

**GMI TECHNOLOGY INC. LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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.

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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' Review Report

To the Board of Directors
GMI Technology Inc. Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of GMI Technology Inc. Ltd. and its subsidiaries as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 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 consolidated 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 consolidated 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 consolidated 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 \$199,903 thousand and \$201,984 thousand, constituting 2.69% and 2.51% of consolidated total assets as of June 30, 2023 and 2022, respectively, total liabilities amounting to \$188,180 thousand and \$144,799 thousand, constituting 3.81% and 2.37% of consolidated total liabilities as of June 30, 2023 and 2022, respectively, and total comprehensive income(loss) amounting to \$(22,803) thousand, \$(4,944) thousand, \$(18,436) thousand and \$(6,461) thousand, constituting (31.85)%, (3.63)%, (17.34)% and (2.05)% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(d), the other equity accounted investments of GMI Technology Inc. Ltd. and its subsidiaries in its investee companies of \$13,810 thousand and \$13,020 thousand as of June 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$214 thousand, \$(1,079) thousand, \$287 thousand and \$(1,079) thousand for the three months and six months ended June 30, 2023 and 2022, 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, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of GMI Technology Inc. Ltd. and its subsidiaries as of June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 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 GMI Technology Inc. Ltd. 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 \$226,728 thousand and \$220,702 thousand, constituting 3.05% and 2.75% of consolidated total assets as of June 30, 2023 and 2022, respectively, and total operating revenues amounting to \$2,212 thousand, 3,989 thousand, 2,799 thousand and \$7,058 thousand, constituting 6.25%, 3.36%, 2.49% and 2.40% of consolidated total operating revenues for the three months and six months ended June 30, 2023 and 2022, respectively.

KPMG

Taipei, Taiwan (Republic of China)
August 8, 2023

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)

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2023, December 31, 2022, and June 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
1100	Cash and cash equivalents (note (6)(a))	\$ 2,058,072	28	1,455,659	18	1,344,318	17	Current liabilities:							
1150	Notes receivable, net (notes (6)(b) and (p))	131,171	2	96,006	1	68,279	1	2100	Short-term borrowings (notes (6)(h) and (8))	\$ 1,143,791	15	2,238,874	27	1,650,897	21
1170	Accounts receivable, net (notes (6)(b), (p) and (8))	2,655,703	36	3,442,658	42	3,742,090	46	2110	Short-term notes and bills payable (note (6)(g))	629,335	8	379,163	5	509,837	6
1181	Accounts receivable due from related parties (notes (6)(b), (p) and (7))	9,892	-	71	-	35,641	-	2170	Accounts payable	282,658	4	397,049	5	272,354	3
1200	Other receivables	16,169	-	17,899	-	29,642	-	2180	Accounts payable to related parties (note (7))	2,198,205	30	2,264,502	27	2,936,403	38
1220	Current tax assets	21,659	-	6,529	-	-	-	2216	Dividends payable	325,251	4	-	-	275,251	3
130X	Inventories (note(6)(c))	1,571,380	22	2,319,295	27	1,894,557	24	2219	Other payables, others (note (6)(k))	59,337	1	79,774	1	94,770	1
1476	Other current financial assets (note (6)(g))	243,965	3	231,773	3	223,833	3	2230	Current tax liabilities	21,816	-	3,287	-	77,584	1
1470	Other current assets	91,145	1	80,192	1	91,065	1	2280	Current lease liabilities (note (6)(j))	15,699	-	12,785	-	12,168	-
	Total current assets	6,799,156	92	7,650,082	92	7,429,425	92	2300	Other current liabilities	35,647	1	21,866	-	27,948	-
	Non-current assets:							2322	Long-term borrowings, current portion (notes (6)(i) and (8))	11,900	-	11,900	-	11,900	-
1550	Investments accounted for using equity method, net (notes (6)(d) and (7))	240,538	3	237,492	3	233,722	3		Total current liabilities	4,723,639	63	5,409,200	65	5,869,112	73
1600	Property, plant and equipment (notes (6)(e) and (8))	330,751	4	331,763	4	329,372	4		Non-Current liabilities:						
1755	Right-of-use assets (note (6)(f))	28,136	-	28,937	-	34,587	1	2540	Long-term borrowings (notes (6)(i) and (8))	196,350	3	202,300	2	208,250	3
1840	Deferred tax assets	39,653	1	36,038	1	6,026	-	2580	Non-current lease liabilities (note (6)(j))	13,456	-	16,768	-	22,597	-
1975	Net defined benefit asset, non-current	1,426	-	1,426	-	-	-	2640	Net defined benefit liability, non-current	-	-	-	-	138	-
1900	Total other non-current assets	4,080	-	1,768	-	2,676	-		Total non-current liabilities	209,806	3	219,068	2	230,985	3
	Total non-current assets	644,584	8	637,424	8	606,383	8		Total liabilities	4,933,445	66	5,628,268	67	6,100,097	76
									Equity attributable to owners of parent (note(6)(m)) :						
								3110	Ordinary share	1,626,254	22	1,626,254	20	1,376,254	17
								3200	Capital surplus	223,116	3	223,116	3	44,977	1
								3310	Legal reserve	146,600	2	101,075	1	101,075	1
								3320	Special reserve	-	-	113,848	1	113,848	1
								3350	Unappropriated retained earnings	386,963	5	552,882	7	321,930	4
								3400	Other equity interest	60,021	1	42,063	1	(22,373)	-
									Total equity attributable to owners of parent:	2,442,954	33	2,659,238	33	1,935,711	24
								36XX	Non-controlling interests	67,341	1	-	-	-	-
									Total equity	2,510,295	34	2,659,238	33	1,935,711	24
Total assets		\$ 7,443,740	100	8,287,506	100	8,035,808	100	Total liabilities and equity		\$ 7,443,740	100	8,287,506	100	8,035,808	100

See accompanying notes to consolidated financial statements.

