

**G.M.I. Technology Inc. and Subsidiaries**

**Consolidated Financial Statements**

**With Independent Auditors' Report**

**For the Years Ended December 31, 2023 and 2022**

Address: 2F., No. 57, Xingzhong Rd., Neihu District, Taipei City, 114  
Telephone: (02)2659-9838

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of material accounting policies	10~23
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	23~24
(6) Explanation of significant accounts	24~50
(7) Related-party transactions	51~53
(8) Pledged assets	53
(9) Commitments and contingencies	53~54
(10) Losses Due to Major Disasters	54
(11) Subsequent Events	54
(12) Other	54
(13) Other disclosures	
(a) Information on significant transactions	55~56
(b) Information on investees	56
(c) Information on investment in mainland China	57
(d) Major shareholders	57
(14) Segment information	58~59

## **Representation Letter**

The entities that are required to be included in the combined financial statements of G.M.I. Technology Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, G.M.I. Technology Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: G.M.I. Technology Inc.

Chairman: Yeh, Chia-Wen

Date: March 12, 2024



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web kpmg.com/tw

## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of G.M.I. Technology Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 judgment, were of most significance in our audit of the consolidated financial statements of the 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. We have determined the matters described below to be the key audit matters to be communicated in our report:

#### 1. Revenue Recognition

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

Description of key audit matter:

The Group 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 return and discounts.

### **Other Matter**

We did not audit the financial statements of Unitech Electronics Co., Ltd. and Global Mobile Internet Co., Ltd. subsidiaries of the Group. Those statements were audited by another auditor, whose report has 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 report of another auditor. The investment in Unitech Electronics Co., Ltd. and Global Mobile Internet Co., Ltd. accounted for using the equity method constituting 3.50% and 2.86% of consolidated total assets at December 31, 2023 and 2022, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting 1.50% and 1.62% of total Earning before tax for the years then ended respectively.

The Company has prepared its parent-company-only financial report for the years 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Lin, Heng-Shen and Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)  
March 12, 2024

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
G.M.I. Technology Inc. and subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note (6)(a))	\$ 1,497,908	23	1,455,659	18	2100	Short-term borrowings (notes (6)(i) and (8))	\$ 1,350,950	20	2,238,874	27
1150	Notes receivable (notes (6)(c)(q))	91,684	1	96,006	1	2110	Short-term notes and bills payable (note (6)(h))	199,601	3	379,163	5
1170	Accounts receivable (notes (6)(c)(q) and (8))	3,081,975	46	3,442,658	42	2170	Accounts payable	212,926	3	397,049	5
1181	Accounts receivable due from related parties (notes (6)(c)(q) and (7))	7,161	-	71	-	2180	Accounts payable to related parties (note (7))	1,909,752	28	2,264,502	27
1200	Other receivables	21,549	-	17,899	-	2219	Other payables	83,892	1	79,774	1
1220	Current income tax assets	22,641	-	6,529	-	2220	Other payables to related parties (note (7))	4,923	-	-	-
130X	Inventories (note (6)(d))	1,030,721	16	2,319,295	27	2230	Current income tax liabilities	27,871	1	3,287	-
1476	Other financial assets - current (note (8))	225,303	3	231,773	3	2280	Current lease liabilities (note (6)(k))	13,065	-	12,785	-
1470	Other current assets	87,497	1	80,192	1	2300	Other current liabilities	32,795	1	21,866	-
	<b>Total current assets</b>	<u>6,066,439</u>	<u>90</u>	<u>7,650,082</u>	<u>92</u>	2322	Long-term borrowings, current portion (notes (6)(j) and (8))	26,775	-	11,900	-
<b>Non-current assets:</b>							<b>Total current liabilities</b>	<u>3,862,550</u>	<u>57</u>	<u>5,409,200</u>	<u>65</u>
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	70,185	1	-	-	<b>Non-Current liabilities:</b>					
1550	Investments accounted for using the equity method (notes (6)(e) and (7))	236,679	3	237,492	3	2540	Long-term borrowings (notes (6)(j) and (8))	175,525	3	202,300	2
1600	Property, plant and equipment (notes (6)(f) and (8))	329,717	5	331,763	4	2580	Non-current lease liabilities (note (6)(k))	8,563	-	16,768	-
1755	Right-of-use assets (note (6)(g))	20,510	-	28,937	-		<b>Total non-current liabilities</b>	<u>184,088</u>	<u>3</u>	<u>219,068</u>	<u>2</u>
1840	Deferred income tax assets (note (6)(m))	26,863	1	36,038	1		<b>Total liabilities</b>	<u>4,046,638</u>	<u>60</u>	<u>5,628,268</u>	<u>67</u>
1975	Net defined benefit assets- non current (note (6)(l))	2,387	-	1,426	-	<b>Equity attributable to owners of the parent company (notes (6)(n) and (o)):</b>					
1900	Other non-current assets	4,061	-	1,768	-	3110	Ordinary share	1,626,254	24	1,626,254	20
	<b>Total noncurrent assets</b>	<u>690,402</u>	<u>10</u>	<u>637,424</u>	<u>8</u>	3200	Capital surplus	223,116	3	223,116	3
						3310	Legal reserve	146,600	2	101,075	1
						3320	Special reserve	-	-	113,848	1
						3350	Unappropriated retained earnings	618,896	9	552,882	7
						3400	Other equity	33,953	1	42,063	1
							<b>Total equity attributable to owners of parent:</b>	<u>2,648,819</u>	<u>39</u>	<u>2,659,238</u>	<u>33</u>
						36XX	Non-controlling interests	61,384	1	-	-
							<b>Total equity</b>	<u>2,710,203</u>	<u>40</u>	<u>2,659,238</u>	<u>33</u>
							<b>Total liabilities and equity</b>	<u>\$ 6,756,841</u>	<u>100</u>	<u>8,287,506</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 6,756,841</u>	<u>100</u>	<u>8,287,506</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**G.M.I. Technology Inc. and subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2023		2022	
	Amount	%	Amount	%
4000 <b>Operating revenues</b> (notes (6)(q) and (7))	\$ 15,276,756	100	19,346,503	100
5000 <b>Operating costs</b> (notes (6)(d) and (7))	<u>14,411,104</u>	<u>94</u>	<u>18,295,415</u>	<u>95</u>
<b>Gross profit (loss) from operations</b>	<u>865,652</u>	<u>6</u>	<u>1,051,088</u>	<u>5</u>
<b>Operating expenses (notes (6)(k)(l)(o) and (r)):</b>				
6100 Selling expenses	305,374	2	319,425	1
6200 Administrative expenses	135,176	1	133,066	1
6300 Research and development expenses	35,439	-	22,920	-
6450 Impairment loss (impairment gain) determined in accordance with IFRS 9 (note (6)(c))	<u>(19,182)</u>	<u>-</u>	<u>8,232</u>	<u>-</u>
<b>Total operating expenses</b>	<u>456,807</u>	<u>3</u>	<u>483,643</u>	<u>2</u>
<b>Net operating income</b>	<u>408,845</u>	<u>3</u>	<u>567,445</u>	<u>3</u>
<b>Non-operating income and expenses (notes (6)(f)(k) and (s)):</b>				
7100 Interest income	28,182	-	7,815	-
7010 Other income	25,270	-	5,501	-
7020 Other gains and losses, net	(824)	-	62,113	-
7050 Finance costs	(75,050)	-	(62,978)	-
7060 Share of loss of associates and joint ventures accounted for using equity method	<u>5,885</u>	<u>-</u>	<u>9,573</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>(16,537)</u>	<u>-</u>	<u>22,024</u>	<u>-</u>
7900 <b>Profit before income tax</b>	392,308	3	589,469	3
7950 Less: Income tax expense(note (6)(m))	<u>79,501</u>	<u>1</u>	<u>135,523</u>	<u>1</u>
<b>Profit</b>	<u>312,807</u>	<u>2</u>	<u>453,946</u>	<u>2</u>
8300 <b>Other comprehensive income (loss):</b>				
8310 <b>Items that may not reclassified subsequently to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans (note (6)(l))	557	-	1,173	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified	-	-	126	-
8349 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>557</u>	<u>-</u>	<u>1,299</u>	<u>-</u>
8360 <b>Items that may be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(7,847)	-	151,895	1
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(263)	-	4,016	-
8399 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>
	<u>(8,110)</u>	<u>-</u>	<u>155,911</u>	<u>1</u>
8300 <b>Other comprehensive income, net</b>	<u>(7,553)</u>	<u>-</u>	<u>157,210</u>	<u>1</u>
<b>Comprehensive income</b>	<u>\$ 305,254</u>	<u>2</u>	<u>611,156</u>	<u>3</u>
<b>Profit (loss), attributable to:</b>				
Owners of parent	\$ 322,385	2	453,946	2
Non-controlling interests	<u>(9,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 312,807</u>	<u>2</u>	<u>453,946</u>	<u>2</u>
<b>Comprehensive income attributable to:</b>				
Owners of parent	\$ 314,832	2	611,156	3
Non-controlling interests	<u>(9,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 305,254</u>	<u>2</u>	<u>611,156</u>	<u>3</u>
<b>Earnings per share</b> (note (6)(p))				
<b>Basic earnings per share</b>	<u>\$ 1.98</u>		<u>3.08</u>	
Diluted earnings per share	<u>\$ 1.98</u>		<u>3.08</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## G.M.I. Technology Inc. and subsidiaries

## Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest			Total equity
	Share capital		Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Non- controlling interests	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
<b>Balance at January 1, 2022</b>	\$ 1,376,254	44,977	56,557	76,185	455,069	(113,848)	-	-	1,895,194
Profit for the period	-	-	-	-	453,946	-	-	-	453,946
Other comprehensive income or loss for the period	-	-	-	-	1,299	155,873	38	-	157,210
Total comprehensive income or loss for the period	-	-	-	-	455,245	155,873	38	-	611,156
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	44,518	-	(44,518)	-	-	-	-
Special reserve	-	-	-	37,663	(37,663)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(275,251)	-	-	-	(275,251)
Issuance of shares for cash	250,000	175,000	-	-	-	-	-	-	425,000
Share-based payment transactions	-	3,139	-	-	-	-	-	-	3,139
Balance at December 31, 2022	1,626,254	223,116	101,075	113,848	552,882	42,025	38	-	2,659,238
Profit for the period	-	-	-	-	322,385	-	-	(9,578)	312,807
Other comprehensive income or loss for the period	-	-	-	-	557	(8,515)	405	-	(7,553)
Total comprehensive income	-	-	-	-	322,942	(8,515)	405	(9,578)	305,254
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	45,525	-	(45,525)	-	-	-	-
Special reserve	-	-	-	(113,848)	113,848	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(325,251)	-	-	-	(325,251)
Changes in non-controlling interests	-	-	-	-	-	-	-	70,962	70,962
<b>Balance at December 31, 2023</b>	\$ <b>1,626,254</b>	<b>223,116</b>	<b>146,600</b>	<b>-</b>	<b>618,896</b>	<b>33,510</b>	<b>443</b>	<b>61,384</b>	<b>2,710,203</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

G.M.I. Technology Inc. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before income tax</b>	\$ 392,308	589,469
<b>Adjustment:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	22,324	20,607
Expected credit (gain) loss	(19,182)	8,232
Interest expense	75,050	62,978
Interest revenue	(28,182)	(7,815)
Share-based payments transactions	-	3,139
Gain on financial assets at fair value through profit or loss	(185)	-
Share of loss of associates accounted for using equity method	(5,885)	(9,573)
Loss from disposal of property, plan and equipment	45	45
Loss from disposal of investments	(38)	-
Gain from lease modification	(9)	-
<b>Total adjustments to reconcile profit</b>	<u>43,938</u>	<u>77,613</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in notes receivable	4,166	37,881
Decrease in accounts receivable	375,344	537,843
(Increase) decrease in accounts receivable due from related parties	(7,091)	37,956
Decrease in other receivable	(3,195)	(3)
Decrease (increase) in inventories	1,298,206	(1,106,352)
(Increase) decrease in other current assets	(7,716)	40,254
<b>Total changes in operating assets</b>	<u>1,659,714</u>	<u>(452,421)</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in accounts payable	(184,867)	232,167
Increase (decrease) in accounts payable to related parties	(350,763)	(714,402)
Increase (decrease) in other payable	9,050	(41,839)
Increase (decrease) in other payable to related parties	4,923	-
Increase (decrease) in other current liabilities	11,345	(41,085)
Increase (decrease) in net defined benefit liability	(404)	(391)
<b>Total changes in operating liabilities</b>	<u>(510,716)</u>	<u>(565,550)</u>
<b>Total adjustments</b>	<u>1,192,936</u>	<u>(940,358)</u>
Cash inflow (outflow) from operations	1,585,244	(350,889)
Interest received	27,649	6,897
Interest paid	(79,742)	(59,120)
Income taxes (paid)	(61,942)	(238,582)
<b>Net cash flows from operating activities</b>	<u>1,471,209</u>	<u>(641,694)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(70,000)	-
Acquisition of property, plant and equipment	(4,391)	(31,810)
Decrease (increase) in other financial assets	6,050	(1,083)
(Increase) decrease in other non-current assets	(2,306)	2,258
Dividends received	6,408	3,966
<b>Net cash flows used in investing activities</b>	<u>(64,239)</u>	<u>(26,669)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowing	7,355,369	8,929,732
Decrease in short-term borrowing	(8,249,542)	(8,130,114)
Increase in short-term notes and bills	3,355,559	2,368,379
Decrease in short-term notes and bills	(3,535,121)	(2,548,169)
Repayments of long-term debt	(11,900)	(11,900)
Payment of lease liabilities	(15,444)	(13,599)
Cash dividends paid	(325,251)	(275,251)
Proceeds from issuing shares	-	425,000
Contribution by non-controlling interests	71,000	-
<b>Net cash flows from (used in) financing activities</b>	<u>(1,355,330)</u>	<u>744,078</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(9,391)</u>	<u>(67,773)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	42,249	7,942
<b>Cash and cash equivalents at beginning of period</b>	1,455,659	1,447,717
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,497,908</u>	<u>1,455,659</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
**(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 consolidated financial statements:**

These consolidated financial statements were authorized for issue by the Board of Directors on March 12, 2024.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- 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”

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

The Group does not expect the new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated 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”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

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

- (a) Statement of compliance

These consolidated 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 consolidated 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,

