

G.M.I. Technology Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023

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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. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	11~13
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	13
(6) Explanation of significant accounts	13~32
(7) Related-party transactions	32~36
(8) Pledged assets	36
(9) Commitments and contingencies	36~37
(10) Losses Due to Major Disasters	37
(11) Subsequent Events	37
(12) Other	37
(13) Other disclosures	
(a) Information on significant transactions	38~39
(b) Information on investees	39
(c) Information on investment in mainland China	40
(d) Major shareholders	40
(14) Segment information	40



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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying balance sheets of G.M.I. Technology Inc. and its subsidiaries as of June 30, 2024 and 2023, and the related statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$268,488 thousand and \$199,903 thousand, constituting 3.07% and 2.69% of total assets as of June 30, 2024 and 2023, respectively, total liabilities amounting to \$303,216 thousand and \$188,180 thousand, constituting 5.19% and 3.81% of total liabilities as of June 30, 2024 and 2023, respectively, and total comprehensive income(loss) amounting to \$(15,007) thousand, \$(22,803) thousand, \$(27,267) thousand and \$(18,436) thousand, constituting (10.00)%, (31.85)%, (8.37)% and (17.34)% of total comprehensive income (loss) for the three months and six months ended June 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of G.M.I. Technology Inc. and its subsidiaries in its investee companies of \$14,974 thousand and \$13,810 thousand as of June 30, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of \$145 thousand, \$214 thousand, \$178 thousand and \$287 thousand for the three months and six months ended June 30, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of G.M.I. Technology Inc. and its subsidiaries as of June 30, 2024 and 2023, and of its financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of Unitech Electronics Co., Ltd, subsidiaries of G.M.I. Technology Inc. and its subsidiaries. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Unitech Electronics Co., Ltd, is based solely on the review report of another auditor. The financial statements of Unitech Electronics Co., Ltd reflect total assets amounting to \$228,517 thousand and \$226,728 thousand, constituting 2.61% and 3.05% of total assets as of June 30, 2024 and 2023, respectively, and share of profit of associate accounted for using equity method amounting to \$4,099 thousand, \$2,212 thousand, \$5,612 thousand and \$2,799 thousand, constituting 2.82%, 6.25%, 2.16% and 2.49% of profit before income tax for the three months and six months ended June 30, 2024 and 2023, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are Lin, Heng-Shen and Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)
August 8, 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 review 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****June 30, 2024, December 31, 2023, and June 30, 2023****(Expressed in Thousands of New Taiwan Dollars)**

