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 242,313	32.785	7,944,232	173,739	30.705	5,334,656
RMB	219	4.478	981	800	4.327	3,462
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	121,535	32.785	3,984,525	94,372	30.705	2,897,692

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD and the CNY at December 31, 2024 and 2023, would have increased or decreased the profit before tax by \$198,034 thousand and \$122,021 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

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3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2024 and 2023, foreign exchange gain (including realized and unrealized portions) amounted to \$119,691 thousand and \$14,541 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to the interest rates risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate increases or decreases by 1% the Company's net income will decrease /increase by \$25,452 thousand and \$17,529 thousand for the years ended December 31, 2024 and 2023 with all other variable factors remaining constant. This is mainly due to the the Company's variable rate bank deposit.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

		December 31, 2024			
		Fair value			
	Fair value	Level 1	Level 2	Level 3	Total
Financial assets at fair value:					
Convertible corporate bonds callable right	\$ <u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>

(Continued)

G.M.I. Technology Inc.
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2) Valuation technique for the financial instrument at fair value

(2.1) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(2.2) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

(u) Financial risk management

(i) Overview

The Company has exposure to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying non-consolidated financial statements.

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G.M.I. Technology Inc.
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(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It monitor and manage financial risks of the the Company's business operation through internal risk report, which analyze the exposure according to risk levels and scopes. The Company these risks by natural hedging through timely adjust its foreign currency assets and liabilities position. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. The business and finance departments submit quarterly financial and business reports to the board of directors of the Company in accordance with the procedure of the board meetings.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Accounts receivable and other receivables

The policy adopted by the Company is to deal only with reputable parties and, where necessary, obtain collateral to mitigate the risk of financial losses arising from default. The Company will rate the major customers using other publicly available financial information and mutual transaction records. The Company continuously monitors credit risk and credit ratings of the counterparty, and distributes the total amount of the transaction to eligible customers of each credit rating. Credit risk exposure is controlled through the credit limit of the counterparty that is reviewed and approved annually by the Risk Management Committee.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

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(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2024 and 2023, the Company's unused credit line were amounted to \$5,978,199 thousand and \$6,777,498 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales and purchases and borrowings that are denominated in a currency other than the functional currency of the Company's respective entity, primarily the NTD, USD dollar, HKD and RMB. The currencies used in these transactions are the NTD, USD dollar, HKD and RMB.

2) Interest rate risk

The Company borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow. The Company manages the interest rates risk by maintaining an adequate combination of fixed and variable interest rates.

(v) Capital management

The Company sets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to stockholders, to safeguard the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment and reduce the capital for redistribution to its shareholders, issue new shares, or sell assets to settle any liabilities.

The Company uses the debt-to-equity ratio to manage capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

The Company's debt-to-equity ratios at the end of the reporting periods were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 7,241,352	4,004,900
Less: Cash and cash equivalents	(2,022,304)	(1,404,706)
Net liabilities	<u>\$ 5,219,048</u>	<u>2,600,194</u>
Total equity	<u>\$ 3,088,063</u>	<u>2,648,819</u>
Debt-to-equity ratio	<u>62.83%</u>	<u>49.54%</u>

(w) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities was as follows:

	Jan. 1, 2024	Cash flows	Non-Cash changes			December 31, 2024
			Amortization of discount and premium	Lease modification	Foreign exchange movement	
Short-term notes payables	\$ 199,601	249,725	-	-	-	449,326
Short-term borrowings	1,350,950	740,580	-	-	4,368	2,095,898
long-term borrowings	202,300	(202,300)	-	-	-	-
Lease liabilities	7,267	(8,168)	-	5,995	216	5,310
Bonds payables	-	1,000,000	(53,678)	-	-	946,322
Total liabilities from financing activities	<u>\$ 1,760,118</u>	<u>1,779,837</u>	<u>(53,678)</u>	<u>5,995</u>	<u>4,584</u>	<u>3,496,856</u>