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated 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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
The Company	G.M.I. Technology (BVI) Co., Ltd	Investment holding	100.00 %	100.00 %	-
The Company	Rehear Audiology Company Ltd.	Medical Devices research and development	29.00 %	- %	Note 1
G.M.I. Technology (BVI) Co., Ltd	Harken Investments Limited	Investment holding	100.00 %	100.00 %	-
G.M.I. Technology (BVI) Co., Ltd	Vector Electronic Co. Ltd	Trading of electronic components and investment holding	100.00 %	100.00 %	-
Vector Electronic Co. Ltd	G.M.I. (Shanghai) Trading Company Limited	Trading of electronic components and business marketing consulting	100.00 %	100.00 %	-
Vector Electronic Co. Ltd	G.M.I. Vector Electronics (Shenzhen) Company	Trading of electronic components and business marketing consulting	- %	- %	Note 2
Vector Electronic Co. Ltd	Hong Da Fu Tong Electronics Company Limited	Trading of electronic components	100.00 %	100.00 %	-
G.M.I (Shanghai) Trading Company Limited.	Shandong Wan Shun He Energy Co., Ltd.	Chemical engineering products and Trading of electronic components	- %	100.00 %	Note 3

Note 1: On March 22, 2023, Rehear Audiology Company LTD was established and registered. 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.

Note 2: The subsidiary was established in 2007 and was approved by the Board of Directors for liquidation on November 8, 2022. The subsidiary was canceled on November 23, 2022. In addition, the company was liquidated on December 6, 2022.

Note 3: The subsidiary was liquidated by the resolution of the Board of Directors on March 28, 2023, and the company was deregistered on May 30, 2023.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group 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.

(ii) Foreign operations

The assets and liabilities of foreign operations 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.

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 Group 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 non-controlling interests.

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.

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

An asset is classified 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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (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 Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(g) 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 Group 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 Group 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

(Continued)



**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- 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
- 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 Group, 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 Group 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 Group’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 Group 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 Group 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 Group 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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The Group 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.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

The Group 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 Group in accordance with the contract and the cash flows that the Group 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group 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 Group 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 Group 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 Group's procedures for recovery of amounts due.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

5) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group 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 stated at amortized cost.

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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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 Group 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.

(h) 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 existing location and condition.

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

(i) Investment in associates

Associates are those entities in which the Group 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. Under the equity method, when associates are originally acquired, they are recognized by cost, plus the net fair value of any identifiable assets and liabilities by the investee that exceeds the cost of the investment. The cost of the investment also 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 Group'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 Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group 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 proportionate share.

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

When the Group'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 Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(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.

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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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 Group.

(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:

1) Building and structure	30 years
2) Machinery and equipment	5 years
3) Office equipment and other equipment	3 to 5 years
4) Leasehold Improvement	3 years
5) Transportation equipment	4 years

The Group reviews the depreciation method, useful life and residual value at each reporting date, and makes appropriate adjustments when necessary.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group 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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- (1) 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 Group'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 Group 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.

(l) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 cash-generating units (CGUs).

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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.

Non-financial assets are reversed only to the extent that the carrying amount (other than depreciation or amortization) does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(m) Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

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

(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.

(ii) Defined benefit plans

The Group'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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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 Group, 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 Group 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 Group 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 Group 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) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the Group confirm the number of shares subscribed by the employees.

(Continued)



**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(p) 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 Group 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.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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.

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 at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (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 Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (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.

(q) Earnings per share

The Group 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.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions 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.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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..

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(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 Group 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 Group 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(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, The Group 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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand	\$ 3,877	5,784
Cheques and demand deposits	1,494,031	1,449,875
	<b>\$ 1,497,908</b>	<b>1,455,659</b>

(b) Financial assets and liabilities at fair value through profit or loss

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Mandatorily measured at fair value through profit or loss:		
Beneficiary funds	<b>\$ 70,185</b>	-

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (i) Please refer to note 6(t) for the amount of the financial assets at fair value through profit or loss.
- (ii) None of the Group's financial asset at fair value through profit or loss had been pledged as collateral.
- (c) Notes and accounts receivable

Mandatorily measured at fair value through profit or loss:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable - arising from operations	\$ 91,960	96,295
Accounts receivable - measured at amortized cost	3,115,349	3,495,090
Accounts receivable due from related parties	7,161	71
Less: Allowance for losses	<u>(33,650)</u>	<u>(52,721)</u>
	<b><u>\$ 3,180,820</u></b>	<b><u>3,538,735</u></b>

The Group 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:

	<b>December 31, 2023</b>		
	<b>Notes and accounts receivable carrying amount</b>	<b>Weighted- average loss ratio</b>	<b>Allowance provision</b>
Current	\$ 3,189,318	0.99%	31,521
Less than 90 days past due	<u>25,152</u>	8.46%	<u>2,129</u>
	<b><u>\$ 3,214,470</u></b>		<b><u>33,650</u></b>
	<b>December 31, 2022</b>		
	<b>Notes and accounts receivable carrying amount</b>	<b>Weighted- average loss ratio</b>	<b>Allowance provision</b>
Current	3,379,158	1.09%	36,776
Less than 90 days past due	<u>212,298</u>	7.51%	<u>15,945</u>
	<b><u>\$ 3,591,456</u></b>		<b><u>52,721</u></b>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 52,721	58,490
Impairment losses	-	8,232
Amounts written off as irrecoverable during the year	-	(18,456)
Impairment loss reversal	(19,182)	-
Foreign exchange gains or losses	<u>111</u>	<u>4,455</u>
Balance at December 31	<u><u>\$ 33,650</u></u>	<u><u>52,721</u></u>

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

(d) Inventories

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Goods for sale	<u><u>\$ 1,030,721</u></u>	<u><u>2,319,295</u></u>

Inventories recognized as cost of sales amounted to 14,455,551 thousand and 18,191,664 thousand for the years ended December 31, 2023 and 2022, respectively.

In 2023, 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 \$44,447 thousand. In 2022, the write down of inventories to net realizable amounted to 103,751 thousand, which recognized as cost of good sold.

(e) Investments accounted for using the equity method

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Associates	\$ 560,256	561,069
Accumulated impairment	<u>(323,577)</u>	<u>(323,577)</u>
	<u><u>\$ 236,679</u></u>	<u><u>237,492</u></u>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

## (i) Associates

For Affiliates that are significant to the Group, 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>	<b>Proportion of ownership interest and voting rights</b>	
			<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unitech Electronics Co., Ltd.	Invested by the Group using equity method	Taiwan	12.73 %	12.73 %

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unitech Electronics	<u>\$ 287,248</u>	<u>214,600</u>

The aggregated financial information of the affiliates that are material to the Group 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:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current Asset	\$ 1,794,128	1,920,808
Non-Current Asset	582,566	580,061
Current Liability	(458,796)	(541,419)
Non-Current Liability	(105,990)	(137,518)
Net Assets	<u>\$ 1,811,908</u>	<u>1,821,932</u>
	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating revenue	<u>\$ 2,242,442</u>	<u>2,350,259</u>
Current period net profit	40,867	91,437
Other comprehensive gains and losses	(548)	18,493
Total comprehensive gains and losses	<u>\$ 40,319</u>	<u>109,930</u>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Beginning carrying balance of the Group's share of net assets of associates	\$ 224,079	213,644
The Group's total gains and losses attributable to associates	4,919	14,401
Dividends received from associates	(6,408)	(3,966)
Ending balance of the Group's share of net assets of associates	<b>\$ 222,590</b>	<b>224,079</b>

