

Gemtek Technology Co., Ltd.
And Subsidiary Companies

Consolidated Financial
Statements and Audit Report
As of December 31, 2024 and 2023

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Declaration of Consolidated Financial Statements of Related Companies

The entities that are required to be included in the consolidated financial statements of Gemtek Technology Co., Ltd. as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Gemtek Technology Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Gemtek Technology Co., Ltd.

Chairman

March 10, 2025

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders
Gemtek Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Gemtek Technology Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We hereby summarize the Key Audit Matters of the 2024 Consolidated Financial Statements of the Group as follows:

Sales revenue from major customers

Gemtek Technology and its subsidiaries are mainly engaged in the research and development, manufacturing and sales of wireless local area network products. This accountant conducted analytical procedures on the sales revenue for 2024. Among them, the sales revenue from a major customer is relatively high and the sales account for a certain proportion of the annual sales revenue. It has a significant impact on the consolidated financial statements of Gemtek Technology and its subsidiaries this year. The revenue recognized may be at risk of not meeting the conditions stipulated in the International Financial Reporting Standards. Therefore, this accountant listed the occurrence of the sales revenue from this customer as a key audit matter for audit. For the accounting policies and information on revenue recognition, please refer to Notes 4 and 24.

The main audit procedures performed by our accountant include:

1. Understand and test the design and operating effectiveness of the key internal controls related to the recognition of sales revenue to customers.
2. Select samples from the customer's transaction details, review the relevant shipping vouchers and original orders, and check the payment status to verify the authenticity of the sales revenue.
3. Review post-period events to confirm whether the customer has any significant sales returns or discounts.

Other matters

Gemtek Technology has prepared individual financial statements for 2024 and 2023, and the audit report with an unqualified opinion issued by our accountant is kept on file for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee and supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche Taiwan
Certified Public Accountant
Alice H. Fang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Yang

Financial Supervision
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Number:
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Date: March 11, 2025

Gemtek Technology CO., Ltd. And Subsidiary Companies
CONSOLIDATED BALANCE SHEET
December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Code	ASSET	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (note 4 and 6)	\$ 4,696,870	22	\$ 2,945,341	14
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	516	-	309,590	2
1136	Financial assets at amortized cost - current (note 4, 9 and 32)	305,831	2	273,271	1
1170	Accounts receivable, net (note 4, 10 and 24)	6,132,441	28	6,748,271	31
1180	Accounts receivable from related parties (note 4, 24 and 31)	36,890	-	80,086	-
1200	Other receivables (note 4 and 31)	86,392	-	52,942	-
1220	Current tax assets (note 4 and 26)	25,781	-	6,886	-
130X	Inventories (note 4 and 11)	2,629,372	12	3,008,915	14
1460	Non-current Assets Held for Sale (note 4 and 12)	-	-	16,398	-
1470	Other current assets (note 4, 18 and 31)	<u>133,083</u>	<u>1</u>	<u>84,262</u>	<u>-</u>
11XX	Total current assets	<u>14,047,176</u>	<u>65</u>	<u>13,525,962</u>	<u>62</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	1,738,477	8	2,798,037	13
1535	Financial assets at amortized cost - non-current (note 4, 9 and 32)	32,813	-	28,252	-
1550	Investments accounted for using the equity method (note 4, 13 and 14)	1,363,967	6	1,218,926	6
1600	Property, plant and equipment (note 4, 15 and 31)	3,529,130	16	3,411,716	15
1755	Right-of-use assets (note 4 and 16)	366,666	2	335,961	2
1805	Goodwill (note 4 and 17)	245,224	1	245,224	1
1821	Other intangible assets	32,314	-	48,366	-
1840	Deferred tax assets (note 4 and 26)	71,319	1	86,400	-
1990	Other non-current assets (note 4, 18 and 22)	<u>196,104</u>	<u>1</u>	<u>271,284</u>	<u>1</u>
15XX	Total non-current assets	<u>7,576,014</u>	<u>35</u>	<u>8,444,166</u>	<u>38</u>
1XXX	Total assets	<u>\$ 21,623,190</u>	<u>100</u>	<u>\$ 21,970,128</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (note 19)	\$ 1,277,253	6	\$ 951,855	4
2120	Financial liabilities at fair value through profit or loss - current (note 4 and 7)	-	-	1,806	-
2130	Contract liabilities (note 4 and 24)	341,599	2	388,615	2
2170	Accounts payable	4,585,087	21	4,805,480	22
2219	Other payables (note 21 and 31)	961,356	5	778,239	4
2230	Current tax liabilities (note 4 and 26)	113,788	1	192,257	1
2280	Lease liabilities - current (note 4 and 16)	91,826	-	94,742	-
2321	Bonds payable - current portion (note 4 and 20)	626,279	3	-	-
2399	Other current liabilities (note 21)	<u>83,956</u>	<u>-</u>	<u>55,540</u>	<u>-</u>
21XX	Total current liabilities	<u>8,081,144</u>	<u>38</u>	<u>7,268,534</u>	<u>33</u>
	NON-CURRENT LIABILITIES				
2530	Bonds payable (note 20)	-	-	1,226,783	6
2570	Deferred tax liabilities (note 4 and 26)	410,542	2	261,668	1
2580	Lease liabilities - non-current (note 4 and 16)	21,373	-	5,806	-
2670	Other non-current liabilities (note 14 and 21)	<u>33,513</u>	<u>-</u>	<u>11,746</u>	<u>-</u>
25XX	Total non-current liabilities	<u>465,428</u>	<u>2</u>	<u>1,506,003</u>	<u>7</u>
2XXX	Total liabilities	<u>8,546,572</u>	<u>40</u>	<u>8,774,537</u>	<u>40</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (note 4, 14, 20, 23 and 28)				
	Share Capital				
3110	Ordinary shares	<u>4,277,007</u>	<u>20</u>	<u>4,001,211</u>	<u>18</u>
3140	Capital collected in advance	<u>1,879</u>	<u>-</u>	<u>54,846</u>	<u>-</u>
3100	Total share Capital	<u>4,278,886</u>	<u>20</u>	<u>4,056,057</u>	<u>18</u>
3200	Capital surplus	<u>5,757,129</u>	<u>27</u>	<u>5,329,633</u>	<u>24</u>
	Retained earnings				
3310	Legal reserve	1,054,650	5	1,003,186	5
3320	Special reserve	195,638	1	195,638	1
3350	Unappropriated earnings	<u>1,597,425</u>	<u>7</u>	<u>1,591,682</u>	<u>7</u>
3300	Total retained earnings	<u>2,847,713</u>	<u>13</u>	<u>2,790,506</u>	<u>13</u>
3490	Other equity	(<u>150,377</u>)	(<u>1</u>)	<u>663,200</u>	<u>3</u>
31XX	Total equity attributable to owners of parent	<u>12,733,351</u>	<u>59</u>	<u>12,839,396</u>	<u>58</u>
36XX	Non-controlling interests (note 23)	<u>343,267</u>	<u>1</u>	<u>356,195</u>	<u>2</u>
3XXX	Total equity	<u>13,076,618</u>	<u>60</u>	<u>13,195,591</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 21,623,190</u>	<u>100</u>	<u>\$ 21,970,128</u>	<u>100</u>