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

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and six months ended June 30, 2023 and 2022****(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				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes (6)(o) and (7))	\$ 3,740,938	100	4,762,187	100	\$ 7,061,220	100	9,946,297	100
5000	Operating costs (notes (6)(c) and (7))	<u>3,620,541</u>	<u>97</u>	<u>4,536,508</u>	<u>95</u>	<u>6,739,580</u>	<u>95</u>	<u>9,439,543</u>	<u>95</u>
	Gross profit from operations	<u>120,397</u>	<u>3</u>	<u>225,679</u>	<u>5</u>	<u>321,640</u>	<u>5</u>	<u>506,754</u>	<u>5</u>
	Operating expenses (notes (6)(j), (k) and (p))								
6100	Selling expenses	75,938	2	81,081	2	148,598	2	165,630	2
6200	Administrative expenses	29,733	1	31,331	1	70,122	1	67,613	-
6300	Research and development expenses	9,329	-	8,331	-	15,658	-	13,283	-
6450	Expected credit loss (gain) (note (6)(b))	<u>(7,644)</u>	<u>-</u>	<u>(578)</u>	<u>-</u>	<u>(21,973)</u>	<u>-</u>	<u>(5,561)</u>	<u>-</u>
	Total operating expenses	<u>107,356</u>	<u>3</u>	<u>120,165</u>	<u>3</u>	<u>212,405</u>	<u>3</u>	<u>240,965</u>	<u>2</u>
	Net operating income	<u>13,041</u>	<u>-</u>	<u>105,514</u>	<u>2</u>	<u>109,235</u>	<u>2</u>	<u>265,789</u>	<u>3</u>
	Non-operating income and expenses (notes (6)(j) and (q))								
7100	Interest income	9,946	-	892	-	11,843	-	1,093	-
7010	Other income	12,340	-	1,844	-	13,911	-	2,953	-
7020	Other gains and losses	13,859	1	19,711	-	18,470	-	38,230	-
7050	Finance costs	<u>(16,214)</u>	<u>-</u>	<u>(12,146)</u>	<u>-</u>	<u>(44,151)</u>	<u>(1)</u>	<u>(19,929)</u>	<u>-</u>
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>2,426</u>	<u>-</u>	<u>2,910</u>	<u>-</u>	<u>3,086</u>	<u>-</u>	<u>5,979</u>	<u>-</u>
	Total non-operating income and expenses	<u>22,357</u>	<u>1</u>	<u>13,211</u>	<u>-</u>	<u>3,159</u>	<u>(1)</u>	<u>28,326</u>	<u>-</u>
7900	Profit from continuing operations before tax	<u>35,398</u>	<u>1</u>	<u>118,725</u>	<u>2</u>	<u>112,394</u>	<u>1</u>	<u>294,115</u>	<u>3</u>
7950	Less: Income tax expenses (note (6)(l))	<u>8,698</u>	<u>-</u>	<u>31,870</u>	<u>-</u>	<u>24,044</u>	<u>-</u>	<u>69,822</u>	<u>1</u>
	Profit	<u>26,700</u>	<u>1</u>	<u>86,855</u>	<u>2</u>	<u>88,350</u>	<u>1</u>	<u>224,293</u>	<u>2</u>
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
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 to profit or loss	(76)	-	-	-	(23)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(76)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	44,697	1	49,203	1	18,107	-	91,475	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	272	-	-	-	(126)	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>44,969</u>	<u>1</u>	<u>49,203</u>	<u>1</u>	<u>17,981</u>	<u>-</u>	<u>91,475</u>	<u>1</u>
8300	Other comprehensive income	<u>44,893</u>	<u>1</u>	<u>49,203</u>	<u>1</u>	<u>17,958</u>	<u>-</u>	<u>91,475</u>	<u>1</u>
	Total comprehensive income	<u>\$ 71,593</u>	<u>2</u>	<u>136,058</u>	<u>3</u>	<u>106,308</u>	<u>1</u>	<u>315,768</u>	<u>3</u>
	Profit (loss), attributable to:								
	Profit (loss), attributable to owners of parent	\$ 29,359	1	86,855	2	91,009	1	224,293	2
	Profit (loss), attributable to non-controlling interests	<u>(2,659)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,659)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 26,700</u>	<u>1</u>	<u>86,855</u>	<u>2</u>	<u>88,350</u>	<u>1</u>	<u>224,293</u>	<u>2</u>
	Comprehensive income attributable to:								
	Comprehensive income, attributable to owners of parent	\$ 74,252	2	136,058	3	108,967	1	315,768	3
	Comprehensive income, attributable to non-controlling interests	<u>(2,659)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,659)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 71,593</u>	<u>2</u>	<u>136,058</u>	<u>3</u>	<u>106,308</u>	<u>1</u>	<u>315,768</u>	<u>3</u>
	Basic earnings per share(note (6)(n))								
	Basic earnings per share	<u>\$ 0.18</u>		<u>0.63</u>		<u>0.56</u>		<u>1.63</u>	
	Diluted earnings per share	<u>\$ 0.18</u>		<u>0.63</u>		<u>0.56</u>		<u>1.63</u>	

See accompanying notes to consolidated financial statements.