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

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Carrying amount of equity in individual insignificant associates	<b>\$ 14,089</b>	<b>13,413</b>

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Attributable to the Group:		
Net loss for the period	\$ 716	(2,052)
Other comprehensive income or loss	(40)	1,366
Comprehensive income or loss	<b>\$ 676</b>	<b>(686)</b>

- 3) Collaterals

As of December 31, 2023 and 2022, the Group did not provide any investments accounted for using equity method as callaterals for its loans.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 were as follows:

	<u>Land</u>	<u>Buildings and Construction</u>	<u>Machinery and equipment</u>	<u>Transport ation equipment</u>	<u>Leasehold improvements</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Costs								
Balance on January 1, 2023	\$ 270,496	51,264	1,192	154	4,307	22,499	1,352	351,264
Additions	-	-	-	-	-	3,540	851	4,391
Disposal	-	-	-	-	(34)	(7,837)	(68)	(7,939)
Effects of changes in foreign exchange rates	-	-	(21)	(3)	(37)	(84)	(8)	(153)
Balance on December 31, 2023	<u>\$ 270,496</u>	<u>51,264</u>	<u>1,171</u>	<u>151</u>	<u>4,236</u>	<u>18,118</u>	<u>2,127</u>	<u>347,563</u>
Balance on January 1, 2022	\$ -	-	1,232	152	4,388	16,128	3,225	25,125
Additions	-	23,109	-	-	-	8,088	613	31,810
Reclassification	270,496	28,155	-	-	(354)	81	273	298,651
Disposal	-	-	(58)	-	-	(1,947)	(2,784)	(4,789)
Effects of changes in foreign exchange rates	-	-	18	2	273	149	25	467
Balance on December 31, 2022	<u>\$ 270,496</u>	<u>51,264</u>	<u>1,192</u>	<u>154</u>	<u>4,307</u>	<u>22,499</u>	<u>1,352</u>	<u>351,264</u>
Depreciation and impairment losses:								
Balance on December 31, 2023	\$ -	2,376	1,073	122	3,159	12,306	465	19,501
Additions	-	1,700	-	24	758	3,551	318	6,351
Disposal	-	-	-	-	(32)	(7,795)	(67)	(7,894)
Effects of changes in foreign exchange rates	-	-	(19)	(3)	(34)	(51)	(5)	(112)
Balance on December 31, 2023	<u>\$ -</u>	<u>4,076</u>	<u>1,054</u>	<u>143</u>	<u>3,851</u>	<u>8,011</u>	<u>711</u>	<u>17,846</u>
Balance on January 1, 2022	\$ -	-	1,112	84	2,311	9,643	2,637	15,787
Depreciation for the year	-	1,317	-	36	949	4,436	368	7,106
Disposal	-	-	(55)	-	-	(1,905)	(2,784)	(4,744)
Reclassification	-	1,059	-	-	(276)	54	222	1,059
Effects of changes in foreign exchange rates	-	-	16	2	175	78	22	293
Balance on December 31, 2022	<u>\$ -</u>	<u>2,376</u>	<u>1,073</u>	<u>122</u>	<u>3,159</u>	<u>12,306</u>	<u>465</u>	<u>19,501</u>
Carrying amounts:								
Balance on December 31, 2023	<u>\$ 270,496</u>	<u>47,188</u>	<u>117</u>	<u>8</u>	<u>385</u>	<u>10,107</u>	<u>1,416</u>	<u>329,717</u>
Balance on December 31, 2022	<u>\$ 270,496</u>	<u>48,888</u>	<u>119</u>	<u>32</u>	<u>1,148</u>	<u>10,193</u>	<u>887</u>	<u>331,763</u>
Balance on January 1, 2022	<u>\$ -</u>	<u>-</u>	<u>120</u>	<u>68</u>	<u>2,077</u>	<u>6,485</u>	<u>588</u>	<u>9,338</u>

As of December 31, 2023 and 2022, none of the Group's property, plant and equipment had been pledged as collateral.

(Continued)



**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

## (g) Right-of-use assets

	<u>Buildings and Construction</u>	<u>Transportation Equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 37,558	-	37,558
Additions	1,582	6,528	8,110
Reduction	(1,903)	-	(1,903)
Effects of changes in foreign exchange rates	(489)	-	(489)
Balance on December 31, 2023	<u>\$ 36,748</u>	<u>6,528</u>	<u>43,276</u>
Balance on January 1, 2022	\$ 41,044	-	41,044
Additions	28,356	-	28,356
Reduction	(33,634)	-	(33,634)
Effects of changes in foreign exchange rates	1,792	-	1,792
Balance on December 31, 2022	<u>\$ 37,558</u>	<u>-</u>	<u>37,558</u>
Depreciation:			
Balance on January 1, 2023	\$ 8,621	-	8,621
Depreciation	13,797	2,176	15,973
Reduction	(1,548)	-	(1,548)
Effects of changes in foreign exchange rates	(280)	-	(280)
Balance on December 31, 2023	<u>\$ 20,590</u>	<u>2,176</u>	<u>22,766</u>
Balance on January 1, 2022	\$ 27,543	-	27,543
Depreciation	13,501	-	13,501
Reduction	(33,634)	-	(33,634)
Effects of changes in foreign exchange rates	1,211	-	1,211
Balance on December 31, 2022	<u>\$ 8,621</u>	<u>-</u>	<u>8,621</u>
Carrying amounts :			
Balance on December 31, 2023	<u>\$ 16,158</u>	<u>4,352</u>	<u>20,510</u>
Balance on December 31, 2022	<u>\$ 28,937</u>	<u>-</u>	<u>28,937</u>
Balance on January 1, 2022	<u>\$ 13,501</u>	<u>-</u>	<u>13,501</u>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

## (h) Short-term notes and bills payable

<b>December 31, 2023</b>			
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates</b>	<b>Total Amount</b>
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 Corporation	1.9%	50,000
Commercial paper payable	Taiwan Cooperative Financial Holding Co., Ltd.	1.9%	30,000
Commercial paper payable	Ta Ching Bills Finance Corporation.	1.9%	30,000
Less: Discount on short term notes and bills payable			(399)
Total			\$ <b>199,601</b>

<b>December 31, 2022</b>			
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates</b>	<b>Total Amount</b>
Commercial paper payable	Grand Bills Finance Corp.	2.1%	\$ 100,000
Commercial paper payable	MEGA Bills Finance Co., Ltd.	2.1%	80,000
Commercial paper payable	Dah Chung Bills Finance Corp.	2.1%	150,000
Commercial paper payable	Taiwan Finance Corporation	2.058%	50,000
Less: Discount on short term notes and bills payable			(837)
Total			\$ <b>379,163</b>

No assets of the Group were pledged as guarantee for the payment of short-term notes and bills.