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

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

Gemtek Technology CO., Ltd. And Subsidiary Companies
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars, Except Earning Per Share)

Code		2024		2023	
		AMOUNT	%	AMOUNT	%
4000	Operating revenue (note 4, 24 and 31)	\$ 25,633,886	100	\$ 26,136,349	100
5000	Operating costs (note 11, 22, 25 and 31)	(22,594,639)	(88)	(23,365,192)	(89)
5900	Gross profit	<u>3,039,247</u>	<u>12</u>	<u>2,771,157</u>	<u>11</u>
	Operating expenses				
	(note 10, 22, 25 and 31)				
6100	Selling expenses	(597,223)	(2)	(524,312)	(2)
6200	General and administrative expenses	(713,901)	(3)	(663,386)	(3)
6300	Research and development expenses	(1,172,264)	(5)	(1,069,512)	(4)
6450	Expected credit gains (losses)	<u>26,185</u>	<u>-</u>	<u>(50,322)</u>	<u>-</u>
6000	Total operating expenses	(2,457,203)	(10)	(2,307,532)	(9)
6900	Profit from operations	<u>582,044</u>	<u>2</u>	<u>463,625</u>	<u>2</u>
	Non-operating income and expenses				
7100	Interest income (note 25)	129,056	-	55,902	-
7010	Other income (note 25 and 31)	41,510	-	64,805	-
7020	Other gains and losses (note 25)	192,763	1	259,231	1
7050	Finance costs (note 25)	(107,826)	-	(114,436)	-
7060	Share of profit of subsidiaries and associates (note 4 and 14)	<u>63,334</u>	<u>-</u>	<u>59,541</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>318,837</u>	<u>1</u>	<u>325,043</u>	<u>1</u>
7900	Profit before income tax	<u>900,881</u>	<u>3</u>	<u>788,668</u>	<u>3</u>
7950	Income tax (note 4 and 26)	(266,623)	(1)	(243,123)	(1)
8200	Net profit for the period	<u>634,258</u>	<u>2</u>	<u>545,545</u>	<u>2</u>

(Continued)