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 1,987,448	23	1,497,908	23	2,058,072	28	2100	Short-term borrowings (notes (6)(i) and (8))	\$ 851,922	9	1,350,950	20	1,143,791	15
1150	Notes receivable (notes (6)(c) and (q))	148,978	2	91,684	1	131,171	2	2110	Short-term notes and bills payable (note (6)(h))	589,244	7	199,601	3	629,335	8
1170	Accounts receivable (notes (6)(c), (q) and (8))	3,747,977	43	3,081,975	46	2,655,703	36	2170	Accounts payable	146,769	2	212,926	3	282,658	4
1181	Accounts receivable due from related parties (notes (6)(c), (q) and (7))	26,970	-	7,161	-	9,892	-	2180	Accounts payable to related parties (note (7))	2,629,033	30	1,909,752	28	2,198,205	30
1200	Other receivables	30,124	-	21,549	-	16,169	-	2216	Dividends payable	195,150	2	-	-	325,251	4
1220	Current income tax assets	9,727	-	22,641	-	21,659	-	2219	Other payables	85,669	1	83,892	1	59,337	1
130X	Inventories (note (6)(d))	1,303,794	15	1,030,721	16	1,571,380	22	2220	Other payables to related parties(note (7))	-	-	4,923	-	-	-
1476	Other financial assets - current (note (8))	237,286	3	225,303	3	243,965	3	2230	Current income tax liabilities	42,677	-	27,871	1	21,816	-
1470	Other current assets	84,263	1	87,497	1	91,145	1	2280	Current lease liabilities(note (6)(l))	16,775	-	13,065	-	15,699	-
	Total current assets	<u>7,576,567</u>	<u>87</u>	<u>6,066,439</u>	<u>90</u>	<u>6,799,156</u>	<u>92</u>	2300	Other current liabilities	154,982	2	32,795	1	35,647	1
	Non-current assets:							2322	Long-term borrowings, current portion (notes (6)(j) and (8))	26,775	-	26,775	-	11,900	-
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	24,071	-	70,185	1	-	-		Total current liabilities	<u>4,738,996</u>	<u>53</u>	<u>3,862,550</u>	<u>57</u>	<u>4,723,639</u>	<u>63</u>
1550	Investments accounted for using the equity method (notes (6)(e), (7) and (8))	243,491	3	236,679	3	240,538	3		Non-Current liabilities:						
1600	Property, plant and equipment (notes (6)(f) and (8))	854,265	10	329,717	5	330,751	4	2530	Bonds payable (note (6)(k))	935,937	11	-	-	-	-
1755	Right-of-use assets (note (6)(g))	19,292	-	20,510	-	28,136	-	2540	Long-term borrowings (notes (6)(j)and (8))	162,138	2	175,525	3	196,350	3
1840	Deferred income tax assets	24,497	-	26,863	1	39,653	1	2580	Non-current lease liabilities(note (6)(l))	3,563	-	8,563	-	13,456	-
1975	Net defined benefit assets- non current	2,387	-	2,387	-	1,426	-		Total non-current liabilities	<u>1,101,638</u>	<u>13</u>	<u>184,088</u>	<u>3</u>	<u>209,806</u>	<u>3</u>
1900	Other non-current assets	4,671	-	4,061	-	4,080	-		Total liabilities	<u>5,840,634</u>	<u>66</u>	<u>4,046,638</u>	<u>60</u>	<u>4,933,445</u>	<u>66</u>
	Total noncurrent assets	<u>1,172,674</u>	<u>13</u>	<u>690,402</u>	<u>10</u>	<u>644,584</u>	<u>8</u>		Equity attributable to owners of the parent company (note (6)(o)):						
	Total assets	<u>\$ 8,749,241</u>	<u>100</u>	<u>6,756,841</u>	<u>100</u>	<u>7,443,740</u>	<u>100</u>	3110	Ordinary share	1,626,254	19	1,626,254	24	1,626,254	22
								3200	Capital surplus	289,358	3	223,116	3	223,116	3
								3310	Legal reserve	178,894	2	146,600	2	146,600	2
								3350	Unappropriated retained earnings	605,708	7	618,896	9	386,963	5
								3400	Other equity interests	155,838	2	33,953	1	60,021	1
									Total equity attributable to owners of parent:	<u>2,856,052</u>	<u>33</u>	<u>2,648,819</u>	<u>39</u>	<u>2,442,954</u>	<u>33</u>
								36XX	Non-controlling interests	52,555	1	61,384	1	67,341	1
									Total equity	<u>2,908,607</u>	<u>34</u>	<u>2,710,203</u>	<u>40</u>	<u>2,510,295</u>	<u>34</u>
									Total liabilities and equity	<u>\$ 8,749,241</u>	<u>100</u>	<u>6,756,841</u>	<u>100</u>	<u>7,443,740</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 three months and six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended June 30				For the six months ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenues (notes (6)(q) and (7))	\$ 4,543,950	100	3,740,938	100	\$ 8,574,740	100	7,061,220	100
5000 Operating costs (notes (6)(d) and (7))	<u>4,290,776</u>	<u>94</u>	<u>3,620,541</u>	<u>97</u>	<u>8,106,333</u>	<u>95</u>	<u>6,739,580</u>	<u>95</u>
Gross profit (loss) from operations	<u>253,174</u>	<u>6</u>	<u>120,397</u>	<u>3</u>	<u>468,407</u>	<u>5</u>	<u>321,640</u>	<u>5</u>
Operating expenses (notes (6)(l), (m) and (r)):								
6100 Selling expenses	89,525	2	75,938	2	173,475	2	148,598	2
6200 Administrative expenses	36,664	1	29,733	1	76,310	1	70,122	1
6300 Research and development expenses	12,919	-	9,329	-	23,668	-	15,658	-
6450 Reversal of impairment loss determined in accordance with IFRS 9(note (6)(c))	<u>(8,049)</u>	<u>-</u>	<u>(7,644)</u>	<u>-</u>	<u>3,860</u>	<u>-</u>	<u>(21,973)</u>	<u>-</u>
Total operating expenses	<u>131,059</u>	<u>3</u>	<u>107,356</u>	<u>3</u>	<u>277,313</u>	<u>3</u>	<u>212,405</u>	<u>3</u>
Net operating income	<u>122,115</u>	<u>3</u>	<u>13,041</u>	<u>-</u>	<u>191,094</u>	<u>2</u>	<u>109,235</u>	<u>2</u>
Non-operating income and expenses (notes (6)(e), (f), (l) and (s)):								
7100 Interest income	16,546	-	9,946	-	21,244	-	11,843	-
7010 Other income	2,541	-	12,340	-	9,091	-	13,911	-
7020 Other gains and losses, net	17,599	-	13,859	1	62,836	1	18,470	-
7050 Finance costs	<u>(17,519)</u>	<u>-</u>	<u>(16,214)</u>	<u>-</u>	<u>(30,138)</u>	<u>-</u>	<u>(44,151)</u>	<u>(1)</u>
7060 Share of loss of associates and joint ventures accounted for using equity method	<u>4,244</u>	<u>-</u>	<u>2,426</u>	<u>-</u>	<u>5,790</u>	<u>-</u>	<u>3,086</u>	<u>-</u>
Total non-operating income and expenses	<u>23,411</u>	<u>-</u>	<u>22,357</u>	<u>1</u>	<u>68,823</u>	<u>1</u>	<u>3,159</u>	<u>(1)</u>
7900 Profit before income tax	145,526	3	35,398	1	259,917	3	112,394	1
7950 Less: Income tax expense (note (6)(n))	<u>31,505</u>	<u>1</u>	<u>8,698</u>	<u>-</u>	<u>56,071</u>	<u>1</u>	<u>24,044</u>	<u>-</u>
Profit	<u>114,021</u>	<u>2</u>	<u>26,700</u>	<u>1</u>	<u>203,846</u>	<u>2</u>	<u>88,350</u>	<u>1</u>
8300 Other comprehensive income (loss):								
8310 Items that may not be reclassified subsequently to profit or loss								
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	-	-	(76)	-	-	-	(23)	-
8320 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	-	-	(76)	-	-	-	(23)	-
8360 Items that may be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	36,123	1	44,697	1	120,863	1	18,107	-
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	(104)	-	272	-	1,022	-	(126)	-
8370 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8399 Total of items that may be reclassified to profit or loss	<u>36,019</u>	<u>1</u>	<u>44,969</u>	<u>1</u>	<u>121,885</u>	<u>1</u>	<u>17,981</u>	<u>-</u>
8300 Other comprehensive income, net	<u>36,019</u>	<u>1</u>	<u>44,893</u>	<u>1</u>	<u>121,885</u>	<u>1</u>	<u>17,958</u>	<u>-</u>
Total comprehensive income	<u>\$ 150,040</u>	<u>3</u>	<u>71,593</u>	<u>2</u>	<u>325,731</u>	<u>3</u>	<u>106,308</u>	<u>1</u>
Profit (loss), attributable to:								
8610 Profit (loss), attributable to owners of parent	\$ 120,605	2	29,359	1	214,256	2	91,009	1
8620 Profit (loss), attributable to non-controlling interests	<u>(6,584)</u>	<u>-</u>	<u>(2,659)</u>	<u>-</u>	<u>(10,410)</u>	<u>-</u>	<u>(2,659)</u>	<u>-</u>
	<u>\$ 114,021</u>	<u>2</u>	<u>26,700</u>	<u>1</u>	<u>203,846</u>	<u>2</u>	<u>88,350</u>	<u>1</u>
Comprehensive income attributable to:								
8710 Comprehensive income, attributable to owners of parent	\$ 156,624	3	74,252	2	336,141	3	108,967	1
8720 Comprehensive income, attributable to non-controlling interests	<u>(6,584)</u>	<u>-</u>	<u>(2,659)</u>	<u>-</u>	<u>(10,410)</u>	<u>-</u>	<u>(2,659)</u>	<u>-</u>
	<u>\$ 150,040</u>	<u>3</u>	<u>71,593</u>	<u>2</u>	<u>325,731</u>	<u>3</u>	<u>106,308</u>	<u>1</u>
Basic earnings per share (note (6)(p))								
Basic earnings per share	<u>\$ 0.74</u>		<u>0.18</u>		<u>1.32</u>		<u>0.56</u>	
Diluted earnings per share	<u>\$ 0.74</u>		<u>0.18</u>		<u>1.32</u>		<u>0.56</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 six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
	Share capital		Retained earnings			Total other equity interest		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
Balance at January 1, 2023	\$ 1,626,254	223,116	101,075	113,848	552,882	42,025	38	2,659,238	-	2,659,238
Profit for the period	-	-	-	-	91,009	-	-	91,009	(2,659)	88,350
Other comprehensive income or loss for the period	-	-	-	-	-	17,981	(23)	17,958	-	17,958
Total comprehensive income or loss for the period	-	-	-	-	91,009	17,981	(23)	108,967	(2,659)	106,308
Legal reserve	-	-	45,525	-	(45,525)	-	-	-	-	-
Special reserve	-	-	-	(113,848)	113,848	-	-	-	-	-
Cash dividends of ordinary stock	-	-	-	-	(325,251)	-	-	(325,251)	-	(325,251)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	70,000	70,000
Balance at June 30, 2023	\$ 1,626,254	223,116	146,600	-	386,963	60,006	15	2,442,954	67,341	2,510,295
Balance at January 1, 2024	\$ 1,626,254	223,116	146,600	-	618,896	33,510	443	2,648,819	61,384	2,710,203
Profit for the period	-	-	-	-	214,256	-	-	214,256	(10,410)	203,846
Other comprehensive income or loss for the period	-	-	-	-	-	121,885	-	121,885	-	121,885
Total comprehensive income	-	-	-	-	214,256	121,885	-	336,141	(10,410)	325,731
Legal reserve	-	-	32,294	-	(32,294)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(195,150)	-	-	(195,150)	-	(195,150)
Due to recognition of equity component of convertible bonds (preference share) issued	-	65,872	-	-	-	-	-	65,872	-	65,872
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	370	-	-	-	-	-	370	-	370
Changes in non-controlling interests	-	-	-	-	-	-	-	-	1,581	1,581
Balance at June 30, 2024	\$ 1,626,254	289,358	178,894	-	605,708	155,395	443	2,856,052	52,555	2,908,607