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

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2023 and 2022****(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, 2022	\$ 1,376,254	44,977	56,557	76,185	455,069	(113,848)	-	1,895,194	-	1,895,194
Profit for the period	-	-	-	-	224,293	-	-	224,293	-	224,293
Other comprehensive income for the period	-	-	-	-	-	91,475	-	91,475	-	91,475
Total comprehensive income for the period	-	-	-	-	224,293	91,475	-	315,768	-	315,768
Legal reserve appropriated	-	-	44,518	-	(44,518)	-	-	-	-	-
Special reserve appropriated	-	-	-	37,663	(37,663)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(275,251)	-	-	(275,251)	-	(275,251)
Balance at June 30, 2022	\$ 1,376,254	44,977	101,075	113,848	321,930	(22,373)	-	1,935,711	-	1,935,711
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 for the period	-	-	-	-	-	17,981	(23)	17,958	-	17,958
Total comprehensive income for the period	-	-	-	-	91,009	17,981	(23)	108,967	(2,659)	106,308
Legal reserve appropriated	-	-	45,525	-	(45,525)	-	-	-	-	-
Reversal of the special reserve	-	-	-	(113,848)	113,848	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(325,251)	-	-	(325,251)	-	(325,251)
Increase (decrease) 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

See accompanying notes to consolidated financial statements.

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

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months and six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 112,394	294,115
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	11,181	9,849
Gains on reversal of expected credit losses	(21,973)	(5,561)
Interest expense	44,151	19,929
Interest income	(11,843)	(1,093)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(3,086)	(5,979)
Loss (gain) on disposal of property, plan and equipment	6	-
Total adjustments to reconcile profit (loss)	<u>18,436</u>	<u>17,145</u>
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(33,725)	59,950
Decrease in accounts receivable	818,397	147,489
(Increase) decrease in accounts receivable due from related parties	(9,821)	2,385
Decrease (increase) in other receivable	2,141	(12,601)
Decrease (increase) in inventories	751,699	(735,981)
(Increase) decrease in other current assets	<u>(10,560)</u>	<u>27,842</u>
Total changes in operating assets	<u>1,518,131</u>	<u>(510,916)</u>
(Decrease) increase in accounts payable	(113,241)	115,432
(Decrease) increase in accounts payable to related parties	(74,607)	7,049
(Decrease) in other payable	(15,708)	(23,498)
Increase (decrease) in other current liabilities	<u>13,512</u>	<u>(33,025)</u>
Total changes in operating liabilities	<u>(190,044)</u>	<u>65,958</u>
Total adjustments	<u>1,346,523</u>	<u>(427,813)</u>
Cash inflow (outflow) generated from operations	1,458,917	(133,698)
Interest received	11,390	1,039
Interest paid	(48,684)	(18,851)
Income taxes refund (paid)	<u>(24,548)</u>	<u>(63,079)</u>
Net cash flows from (used in) operating activities	<u>1,397,075</u>	<u>(214,589)</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(2,328)	(25,474)
Increase in other financial assets	(10,194)	(1,352)
Decrease (Increase) in other non-current assets	<u>(2,395)</u>	<u>1,291</u>
Net cash flows from (used in) investing activities	<u>(14,917)</u>	<u>(25,535)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,568,437	4,001,275
Decrease in short-term loans	(4,660,957)	(3,769,817)
Increase in short-term notes and bills payable	2,004,254	1,176,933
Decrease in short-term notes and bills payable	(1,754,082)	(1,226,049)
Repayments of long-term debt	(5,950)	(5,950)
Payment of lease liabilities	(7,488)	(7,180)
Change in non-controlling interests	<u>70,000</u>	<u>-</u>
Net cash flows from (used in) financing activities	<u>(785,786)</u>	<u>169,212</u>
Effect of exchange rate changes on cash and cash equivalents	<u>6,041</u>	<u>(32,487)</u>
Net increase (decrease) in cash and cash equivalents	602,413	(103,399)
Cash and cash equivalents at beginning of period	<u>1,455,659</u>	<u>1,447,717</u>
Cash and cash equivalents at end of period	<u>\$ 2,058,072</u>	<u>1,344,318</u>

See accompanying notes to consolidated financial statements.

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

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 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:

The consolidated financial statements for the six Months ended June 30, 2023 and 2022 were authorized for issuance by the Board of Directors on August 8, 2023 .