Code		2024		2023	
		AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (note 22)	\$ 5,152	-	\$ 2,043	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(1,108,178)	(4)	(532,435)	(2)
8330	Share of other comprehensive income (losses) of subsidiaries and associates	(5,571)	-	33	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	320,144	1	(80,916)	-
8370	Share of other comprehensive income (losses) of subsidiaries and associates	(121)	-	(161)	-
8399	Income tax related to item that will be reclassified subsequently to profit or loss (note 26)	(63,965)	-	-	-
8300	Other comprehensive income (loss), net	(852,539)	(3)	(611,436)	(2)
8500	Total comprehensive income (loss)	(\$ 218,281)	(1)	(\$ 65,891)	-
	Net profit attributable to:				
8610	Owner of the company	\$ 647,273	2	\$ 609,150	2
8620	Non-controlling interests	(13,015)	-	(63,605)	-
8600		<u>\$ 634,258</u>	<u>2</u>	<u>\$ 545,545</u>	<u>2</u>
	Total comprehensive income (loss) attributable to:				
8710	Owner of the company	(\$ 205,465)	(1)	(\$ 2,294)	-
8720	Non-controlling interests	(12,816)	-	(63,597)	-
8700		<u>(\$ 218,281)</u>	<u>(1)</u>	<u>(\$ 65,891)</u>	<u>-</u>
	Earnings per share (note 27)				
9750	Basic earnings per share	<u>\$ 1.56</u>		<u>\$ 1.55</u>	
9850	Diluted earnings per share	<u>\$ 1.46</u>		<u>\$ 1.37</u>	

(Concluded)

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

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

Gemtek Technology CO., Ltd. And Subsidiary Companies
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

		Share Capital (note 20 and 23)				Retained Earnings (note 23)			Other Equity (Note 4, 23 and 28)						
Code		Shares (in Thousands)	Amount	Capital Collected in Advance	Capital Surplus (note 23)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Compensation	Subtotal	Non-controlling interests (note 23)	Total equity	
A1	BALANCE AT JANUARY 1, 2023	<u>394,646</u>	<u>\$ 3,946,465</u>	<u>\$ -</u>	<u>\$ 4,983,065</u>	<u>\$ 943,768</u>	<u>\$ 195,638</u>	<u>\$ 1,728,176</u>	<u>(\$ 347,887)</u>	<u>\$ 1,632,512</u>	<u>(\$ 8,695)</u>	<u>\$ 1,275,930</u>	<u>\$ 305,820</u>	<u>\$ 13,378,862</u>	
	Appropriation of 2022 earnings														
B1	Legal reserve	-	-	-	-	59,418	-	(59,418)	-	-	-	-	-	-	
B5	Cash dividends to shareholders	-	-	-	-	-	-	(591,712)	-	-	-	-	-	(591,712)	
	Subtotal	-	-	-	-	59,418	-	(651,130)	-	-	-	-	-	(591,712)	
M7	Changes in ownership interests in subsidiaries	-	-	-	3,072	-	-	-	-	-	-	-	-	3,072	
C5	The Company's issuance of convertible corporate bonds and recognition of equity portion	-	-	-	133,101	-	-	-	-	-	-	-	-	133,101	
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	-	609,150	-	-	-	-	(63,605)	545,545	
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,076	(81,085)	(532,435)	-	(613,520)	8	(611,436)	
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	611,226	(81,085)	(532,435)	-	(613,520)	(63,597)	(65,891)	
G1	Issuance of new shares with restrictions on employee rights	4,300	43,000	-	90,967	-	-	-	-	-	(133,967)	(133,967)	-	-	
I1	Corporate bond converted to ordinary shares	1,693	16,928	54,846	127,978	-	-	-	-	-	-	-	-	199,752	
N1	Employee restricted shares retired	(518)	(5,182)	-	(8,550)	-	-	-	-	-	13,732	13,732	-	-	
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	113,972	113,972	
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(96,590)	-	96,590	-	96,590	-	-	
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	24,435	24,435	-	24,435	
Z1	BALANCE AT DECEMBER 31, 2023	<u>400,121</u>	<u>4,001,211</u>	<u>54,846</u>	<u>5,329,633</u>	<u>1,003,186</u>	<u>195,638</u>	<u>1,591,682</u>	<u>(428,972)</u>	<u>1,196,667</u>	<u>(104,495)</u>	<u>663,200</u>	<u>356,195</u>	<u>13,195,591</u>	
	Appropriation of 2023 earnings														
B1	Legal reserve	-	-	-	-	51,464	-	(51,464)	-	-	-	-	-	-	
B5	Cash dividends to shareholders	-	-	-	-	-	-	(615,576)	-	-	-	-	-	(615,576)	
	Subtotal	-	-	-	-	51,464	-	(667,040)	-	-	-	-	-	(615,576)	
D1	Net profit for the year ended December 31, 2024	-	-	-	-	-	-	647,273	-	-	-	-	(13,015)	634,258	
D3	Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	5,347	255,859	(1,113,944)	-	(858,085)	199	(852,539)	
D5	Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	652,620	255,859	(1,113,944)	-	(858,085)	(12,816)	(218,281)	
M7	Changes in ownership interests in subsidiaries	-	-	-	282	-	-	-	-	-	-	-	-	282	
C7	Recognizing changes in related enterprises using the equity method	-	-	-	36,417	-	-	(9,662)	-	9,662	-	9,662	-	36,417	
I1	Corporate bond converted to ordinary shares	27,756	277,563	(52,967)	394,535	-	-	-	-	-	-	-	-	619,131	
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	59,166	59,166	-	59,166	
N1	Employee restricted shares retired	(177)	(1,767)	-	(3,738)	-	-	-	-	-	5,505	5,505	-	-	
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	29,825	-	(29,825)	-	(29,825)	-	-	
O1	Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(112)	(112)	
Z1	BALANCE AT DECEMBER 31, 2024	<u>427,700</u>	<u>\$ 4,277,007</u>	<u>\$ 1,879</u>	<u>\$ 5,757,129</u>	<u>\$ 1,054,650</u>	<u>\$ 195,638</u>	<u>\$ 1,597,425</u>	<u>(\$ 173,113)</u>	<u>\$ 62,560</u>	<u>(\$ 39,824)</u>	<u>(\$ 150,377)</u>	<u>\$ 343,267</u>	<u>\$ 13,076,618</u>	