## (i) Short-term borrowing

The short-term borrowings were summarized as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unsecured bank loans	\$ 1,258,776	1,526,057
Secured bank loans	92,174	712,817
	<b>\$ 1,350,950</b>	<b>2,238,874</b>
Unused short-term credit lines	<b>\$ 6,777,498</b>	<b>3,894,372</b>
Range of Interest rate	<b>1.78%~7.07%</b>	<b>1.58%~6.58%</b>

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

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(j) Long-term borrowings

The details, terms and conditions of the long-term borrowings were summarized as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Secured bank loans	\$ 202,300	214,200
Less: current portion	<u>(26,775)</u>	<u>(11,900)</u>
	<b><u>\$ 175,525</u></b>	<b><u>202,300</u></b>
Unused short-term credit lines	<u>\$ -</u>	<u>-</u>
Range of interest rates (%)	<u>1.9%</u>	<u>1.65%</u>

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

(k) Lease liabilities

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	<u>\$ 13,065</u>	<u>12,785</u>
Non-current	<u>\$ 8,563</u>	<u>16,768</u>

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest expense on lease liabilities	<u>\$ 1,452</u>	<u>1,068</u>
Expenses relating to short-term leases	<u>\$ 1,872</u>	<u>1,959</u>

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<u>\$ 18,768</u>	<u>16,626</u>

The Group 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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(l) Employee benefits

(i) Defined benefit plans

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of the defined benefit obligations	\$ 12,175	12,456
Fair value of plan assets	<u>(14,562)</u>	<u>(13,882)</u>
Net defined benefit liabilities	<u>\$ (2,387)</u>	<u>(1,426)</u>

The Group's employee benefit liabilities were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Liability for short-term compensated absences (included in other payables)	<u>\$ 1,722</u>	<u>1,878</u>

The Group 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 Group 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.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$14,562 thousand as of December 31, 2023. 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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

2) Movements in present value of defined benefit obligations

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Defined benefit obligations at January 1	\$ 12,456	13,807
Current service cost and interest cost	150	92
Net defined benefit liability remeasurement	(431)	(133)
Benefits paid	-	(1,310)
Defined benefit obligations at December 31	<u>\$ 12,175</u>	<u>12,456</u>

3) Movements in fair value of defined benefit plan assets

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Fair value of plan assets at January 1	\$ (13,882)	(13,669)
Interest income	(169)	(93)
Net defined benefit asset remeasurement	(128)	(1,040)
Contributions paid by the employer	(383)	(390)
Benefits paid	-	1,310
Fair value of plan assets at December 31	<u>\$ (14,562)</u>	<u>(13,882)</u>

4) Expenses recognized in profit or loss

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current service cost and interests	\$ 149	92
Net interest of net liabilities for defined benefit obligations	(169)	(93)
	<u>\$ (20)</u>	<u>(1)</u>

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating expenses	<u>\$ (20)</u>	<u>(1)</u>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cumulated amount at January 1	\$ (443)	(1,616)
Total gain/loss recognized	557	1,173
Cumulated amount at December 31	<b>\$ 114</b>	<b>(443)</b>

- 6) Actuarial assumptions

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Discount Rate	1.20 %	1.20 %
Future salary increases	3.00 %	3.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one year period after the reporting date is \$380 thousand.

The weighted average lifetime of the defined benefits plans is 5.9 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:

	<b>Impact on the defined benefit obligations</b>	
	<b>Increased 1.00%</b>	<b>Decreased 1.00%</b>
Balance at December 31, 2023		
Discount Rate	\$ (720)	727
Future salary increases	615	(611)
Balance at December 31, 2022		
Discount Rate	(838)	847
Future salary increases	730	(724)

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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 2023 and 2022.

(ii) Defined contribution plans

The Group 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 Group'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 \$13,886 thousand and \$13,096 thousand for the years ended December 31, 2023 and 2022, respectively.

(m) Income taxes

(i) Income tax expenses

The components of income tax expense (gains) in the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current tax expense		
Current period	\$ 77,369	164,550
Adjustment for prior years	(7,043)	1,134
Subtotal	<u>70,326</u>	<u>165,684</u>
Deferred tax expense (income)		
Origination and reversal of temporary differences	9,175	(30,161)
Subtotal	<u>9,175</u>	<u>(30,161)</u>
Income tax expense	<u>\$ 79,501</u>	<u>135,523</u>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Reconciliation of income tax expense and profit before tax for 2023 and 2022 is as follows:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	<u>\$ 392,308</u>	<u>589,469</u>
Income tax using the Company's domestic tax rate	\$ 78,461	117,894
Effect of tax rates in foreign jurisdiction	(2,264)	(1,703)
Permanent difference	(392)	(1,914)
Change in unrecognized temporary differences	7,449	6,927
Adjustments for under provisions of prior years	(7,043)	1,134
Additional tax on undistributed earnings	9,916	4,387
Others	<u>(6,626)</u>	<u>8,798</u>
<b>Total</b>	<b><u>\$ 79,501</u></b>	<b><u>135,523</u></b>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Tax effect of deductible Temporary Differences	<u>\$ 112,781</u>	<u>105,331</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

Changes in the amount of deferred tax assets for 2023 and 2022 were as follows:

Deferred Tax Assets:

	<b>Allowance for</b>	<b>Unrealized</b>	<b>Other</b>	<b>Total</b>
	<b>bad debt</b>	<b>exchange loss</b>		
<b>Balance at January 1, 2023</b>	\$ 3,831	15,959	16,248	36,038
Recognized in profit or loss	3,125	(200)	(12,100)	(9,175)
<b>Balance at December 31, 2023</b>	<u>\$ 6,956</u>	<u>15,759</u>	<u>4,148</u>	<u>26,863</u>
<b>Balance at January 1, 2022</b>	\$ 2,557	132	3,188	5,877
Recognized in profit or loss	1,274	15,827	13,060	30,161
<b>Balance at December 31, 2022</b>	<u>\$ 3,831</u>	<u>15,959</u>	<u>16,248</u>	<u>36,038</u>

There were no income tax expense recognized the Group equity and other comprehensive income for amount of years ended December 31, 2023 and 2022.

(Continued)



**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The Company's tax returns for the years through 2021 were assessed by the National Taxation Bureau of R.O.C..

(n) Capital and other equity

As of December 31, 2023 and 2022, 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, 2023 and 2022 were as follows:

(in thousands of shares)	<b>Ordinary share</b>	
	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance on January 1	162,625	137,625
Issued for cash	-	25,000
Balance on December 31	<b>162,625</b>	<b>162,625</b>

(i) Ordinary shares

After the resolution of the Board on March 24, 2022, The Company issued 25,000 thousand new ordinary shares through cash capital increase at a price of \$17 per share at premium. The total amount of new shares amounting to \$425,000 thousand and the base day for capital increase is on August 11, 2022. The Group's share capital was fully received as of August 11, 2022 and the registration of the change was completed on August 30, 2022.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Share capital at premium	\$ 219,941	219,941
Changes in net equity of associates recognized by equity method	36	36
Employee stock options	3,139	3,139
	<b>\$ 223,116</b>	<b>223,116</b>

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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

In addition, the Group is required to recognize the remuneration cost of cash capital increase to retain the shares for employee subscription. Please refer to note 6(o) for details.

(iii) 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.