(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”

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	The amendments require the company to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the company’s liabilities and cash flows and on the company’s exposure to liquidity risk.	January 1, 2024

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. 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 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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(4) Summary of significant 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 endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Principal activity	Share holding						Notes
			June 30, 2023		December 31, 2022		June 30, 2022		
The Company	G.M.I. Technology (BVI) Co., Ltd	Investment holding	100	%	100	%	100	%	Note 1
The Company	Rehear Audiology Company Ltd	Research, development and sales of medical equipment	30	%	-	%	-	%	Note 4
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

(Continued)

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of subsidiary	Principal activity	Share holding			Notes
			June 30, 2023	December 31, 2022	June 30, 2022	
Vector Electronic Co. Ltd	G.M.I. (Shanghai) Trading Company Limited	Trading of electronic components and business marketing consulting Services	100 %	100 %	100 %	Note 1
Vector Electronic Co. Ltd	G.M.I. Vector Electronics (Shenzhen) Company	Trading of electronic components and business marketing consulting Services	- %	- %	100 %	Note 1 ∙ 2
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	- %	100 %	- %	Note 1 ∙ 3

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

Note 2: Subsidiary was established in 2007 and was approved by the board of directors for liquidation on November 8, 2022. Subsidiary was canceled on November 23, 2022. In addition, the Group was liquidated on December 6, 2022.

Note 3: The subsidiary is to be liquidated by resolution of the Board of Directors on March 28, 2023. In addition, subsidiary was canceled on May 30, 2023.

Note 4: This company was incorporated and registered on March 22, 2023. Despite the Company's direct shareholding ratio not exceeding 50%, it is deemed to have control over the aforementioned company due to the overall shareholding ratio of the Company and related parties surpassing 50%, in addition to the Company exerting significant influence over the relevant operating activities of the aforementioned company.

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

(c) 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.

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 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.

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(d) Employee benefits

The pension cost in the interim period is 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. Any material volatility of the market after the report date, material reimbursement and settlement or other material one-time events should be adjusted.

(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 IFRSs (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.

Except for the following, 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, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

(a) Judgment regarding control of subsidiaries

The Group owns less than half of Rehear Audiology Company Ltd; however, management has determined that the Group controls the entity. The Group has control over Rehear Audiology Company Ltd on a de facto basis because the voting rights controlled by the Company and the related party are over 50%, and the Company determined the operating activities of Rehear Audiology Company Ltd.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to note 6 to the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand	\$ 4,770	5,784	7,252
Cheques and demand deposits	2,053,302	1,449,875	1,337,066
	<u>\$ 2,058,072</u>	<u>1,455,659</u>	<u>1,344,318</u>

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable-arising from operations	\$ 131,566	96,295	68,484
Accounts receivable-measured at amortized cost	2,686,027	3,495,090	3,779,152
Accounts receivable due from related parties	9,892	71	35,641
Less : Allowance for losses	<u>(30,719)</u>	<u>(52,721)</u>	<u>(37,267)</u>
	<u>\$ 2,796,766</u>	<u>3,538,735</u>	<u>3,846,010</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 incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision in Taiwan were determined as follows:

	June 30, 2023		
	Notes and accounts receivable carrying amount	Weighted- average loss rate	Loss Allowance provision
Current	\$ 2,750,624	0.84%	23,021
Less than 90 days past due	<u>76,861</u>	10.02%	<u>7,698</u>
	<u>\$ 2,827,485</u>		<u>30,719</u>
	December 31, 2022		
	Notes and accounts receivable carrying amount	Weighted- average loss rate	Loss Allowance provision
Current	\$ 3,379,158	1.09%	36,776
Less than 90 days past due	<u>212,298</u>	7.51%	<u>15,945</u>
	<u>\$ 3,591,456</u>		<u>52,721</u>

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2022		
	Notes and accounts receivable carrying amount	Weighted- average loss rate	Loss Allowance provision
Current	\$ 3,770,056	0.92%	34,750
Less than 90 days past due	113,221	2.22%	2,517
	\$ 3,883,277		37,267

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

	For the six months ended June 30,	
	2023	2022
Balance on January 1	\$ 52,721	58,490
Gains on reversal of impairment losses	(21,973)	(5,561)
Amounts written off as irrecoverable during the year	-	(17,797)
Foreign exchange gains or losses	(29)	2,135
Balance on June 30	\$ 30,719	37,267

The aforementioned trade receivables and notes receivable of the Group had been pledged as collateral for long-term borrowings and financing guarantees, please refer to note 8.

(c) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Goods for sale	\$ 1,571,380	2,319,295	1,894,557

Inventories recognized as cost of sales amounted to \$3,569,315 thousand, \$4,499,344 thousand, \$6,633,243 thousand and \$9,399,245 for the three months ended June 30, 2023 and 2022, and six months ended June 30, 2023 and 2022, respectively.

For the three months ended June 30, 2023 and 2022, and six months ended June 30, 2023 and 2022, the Group recognized as cost of goods sold due to the write down of inventories to net realizable value amounted to \$51,226 thousand, \$37,164 thousand, \$106,337 thousand and \$40,298 thousand, and such a loss was recognized as the cost of good sold.

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) 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 :

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	\$ 564,115	561,069	557,299
Accumulated impairment	(323,577)	(323,577)	(323,577)
	<u>\$ 240,538</u>	<u>237,492</u>	<u>233,722</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, 2023	December 31, 2022	June 30, 2022
Unitech Electronics Co., Ltd.	Invested by the Group using equity method	Taiwan	12.73 %	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 :

	June 30, 2023	December 31, 2022	June 30, 2022
Unitech Electronics	\$ <u>368,499</u>	<u>214,600</u>	<u>194,048</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, 2023	December 31, 2022	June 30, 2022
Current Asset	\$ 1,911,440	1,920,808	1,874,343
Non-Current Asset	609,153	580,061	593,239
Current Liability	(604,407)	(541,419)	(553,904)
Non-Current Liability	(121,907)	(137,518)	(137,515)
Net Assets	<u>\$ 1,794,279</u>	<u>1,821,932</u>	<u>1,776,163</u>