	Jan. 1, 2023	Cash flows	Non-Cash changes			December 31, 2023
			Lease modification	Foreign exchange movement		
Short-term notes payables	\$ 379,163	(179,562)	-	-		199,601
Short-term borrowings	2,238,874	(894,173)	-	6,249		1,350,950
long-term borrowings	214,200	(11,900)	-	-		202,300
Lease liabilities	8,465	(7,777)	6,528	51		7,267
Total liabilities from financing activities	<u>\$ 2,840,702</u>	<u>(1,093,412)</u>	<u>6,528</u>	<u>6,300</u>		<u>1,760,118</u>

(x) Net cash outflow for the acquisition of property, plant, and equipment

	December 31, 2024	December 31, 2023
Additions	\$ 1,967,844	2,701
Less: Payable on machinery and equipment balance at December 31, 2024	(912,248)	-
	<u>\$ 1,055,596</u>	<u>2,701</u>

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Company during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
G.M.I. Technology (BVI) Co., Ltd. (hereinafter referred to as G.M.I. (BVI))	Subsidiary of the Company
Harken Investments Limited (hereinafter referred to as Harken)	Subsidiary of the Company
Vector Electronic Co. Ltd (hereinafter referred to as Vector)	Subsidiary of the Company
G.M.I (Shanghai) Trading Company Limited. (hereinafter referred to as G.M.I(Shanghai))	Subsidiary of the Company
Hong Da Fu Tong Electronics Company Limited. (hereinafter referred to as Shenzhen Fu Tong)	Subsidiary of the Company
GW Electronics Company Limited. (hereinafter referred to as GW Electronics)	Investee company accounted for using equity method
Rehear Audiology Company Ltd. (hereinafter referred to as Rehear Audiology)	Investee company accounted for using equity method
Unitech Electronics Co., Ltd. (hereinafter referred to as Unitech Electronics)	Investee company accounted for using equity method
Realtek Semiconductor Corp. (hereinafter referred to as Realtek)	The Chairman of the company is the beneficial party of the entity
Realtek Singapore private Limited (hereinafter referred to as Realtek Singapore)	Subsidiary of Realtek Semiconductor Co.
RayMx Microelectronics Corp (hereinafter referred to as RayMx)	Subsidiary of Realtek Semiconductor Co.
Actions Technology (HK) Company Ltd. (hereinafter referred to as Actions (HK)).	The Chairman of the company is the beneficial party of the entity
GMI Computing International Ltd. (hereinafter referred to as GMI Computing)	The Chairman of the company is the second immediate family of the chairman of the Company
HI-JET INCORPORATION (hereinafter referred to as HI-JET)	The Chairman of the company is the same as of the Chairman of the company
Chia-Wen Yeh	The Chairman of the company
Wan-Yu Cho	The senior manager of the company
Po-Jen Liao	The senior manager of the company

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(b) Significant transactions with related parties

(i) Sale revenue

The amounts of significant sales transactions between the Company and related parties were as follows:

	For the years ended December 31,	
	2024	2023
Other related parties - Realtek	\$ 43,803	31,600
Other related parties - Realtek Singapore	32,119	8,353
Subsidiaries - G.M.I.(Shanghai)	457,656	948,215
Subsidiaries - Vector	396,852	105,922
Other related parties - Unitech Electronics	188	456
Subsidiaries - Rehear Audiology	139	-
	\$ 930,757	1,094,546

The selling prices for the second-tier subsidiary are based on the contracted cost plus a markup. The credit terms offered to the second-tier subsidiary are not significantly different from those offered to unrelated parties. The products sold to other related parties are not sold to other customers. Therefore, the selling prices are not comparable to those of other customers, and the selling price and credit terms are not significantly different from those of unrelated parties.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the years ended December 31,	
	2024	2023
Other related parties - Realtek	\$ 9,637,038	6,345,400
Other related parties - Realtek Singapore	4,823,391	4,545,163
Other related parties - RayMx	104,429	258,372
Other related parties - Actions (HK)	299,451	89,692
	\$ 14,864,309	11,238,627

The products which the Company purchases from the above-mentioned related parties are not purchased from other vendors, resulting in no purchase price to compare with that of other vendors. The payment terms are not significantly different from those of non-related parties.

(iii) The expenses incurred by the Company consulting subsidiary for its overseas operations in the years ended December 31, 2024 and 2023 were \$90,123 thousand and \$101,582 thousand, respectively.