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

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

Gemtek Technology CO., Ltd. And Subsidiary Companies
CONSOLIDATED CASH FLOW STATEMENT
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Code		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax	\$ 900,881	\$ 788,668
A20010	Adjustments for:		
A20100	Depreciation expense	564,939	489,066
A20200	Amortization expense	149,868	177,561
A20300	Expected credit losses (gain) recognized on receivables	(26,185)	50,322
A20400	Loss (gain) on financial assets and financial liabilities at fair value through profit or loss, net	183	(8,417)
A20900	Finance costs	107,826	114,436
A21200	Interest income	(129,056)	(55,902)
A21300	Dividend income	(1,084)	(1,728)
A21900	Share-based payment expenses	59,264	24,511
A22300	Share of profit of subsidiaries and associates	(63,334)	(59,541)
A22500	Loss on disposal of property, plant and equipment	43,748	39,416
A23000	Gain on disposal of non-current assets held for sale	(20,620)	(255,219)
A23700	Inventory write-down (reversal of write-downs)	(54,743)	63,121
A24100	Loss (gain) on foreign exchange, net	(79,901)	135,569
A29900	Goodwill impairment loss	-	20,000
A30000	Changes in operating assets and liabilities:		
A31115	Financial assets at fair value through profit or loss	(4,805)	(296,175)
A31150	Accounts receivable	775,707	2,298,098
A31160	Accounts receivable from related parties	44,175	(20,489)
A31180	Other receivables	(22,905)	(23,670)
A31200	Inventories	594,059	1,515,280
A31240	Other current assets	(47,950)	159,480
A31990	Net defined benefit asset	(2,067)	(4,256)
A32125	Contract liabilities	(33,941)	48,830
A32150	Accounts payable	(430,596)	(2,207,551)
A32160	Accounts payable to related parties	881	1,977
A32180	Other payables	149,424	(171,037)
A32230	Other current liabilities	<u>16,409</u>	<u>10,555</u>
A33000	Cash generated from operations	2,490,177	2,832,905
A33100	Interest received	118,511	60,579
A33200	Dividends received	1,084	1,728

(Continued)

Code		2024	2023
A33300	Interest paid	(\$ 99,409)	(\$ 104,494)
A33500	Income tax paid	(263,997)	(181,520)
AAAA	Net cash generated from operating activities	<u>2,246,366</u>	<u>2,609,198</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(40,000)	(56,200)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	46,534	-
B00040	Acquisition of financial assets at amortized cost	(19,050)	(281,523)
B00100	Acquisition of financial assets at fair value through profit or loss	(20,485)	-
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	343,918	-
B01800	Acquisition of investments accounted for using equity method	(113,800)	-
B02000	Increase in prepayments for long-term investment	(50,168)	-
B02600	Proceeds from disposal of non-current assets held for sale	37,320	701,910
B02700	Acquisition of property, plant and equipment	(733,976)	(810,696)
B02800	Proceeds from disposal of property, plant and equipment	136,796	190,266
B03800	Decrease in refundable deposits paid	726	2,013
B04500	Acquisition of intangible assets	-	(694)
B06800	Decrease in other non-current assets	27,891	41,530
B09900	Dividends received from associates	<u>70,002</u>	<u>130,004</u>
BBBB	Net cash used in investing activities	(<u>314,292</u>)	(<u>83,390</u>)
	CASH FLOWS FROM INVESTING ACTIVITIES		
C00100	Increase (decrease) in short-term borrowings	299,178	(1,574,350)
C01200	Issuance of convertible corporate bonds	-	1,551,957
C04020	Repayment of the principal portion of lease liabilities	(18,405)	(19,311)
C04300	Increase (decrease) in other non-current liabilities	1,857	(953)
C04500	Cash dividends paid	(615,576)	(591,712)
C05800	Changes in non-controlling interests	(<u>28</u>)	<u>113,972</u>
CCCC	Net cash used in financing activities	(<u>332,974</u>)	(<u>520,397</u>)

(Continued)

<u>Code</u>		<u>2024</u>	<u>2023</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>\$ 152,429</u>	<u>(\$ 69,571)</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	1,751,529	1,935,840
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,945,341</u>	<u>1,009,501</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,696,870</u>	<u>\$ 2,945,341</u> (Concluded)

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

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

Gemtek Technology CO., Ltd. And Subsidiary Companies
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. COMPANY HISTORY

Gemtek Technology Co., Ltd. (the “Company”) was incorporated on June 29, 1988. It researches, develops, manufactures, purchases, sells, exports, and imports electronic components, semi-finished products, finished products, computer software, hardware and peripheral equipment. The Company’s shares was listed on the Taipei Exchange (OTC) in January of 2002, and have been listed on the Taiwan Stock Exchange (TWSE) since June 30, 2003.