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 three months and six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 259,917	112,394
Adjustment:		
Adjustments to reconcile profit (loss):		
Depreciation expense	11,046	11,181
Expected credit (gain) loss	3,860	(21,973)
Interest expense	30,138	44,151
Interest revenue	(21,244)	(11,843)
Gain on financial assets at fair value through profit or loss	(2,085)	-
Share of loss of associates and joint ventures accounted for using equity method	(5,790)	(3,086)
Loss from disposal of property, plan and equipment	22	6
Total adjustments to reconcile profit	<u>15,947</u>	<u>18,436</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(51,272)	(33,725)
(Increase) decrease in accounts receivable	(517,629)	818,397
Increase in accounts receivable due from related parties	(19,808)	(9,821)
(Increase) decrease in other receivable	(8,648)	2,141
(Increase) decrease in inventories	(220,552)	751,699
Decrease (Increase) in other current assets	4,371	(10,560)
Total changes in operating assets	<u>(813,538)</u>	<u>1,518,131</u>
Changes in operating liabilities:		
Decrease in accounts payable	(74,971)	(113,241)
Increase (decrease) in accounts payable to related parties	643,623	(74,607)
Decrease in other payable	(346)	(15,708)
Decrease in other payable to related parties	(5,047)	-
Increase in other current liabilities	39,878	13,512
Total changes in operating liabilities	<u>603,137</u>	<u>(190,044)</u>
Total adjustments	<u>(194,454)</u>	<u>1,346,523</u>
Cash inflow (outflow) from operations	65,463	1,458,917
Interest received	21,566	11,390
Interest paid	(29,040)	(48,684)
Income taxes (paid)	(24,586)	(24,548)
Net cash flows from operating activities	<u>33,403</u>	<u>1,397,075</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	50,000	-
Acquisition of property, plant and equipment	(527,567)	(2,328)
Decrease (Increase) in other financial assets	112	(10,194)
Increase in other non-current assets	(513)	(2,395)
Net cash flows from (used in) investing activities	<u>(477,968)</u>	<u>(14,917)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowing	2,689,584	3,568,437
Decrease in short-term loans	(3,192,145)	(4,660,957)
Increase in short-term notes and bills	1,575,535	2,004,254
Decrease in short-term notes and bills	(1,185,892)	(1,754,082)
Proceeds from issuing bonds	1,000,000	-
Repayments of long-term debt	(13,387)	(5,950)
Payment of lease liabilities	(8,056)	(7,488)
Contribution by non-controlling interests	1,950	70,000
Other financing activities	80,000	-
Net cash flows from (used in) financing activities	<u>947,589</u>	<u>(785,786)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(13,484)</u>	<u>6,041</u>
Net increase (decrease) in cash and cash equivalents	489,540	602,413
Cash and cash equivalents at beginning of period	1,497,908	1,455,659
Cash and cash equivalents at end of period	<u>\$ 1,987,448</u>	<u>2,058,072</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

June 30, 2024 and 2023

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

(1) Company history

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

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

The financial statements for the six Months ended June 30, 2024 and 2023 were authorized for issuance by the board of directors on August 8, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards 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 financial statements, from January 1, 2024:

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

- (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, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and those in IAS 28 Investments in Associates and Joint Ventures (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary</p>	Effective date to be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. 	January 1, 2027

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(Continued)

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

(4) Summary of material accounting policies:

The significant 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 preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023

(b) Basis of consolidation

(i) 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
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	G.M.I. Technology (BVI) Co., Ltd	Investment holding	100 %	100 %	100 %	Note 1
The Company	Rehear Audiology Co., Ltd.	Research, Development and sales of medical equipment	27.05 %	29 %	30 %	Note 2
G.M.I. Technology (BVI) Co., Ltd	Harken Investments Limited	Investment holding	100 %	100 %	100 %	Note 1
G.M.I. Technology (BVI) Co., Ltd	Vector Electronic Co. Ltd	Trading of electronic components and investment holding	100 %	100 %	100 %	Note 1
Vector Electronic Co. Ltd	G.M.I. (Shanghai) Trading Company Limited	Trading of electronic components and business marketing consultancy service	100 %	100 %	100 %	Note 1
Vector Electronic Co. Ltd	Hong Da Fu Tong Electronics Company Limited	Trading of electronic components	100 %	100 %	100 %	Note 1
G.M.I (Shanghai) Trading Company Limited.	Shandong WAN SHUN HE ENERGY Co., Ltd.	Chemical engineering products and Trading of electronic components	- %	- %	- %	Note 1、3

Note 1: The financial statements didn't audit because of non-important subsidiary.

Note 2: 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 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

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

(c) 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 settled 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;
- (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.