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended	
	June 30,	
	2023	2022
Operating Income	\$ 1,173,418	1,135,196
Current period net profit	\$ 22,133	55,517
Other comprehensive gains and losses	557	8,644
Total comprehensive gains and losses	\$ 22,690	64,161
	For the six months ended	
	June 30,	
	2023	2022
Beginning carrying balance of the Group's share of net assets of affiliates	\$ 224,079	213,644
The Group's total gains and losses attributable to affiliates	2,649	7,058
Ending balance of the Group's share of net assets of affiliates	226,728	220,702
Ending carrying balance of the Group's interest in affiliates	\$ 226,728	220,702

- (ii) As of June 30, 2023, 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, 2023, 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, 2023	December 31, 2022	June 30, 2022
Carrying amount of equity in individual insignificant associates	\$ 13,810	13,413	13,020

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
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	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Attributable to the Group:				
Net Income for the period	\$ 214	(1,079)	287	(1,079)
Other comprehensive loss	285	-	110	-
Total comprehensive income or loss	<u>\$ 499</u>	<u>(1,079)</u>	<u>397</u>	<u>(1,079)</u>

(v) Collaterals

None of the Group's investments accounted for using the equity method had been pledged as collateral.

(e) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group Form January 1 to June 30, 2023 and 2022 were as follows:

	<u>Land</u>	<u>Buildings and Construction</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leasehold improvements</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost :								
Balance at 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 at 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>
Balance at January 1, 2022	\$ -	-	1,232	152	4,388	16,128	3,225	25,125
Additions	-	22,595	-	-	-	2,612	267	25,474
Reclassification	270,496	28,155	-	-	(354)	81	273	298,651
Disposal	-	-	-	-	-	(950)	(1,388)	(2,338)
Effects of changes in foreign exchange rates	-	-	27	3	191	153	35	409
Balance at June 30, 2022	<u>\$ 270,496</u>	<u>50,750</u>	<u>1,259</u>	<u>155</u>	<u>4,225</u>	<u>18,024</u>	<u>2,412</u>	<u>347,321</u>
Depreciation and impairment losses: :								
Balance at 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 at 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>

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<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>
Balance at January 1, 2022	\$ -	-	1,112	84	2,311	9,643	2,637	15,787
Additions	-	478	-	18	464	2,023	213	3,196
Disposal	-	-	-	-	-	(950)	(1,388)	(2,338)
Reclassification	-	1,059	-	-	(276)	54	222	1,059
Effects of changes in foreign exchange rates	-	-	24	2	114	74	31	245
Balance at June 30, 2022	<u>\$ -</u>	<u>1,537</u>	<u>1,136</u>	<u>104</u>	<u>2,613</u>	<u>10,844</u>	<u>1,715</u>	<u>17,949</u>
Carrying Amounts :								
Balance at 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>
Balance at 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 at 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>
Balance at June 30, 2022	<u>\$ 270,496</u>	<u>49,213</u>	<u>123</u>	<u>51</u>	<u>1,612</u>	<u>7,180</u>	<u>697</u>	<u>329,372</u>

As of June 30, 2023, December 31 and June 30, 2022, the Group's property, plant and equipment had been guaranteed as long-term loans and financing guarantees, please refer to note 8.

(f) Right-of-use assets

The Group leases buildings and structures, and the movements in the costs and accumulated depreciation were as follows:

	<u>Building and Construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying amount:			
Balance at June 30, 2023	<u>\$ 22,697</u>	<u>5,439</u>	<u>28,136</u>
Balance at June 30, 2022	<u>\$ 34,587</u>	<u>-</u>	<u>34,587</u>

During the six months ended June 30, 2023 and 2022, 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(6) to the consolidated financial statements for the year ended December 31, 2022.

(g) Short-term notes and bills payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Commercial paper payable	<u>\$ 629,335</u>	<u>379,163</u>	<u>509,837</u>

During the six months ended June 30, 2023 and 2022, the amounts increased by \$2,004,254 thousand and \$1,176,933 thousand respectively, with interest rates ranging from 1.91%~1.97% and 1.41%~1.58%. The maturity dates fall between July and August, 2023 and July, 2022. During the same periods, the repayments amounted to \$1,754,082 thousand and \$1,226,049 thousand, respectively.

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

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Short-term borrowing

The short-term borrowings were summarized as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured bank loans	\$ 893,588	1,526,057	1,122,936
Secured bank loans	250,203	712,817	527,961
	<u>\$ 1,143,791</u>	<u>2,238,874</u>	<u>1,650,897</u>
Unused short-term credit lines	<u>\$ 5,588,235</u>	<u>3,894,372</u>	<u>2,251,410</u>
Range of Interest rate	<u>1.8%~6.78%</u>	<u>1.58%~6.58%</u>	<u>1.25%~3.11%</u>

(i) Loans and repayments

During the six months ended June 30, 2023 and 2022, the amounts increased by \$3,568,437 thousand and \$4,001,275 thousand respectively, with interest rates ranging from 1.80%~6.78% and 1.25%~3.11%. The maturity dates fall between July and September, 2023 as well as July and September, 2022. During the same periods, the repayments amounted to \$4,660,957 thousand and \$3,769,817 thousand, respectively.