3) Earnings distribution

On June 19, 2023 and June 23, 2022, the appropriation the earnings for 2022 and 2021 was resolved in the general meeting of shareholders. The amounts of interests distributed to owners were as follows:

	<b>For the years ended</b>			
	<b>December 31,</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amount per share</b>	<b>Total Amount</b>	<b>Amount per share</b>	<b>Total Amount</b>
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.00	<u><u>325,251</u></u>	2.00	<u><u>275,251</u></u>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

## (iv) Other equity

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gain (loss) on financial assets at fair value through other comprehensive income</b>
Balance on January 1, 2023	\$ 42,025	38
Exchange differences on translation of net assets of foreign operations	(8,515)	405
Balance on December 31, 2023	<u>\$ 33,510</u>	<u>443</u>
Balance on January 1, 2022	\$ (113,848)	-
Exchange differences on translation of net assets of foreign operations	155,873	38
Balance on December 31, 2022	<u>\$ 42,025</u>	<u>38</u>

## (o) share-based payment transaction

- (i) The Group's Board of Directors resolved to implement issuance of stock for cash on March 24, 2022, of which 3,750 thousand shares were reserved for employees.

	<b>Cash injection reserved for employees subscription</b>
Grant date	Balance at July 11, 2022
Number of options granted	2,511 thousand shares
Recipients	Employee
Vesting conditions	Immediately vested

The Group adopted the BlackScholes model to evaluate the fair value of the share-based payments at the grant date. The assumptions adopted in this valuation model were as follows:

The fair value per unit of the share option was 1.25 and the remuneration cost of 3,139 thousand was recognized in the year ended December 31, 2022 and classified as operating expenses. Please refer to note 6(n) for the capital reserve recognition.

- (ii) Employee expenses attributable to share based payment are as follows:

	<b>For the years ended December 31, 2022</b>
Expenses resulting from granted employee share options	<u>\$ 3,139</u>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(p) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company amounting to \$322,385 thousand and \$453,946 thousand, and the weighted average number of ordinary shares outstanding of \$162,625 thousand and \$147,420 thousand, respectively, as follows:

1) Profit attributable to ordinary shareholders of the Company

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Profit attributable to ordinary shareholders of the Company	<b>\$ 322,385</b>	<b>453,946</b>

2) Weighted-average number of outstanding ordinary shares

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Outstanding at January 1	\$ 162,625	137,625
Effect of shares issued	-	9,795
Outstanding at December 31	<b>\$ 162,625</b>	<b>147,420</b>

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2023 and 2022 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)

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Profit attributable to ordinary shareholders of the Company (dilutive)	<b>\$ 322,385</b>	<b>453,946</b>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Weighted-average number of ordinary shares outstanding (basic)	\$ 162,625	147,420
Effect of employee share bonus	28	43
Weighted-average number of ordinary shares outstanding at December 31(Dilution)	<b>\$ 162,653</b>	<b>147,463</b>

(q) Revenue from contracts with customers

(i) Details of revenue

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Primary geographical markets:		
Taiwan	\$ 515,272	872,854
China	14,584,153	18,366,698
Others	177,331	106,951
	<b>\$ 15,276,756</b>	<b>19,346,503</b>
Major products/service lines:		
Digital Communication Solutions and Components	\$ 13,142,128	16,259,517
Storage Applications Solutions and Components	1,928,053	2,923,485
Analog Electronic Components	206,575	163,501
	<b>\$ 15,276,756</b>	<b>19,346,503</b>

(ii) Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes receivable	\$ 91,960	96,295	122,198
Accounts receivable	3,115,349	3,495,090	3,773,918
Accounts receivable due from related parties	7,161	71	38,026
Less: Loss allowance	(33,650)	(52,721)	(58,490)
Total	<b>\$ 3,180,820</b>	<b>3,538,735</b>	<b>3,875,652</b>

For details on notes and accounts receivable and allowance for impairment, please refer to note 6(c).

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(r) Employee compensation and directors' and supervisors' remuneration

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, 2023 and 2022, the Company estimated its employee remuneration amounting to 450 thousand and 650 thousand, and directors' and supervisors' remuneration amounting to 8,200 thousand and 11,000 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 2023 and 2022. 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 2023 and 2022.

(s) Non-operating income and expenses:

(i) Interest income

The details of interest income were as follows:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income	<b>\$ 28,182</b>	<b>7,815</b>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(ii) Other income

The Group's other income was as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Compensation income	\$ 6,266	-
Deputy merchandse procurement	2,633	-
Other income	16,371	5,501
	<b>\$ 25,270</b>	<b>5,501</b>

(iii) Other gains and losses

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 5,368	62,311
Gain on modification of lease	9	-
Miscellaneous disbursements	(6,379)	(153)
Net gain on financial assets at fair value through profit or loss	185	-
Losses on disposals of property, plant and equipment	(45)	(45)
Gain on disposal of investments	38	-
	<b>\$ (824)</b>	<b>62,113</b>

(iv) Finance costs

Finance costs of the Group are detailed as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ (73,598)	(61,910)
Interest expenses on lease liabilities	(1,452)	(1,068)
	<b>\$ (75,050)</b>	<b>(62,978)</b>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated 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 Group'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 Group continuously evaluates the financial position of its customers and, if necessary, requires them to provide guarantees or assurances. The Group 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(2).

(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>
<b>December 31, 2023</b>							
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)	2,122,678	2,122,678	2,122,678	-	-	-	-
Other payables (including related parties)	88,815	88,815	88,815	-	-	-	-
Long-term borrowings (including current portion)	202,300	232,908	24,604	15,150	29,919	51,938	111,297
Lease liabilities	21,628	22,824	8,377	5,569	7,505	1,373	-
	<u>\$ 3,985,972</u>	<u>4,027,459</u>	<u>3,578,818</u>	<u>246,609</u>	<u>37,424</u>	<u>53,311</u>	<u>111,297</u>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 2,238,874	2,263,959	2,075,926	188,033	-	-	-
Short-term notes payables	379,163	380,000	380,000	-	-	-	-
Accounts payable (including related parties)	2,661,551	2,661,551	2,661,551	-	-	-	-
Other payables	79,774	79,774	79,774	-	-	-	-
Long-term borrowings (including current portion)	214,200	236,142	7,705	7,656	29,947	63,735	127,099
Lease liabilities	29,553	31,509	6,941	7,014	11,184	6,370	-
	<u>\$ 5,603,115</u>	<u>5,652,935</u>	<u>5,211,897</u>	<u>202,703</u>	<u>41,131</u>	<u>70,105</u>	<u>127,099</u>

(Continued)



**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 175,686	30.705	5,394,439	202,908	30.710	6,231,305
RMB	800	4.327	3,462	1,223	4.408	5,391
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	100,412	30.705	3,083,150	175,824	30.710	5,399,555

2) Sensitivity analysis

The Group'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, 2023 and 2022, would have increased or decreased the profit before tax by \$115,738 thousand and \$41,857 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$5,368 thousand and \$62,311 thousand, respectively.

(iv) interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group'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 Group management's assessment of the reasonably possible interest rate change.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

If the interest rate increases or decreases by 1% the Group's net income will decrease /increase by \$17,529 thousand and \$28,322 thousand for the years ended December 31, 2023 and 2022 with all other variable factors remaining constant. This is mainly due to the the Group'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, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value:					
Fund	\$ 70,185	70,185	-	-	70,185

2) Valuation technique for the financial instrument at fair value

If a financial instrument has a public price in an active market, the public price in an active market is the fair value. Market prices published by major exchanges and central government bond over-the-counter trading centers are considered sought after securities and are the basis for the fair value of listed equity instruments and debt instruments publicly quoted in active markets.

The public price of a financial instrument is provided on a timely and regular basis by an exchange, broker, underwriter, trade association, pricing service or authority, which represents actual and frequent fair market traders. If the above conditions are not met, the market is considered inactive. In general, large bid-ask spreads, increasing bid-ask spreads, or low volume are indicators of market inactivity.