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

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The 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.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B 12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

For a change in tax rate that is substantively enacted in an interim period, the effect of the change should immediately be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(Continued)

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

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make 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 preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand	\$ 2,194	3,877	4,770
Cheques and demand deposits	<u>1,985,254</u>	<u>1,494,031</u>	<u>2,053,302</u>
	<u><u>\$ 1,987,448</u></u>	<u><u>1,497,908</u></u>	<u><u>2,058,072</u></u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Mandatorily measured at fair value through profit or loss:			
Beneficiary funds	\$ 20,571	70,185	-
Issued of convertible corporate bonds - Embedded recall right	<u>3,500</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 24,071</u></u>	<u><u>70,185</u></u>	<u><u>-</u></u>

Please refer to note 6(s) for the amount of the financial assets at fair value through profit or loss.

None of the Group’s financial asset at fair valule through profit or loss had been pledged as collateral.

(Continued)

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

(c) Notes and accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable - arising from operations	\$ 149,426	91,960	131,566
Accounts receivable - measured at amortized cost	3,786,516	3,115,349	2,686,027
Accounts receivable due from related parties	26,970	7,161	9,892
Less: Allowance for losses	(38,987)	(33,650)	(30,719)
	<u><u>\$ 3,923,925</u></u>	<u><u>3,180,820</u></u>	<u><u>2,796,766</u></u>

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:

	June 30, 2024		
	Notes and accounts receivable carrying amount	Weighted- average loss ratio	Allowance provision
Current	\$ 3,925,694	0.93%	36,595
Less than 90 days past due	36,905	6.33%	2,335
90 to 180 days past due	313	18.21%	57
	<u><u>\$ 3,962,912</u></u>		<u><u>38,987</u></u>
	December 31, 2023		
	Notes and accounts receivable carrying amount	Weighted- average loss ratio	Allowance provision
Current	3,189,318	0.99%	31,521
Less than 90 days past due	25,152	8.46%	2,129
	<u><u>\$ 3,214,470</u></u>		<u><u>33,650</u></u>

(Continued)

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

	June 30, 2023		
	Notes and accounts receivable carrying amount	Weighted- average loss ratio	Allowance provision
Current	2,750,624	0.84%	23,021
Less than 90 days past due	76,861	10.02%	7,698
	\$ 2,827,485		30,719

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

	For the six months ended June 30,	
	2024	2023
Balance at January 1	\$ 33,650	52,721
Impairment losses reversed	-	(21,973)
Impairment losses recognized	3,860	-
Foreign exchange gains or (losses)	1,477	(29)
Balance at June 30	\$ 38,987	30,719

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

(d) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Goods for sale	\$ 1,303,794	1,030,721	1,571,380

Operating costs for the three month ended and six month ended June 30, 2024 and 2023 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Cost of goods sold	\$ 4,298,224	3,569,315	8,129,513	6,633,243
Write down of inventory (Reversal of write down)	(7,448)	51,226	(23,180)	106,337
Operating Cost	\$ 4,290,776	3,620,541	8,106,333	6,739,580

(Continued)

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

(e) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Associates	\$ 567,068	560,256	564,115
Accumulated impairment	(323,577)	(323,577)	(323,577)
Associates	<u>\$ 243,491</u>	<u>236,679</u>	<u>240,538</u>

(i) Associates

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

Associate Name	Nature of the relationship with the Group	Main business sector/Country of company registration	Proportion of ownership interest and voting rights		
			June 30, 2024	December 31, 2023	June 30, 2023
Unitech Electronics Co., Ltd.	Invested by the Group using equity method	Taiwan	12.73 %	12.73 %	12.73 %

The fair values of material associates listed on the Stock Exchange (over the counter) are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Unitech Electronics	<u>\$ 460,266</u>	<u>287,248</u>	<u>368,499</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:

	June 30, 2024	December 31, 2023	June 30, 2023
Current Asset	\$ 1,999,106	1,794,128	1,911,440
Non-Current Asset	554,638	582,566	609,153
Current Liability	(620,873)	(458,796)	(604,407)
Non-Current Liability	(100,943)	(105,990)	(121,907)
Net Assets	<u>\$ 1,831,928</u>	<u>1,811,908</u>	<u>1,794,279</u>

(Continued)

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

	For the six months ended June 30,	
	2024	2023
Operating Income	\$ 1,227,950	1,173,418
Current period net profit	\$ 44,284	22,133
Other comprehensive gains and losses	1,710	557
Total comprehensive gains and losses	\$ 45,994	22,690
	For the six months ended June 30,	
	2024	2023
Beginning carrying balance of the Group's share of net assets of affiliates	\$ 222,590	224,079
The Group's total gains and losses attributable to affiliates	5,927	2,649
Ending carrying balance of the Group's interest in affiliates	\$ 228,517	226,728

- (ii) As of June 30, 2024, the Group's equity-accounted investment—Unitech Electronics incurred impairment losses of \$76,640 thousand because its carrying amount had exceeded fair value.
- (iii) The Group lost control of its investee company, GW Electronics, in June 2017 and changed to using the equity method. During 2017, the Group assessed that there was uncertainty in the recovery of the investment in GW Electronics, hence, recognized the full amount as impairment. As of June 30, 2024, the accumulated impairment loss was \$246,937 thousand.
- (iv) The aggregate financial information of the Group's equity-method associates, which are individually insignificant, is summarized as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of equity in individual insignificant associates	\$ 14,974	14,089	13,810

(Continued)

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
	Attributable to the Group:			
Net loss for the period	\$ 145	214	178	287
Other comprehensive income or loss	<u>206</u>	<u>285</u>	<u>707</u>	<u>110</u>
Total comprehensive income or loss	<u>\$ 351</u>	<u>499</u>	<u>885</u>	<u>397</u>

(v) Collaterals

As of June 30, 2024 and 2023, some of the Group's investments accounted for using the equity method had been pledged as collateral, please refer to note 8.