The consolidated financial statements of the Company and its subsidiaries (collectively, referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issuance on March 10, 2025.

III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- (1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorse and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- (2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 21 "Lack of Exchangeability "	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" Amendments to the application guidance on the classification of financial assets	January 1, 2026 (Note 2)

Note 1: Applicable to annual reporting periods beginning after January 1, 2025. When the amendment is first applied, comparative periods shall not be restated and the effect shall be recognized in retained earnings or foreign operations exchange differences in equity, as appropriate, and in the related assets and liabilities affected on the date of initial application.

Note 2: Applicable to annual reporting periods beginning after January 1, 2026. Enterprises may also choose to apply in advance on January 1, 2025. When the amendment is first applied, it should be applied retrospectively without restatement of comparative periods, and the impact of the initial application should be recognized on the date of initial application. However, if an enterprise is able to restate without the benefit of hindsight, it may choose to restate the comparative period.

Amendment to IAS 21 "Lack of Exchangeability"

The amendment clarifies that a currency is convertible when an entity is able to convert one currency into another currency within the time frame of normal administrative delays through an exchange transaction that establishes enforceable rights and obligations through a market or exchange mechanism. When currencies are not convertible on the measurement date, the Group estimates a spot exchange rate that reflects the exchange rate that would be used by market participants in an orderly transaction on the measurement date taking into account prevailing economic conditions. In such circumstances, the Group should also disclose information that enables users of its financial statements to evaluate how the lack of currency convertibility has affected or is expected to affect its results of operations, financial position and cash flows.

- (3) IFRS accounting standards issued by the IASB but not yet approved and issued by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" Amendments to the application guidance on the classification of financial assets	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above-mentioned IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". Major changes to the standard include:

- The income statement should classify income and expense items into operating, investing, financing, income tax and discontinued operations.
- The profit and loss statement should present operating profit and loss, profit and loss before financing and income taxes, and the subtotals and totals of profit and loss.
- Guidance is provided to strengthen aggregation and segmentation requirements: aggregating companies are required to identify assets, liabilities, equity, income, losses and cash flows arising from separate transactions or other events and to group and aggregate them on the basis of common characteristics so that each line item presented in the principal financial statements has at least one similar characteristic. Items with different characteristics should be separated in the primary financial statements and notes. The Group will label such items as "Other" only when a more informative name cannot be found.

- Increase disclosure of management-defined performance measures: When the Group conducts public communications outside the financial statements and communicates with users of the financial statements about management's views on a certain aspect of the Group's overall financial performance, it should disclose relevant information on management-defined performance measures in a single note to the financial statements, including a description of the measure, how it is calculated, its reconciliation with the subtotals or totals specified in IFRS accounting standards, and the income tax and non-controlling interest effects of the related reconciling items.

As of the date of approval and issuance of this consolidated financial report, the Group is still evaluating the other impacts of the amendments to various standards and interpretations on its financial position and financial performance, and the relevant impacts will be disclosed when the evaluation is completed.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability.

(3) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding cash that is restricted from being used to exchange or settle liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Assets held primarily for trading purposes;
2. Liabilities that are due for settlement within 12 months after the balance sheet date, and
3. Liabilities for which there is no substantive right to defer payment for at least 12 months after the balance sheet date.

Assets that do not fall into the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities. The terms of a liability that may be settled at the option of the counterparty by transferring equity instruments of the Group do not affect the classification of the liability as current or non-current if the Group classifies the option as an equity instrument.

(4) Basis of Merger

This consolidated financial report includes the financial statements of the Company and its controlled entities (subsidiaries). The consolidated comprehensive income statement includes the operating profit or loss of the acquired or divested subsidiaries from the date of acquisition or up to the date of divestiture. The financial statements of subsidiaries have been adjusted to bring their accounting policies into line with those of the Group. In preparing consolidated financial statements, inter-entity transactions, account balances, gains and losses are eliminated in full on consolidation. The total comprehensive income of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if the non-controlling interests are left with a loss as a result.

When the Group's ownership interest in a subsidiary changes without resulting in a loss of control, it is treated as an equity transaction. The carrying amounts of the Group and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 13, Table 5 and Table 6.