(ii) Collateral for bank loans

Please refer to note 8 for the assets pledged to secure bank loans.

(i) Long-term borrowings

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Secured bank loans	\$ 208,250	214,200	220,150
Less: current portion	(11,900)	(11,900)	(11,900)
	<u>\$ 196,350</u>	<u>202,300</u>	<u>208,250</u>
Unused short-term credit lines	<u>\$ -</u>	<u>-</u>	<u>-</u>
Range of interest rates (%)	<u>1.9%</u>	<u>1.65%</u>	<u>1.36%</u>

(i) Loans and repayments

During the six months ended June 30, 2023 and 2022, no material long-term loan was made, repurchased, or repaid. Interest expense refer to note 6(q). For further information, please refer to note 6(10) to the consolidated financial statements for the year ended December 31, 2022.

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Collateral for bank loans

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

(j) Lease liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ <u>15,699</u>	<u>12,785</u>	<u>12,168</u>
Non-current	\$ <u>13,456</u>	<u>16,768</u>	<u>22,597</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,	
	2023	2022	2023	2022
Interest expense on lease liabilities	\$ <u>389</u>	<u>122</u>	<u>807</u>	<u>292</u>
Expenses relating to short-term leases	\$ <u>446</u>	<u>389</u>	<u>883</u>	<u>1,234</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,	
	2023	2022
Total cash outflow for leases	\$ <u>9,178</u>	<u>8,706</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.

(k) 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, 2022 and 2021 to measure and disclose the pension costs for the interim period.

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized by the Group as expenses were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Operating Expense	<u>\$ 94</u>	<u>96</u>	<u>195</u>	<u>197</u>

(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,	
	2023	2022	2023	2022
Operating Expense	<u>\$ 3,353</u>	<u>3,321</u>	<u>6,784</u>	<u>6,657</u>

(l) Income taxes

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Current tax expense				
Current tax	<u>\$ 8,698</u>	<u>31,870</u>	<u>24,044</u>	<u>69,822</u>

There were no income tax expense recognized the Group equity and other comprehensive income for amount on June 30, 2023 and 2022.

The Company's tax returns for the years through 2020 were assessed by the National Taxation Bureau of R.O.C..

(m) Capital and other equity

Except as set out below, there were no material movements in capital and other equity during the three months ended June 30, 2023 and 2022. Please refer to note 6(14) to the consolidated financial statements for the year ended December 31, 2022.

(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.

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021, were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Share capital at premium	\$ 219,941	219,941	44,941
Changes in net equity of associates recognized by equity method	36	36	36
Employee stock options	<u>3,139</u>	<u>3,139</u>	<u>-</u>
	<u>\$ 223,116</u>	<u>223,116</u>	<u>44,977</u>

Please refer to note 6(15) for the shares that were issued during 2022 and reserved for employees to subscribe.

(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) Earnings distribution

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

	<u>2022</u>		<u>2021</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	2.00	<u>325,251</u>	2.00	<u>275,251</u>
Total		<u>\$ 325,251</u>		<u>275,251</u>

(Continued)

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Earnings per share

The Group's earnings per share, basic and diluted, were calculated as follows :

(i) Basic earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Profit attributable to ordinary shareholders of the Company	\$ <u>29,359</u>	<u>86,855</u>	<u>91,009</u>	<u>224,293</u>
Weighted-average number of outstanding ordinary shares	<u>162,625</u>	<u>137,625</u>	<u>162,625</u>	<u>137,625</u>
Earnings per share	\$ <u>0.18</u>	<u>0.63</u>	<u>0.56</u>	<u>1.63</u>

(ii) Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Profit attributable to ordinary shareholders of the Company (dilutive)	\$ <u>29,359</u>	<u>86,855</u>	<u>91,009</u>	<u>224,293</u>
Weighted-average number of ordinary shares outstanding (basic)	162,625	137,625	162,625	137,625
Effect of employee share bonus	<u>7</u>	<u>14</u>	<u>22</u>	<u>23</u>
Weighted-average number of ordinary shares outstanding at June 30 (Dilution)	<u>162,632</u>	<u>137,639</u>	<u>162,647</u>	<u>137,648</u>
Diluted earnings per share	\$ <u>0.18</u>	<u>0.63</u>	<u>0.56</u>	<u>1.63</u>

(o) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Primary geographical markets:				
Taiwan	\$ 139,290	234,744	271,529	550,570
China	3,574,641	4,523,343	6,721,636	9,385,012
Others	<u>27,007</u>	<u>4,100</u>	<u>68,055</u>	<u>10,715</u>
	<u>\$ 3,740,938</u>	<u>4,762,187</u>	<u>7,061,220</u>	<u>9,946,297</u>

(Continued)

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Major products/service lines:				
Digital Communication Solutions and Components	\$ 3,211,069	3,898,262	6,010,418	8,225,034
Storage Applications Solutions and Components	496,241	807,096	1,001,565	1,612,807
Analog Electronic Components	33,628	56,829	49,237	108,456
	<u>\$ 3,740,938</u>	<u>4,762,187</u>	<u>7,061,220</u>	<u>9,946,297</u>

(ii) Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 131,566	96,295	68,484
Accounts receivable	2,686,027	3,495,090	3,779,152
Accounts receivable due from related parties	9,892	71	35,641
Less: Loss allowance	(30,719)	(52,721)	(37,267)
Total	<u>\$ 2,796,766</u>	<u>3,538,735</u>	<u>3,846,010</u>

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

(p) 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.