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the three months ended June 30, 2024 and 2023 were as follows:

	Land	Buildings and Construction	Machinery and equipment	Transportati on equipment	Leasehold improvements	Office equipment	Office equipment	Total
Costs								
Balance on January 1, 2024	\$ 270,496	51,264	1,171	151	4,236	18,118	2,127	347,563
Additions	-	-	524,862	-	-	2,705	-	527,567
Disposal	-	-	-	-	-	(641)	(74)	(715)
Effects of changes in foreign exchange rates	-	-	31	4	190	208	11	444
Balance on June 30, 2024	<u>\$ 270,496</u>	<u>51,264</u>	<u>526,064</u>	<u>155</u>	<u>4,426</u>	<u>20,390</u>	<u>2,064</u>	<u>874,859</u>
Balance on January 1, 2023	\$ 270,496	51,264	1,192	154	4,307	22,499	1,352	351,264
Additions	-	-	-	-	-	1,813	515	2,328
Disposal	-	-	-	-	-	(6,575)	-	(6,575)
Effects of changes in foreign exchange rates	-	-	(34)	(4)	(28)	(113)	(11)	(190)
Balance on June 30, 2023	<u>\$ 270,496</u>	<u>51,264</u>	<u>1,158</u>	<u>150</u>	<u>4,279</u>	<u>17,624</u>	<u>1,856</u>	<u>346,827</u>
Depreciation and impairment losses:								
Balance on January 1, 2024	\$ -	4,076	1,054	143	3,851	8,011	711	17,846
Additions	-	849	6	-	168	1,883	185	3,091
Disposal	-	-	-	-	-	(619)	(74)	(693)
Effects of changes in foreign exchange rates	-	-	28	4	181	129	8	350
Balance on June 30, 2024	<u>\$ -</u>	<u>4,925</u>	<u>1,088</u>	<u>147</u>	<u>4,200</u>	<u>9,404</u>	<u>830</u>	<u>20,594</u>

(Continued)

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

	<u>Land</u>	<u>Buildings and Construction</u>	<u>Machinery and equipment</u>	<u>Transportati on equipment</u>	<u>Leasehold improvements</u>	<u>Office equipment</u>	<u>Office equipment</u>	<u>Total</u>
Balance on January 1, 2023	\$ -	2,376	1,073	122	3,159	12,306	465	19,501
Additions	-	850	-	18	479	1,781	138	3,266
Disposal	-	-	-	-	-	(6,569)	-	(6,569)
Effects of changes in foreign exchange rates	-	-	(31)	(4)	(10)	(69)	(8)	(122)
Balance on June 30, 2023	<u>\$ -</u>	<u>3,226</u>	<u>1,042</u>	<u>136</u>	<u>3,628</u>	<u>7,449</u>	<u>595</u>	<u>16,076</u>
Carrying amounts:								
Balance on January 1, 2024	<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 June 30, 2024	<u>\$ 270,496</u>	<u>46,339</u>	<u>524,976</u>	<u>8</u>	<u>226</u>	<u>10,986</u>	<u>1,234</u>	<u>854,265</u>
Balance on June 30, 2023	<u>\$ 270,496</u>	<u>48,038</u>	<u>116</u>	<u>14</u>	<u>651</u>	<u>10,175</u>	<u>1,261</u>	<u>330,751</u>
Balance on January 1, 2023	<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>

As of June 30, 2024, December 31 and June 30, 2023, some of the Group's property, plant and equipment had been pledged as collateral, please refer to note 8.

(g) Right-of-use assets

	<u>Buildings and Construction</u>	<u>Transportation Equipment</u>	<u>Total</u>
Carrying amounts :			
Balance on January 1, 2024	<u>\$ 16,158</u>	<u>4,352</u>	<u>20,510</u>
Balance on June 30, 2024	<u>\$ 16,028</u>	<u>3,264</u>	<u>19,292</u>
Balance on January 1, 2023	<u>\$ 28,937</u>	<u>-</u>	<u>28,937</u>
Balance on June 30, 2023	<u>\$ 22,697</u>	<u>5,439</u>	<u>28,136</u>

During the three month ended June 30, 2024 and 2023, the Group's right-of-use assets, recognized for leases of buildings and structures, did not experience material increase, impairment, and reversal. For relevant information, please refer to note 6(g) to the consolidated financial statements for the year ended December 31, 2023.

(h) Short-term notes and bills payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Commercial paper payable	<u>\$ 589,244</u>	<u>199,601</u>	<u>629,335</u>

(i) Loans and repayments

During the six month ended June 30, 2024 and 2023, the amounts increased by \$1,575,535 thousand and \$2,004,254 thousand respectively, with interest rates ranging from 1.86%~1.99% and 1.91%~1.97%. The maturity dates fall between July and August, 2024 and 2023. During the same periods, the repayments amounted to \$1,185,892 thousand and \$1,754,082 thousand, respectively.

(Continued)

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

(ii) Collateral for short-term notes

For the collateral for short-term notes and bills payable, please refer to note 8.

(i) Short-term borrowing

The short-term borrowings were summarized as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	\$ 851,922	1,258,776	893,588
Secured bank loans	-	92,174	250,203
	<u>\$ 851,922</u>	<u>1,350,950</u>	<u>1,143,791</u>
Unused short-term credit lines	<u>\$ 6,527,204</u>	<u>6,777,498</u>	<u>5,588,235</u>
Range of Interest rate	<u>1.89%~6.85%</u>	<u>1.78%~7.07%</u>	<u>1.8%~6.78%</u>

(i) Loans and repayments

During the six month ended June 30, 2024 and 2023, the amounts increased by \$2,689,584 thousand and \$3,568,437 thousand respectively, with interest rates ranging from 1.89% ~ 6.85% and 1.80% ~ 6.78%. The maturity dates fall between July, 2024 and June, 2025 as well as July, 2023 and September, 2023. During the same periods, the repayments amounted to \$3,192,145 thousand and \$4,660,957 thousand, respectively.

(ii) Collateral for bank loans

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

(j) Long-term borrowings

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

	June 30, 2024	December 31, 2023	June 30, 2023
Secured bank loans	\$ 188,913	202,300	208,250
Less: current portion	(26,775)	(26,775)	(11,900)
	<u>\$ 162,138</u>	<u>175,525</u>	<u>196,350</u>
Unused short-term credit lines	<u>\$ -</u>	<u>-</u>	<u>-</u>
Range of interest rates (%)	<u>2.02%</u>	<u>1.9%</u>	<u>1.9%</u>

(i) Loans and repayments

There were no significant issues, repurchases and repayments of long-term borrowings for the six month ended June 30, 2024 and 2023. Information on interest expense for the period is discussed in note 6(s). Please refer to note 6(j) to the 2023 annual consolidated financial statements for other related information.