(u) Financial risk management

(i) Overview

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

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

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The following likewise discusses the Group'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.

(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It monitor and manage financial risks of the the Group's business operation through internal risk report, which analyze the exposure according to risk levels and scopes. The Group 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 Group'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 Group 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 Group in accordance with the procedure of the board meetings.

(iii) Credit risk

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

1) Accounts receivable and other receivables

The policy adopted by the Group is to deal only with reputable parties and, where necessary, obtain collateral to mitigate the risk of financial losses arising from default. The Group will rate the major customers using other publicly available financial information and mutual transaction records. The Group 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 Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group'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 Group. As of December 31, 2023 and 2022, the Group's unused credit line were amounted to \$6,777,498 thousand and \$3,894,372 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 Group 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 Group is exposed to currency risk on sales and purchases and borrowings that are denominated in a currency other than the functional currency of the Group's respective entity, primarily the NTD, USD dollar, HKD and RMB. The currencies used in these transactions are the NTD, USD, HKD and RMB.

2) Interest rate risk

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

(v) Capital management

The Group 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 Group 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 Group 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. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ 4,046,638	5,628,268
Less: Cash and cash equivalents	(1,497,908)	(1,455,659)
Net liabilities	<u>\$ 2,548,730</u>	<u>4,172,609</u>
Total equity	<u>\$ 2,710,203</u>	<u>2,659,238</u>
Debt-to-equity ratio	<u>48.46 %</u>	<u>61.08 %</u>

(w) Investing and financing activities not affecting cash flows

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

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-Cash changes</u>		<u>December 31, 2023</u>
			<u>Lease modification</u>	<u>Foreign exchange movement</u>	
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
Total liabilities from financing activities	<u>29,553</u>	<u>(15,444)</u>	<u>7,746</u>	<u>(227)</u>	<u>21,628</u>
Total liabilities from financing activities	<u>\$ 2,861,790</u>	<u>(1,101,079)</u>	<u>7,746</u>	<u>6,022</u>	<u>1,774,479</u>
	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-Cash changes</u>		<u>December 31, 2022</u>
			<u>Lease modification</u>	<u>Foreign exchange movement</u>	
Short-term notes payables	\$ 558,953	(179,790)	-	-	379,163
Short-term borrowings	1,395,505	799,618	-	43,751	2,238,874
long-term borrowings	226,100	(11,900)	-	-	214,200
Lease liabilities	<u>14,188</u>	<u>(13,599)</u>	<u>28,356</u>	<u>608</u>	<u>29,553</u>
Total liabilities from financing activities	<u>\$ 2,194,746</u>	<u>594,329</u>	<u>28,356</u>	<u>44,359</u>	<u>2,861,790</u>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions**

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
GW Electronics Company Limited (hereinafter referred to as GW Electronics)	Investee company accounted for using equity method by the Group
Unitech Electronics Co., Ltd. (hereinafter referred to as Unitech Electronics)	Investee company accounted for using equity method by the Group
Rehear Audiology Company LTD. (hereinafter referred to as Rehear Audiology)	Investee company accounted for using equity method by the Group
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

(b) Significant related-party transactions

(i) Sale revenue

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

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<u>2023</u>	<u>2022</u>
Other related parties-Realtek	\$ 31,600	2,252
Other related parties-Realtek Singapore	8,353	15,899
Other related parties-Unitech Electronics	<u>456</u>	<u>-</u>
	<b><u>\$ 40,409</u></b>	<b><u>18,151</u></b>

Based on the contract, the sales price to related party is cost-plus. The product which the sells to subsidiaries are not sold to other customers and the sales price is not comparable to other customers. The collection conditions and sales price are not significantly different from those of ordinary customers.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

## (ii) Purchases

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Other related parties-Realtek	\$ 6,345,400	8,920,736
Other related parties-Realtek Singapore	4,545,163	7,051,561
Other related parties-RayMx	258,372	128,864
Other related parties-Actions (HK)	89,692	3,893
	<b>\$ 11,238,627</b>	<b>16,105,054</b>

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 other vendors. The payment terms are not significantly different from general vendors.

## (iii) Receivables from related parties

The receivables from related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Receivable to related parties	Realtek	\$ 5,590	71
Receivable to related parties	Realtek Singapore	1,478	-
Receivable to related parties	Unitech Electronics	93	-
		<b>\$ 7,161</b>	<b>71</b>

## (iv) Payable from related parties

The payables to related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Payables to related parties	Realtek	\$ 1,253,124	894,388
Payables to related parties	Realtek Singapore	607,108	1,357,835
Payables to related parties	RayMx	40,188	11,717
Payables to related parties	Actions (HK)	9,332	562
Other Payables to related parties	GMI Computing	4,923	-
		<b>\$ 1,914,675</b>	<b>2,264,502</b>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(c) Key management personnel compensation

Key management personnel compensation includes:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 30,672	36,946
Post-employment benefits	287	298
	<b><u>\$ 30,959</u></b>	<b><u>37,244</u></b>

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31,</b>	<b>December 31,</b>
		<b>2023</b>	<b>2022</b>
Time deposit (classified under other financial assets)	Bank loan limit	\$ 225,303	231,773
Accounts receivable	The unused letters of credit and secured loans	101,673	219,193
Property, plant and equipment	Long-term bank loans	295,775	296,684
		<b><u>\$ 622,751</u></b>	<b><u>747,650</u></b>

**(9) Commitments and contingencies:**

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

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Purchase Guarantee	<b><u>\$ 309,583</u></b>	<b><u>329,615</u></b>

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

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Outstanding standby letters of credit	<b><u>\$ 1,772,579</u></b>	<b><u>2,107,466</u></b>

(Continued)



**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Taxes on imported goods guaranteed by banks	<b>\$ 4,000</b>	<b>4,000</b>

- (d) As of December 31, 2023 and 2022, the Group had issued \$1,029,025 thousand and \$1,160,065 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:

<b>By item</b>	<b>By function</b>	<b>For the three months ended December 31</b>					
		<b>2023</b>			<b>2022</b>		
		<b>Cost of Sale</b>	<b>Operating Expense</b>	<b>Total</b>	<b>Cost of Sale</b>	<b>Operating Expense</b>	<b>Total</b>
Employee benefits							
Salary	-	189,853	189,853	-	161,666	161,666	
Labor and health insurance	-	12,394	12,394	-	11,257	11,257	
Pension	-	13,866	13,866	-	13,095	13,095	
Others	-	6,867	6,867	-	7,251	7,251	
Depreciation	-	22,324	22,324	-	20,607	20,607	

- (b) Others

Accounts receivable regarding to legal proceedings:

In January 2017, the Company filed a civil lawsuit to the Shanghai court for the overdue payment of Shanghai Hairong Information Technology Co. (Shanghai Hairong). However, in May 2017, the Shanghai court rejected the lawsuit. In July of the same year, the Company filed a criminal lawsuit to the Shenzhen Public Security Bureau against the majority shareholder of Shanghai Hairong. However, in September of that year, the Shenzhen Public Security Bureau notified the Company that the case cannot be filed. Hence, the Company has now filed a civil lawsuit against Shanghai Hairong to the Shenzhen court, and the court agreed to accept the lawsuit, which was heard on June 21, 2018. On May 22, 2019, the court ordered Shanghai Hairong to pay the Company the amount of \$5,804 thousand (US\$187 thousand). Shanghai Hairong appealed against the Company again on June 12, 2019, and The Shenzhen Intermediate People's Court ruled in the second instance to maintain the status quo ante. Shanghai Hairong negotiated a settlement with the Company on December 15, 2021. The Company has received \$5,804 thousand in June 2022 and the Company recognized allowance for bad debt for uncollected amounts of \$18,456 thousand to write off the allowance for losses for changes in allowance for doubtful debts, please refer to note 6(c).