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the periods April 1 to June 30, 2023 and 2022, and January 1 to June 30, 2023 and 2022, the Company estimated its employee remuneration amounting to 50 thousand, 100 thousand, 150 thousand and 300 thousand, and directors' and supervisors' remuneration amounting to 800 thousand, 2,400 thousand, 2,300 thousand and 5,900 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. 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 2022 and 2021, employee remunerations were estimated at \$650 thousand and \$600 thousand, respectively; director remunerations were estimated at \$11,000 thousand and \$8,000 thousand, respectively. Relevant information is available on the Market Observation Post System website.

- (q) Non-operating income and expenses:
 (i) Other gains and losses

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Foreign exchange gains	\$ 13,863	19,712	18,476	38,231
Miscellaneous disbursements	-	(1)	-	(1)
Losses on disposals of property, plant and equipment	(4)	-	(6)	-
	\$ 13,859	19,711	18,470	38,230

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Finance costs

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Interest on bank loans	\$ (15,825)	(12,024)	(43,344)	(19,637)
Interest expenses on lease liabilities	(389)	(122)	(807)	(292)
	\$ (16,214)	(12,146)	(44,151)	(19,929)

(r) 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(20) to the consolidated financial statements for the year ended December 31, 2022 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, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 174,263	31.140	5,426,550	202,908	30.710	6,231,305	207,350	29.720	6,162,442
RMB	1,018	4.282	4,359	1,223	4.408	5,391	1,482	4.439	6,579
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	120,424	31.140	3,750,003	175,824	30.710	5,399,555	184,120	29.720	5,472,046

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, 2023 and 2022, would have increased or decreased the profit before tax by \$84,045 thousand and \$34,849 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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. From January 1 to June 30, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to 18,476 thousand and 38,231 thousand, respectively.

(s) Financial risk management

The Group's financial risk management objectives and policies do not differ materially from those disclosed in note 6(21) to the consolidated financial statements for the year ended December 31, 2022.

(t) 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, 2022. 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, 2022. For relevant information, please refer to note 6(22) to the consolidated financial statements for the year ended December 31, 2022.

(u) Investing and financing activities not affecting cash flows

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

	January 1, 2023	Cash flows	Non-Cash changes		June 30, 2023
			Lease modification	Foreign exchange movement	
Short-term notes and bills payable	\$ 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	<u>29,553</u>	<u>(7,488)</u>	<u>7,590</u>	<u>(500)</u>	<u>29,155</u>
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>

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2022	Cash flows	Non-Cash changes		June 30, 2022
			Lease modification	Foreign exchange movement	
Short-term notes and bills payable	\$ 558,953	(49,116)	-	-	509,837
Short-term borrowings	1,395,505	231,458	-	23,934	1,650,897
long-term borrowings	226,100	(5,950)	-	-	220,150
Lease liabilities	<u>14,188</u>	<u>(7,180)</u>	<u>27,038</u>	<u>719</u>	<u>34,765</u>
Total liabilities from financing activities	<u>\$ 2,194,746</u>	<u>169,212</u>	<u>27,038</u>	<u>24,653</u>	<u>2,415,649</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party 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.
Actions Technology (HK) Company Ltd. (hereinafter referred to as Actions (HK)).	The Chairman of the company is the beneficial party of the entity

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Sale revenue

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Other related parties - Realtek	\$ 8,051	76	13,564	2,185
Other related parties - Realtek Singapore	4,481	5,765	4,481	15,899
Other related parties - Unitech Electronics	83	-	104	-
	<u>\$ 12,615</u>	<u>5,841</u>	<u>18,149</u>	<u>18,084</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.

(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,	
	2023	2022	2023	2022
Other related parties - Realtek	\$ 1,475,390	2,400,308	2,649,213	5,164,879
Other related parties - Realtek Singapore	1,311,571	1,554,870	2,417,039	3,070,786
Other related parties - RayMx	65,819	16,147	111,223	77,860
Other related parties - Actions (HK)	4,909	1,222	4,909	1,222
	<u>\$ 2,857,689</u>	<u>3,972,547</u>	<u>5,182,384</u>	<u>8,314,747</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were no different from the payment terms given by other vendors.

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Amounts received in subsequent period	Other related parties	\$ <u>9,892</u>	<u>71</u>	<u>35,641</u>

For June 30 2022, accounts receivables are mainly arising from return of purchases from associates.

(iv) Payables to related parties

The details of the Group's payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Trade payables	Realtek	\$ 1,195,872	894,388	1,771,702
Trade payables	Realtek Singapore	945,002	1,357,835	1,157,182
Trade payables	RayMx	53,537	11,717	7,519
Trade payables	Actions(HK)	<u>3,794</u>	<u>562</u>	<u>-</u>
		<u>\$ 2,198,205</u>	<u>2,264,502</u>	<u>2,936,403</u>

(c) Key management personnel compensation

Key management personnel compensation includes:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 4,032	3,731	17,734	18,293
Post-employment benefits	68	80	136	169
	<u>\$ 4,100</u>	<u>3,811</u>	<u>17,870</u>	<u>18,462</u>