(5) Business merger

Corporate mergers are handled through the acquisition method. Acquisition-related costs are expensed in the period in which they are incurred and services are received.

Goodwill is measured as the total of the fair value of the consideration transferred, the amount of the acquirer's non-controlling interest and the fair value of the acquiree's previously held interest in the acquiree over the net amounts of identifiable assets acquired and liabilities assumed on the acquisition date.

A non-controlling interest that has a current ownership interest in the acquiree and is entitled to a pro rata share of the acquiree's net assets in the event of liquidation is measured by its pro rata share of the amount of the acquiree's identifiable net assets recognized. Other non-controlling interests are measured at fair value.

A business combination achieved in stages is achieved by remeasurement of the Group's previously held interest in the acquiree at fair value at the acquisition date and any resulting gain or loss is recognized in profit or loss. Amounts recognized in other comprehensive income prior to the acquisition date as a result of a previously held interest in the acquiree are recognized on the same basis as if the Group had directly disposed of its previously held interest.

If the measurement of identifiable assets acquired and liabilities assumed in a business combination is not complete, they are recognized at provisional amounts on the balance sheet date, and retrospective adjustments or additional assets or liabilities are recognized during the measurement period to reflect new information obtained about facts and circumstances that existed on the acquisition date.

(6) Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are

recognized in profit or loss in the period except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, and in which case, the exchange differences are also recognized directly in other comprehensive income.

On-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation and the group entities (including subsidiaries and associates in other countries that use currencies that are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(7) Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price

of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the end of reporting period.

(8) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

Any excess of the cost of an acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in that associate and joint venture. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates and joint ventures. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for by using the equity method and long-term interests that, in substance, form part of the Group's net

investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on its initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent that interests in the associate and the joint venture are not related to the Group.

(9) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method with their estimated useful lives. Each significant part is depreciated separately. If the lease term is shorter than its estimated useful life, an item of property, plant and equipment is depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at least once at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of the acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit or groups of cash-generating units was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation that is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(11) Intangible assets

1. Acquired individually

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Group reviews the estimated useful lives, residual values and amortization

methods at least at the end of each financial year and defers the effect of changes in accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Acquisition from business merger

Intangible assets acquired in a business combination are recognized at fair value on the acquisition date and are recognized separately from goodwill. Subsequent measurement is the same as intangible assets acquired separately.

3. Except column

When an intangible asset is delisted, the difference between the net disposal price and the carrying amount of the asset is recognized in the current period's profit and loss.

(12) Impairment of property, plant and equipment, right-of-use assets and intangible assets

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets (other than goodwill) may be impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are allocated to the individual cash-generating units on a reasonably consistent basis.

The recoverable amount is the higher of fair value less costs to sell and its value in use. Where the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount must not exceed the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal of impairment losses is recognized in profit or loss.

(13) Financial instruments

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. Financial assets

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

Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 30.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, note receivables, account receivables, account receivables-related party, other receivables, other receivables-related party, and refundable deposits, which equals the gross carrying amount determined using the effective interest method less any impairment loss measured at amortized cost. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- b. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that the debtor or issuer will probably enter bankruptcy or other financial reorganization, and the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and bank acceptances with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to

profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

For internal credit risk management purposes, the Group determines that the following situation indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- A. Internal or external information shows that the debtor is unlikely to pay its creditors.
- B. When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in the

other comprehensive income and does not reduce the carrying amount of the financial assets.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3. Financial liabilities

Subsequent measurement

Except for the following circumstances, all the financial liabilities are measured at amortized cost using the effective interest method.

A. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

The fair value is determined in the manner described in Note 30.

Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5. Derivative financial instruments

The Group enters into foreign exchange forward to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

(14) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of wireless gateways and wan cards. Sales of wireless gateways and wan cards are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the customer acquires control of the good.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(15) Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operation leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(17) Employee benefits

1. Short-term

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service costs, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs and net interest on the net defined benefit liability (asset) are recognized as an employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

(18) Share-based payment arrangements

Employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in non-controlling interest; it is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimates of the number of employees share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to

capital surplus-employee share options.

(19) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the consolidated financial statement carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deferred tax assets arising from deductible temporary differences associated with such investments and equity, the interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable

that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, and in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity.

V. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the Group adopts accounting policies, management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for which relevant information is not easily obtained from other sources. Actual results may differ from estimates.

When developing significant accounting estimates, the Group will take into account the possible impact of inflation and market interest rate fluctuations on cash flow estimates, growth rates, discount rates, profitability and other related major estimates. Management will continue to review Estimates and underlying assumptions.