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(iv) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable due from related parties	Realtek	\$ 2,539	5,590
Accounts receivable due from related parties	Realtek Singapore	8,407	1,478
Accounts receivable due from related parties	Unitech Electronics	47	93
Finance lease payment receivable	GMI Computing	505,046	-
Accounts receivable due from related parties	G.M.I.(Shanghai)	135,406	136,511
Accounts receivable due from related parties	Vector	183,442	49,381
		<u>\$ 834,887</u>	<u>193,053</u>

(v) Payable from related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Payables to related parties	Realtek	\$ 1,343,386	1,253,124
Payables to related parties	Realtek Singapore	1,057,514	607,108
Payables to related parties	RayMx	36,050	40,188
Payables to related parties	Actions (HK)	31,289	9,332
Other payables to related parties	GMI Computing	-	4,923
		<u>\$ 2,468,239</u>	<u>1,914,675</u>

(vi) Sale of Patent

In 2023, the Company sold patents to its subsidiaries for \$7,810 thousand, and the unrealized gain on disposal was recognized in profit or loss based on the useful life of the patents. As of December 31, 2024 and 2023, the unrealized gain on disposal was \$6,043 thousand and \$7,159 thousand and is in balance of “investments account for using equity method”.

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(vii) Property transaction

In April 2024, the Company sold \$200 thousand shares of Rehear Audiology to its management at the amount of \$1,000 thousand, wherein the related payment has been received. As the Company considers its future development and the improvement of its shareholder structure, it has reached an agreement with the aforementioned management on December 31, 2024 to repurchase the shares sold at the original price.

(viii) Financial leases

The Company entered into a 5-year lease agreement its related party, GMI Computing International Ltd., for a total price of \$747,936 thousand (US\$23,402 thousand), on July 1, 2024, to lease out its GPU server for a monthly rental of US\$390 thousand (excluding tax), within seven days after invoicing.

The Company classified the above lease as a finance lease because the lease included the whole of the remaining term of the head lease. On July 1, 2024 (the date of establishment of the lease), the Group delisted the cost of machinery and equipment of \$524,347 thousand, which was recognized as finance lease receivables - related parties. As of December 31, 2024, the present value of undue receivables amounted to \$505,046 thousand (US\$15,259 thousand). Please refer to Note 6 (c) for the relevant disclosures.

As a result of the above transactions, the Company recognized the lease interest income of \$38,117 thousand, with the amount of \$75,482 thousand (US\$2,340 thousand) having been collected for the year ended December 31, 2024.

Based on the decisions made by the board on September 5 and October 22, 2024, with the approval of the shareholders on December 10, 2024, the above-mentioned machinery and equipment were leased out to a related party, GMI Computing International Ltd., after continuous evaluation and consideration due to a number of factors such as the long preparation time of the professional AI computing team, the difficulty in technology training, and the timing of the AI cloud market, instead of building its own organizational team to operate in cloud services in July. The above transaction was based on the valuation report issued by a valuation expert appointed by the Company, wherein the rental fees had since been collected.

(ix) Other

The Company paid the rentals of \$39,877 thousand on behalf of its related party, GMI Computing International Ltd., for the year ended December 31, 2024.

The Company paid the consultant fee of \$2,286 thousand on behalf of its related party, HI-JET, for the year ended December 31, 2024 and 2023, respectively. The unpaid amount of \$200 thousand was recorded as "Other payables", for both years ended December 31, 2024 and 2023.

(x) Endorsement

As of December 31, 2024, the Company's bank loans were jointly guaranteed by the chairman of the Company to the extent of \$250,000 thousand.

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2024	2023
Short-term employee benefits	\$ 31,984	30,672
Post-employment benefits	271	287
	<u>\$ 32,255</u>	<u>30,959</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2024	December 31, 2023
Time deposit (classified under other financial assets)	Bank loan limit	\$ 231,596	225,303
Accounts receivable	The unused letters of credit and secured loans	-	101,673
Property, plant and equipment	Short-term bank loans	294,867	-
Property, plant and equipment	Long-term bank loans	-	295,775
Stock (classified under Investments accounted for using the equity method)	Short-term notes and bills payable	231,361	-
Finance lease receivables (note)	Short-term bank loans	505,046	-
		<u>\$ 1,262,870</u>	<u>622,751</u>

Note: Since the machinery and equipment were recognized as assets held under finance leases, the amount of net lease investment had been accounted for as finance lease receivables.