(Continued)

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

(ii) Collateral for bank loans

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

(k) Bonds Payable

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

	June 30, 2024
Total convertible corporate bond issued	\$ 1,000,000
Unamortised discount on corporate bonds payable	<u>(64,063)</u>
Balance of corporate bonds payable at end of period	\$ 935,937
Embedded derivative – recallable right, included in financial assets at fair value through profit or loss	\$ 3,500
Equity component – conversion options, included in capital surplus– stock options	\$ 65,872

	For the three months ended June 30, 2024	For the six months ended June 30, 2024
Embedded derivative – recallable right at fair value through profit or loss, included in financial liabilities at fair value through profit or loss	\$ 1,700	1,700

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

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

(Continued)

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

4) Conversion Method:

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

(l) Lease liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023
Current	\$ <u>16,775</u>	<u>13,065</u>	<u>15,699</u>
Non-current	\$ <u>3,563</u>	<u>8,563</u>	<u>13,456</u>

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest expense on lease liabilities	\$ <u>202</u>	<u>389</u>	<u>449</u>	<u>807</u>
Expenses relating to short-term leases	\$ <u>497</u>	<u>446</u>	<u>975</u>	<u>883</u>

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

	For the six months ended June 30,	
	2024	2023
Total cash outflow for leases	\$ <u>9,480</u>	<u>9,178</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

(m) Employee benefits

(i) Defined benefit plans

As there were no significant market fluctuations, curtailment, settlement or other significant one-off events subsequent to the previous year's reporting date, the Group adopted the actuarial pension costs as of December 31, 2023 and 2022 to measure and disclose the pension costs for the interim period.

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating Expense	\$ 85	94	180	195

(ii) Defined contribution plans

Under the defined pension plan, the Group's pension expenses, which had been contributed to the Labor Insurance Bureau, were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating Expense	\$ 3,874	3,353	7,573	6,784

(n) Income taxes

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ 31,505	8,698	56,071	24,044

There were no income tax expense recognized the Group equity and other comprehensive income for amount on June 30, 2024 and 2023.

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

(o) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to June 30, 2024 and 2023. For the related information, please refer to note 6(n) to the consolidated financial statements for the year ended December 31, 2023.

(Continued)

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

(i) Capital surplus

The balances of capital surplus as of June 30, 2024 and 2023, were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Share capital at premium	\$ 219,941	219,941	219,941
Capital Surplus from actual acquisition or disposal of subsidiary equity at a price different from book value	370	-	-
Changes in net equity of associates recognized by equity method	36	36	36
Employee stock options	3,139	3,139	3,139
Convertible corporate bonds stock options	65,872	-	-
	<u>\$ 289,358</u>	<u>223,116</u>	<u>223,116</u>

(ii) Retained earning

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) Earing distribution

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

	<u>2023</u>		<u>2022</u>	
	<u>Amount per share</u>	<u>Total Amount</u>	<u>Amount per share</u>	<u>Total Amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.20	<u>195,150</u>	2.00	<u>325,251</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 Group's earnings per share, basic and diluted, were calculated as follows :

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Profit attributable to ordinary shareholders of the Company	\$ <u>120,605</u>	<u>29,359</u>	<u>214,256</u>	<u>91,009</u>
Weighted-average number of outstanding ordinary shares	<u>162,625</u>	<u>162,625</u>	<u>162,625</u>	<u>162,625</u>
Earning per shares	\$ <u>0.74</u>	<u>0.18</u>	<u>1.32</u>	<u>0.56</u>

(ii) Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Profit attributable to ordinary shareholders of the Company	\$ <u>120,605</u>	<u>29,359</u>	<u>214,256</u>	<u>91,009</u>
Weighted-average number of ordinary shares outstanding	162,625	162,625	162,625	162,625
Effect of employee share bonus	<u>3</u>	<u>7</u>	<u>8</u>	<u>22</u>
Weighted-average number of ordinary shares outstanding at June 30 (Dilution)	<u>162,628</u>	<u>162,632</u>	<u>162,633</u>	<u>162,647</u>
Diluted Earnings per share	\$ <u>0.74</u>	<u>0.18</u>	<u>1.32</u>	<u>0.56</u>

(Continued)

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

(q) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Primary geographical markets:				
Taiwan	\$ 100,281	139,290	258,695	271,529
China	4,270,116	3,574,641	8,001,411	6,721,636
Others	<u>173,553</u>	<u>27,007</u>	<u>314,634</u>	<u>68,055</u>
	<u>\$ 4,543,950</u>	<u>3,740,938</u>	<u>8,574,740</u>	<u>7,061,220</u>
Major products/service lines:				
Digital Communication Solutions and Components	\$ 4,013,010	3,211,069	7,597,826	6,010,418
Storage Applications Solutions and Components	478,021	496,241	874,837	1,001,565
Analog Electronic Components	<u>52,919</u>	<u>33,628</u>	<u>102,077</u>	<u>49,237</u>
	<u>\$ 4,543,950</u>	<u>3,740,938</u>	<u>8,574,740</u>	<u>7,061,220</u>

(ii) Contract balances

	June 30,	December 31,	June 30,
	2024	2023	2023
Notes receivable	\$ 149,426	91,960	131,566
Accounts receivable	3,786,516	3,115,349	2,686,027
Accounts receivable due from related parties	26,970	7,161	9,892
Less: Loss allowance	<u>(38,987)</u>	<u>(33,650)</u>	<u>(30,719)</u>
Total	<u>\$ 3,923,925</u>	<u>3,180,820</u>	<u>2,796,766</u>

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 three month and six month ended June 30, 2024 and 2023, the Company estimated its employee remuneration amounting to 150 thousand, 50 thousand, 300 thousand and 150 thousand, and directors' and supervisors' remuneration amounting to 3,100 thousand, 800 thousand, 5,500 thousand and 2,300 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 the six month ended June 30, 2024 and 2023. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration is distributed through stock dividends, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors.

During 2023 and 2022, employee remunerations were estimated at 450 thousand and 650 thousand, respectively; director remunerations were estimated at 8,200 thousand and 11,000 thousand, respectively. There is no difference between the actual distribution and the estimated distribution. Relevant information is available on the Market Observation Post System website.

(s) Non-operating income and expenses:

(i) Interest income

The details of interest income were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Interest income	<u>\$ 16,546</u>	<u>9,946</u>	<u>21,244</u>	<u>11,843</u>

(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:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Other	<u>\$ 2,541</u>	<u>12,340</u>	<u>9,091</u>	<u>13,911</u>

(iii) Other gains and losses

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Foreign exchange gains	\$ 15,765	13,863	60,773	18,476
Net gain on financial assets at fair value through profit or loss	1,856	-	2,085	-
Losses on disposals of property, plant and equipment	(22)	(4)	(22)	(6)
	<u>\$ 17,599</u>	<u>13,859</u>	<u>62,836</u>	<u>18,470</u>

(iv) Finance costs

Finance costs of the Group are detailed as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest on bank loans	\$ (17,317)	(15,825)	(29,689)	(43,344)
Interest expenses on lease liabilities	(202)	(389)	(449)	(807)
	<u>\$ (17,519)</u>	<u>(16,214)</u>	<u>(30,138)</u>	<u>(44,151)</u>

(Continued)

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

(t) Financial instruments

Except as set out below, there was no material change in both the fair value of the Group's financial instruments and the associated exposure to credit risk, liquidity risk and market risk. Please refer to note 6(t) to the consolidated financial statements for the year ended December 31, 2023 for relevant information.