VI. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Cash on hand	\$ 2,085	\$ 2,753
Checking accounts and demand deposits	3,538,173	1,886,955
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>1,156,612</u>	<u>1,055,633</u>
	<u>\$ 4,696,870</u>	<u>\$ 2,945,341</u>
Interest rate range	0.0001%~4.85%	0.001%~5.55%

VII. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2024	December 31, 2023
<u>Financial assets - current</u>		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
- Financial Products	\$ -	\$ 309,590
Bonds Payable		
- Conversion option	516	-
	<u>\$ 516</u>	<u>\$ 309,590</u>
<u>Financial liabilities - current</u>		
Mandatorily classified as at FVTPL		
Bonds Payable		
- Conversion option	\$ -	\$ 1,806

VIII. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2024	December 31, 2023
<u>Non-current</u>		
Domestic Investments		
Listed shares	\$ 1,561,179	\$ 2,641,777
Unlisted shares	141,508	98,390
Total	<u>1,702,687</u>	<u>2,740,167</u>
Overseas Investments		
Listed shares	6,498	6,738
Unlisted shares	29,292	51,132
Total	<u>35,790</u>	<u>57,870</u>
	<u>\$ 1,738,477</u>	<u>\$ 2,798,037</u>

Foreign investments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Please refer to Table 2 for the stock holdings of the Group at the end of the period.

IX. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	December 31, 2024	December 31, 2023
<u>Current</u>		
Domestic Investment		
Time deposits with original maturities of more than 3 months (1)	\$ 305,831	\$ 273,271
<u>Non-current</u>		
Domestic Investment		
Time deposits with original maturities of more than 3 months (1)	\$ 32,813	\$ 28,252

(1) As of December 31, 2024 and 2023, the interest rates for time deposits with an original maturity of more than three months will range from 0.04% to 4.6% per annum and from 1.29% to 6.2% per annum respectively.

(2) For information on pledges of financial assets measured at amortized cost, please refer to Note 32.

X. ACCOUNTS RECEIVABLE

	December 31, 2024	December 31, 2023
<u>Accounts Receivable</u>		
Total carrying amount measured at amortized cost	\$ 6,142,100	\$ 6,784,115
Less: Allowance for impairment loss	(9,659)	(35,844)
	<u>\$ 6,132,441</u>	<u>\$ 6,748,271</u>

The average credit period on sales of goods is 90 days with no accrued interest. The allowance for doubtful receivables was assessed by referring to the collectability of receivables based on an individual trade term analysis, aging analysis, the historical payment behavior and current financial condition of customers.

The Group measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss

patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

In the event there is evidence indicating that the customer is under severe financial difficulty and the Group cannot reasonably estimate the recoverable amounts, the Group writes off relevant accounts receivable. However, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, the recoverable amounts are recognized in profit or loss.

The following table details the loss allowance of note receivables and accounts receivables based on the Group's provision matrix.

December 31, 2024

	Not overdue	Overdue under 180 days	Overdue 181 to 365 days	Over 366 days	Total
Expected Credit Loss Rate	-	5.35%	-	100%	
Gross Carrying Amount	\$ 6,106,585	\$ 27,317	\$ -	\$ 8,198	\$ 6,142,100
Loss Allowance (Lifetime ECL)	-	(1,461)	-	(8,198)	(9,659)
Amortized Cost	<u>\$ 6,106,585</u>	<u>\$ 25,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,132,441</u>

December 31, 2023

	Not overdue	Overdue under 180 days	Overdue 181 to 365 days	Over 366 days	Total
Expected Credit Loss Rate	-	0.00%	-	100%	
Gross Carrying Amount	\$ 6,622,777	\$ 125,498	\$ -	\$ 35,840	\$ 6,784,115
Loss Allowance (Lifetime ECL)	-	(4)	-	(35,840)	(35,844)
Amortized Cost	<u>\$ 6,622,777</u>	<u>\$ 125,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,748,271</u>

The movements of the loss allowance of account receivables were as follows:

	December 31, 2024	December 31, 2023
Balance, beginning of year	\$ 35,844	\$ 7,941
Add: Impairment loss recognized during the period	-	50,322
Less: Impairment loss reversed during the period	(26,185)	-
Less: Reclassification to collections during the period	-	(22,419)
Balance, end of year	<u>\$ 9,659</u>	<u>\$ 35,844</u>

XI. INVENTORIES

	December 31, 2024	December 31, 2023
Finished goods	\$ 674,648	\$ 296,742
Work in process	441,601	343,706
Raw materials and supplies	1,371,422	2,232,158
Inventory in transit	<u>141,701</u>	<u>136,309</u>
	<u>\$ 2,629,372</u>	<u>\$ 3,008,915</u>

The cost of goods sold related to inventory in 2024 and 2023 are NT\$22,594,639 thousand and NT\$23,365,192 thousand, respectively. Cost of goods sold included inventory write-down and obsolete inventory losses (recovery gains) of NT\$ (54,743) thousand and NT\$ 63,121 thousand, respectively.

The gains from inventory impairment and recovery of obsolete items were mainly due to the sale of inventories for which impairment losses were recorded.