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments:

The Company decided to purchase and construct GPU servers, at an estimated total purchase price of \$1,617,632 thousand (US\$49,341 thousand), with the approval of its board on September 5, 2024. As of December 31, 2024, the executed budget totaled \$1,524,015 thousand, of which the Company has paid 560,464 thousand, with the remaining unpaid amount of \$912,248 thousand being classified as "Payable on machinery and equipment". The unrecognized amount of \$51,303 thousand has yet to be paid after the supplier fulfills the contract.

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

- (b) Guarantees provided by the Group's bank to its suppliers for the delivery of goods:

	December 31, 2024	December 31, 2023
Purchase Guarantee	<u>\$ 306,710</u>	<u>309,583</u>

- (c) The amount of unused outstanding letters of credit were as follows:

	December 31, 2024	December 31, 2023
Outstanding standby letters of credit	<u>\$ 2,924,951</u>	<u>1,772,579</u>

- (d) The tax payable on imported goods guaranteed by the Group's bank:

	December 31, 2024	December 31, 2023
Taxes on imported goods guaranteed by banks	<u>\$ 4,000</u>	<u>4,000</u>

- (e) As of December 31, 2024 and 2023, the Company had issued \$1,252,645 thousand and \$1,029,025 thousand, respectively, of guarantee notes for the purchase of goods from vendors.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31					
	2024			2023		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item						
Employee benefits						
Salary	-	141,901	141,901	-	118,557	118,557
Labor and health insurance	-	8,354	8,354	-	8,289	8,289
Pension	-	3,928	3,928	-	5,345	5,345
Remuneration of directors	-	11,057	11,057	-	8,840	8,840
Others	-	6,767	6,767	-	4,907	4,907
Depreciation	-	12,878	12,878	-	12,814	12,814

(Continued)

G.M.I. Technology Inc.
Notes to the Financial Statements

The additional information about number of employees and employee benefit expenses for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Employees	<u>118</u>	<u>115</u>
Directors not in concurrent employment	<u>7</u>	<u>6</u>
Average employee benefits	<u>\$ 1,450</u>	<u>1,258</u>
Average employee salary	<u>\$ 1,278</u>	<u>1,088</u>
Average raise of employee salary	<u>17.46 %</u>	

The Company's remuneration policy (including directors, supervisors, managers and employees) is as follows:

The performance assessment and remuneration of managers and directors by the Company taking into account of usual standard payments of peers to evaluate the reasonableness of relationship among personal performance, operation performance and future risks. The Company complying with Labor Standards Act and relevant regulations to set out various employee remuneration and benefits and to provide competitive benefits to motivate its employees.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

- (i) Loans to other parties:None.
- (ii) Guarantees and endorsements for other parties:None
- (iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20% of the capital stock:None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.

(Continued)

G.M.I. TECHNOLOGY INC.

Notes to the Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Realtek	The Chairman of the company is the beneficial party of the entity	Purchase	9,637,038	57.23%	O/A 45 days	No purchases from other vendors	No material variance	(1,343,386)	(50.98)%	
The Company	Realtek Singapore	Subsidiary of Realtek Semiconductor Co.	Purchase	4,823,391	28.64%	O/A 45 days	No purchases from other vendors	No material variance	(1,057,514)	(40.13)%	
The Company	RayMx	Subsidiary of Realtek Semiconductor Co.	Purchase	104,429	0.62%	O/A 45 days	No purchases from other vendors	No material variance	(36,050)	(1.37)%	
The Company	G.M.I (Shanghai)	Subsidiaries	Sales	(457,656)	(2.58)%	O/A 60 days	No material variance	No material variance	135,406	3.20%	
The Company	Vector	Subsidiaries	Sales	(396,852)	(2.24)%	O/A 60 days	No material variance	No material variance	183,442	4.33%	
The Company	Actions (HK)	The Chairman of the company is the beneficial party of the entity	Purchase	299,451	1.78%	O/A 30 days	No purchases from other vendors	No material variance	(31,289)	(1.19)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	G.M.I (Shanghai)	Subsidiaries	135,406	336.61 %	74,845	Payment has been received after the due date	75,472	-
The Company	Vector	Subsidiaries	183,442	340.90 %	56,793	Payment has been received after the due date	75,763	-
The Company	GMI Computing	The Chairman of the company is the beneficial party of the entity	505,046	15.09 %	-		13,488	-

(ix) Trading in derivative instruments:None.(6)(k)

(Continued)

G.M.I. TECHNOLOGY INC.

Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
GMI Technology Inc.	G.M.I. Technology (BVI) Ltd.	British Virgin Island	Investment holding	556,991	556,991	18,277	100.00 %	(69,755)	(62,936)	(62,936)	
GMI Technology Inc.	Global Mobile Internet Co., Ltd	Taiwan	Sale of electronic products	15,484	15,484	1,548	34.21 %	15,951	2,742	938	
GMI Technology Inc.	Unitech Electronics Co., Ltd.	Taiwan	Sale of electronic products	200,739	200,739	9,559	12.73 %	231,361	93,852	11,946	
G.M.I. Technology (BVI) Ltd.	Vector Electronic Co. Ltd	Hong Kong	Trading of electronic components and investment holding	151,141	151,141	34,149	100.00 %	(69,838)	(62,937)	(62,937)	
G.M.I. Technology (BVI) Ltd.	HARKEN INVESTMENTS LIMITED	British Virgin Islands	Investment holding	393,484	393,484	13,169	100.00 %	79	1	1	
HARKEN INVESTMENTS LIMITED	GW Electronics Company Limited	Hong Kong	Trading of electronic components	393,236	393,236	102,000	51.00 %	-	-	-	
G.M.I. Technology Inc.	Rehear Audiology Co., Ltd.	Taiwan	Medical Devices research and development	27,050	29,000	5,410	25.76 %	26,925	(38,473)	(10,234)	

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
G.M.I (Shanghai) Trading Company Limited.	Trading of electronic components and business marketing consulting	68,382	(b)	48,708	-	-	48,708 (note 2)	(38,248)	100.00%	(38,248)	(72,758)	-	-
Hong& Da Fu Tong Electronics Company Limited	Trading of electronic components	65,445	(b)	44,660	-	-	44,660 (note 2)	(33,949)	100.00%	(33,949)	(10,432)	-	-
Sangdong Wan Shun He Enorgy Co., Ltd.	Chemical engineering products and trading of electronic components	-	(b)	-	-	-	- (note 2)	-	-%	-	-	-	(note 3)

Note 1: Three types of investment method are as follows:

- (a) Direct investment in Mainland China.
- (b) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (c) Others

Note 2: The difference between the amount of paid-in capital and the accumulated investment amount remitted from Taiwan at the end of the period is the direct investment by Vector Electronic Co. Ltd with its own capital.

Note 3: The subsidiary has already been liquidated by a resolution of the Board of Directors on March 28, 2023, and has been written off in May 2023.

(Continued)

G.M.I. TECHNOLOGY INC.

Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
93,368	629,123	1,852,837

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2024, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders

Shareholder's Name	Shareholding	Shares	Percentage
De-Jet Investment Co., Ltd.		52,782,278	32.45 %

Note: The information on major shareholders in this table is based on the last business day of each quarter and is calculated based on the total number of 5% ordinary shares or more of the Company's shareholders that have been delivered without physical registration. The number of shares recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of computation.

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2024.

G.M.I. Technology Inc.
Statement of Cash and Cash Equivalents
Balance on December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Cash on hand	\$ 1,274
Bank deposits	Check deposits (HKD141,660.79@4.222;)	598
	USD100@32.785)	3
	Demand deposits	48,285
	Foreign currency demand deposits (USD59,101,760.38@32.785 ;	1,937,651
	RMB8,066.83@4.478)	36
	HKD8,161,374.52@4.222)	34,457
	Subtotal	2,021,030
Total		\$ 2,022,304