(i) Currency risk

1) Exposure of foreign currency risk

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

	June 30, 2024			December 31, 2023			June 30, 2023		
	Foreign currency	Exchange rate	TWD	Foreign Currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 208,801	32.450	6,775,592	175,686	30.705	5,394,439	174,263	31.140	5,426,550
RMB	429	4.445	1,907	800	4.327	3,462	1,018	4.282	4,359
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	136,351	32.450	4,424,590	100,412	30.705	3,083,150	120,424	31.140	3,750,003

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 June 30, 2024 and 2023, would have increased or decreased the profit before tax by \$117,645 thousand and \$84,045 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 the six month ended June 30, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$60,773 thousand and \$18,476 thousand, respectively.

(Continued)

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

(ii) 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 :

		June 30, 2024			
		Fair Value			
Financial assets at fair value through profit or loss	Book Value	Level 1	Level 2	Level 3	Total
Fund	\$ 20,571	20,571	-	-	20,571
Convertible corporate bonds-recallable right	3,500	-	-	3,500	3,500
	\$ 24,071	20,571	-	3,500	24,071
		December 31, 2023			
		Fair Value			
Financial assets at fair value through profit or loss	Book Value	Level 1	Level 2	Level 3	Total
Fund	\$ 70,185	70,185	-	-	70,185
		June 30, 2023			
		Fair Value			
Financial assets at fair value through profit or loss	Book Value	Level 1	Level 2	Level 3	Total
Fund	\$ -	-	-	-	-

2) Valuation techniques for financial instruments measured 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.

(Continued)

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

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.

- 3) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – debt investments" and "fair value through other comprehensive income – equity investments".

Quantified information of significant unobservable inputs was as follows:

<u>Items</u>	<u>Valuation technique:</u>	<u>Significant unobservable input</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement:</u>
Derivatives financial assets: recallable right	Options Pricing Model	Volatility (As at 30 June, 2024 46.82%~56.82%)	The estimated fair value would increase (decrease) if: The volatility is higher (lower).

- (u) Financial risk management

The Group's financial risk management objectives and policies do not differ materially from those disclosed in note 6(u) to the consolidated financial statements for the year ended December 31, 2023.

- (v) Capital management

The Group's capital management objectives and policies do not differ materially from those disclosed in the consolidated financial statements for the year ended December 31, 2023. Besides, the aggregate quantitative information on capital management items do not differ materially from that disclosed in the consolidated financial statements for the year ended December 31, 2023. For relevant information, please refer to note 6(v) to the consolidated financial statements for the year ended December 31, 2023.

(Continued)

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

(w) Investing and financing activities not affecting cash flows

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

	January 1, 2024	Cash flows	Non-Cash changes		June 30, 2024
			Lease modification	Foreign exchange movement	
Short-term notes payables	\$ 199,601	389,643	-	-	589,244
Short-term borrowings	1,350,950	(502,561)	-	3,533	851,922
long-term borrowings	202,300	(13,387)	-	-	188,913
Lease liabilities	21,628	(8,056)	6,190	576	20,338
Total liabilities from financing activities	<u>\$ 1,774,479</u>	<u>(134,361)</u>	<u>6,190</u>	<u>4,109</u>	<u>1,650,417</u>

	January 1, 2023	Cash flows	Non-Cash changes		June 30, 2023
			Lease modification	Foreign exchange movement	
Short-term notes payables	\$ 379,163	250,172	-	-	629,335
Short-term borrowings	2,238,874	(1,092,520)	-	(2,563)	1,143,791
long-term borrowings	214,200	(5,950)	-	-	208,250
Lease liabilities	29,553	(7,488)	7,590	(500)	29,155
Total liabilities from financing activities	<u>\$ 2,861,790</u>	<u>(855,786)</u>	<u>7,590</u>	<u>(3,063)</u>	<u>2,010,531</u>

(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>
Unitech Electronics Co., Ltd. (hereinafter referred to as Unitech Electronics)	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.

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
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 first immediate family of the Chairman of the Company.
Chia-Wen Yeh	The Chairman of the company.
Wan-Yu Cho	The senior manager of the company.
Po-Jen Liao	The senior manager of the company.

(b) Significant related-party transactions

(i) Sale revenue

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

	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties- Realtek	\$ 16,433	8,051	40,141	13,564
Other related parties- Realtek Singapore	9,692	4,481	11,484	4,481
Other related parties- Unitech Electronics	22	83	143	104
	<u>\$ 26,147</u>	<u>12,615</u>	<u>51,768</u>	<u>18,149</u>

The sales price to related parties are not significantly different from that of the general sales price. Receivables between related parties are not subject to collateral based on the Group's assessment.

(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:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Other related parties- Realtek	\$ 2,648,872	1,475,390	5,149,815	2,649,213
Other related parties- Realtek Singapore	1,056,486	1,311,571	1,981,715	2,417,039
Other related parties-RayMx	5,260	65,819	52,294	111,223
Other related parties-Actions (HK)	<u>103,715</u>	<u>4,909</u>	<u>163,144</u>	<u>4,909</u>
	<u>\$ 3,814,333</u>	<u>2,857,689</u>	<u>7,346,968</u>	<u>5,182,384</u>

The Group did not purchase the product specifications from the related party from other vendors, so the purchase price was not comparable to other vendors. The payment terms were not significantly different from those of non-related-parties.

(iii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	June 30, 2024	December 31, 2023	June 30, 2023
Receivable to related parties	Realtek	\$ 17,255	5,590	5,301
Receivable to related parties	Realtek Singapore	9,692	1,478	4,481
Receivable to related parties	Unitech Electronics	<u>23</u>	<u>93</u>	<u>110</u>
		<u>\$ 26,970</u>	<u>7,161</u>	<u>9,892</u>

(Continued)

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

(iv) Payable from related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Payables to related parties	Realtek	\$ 1,855,987	1,253,124	1,195,872
Payables to related parties	Realtek Singapore	736,638	607,108	945,002
Payables to related parties	RayMx	5,022	40,188	53,537
Payables to related parties	Actions (HK)	31,386	9,332	3,794
Other payables to related parties	GMI Computing	-	4,923	-
		<u>\$ 2,629,033</u>	<u>1,914,675</u>	<u>2,198,205</u>

(v) Property transaction

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

(vi) Others

As of January 1, to June 30, 2024 the Group made a \$5,764 thousand server room rental payment on behalf of its other related parties, GMI Computing. As of June 30, 2024, the related payment from GMI Computing has been received.