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Time deposit (classified under other financial assets)	Bank loan limit	\$ 243,965	231,773	223,833
Accounts receivable	The unused letters of credit and secured loans	60,193	219,193	182,001
Property, plant and equipment	Long-term bank loans	296,230	296,684	297,138
		<u>\$ 600,388</u>	<u>747,650</u>	<u>702,972</u>

(9) Commitments and contingencies:

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Purchase Guarantee	<u>\$ 312,410</u>	<u>329,615</u>	<u>303,180</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Outstanding standby letters of credit	<u>\$ 1,944,298</u>	<u>2,107,466</u>	<u>2,978,125</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taxes on imported goods guaranteed by banks	<u>\$ 4,000</u>	<u>4,000</u>	<u>4,000</u>

(d) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had issued \$1,029,025 thousand, \$1,160,065 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

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GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
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(12) Other:

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

By item	By function	For the three months ended June 30					
		2023			2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		-	45,194	45,194	-	43,865	43,865
Labor and health insurance		-	2,908	2,908	-	2,689	2,689
Pension		-	3,447	3,447	-	3,417	3,417
Other employee benefits expense		-	1,603	1,603	-	1,394	1,394
Depreciation		-	5,606	5,606	-	5,001	5,001

By item	By function	For the six months ended June 30					
		2023			2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		-	93,914	93,914	-	91,175	91,175
Labor and health insurance		-	6,250	6,250	-	5,969	5,969
Pension		-	6,979	6,979	-	6,854	6,854
Other employee benefits expense		-	2,986	2,986	-	2,895	2,895
Depreciation		-	11,181	11,181	-	9,849	9,849

(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(2).

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GMI TECHNOLOGY INC. LTD. 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:

(In Thousands of New Taiwan Dollars)

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	2,442,954	85,640 (RMB20,000* 4.282)	85,640 (RMB20,000* 4.282)	-	-	2,442,954	Y	-	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 June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures):None
(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
(v) Acquisition of individual real estate with amount exceeding the lower of NT\$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

(Continued)

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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	2,649,213	44.33 %	O/A 45 days	No purchases from other vendors	No material variance	(1,195,872)	48.20%	
The Company	Realtek Singapore	Subsidiary of Realtek Semiconductor Co.	Purchase	2,417,039	40.45 %	O/A 45 days	No purchases from other vendors	No material variance	(945,002)	38.09%	
The Company	G.M.I (Shanghai)	Subsidiaries	Sales	573,893	8.13 %	O/A 60 days	No material variance	No material variance	130,135	4.65%	

- (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	130,135	835.36%	-	-	40,018	-

Note: The transaction were written off in the consolidated financial statement.

- (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	35,074	Monthly payment	0.50%
0	GMI company	G.M.I (Shanghai)	1	Business consultation fees	14,684	Monthly payment	0.21%
0	GMI company	G.M.I (Shanghai)	1	Sales revenue	573,893	based on cost-plus approach	8.13%
0	GMI company	G.M.I (Shanghai)	1	Accounts receivable	130,135	O/A 60 days	1.75%
0	GMI company	Vector Electronic	1	Accounts receivable	34,799	O/A 60 days	0.47%
0	GMI company	Vector Electronic	1	Sales revenue	28,843	based on cost-plus approach	0.41%

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

(Continued)

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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 June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 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 %	11,723	(18,710)	(18,710)	Note
GMI Technology Inc.	GLOBAL MOBILE INTERNET CO., LTD	Taiwan	Sale of electronic products	15,484	15,484	1,548	34.21 %	13,810	840		287
GMI Technology Inc.	Unitech Electronics Co., Ltd.	Taiwan	Sale of electronic products	200,739	200,739	9,559	12.73 %	226,728	21,990		2,799
GMI Technology Inc.	Rehear Audiology Company LTD.	Taiwan	Research, development and sales of medical equipment	30,000	-	6,000	30.00 %	21,144	(3,798)		(1,139) Note
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 %	11,645	(18,710)		(18,710) Note
G.M.I. Technology (BVI) Ltd.	HARKEN INVESTMENTS LIMITED	British Virgin Islands	Investment holding	393,484	393,484	13,169	100.00 %	74	-	-	Note
HARKEN INVESTMENTS LIMITED	GW Electronics Company Limited	Hong Kong	Trading of electronic components	393,236	393,236	102,000	51.00 %	-	-	-	

Note: The transactions were written off in 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, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
G.M.I (Shanghai) Trading Company Limited.	Trading of electronic components and business marketing consulting	68,382	(b)	48,708	-	-	48,708 Note2	(23,519)	100.00%	(23,519)	(17,479)	-	-
Hong Da Fu Tong Electronics Company Limited	Trading of electronic components	65,445	(b)	44,660	-	-	44,660 Note2	2,466	100.00%	2,466	26,617	-	-
Shandong WAN SHUN HE ENERGY Co., Ltd.	Chemical engineering products and Trading of electronic components	-	(b)	-	-	-	- Note2	-	100.00%	-	-	-	Note4

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 amount was eliminated in the consolidated financial statements.

Note 4: The board of directors resolved on the liquidation of the subsidiary on March 28, 2023 and it was canceled on May 2023.

(Continued)

GMI TECHNOLOGY INC. LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authoized by Investment commission, MOEA
93,368	629,123	1,465,772

(iii) Significant transactions with the investees in Mainland China::

The significant inter-company transactions with the Group in Mainland China from January 1 to June 30, 2023, 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.		14,018,303	8.61 %

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.