G.M.I. Technology Inc.
Statement of Notes Receivable
Balance on December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Notes receivable	
WORLD	\$ 94,108
Shenzhen C-DATA Technology Co., Ltd.	78,406
Shanghai Sixunited Technology Intelligent Co., Ltd.	13,348
Other (all less than 5%)	<u>16,688</u>
Subtotal	202,550
Less: Allowance for bad debt	<u>(608)</u>
Total	<u><u>\$ 201,942</u></u>

G.M.I. Technology Inc.
Statement of Accounts Receivable
Balance on December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Accounts receivable	
Nanning Fulian Fugui Precision Industry Co., Ltd.	\$ 516,544
Zhongxing Telecommunication Equipment Corporation	382,282
Sercomm Philippines Inc.	234,134
Futaihua Industrial (Shenzhen) Co., Ltd.	229,003
BYD (H.K.) CO., Ltd.	205,002
Cloud Network Technology singapore Pte. Ltd	188,352
Other (all less than 5%)	<u>1,982,142</u>
Subtotal	3,737,459
Less: Allowance for bad debt	<u>(34,813)</u>
Total	<u><u>\$ 3,702,646</u></u>

G.M.I. Technology Inc.
Statement of other receivable
Balance on December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Income tax refund receivable	\$ 14,372
Other (all less than 5%)	3,020
Total	<u><u>\$ 17,392</u></u>

G.M.I. Technology Inc.**Statement of Inventories****Balance on December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Item	Costs	Market price	Notes
Merchandise inventory	\$ 1,250,262	1,252,661	Market price under their Net realizable value
Less: Allowance for inventory valuation and obsolescence losses	(89,823)		
	<u><u>\$ 1,160,439</u></u>		

G.M.I. Technology Inc.
Statement of other current assets
Balance on December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Offset Against Business Tax Payable	\$ 40,445
Prepayments	<u>2,085</u>
Total	<u><u>\$ 42,530</u></u>

G.M.I. Technology Inc.

Statement of changes in investments under equity method

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning Balance		Increase		Disposal		Equity method Share of profits/losses of investee	Exchange differences adjustment	Other (Note 2)	Ending balance			Pledge or guarantee Object
	shares	Amount	shares	Amount (Note 4)	shares (Note 3)	Amount (Note 1)				shares	Percentage	Amount	
Equity method													
G.M.I. Technology (BVI) Ltd.	18,277	\$ (6,605)	-	-	-	-	(62,936)	(214)	-	18,277	100.00 %	\$ (69,755)	No
Global Mobile Internet Co., Ltd	1,548	14,089	-	-	-	-	938	924	-	1,548	34.21 %	15,951	"
Unitech Electronics Co., Ltd.	9,559	222,590	-	-	-	(3,306)	11,946	131	-	9,559	12.73 %	231,361	Yes
Rehear Audiology Co., Ltd.	5,800	17,914	-	19,710	(390)	(1,581)	(10,234)	-	1,116	5,410	25.76 %	26,925	No
		247,988		19,710		(4,887)	(60,286)	841	1,116			204,482	
Credit balance of investment accounted for using equity method		6,605										69,755	
		\$ 254,593										\$ 274,237	

Note1: The decrease in investments accounted for using equity method Unitech Electronic due to the distribution of earning of \$3,306 thousand.

Note2: The realized gain on interompany transaaction was \$1,116 thousand.

Note3: In April 2024, the Group sold shares of Rehear Audiology to its management, of which the number and amount of shares were 200 thousand shares and \$1,000 thousand, respectively, and the related payment has been received.

Note4: The subsidiary, Rehear Audiology, issued 1,000 shares, at a par value of \$5 per share and an issue price of \$80 based on the decision made during its board meeting held on March 25, 2024, wherein the Company did not participate, resulting in the Company's shareholding ratio to change, while maintaining control over Rehear Audiology and its relevant activities. Furthermore, the above transaction resulted in an increase of \$19,710 thousand in the Company's capital reserve.