(vii) Endorsement

As of June 30, 2024, the Group's bank loans were jointly guaranteed by the chairman of the Company to the extent of \$250,000 thousand.

(Continued)

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

(c) Key management personnel compensation

Key management personnel compensation includes:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 6,577	4,032	20,690	17,734
Post-employment benefits	76	68	151	136
	\$ 6,653	4,100	20,841	17,870

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30,	December	June 30,
		2024	31, 2023	2023
Time deposit (classified under other financial assets)	Bank loan limit	\$ 237,286	225,303	243,965
Accounts receivable	The unused letters of credit and secured loans	-	101,673	60,193
Property, plant and equipment	Long-term bank loans	295,321	295,775	296,230
Stock (classified under Investments accounted for using the equity method)	Short-term notes and bills payable	228,517	-	-
		\$ 761,124	622,751	600,388

(9) Commitments and contingencies:

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

	June 30,	December 31,	June 30,
	2024	2023	2023
Purchase Guarantee	\$ 304,700	309,583	312,410

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

	June 30,	December 31,	June 30,
	2024	2023	2023
Outstanding standby letters of credit	\$ 2,729,933	1,772,579	1,944,298

(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:

	June 30, 2024	December 31, 2023	June 30, 2023
Taxes on imported goods guaranteed by banks	\$ 4,000	4,000	4,000

- (d) As of June 30, 2024, December 31 and June 30, 2023, the Group had issued \$1,282,645, \$1,029,025 and \$1,029,025 thousand, respectively, of guarantee notes for the purchase of goods from vendors.

(10) Losses Due to Major Disasters:None.

(11) Subsequent Events:None

(12) Other:

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

		For the three months ended June 30					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item	By function						
Employee benefits							
Salary		-	54,263	54,263	-	45,194	
Labor and health insurance		-	3,290	3,290	-	2,908	
Pension		-	3,959	3,959	-	3,447	
Others		-	1,937	1,937	-	1,603	
Depreciation		-	5,600	5,600	-	5,606	

		For the six months ended June 30					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item	By function						
Employee benefits							
Salary		-	111,047	111,047	-	93,914	
Labor and health insurance		-	6,734	6,734	-	6,250	
Pension		-	7,753	7,753	-	6,979	
Others		-	5,876	5,876	-	2,986	
Depreciation		-	11,046	11,046	-	11,181	

(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: None.
- (iii) Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Company holding securities	Security type and name	Relationship with company	Account	June 30, 2024				Remark
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value (or net value)	
Rehear Audiology Company Ltd.	CTBC Hua Win Money Market Fund	-	Non-current financial assets at fair through profit or loss	-	20,571	- %	20,571	-

- (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	5,145,472	61.41 %	O/A 45 days	No purchases from other vendors	No material variance	(1,855,987)	(66.86)%	-
The Company	Realtek Singapore	Subsidiary of Realtek Semiconductor Co.	Purchase	1,981,715	23.65 %	O/A 45 days	No purchases from other vendors	No material variance	(736,638)	(26.54)%	-
The Company	G.M.I.(Shanghai)	Subsidiaries	Sales	(253,819)	(2.96) %	O/A 60 days	No material variance	No material variance	109,750	2.80%	Note
The Company	Actions (HK)	The Chairman of the company is the beneficial party of the entity	Purchase	163,144	1.95 %	O/A 30 days	No purchases from other vendors	No material variance	(31,386)	(1.13)%	-
The Company	Vector Electronic Co. Ltd	Subsidiaries	Sales	(166,407)	(1.94)%	O/A 60 days	No purchases from other vendors	No material variance	139,428	3.55%	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

(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	Vector Electronic Co. Ltd	Subsidiaries	139,428	352.54 %	-	-	16,676	-
The Company	G.M.I (Shanghai)	Subsidiaries	109,750	412.28 %	-	-	50,050	-

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

(ix) Trading in derivative instruments: Please refer to notes 6(k).

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	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	29,373	Monthly payment	0.34%
0	GMI company	G.M.I (Shanghai)	1	Sales revenue	253,819	based on cost-plus approach	2.96%
0	GMI company	G.M.I (Shanghai)	1	Accounts receivable	109,750	Monthly payment O/A 60 days	1.25%
0	GMI company	Vector Electronic	1	Sales revenue	166,407	based on cost-plus approach	1.94%
0	GMI company	Vector Electronic	1	Accounts receivable	139,428	Monthly payment O/A 60 days	1.59%
0	GMI company	G.M.I (Shanghai)	1	Business consultation fees	15,326	Monthly payment	0.18%

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 six months ended June 30, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	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 %	(34,728)	(27,893)	(27,893)	Note
GMI Technology Inc.	GLOBAL MOBILE INTERNET CO., LTD	Taiwan	Sale of electronic products	15,484	15,484	1,548	34.21 %	14,974	520	178	
GMI Technology Inc.	Unitech Electronics Co., Ltd.	Taiwan	Sale of electronic products	200,739	200,739	9,559	12.73 %	228,517	44,284	5,612	
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 %	(34,810)	(27,893)	(27,893)	Note
G.M.I. Technology (BVI) Ltd.	HARKEN INVESTMENTS LIMITED	British Virgin Islands	Investment holding	393,484	393,484	13,169	100.00 %	(78)	-	-	Note
HARKEN INVESTMENTS LIMITED	GW Electronics Company Limited	Hong Kong	Trading of electronic components	393,236	393,236	102,000	51.00 %	-	-	-	
GMI Technology Inc.	Rehear Audiology Company LTD.	Taiwan	Research, development and sales of medical equipments	27,050	29,000	5,410	27.05 %	12,887	(14,414)	(4,004)	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 June 30, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
G.M.I (Shanghai) Trading Company Limited.	Trading of electronic components and business marketing consulting	68,382	(2)	48,708	-	-	48,708 (Nnote 2)	(18,604)	100.00%	(18,604)	(52,780)	-
Hong Da Fu Tong Electronics Company Limited	Trading of electronic components	65,445	(2)	44,660	-	-	44,660 (Nnote 2)	(12,065)	100.00%	(12,065)	11,354	-

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.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
93,368	629,123	1,713,631

(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:

Shareholder's Name	Shareholding	Shares	Percentage
De-Jet Investment Co., Ltd.		52,782,278	32.45 %
De-Jia Investment Co., Ltd.		13,474,303	8.28 %

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

(14) Segment information:

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.