(Continued)

## G.M.I. TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (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 Group:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company									
0	The Group	G.M.I (Shanghai) Trading Company Limited.	2	2,648,819	88,900 RMB20,000* 4.445)	-	-	-	2,648,819	Y	N	Y

Note 1: The Company's endorsement and guarantee amount for a single enterprise is limited to 80% of the Company's shareholders' equity, but for a single overseas affiliate, it is limited to 100% of the Company's shareholders' equity.

Note 2: The relationship between the guarantor and the target of the endorsement is as follows.

- (1) Companies with business dealings.
- (2) Companies in which the Company directly or indirectly holds more than 50% of the voting shares.
- (3) A company that directly or indirectly holds more than 50% of the voting shares of the company.
- (4) A company in which the company directly or indirectly holds more than 90% of the voting shares.
- (5) A company that is mutually insured by a contract between peers or co-founders for the purpose of contracting.
- (6) A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.
- (7) Interbank companies that are engaged in the performance guarantee of pre-sale contracts in accordance with the Consumer Protection Act.

##### (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Rehear Audiology Company Ltd.	CTBC Hua Win Money Market Fund	-	Non-current financial assets at fair through profit or loss	-	70,000	- %	70,185	

- (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\$300 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.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 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	6,345,400	48.47%	O/A 45 days	No purchases from other vendors	No material variance	(1,253,124)	(59.04)%	
The Company	Realtek Singapore	Subsidiary of Realtek Semiconductor Co.	Purchase	4,545,163	34.72%	O/A 45 days	No purchases from other vendors	No material variance	(607,108)	(28.60)%	
The Company	G.M.I (Shanghai)	Subsidiaries	Sales	(948,215)	(6.21)%	O/A 60 days	No material variance	No material variance	136,511	4.29%	Note 1

(Continued)

**G.M.I. TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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	RayMx	Subsidiary of Realtek Semiconductor Co.	Purchase	258,372	1.97%	O/A 45 days	No purchases from other vendors	No material variance	(40,188)	(1.89)%	

Note 1 : The transactions were written off in the consolidated financial statements.

(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	136,511	674.46 %	-		58,912	-

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	GMI company	Hong Da Fu Tong	1	Business consultation fees	71,622	Monthly payment	0.47%
0	GMI company	G.M.I (Shanghai)	1	Sales revenue	948,215	based on cost-plus approach	6.21%
0	GMI company	G.M.I (Shanghai)	1	Business consultation fees	29,960	Monthly payment	0.20%
0	GMI company	G.M.I (Shanghai)	1	Accounts receivable	136,511	Monthly payment O/A 60 days	2.02%
0	GMI company	Vector Electronic	1	Sales revenue	105,922	Monthly payment O/A 60 days	0.69%
0	GMI company	Vector Electronic	1	Accounts receivable	49,381	Monthly payment O/A 60 days	0.73%

Note 1: Numbers are filled in as follows:

1. "0" represents the Group
2. The subsidiaries start with number 1.
- 2: Relationship with the listed companies:
  1. Transactions from parent Group to subsidiary
  2. Transactions from subsidiary to parent Group
  3. Transactions between subsidiaries

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (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, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
GMI Technology Inc.	G.M.I. Technology (BVI) Ltd.	British Virgin Islands	Investment holding	556,991	556,991	18,277	100.00 %	(6,605)	100.00 %	(37,277)	(37,277)	Note
GMI Technology Inc.	GLOBAL MOBILE INTERNET CO., LTD	Taiwan	Sale of electronic products	15,484	15,484	1,548	34.21 %	14,089	34.21 %	2,116	716	
GMI Technology Inc.	Unitech Electronics Co., Ltd.	Taiwan	Sale of electronic products	200,739	200,739	9,559	12.73 %	222,590	12.73 %	40,612	5,169	
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 %	(6,683)	100.00 %	(37,278)	(37,278)	Note
G.M.I. Technology (BVI) Ltd.	HARKEN INVESTMENTS LIMITED	British Virgin Islands	Investment holding	393,484	393,484	13,169	100.00 %	74	100.00 %	1	1	Note
HARKEN INVESTMENTS LIMITED	GW Electronics Company Limited	Hong Kong	Trading of electronic components	393,236	393,236	102,000	51.00 %	-	51.00 %	-	-	
G.M.I. Technology	Rehear Audiology Company Ltd.	Taiwan	Medical Devices Research and development	29,000	-	5,800	29.00 %	17,914	29.00 %	(13,543)	(3,965)	Note

Note: The transactions were written off in the consolidated financial statements.

(Continued)

**G.M.I. TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest 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)	(39,173)	100.00%	100.00%	(39,173)	(33,164)	-	
Hong Da Fu Tong Electronics Company Limited	Trading of electronic components	65,445	(b)	44,660	-	-	44,660 (Note 2)	(1,617)	100.00%	100.00%	(1,617)	22,895	-	
Sangdong Wan Shun He Enrgy 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.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
93,368	629,123	1,589,291

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:None

Shareholder's Name	Shareholding	Shares	Percentage
De-Jet Investment Co., Ltd.		52,782,278	32.45 %
De-Jia Investment Co., Ltd.		14,340,303	8.81 %

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.

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

(a) General information

The Group sells and purchases various electronic equipment and components and does not have a significant industrial segment. The information of this operating segment is consistent with the consolidated financial statements. Please refer to the Consolidated Balance Sheet and the Consolidated Statements of Income for details.

(b) Products and services information

The Group's revenue from external customer were as follows:

<u>Products and services</u>	<b>For the years ended December 31,</b>	
	<u>2023</u>	<u>2022</u>
Digital Communication Solutions and Components	\$ 13,142,128	16,259,517
Storage Applications Solutions and Components	1,928,053	2,923,485
Analog Electronic Components	<u>206,575</u>	<u>163,501</u>
Total	<u><b>\$ 15,276,756</b></u>	<u><b>19,346,503</b></u>

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<u>Geographical information</u>	<b>For the years ended December 31,</b>	
	<u>2023</u>	<u>2022</u>
Revenue from the external customers:		
Taiwan	\$ 515,272	872,854
China	14,584,153	18,366,698
Others	<u>177,331</u>	<u>106,951</u>
	<u><b>\$ 15,276,756</b></u>	<u><b>19,346,503</b></u>
Non-current assets:		
Taiwan	\$ 403,134	327,851
Mainland China	16,445	23,492
Hong Kong	<u>4,894</u>	<u>11,125</u>
Total	<u><b>\$ 424,473</b></u>	<u><b>362,468</b></u>

(Continued)

**G.M.I. Technology Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(d) Major customers:

There were no individual customers representing greater than 10% of sales revenues in the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022.

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Customer A	<b><u>\$ 2,928,075</u></b>	<b><u>3,618,642</u></b>