G.M.I. Technology Inc.
Statement of Short-term Borrowings
Balance on December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Type of loan	Bank	Balance at December 31, 2023	Loan period	Range of Interest rate	Collateral or pledge
Credit loans	E.SUN Syndicated Loans	\$ 203,267	113/10/15~114/1/15	6.29%	None
"	E.SUN Syndicated Loans	216,381	113/11/15~114/2/14	6.20%	"
"	Land Bank of Taiwan	200,000	113/12/6~114/1/6	1.92%	"
"	HSBC Bank (Taiwan) Limited	155,000	113/10/11~114/1/9	1.93%	"
"	Yuanta Commercial Bank Co., Ltd.	150,000	113/12/9-114/1/9	2.00%	"
"	E.SUN Commercial Bank	50,000	113/11/20~114/1/20	1.90%	"
"	First Commercial Bank	100,000	113/11/1~114/1/24	1.89%	"
"	Agricultural Bank of Taiwan	100,000	113/11/1~114/1/24	1.89%	"
"	CTBC Financial Holding Co., Ltd.	250,000	113/6/11~114/6/10	1.98%	"
"	Chang Hwa Commercial Bank, Ltd.	146,250	113/9/27~114/9/27	1.93%	"
"	E.SUN Commercial Bank	50,000	113/12/3-114/3/3	1.90%	"
"	Yuanta Commercial Bank Co., Ltd.	50,000	113/12/27-114/1/24	2%	"
"	HSBC Bank (Taiwan) Limited	45,000	113/11/1-114/1/24	1.98%	"
"	HSBC Bank (Taiwan) Limited	100,000	113/12/12-114/3/12	1.99%	"
Secured loans	Chang Hwa Commercial Bank, Ltd.	<u>280,000</u>	113/12/10~114/6/10	1.88%	Note 8
Total		<u>\$ 2,095,898</u>			

G.M.I. Technology Inc.
Statement of Accounts Payable
Balance on December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Winbond Electronics Corp.	\$ 59,496
AUO Display Plus Corp.	22,105
Zbit Semiconductor Limited	21,755
Richpower Electronic Devices Co.	20,576
Winbond Electronics (H.K.)Limited	9,872
WILL semiconductor Limited	9,742
Other (all less than 5%)	<u>23,164</u>
Total	<u><u>\$ 166,710</u></u>

G.M.I. Technology Inc.
Statement of other payables
Balance on December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Wages and salaries payable	\$ 45,904
Remuneration payables to employees, directors, and supervisors	10,600
Service expenses payable	4,499
Other (all less than 5%)	<u>21,296</u>
Total	<u><u>\$ 82,299</u></u>

G.M.I. Technology Inc.
Statement of Operating revenue
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Number (thousands)</u>	<u>Amount</u>
Digital Communication Solutions and Components	420,452	\$ 15,724,337
Storage Applications Solutions and Components	43,118	1,828,152
Analog Electronic Components	177,716	151,963
Server lease interest revenue		<u>38,117</u>
Total		<u><u>\$ 17,742,569</u></u>

Note: The above amounts are net of sales returns and discounts of \$428,294 thousand.

G.M.I. Technology Inc.
Statement of Operating Costs
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Beginning inventory	\$ 1,116,250
Add: Purchase for the period, net	17,466,286
Less: Inventories at the end of the period	(1,250,262)
Transfer to operating expenses	<u>(661)</u>
Subtotal	17,331,613
Commissions revenue	(625,945)
Write down of inventory (Reversal of write down)	(17,603)
Import expense	25,629
Other	<u>90,401</u>
Total	<u><u>\$ 16,804,095</u></u>

G.M.I. Technology Inc.
Statement of Operating Expenses
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling</u>	<u>Administrative</u>	<u>Research and development</u>
Business consultation fees of subsidiary	\$ 90,123	-	-
Salary and bonus expenses	39,353	84,275	18,731
Export expense	20,189	67	-
Service expenses	77,167	6,604	-
Other (all less than 5%)	<u>77,483</u>	<u>66,632</u>	<u>7,871</u>
Total	<u><u>\$ 304,315</u></u>	<u><u>157,578</u></u>	<u><u>26,602</u></u>

Please refer to Note 6(f) for Statement of property, plant and equipment

Please refer to Note 6(f) for Statement of Changes in accumulated depreciation of property, plant and equipment

Please refer to Note 6(g) for Statement of right-for use assets.

Please refer to Note 6(g) for Statement of Changes in accumulated depreciation of right-for use assets.