XII. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2024	December 31, 2023
Right-of-use assets – land	\$ <u>-</u>	\$ <u>16,398</u>

On May 29, 2023, the board of directors of the Group approved the disposal of the real estate, plant and equipment and right-of-use assets - land of Gemtek Electronics (ChangShu) Co., Ltd., and in June 2023, it signed an asset purchase and sale contract with Changshu Zhirong New Energy Industry Development Co., Ltd., and it is expected that the disposal procedures will be completed within 12 months. As of December 31, 2023, the Group has completed the delivery procedures and delisted the relevant assets, with a disposal price of NT\$37,320 thousand and a disposal profit of NT\$20,620 thousand.

XIII. SUBSIDIARIES

(1) Subsidiaries included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership	
			December 31, 2024	December 31, 2023
Gemtek Technology Co., Ltd.	Brightech International Co., Ltd.	Investment	100%	100%
Gemtek Technology Co., Ltd.	G-Technology Investment Co., Ltd.	Investment	100%	100%

(Continued)

Investor	Investee	Main Business	% of Ownership	
			December 31, 2024	December 31, 2023
Gemtek Technology Co., Ltd.	Gemtek Vietnam Co., Ltd.	Telecommunications	100%	100%
Gemtek Technology Co., Ltd.	BROWAN Communications Incorporation ("BROWAN Company")	Telecommunications	50.47%	50.44%
Gemtek Technology Co., Ltd.	5V Technologies, Ltd. ("5V Company")	Telecommunications	98.05%	97.92%
Gemtek Technology Co., Ltd.	Genix Networks Inc. (Formerly Lionic Networks Inc.)	Telecommunications	90.91%	90.91%
Brightech International Co., Ltd.	Gemtek Electronics (Suzhou) Co., Ltd.	Telecommunications	80.46%	80.46%
G-Technology Investment Co., Ltd.	Gemtek Electronics (Kuanshan) Co., Ltd.	Telecommunications	100%	100%
G-Technology Investment Co., Ltd.	AMPAK International Holdings Ltd.	Investment	100%	100%
G-Technology Investment Co., Ltd.	Primax Communication (B.V.I.) Inc.	Investment	100%	100%
G-Technology Investment Co., Ltd.	Gemtek CZ., s.r.o.	Telecommunications	100%	100%
AMPAK International Holdings Ltd.	Gemtek Electronics (ChangShu) Co., Ltd.	Telecommunications	100%	100%
Primax Communication (B.V.I.) Inc.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	19.54%	19.54%

(Concluded)

The Company's board of directors approved the proposed investment in Lionic Networks Inc. in March 2023. The Group invested NT\$30,720 thousand in cash in Lionic Networks Inc., with a shareholding ratio of 90.91%.

Lionic Networks Inc. was renamed Genix Networks Inc. in January 2024.

In April 2023, the Group did not subscribe for the cash capital increase equity of BROWAN Company according to the shareholding ratio but increased the investment by NT\$150,202 thousand. The Group's shareholding ratio increased from 33.68% to 35.73%; Gemtek Investment Company did not subscribe to BROWAN Company according to the shareholding ratio, resulting in a decrease in its shareholding ratio from 16.81% to 14.71%; and due to the merger of the Company and Gemtek Investment Company in September 2023, the Group held 50.44% of BROWAN Company. In July 2024, BROWAN Company canceled restricted employee shares, resulting in an increase in the Group's ownership percentage from 50.44% to 50.47%.

To simplify the Group's investment structure and resource integration, the board of directors of the Company passed a resolution in May 2023 to handle a simple merger of the Company and Gemtek Investment Company. The base date of the merger is September 1, 2023. After the merger, the Company will be the surviving company. The investment company is an elimination company.

The Group completed the cash capital increase of Gemtek Vietnam Co., Ltd. on

June 4, 2024 and September 28, 2023, respectively, with a total amount of NT\$323,950 thousand (US\$10,000 thousand) and NT\$319,300 thousand (US\$10,000 thousand), and the Group subscribed 100% and held 100% of the shares.

In October 2024, the Group increased its investment in its subsidiary 5V Company by NT\$22 thousand, and its shareholding ratio increased from 97.92% to 98.05%.

(2) Subsidiaries not included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership	
			December 31, 2024	December 31, 2023
Gemtek Technology Co., Ltd.	Wi Tek Investment Co., Ltd.	Investment	100%	100%
G-Technology Investment Co., Ltd.	PT. South Ocean	Telecommunications	95%	95%
Wi Tek Investment Co., Ltd.	Browan Communications (Xi'An) Inc.	Telecommunications	100%	100%

As of December 31, 2024 and 2023, the Group held 100% of the shares of Wi Tek Investment Co., Ltd., with total assets of NT\$6 thousand and NT\$6 thousand, respectively, accounting for 0% of the consolidated assets, and operating income of NT\$0 thousand, accounting for 0% of the consolidated total operating income. Therefore, the company was not included in the consolidated financial statements.

As of December 31, 2024 and 2023, the Group held 95% of PT. South Ocean's shares, with total assets of NT\$3,008 thousand and NT\$2,818 thousand, respectively, accounting for 0.01% of the consolidated assets, and operating income of NT\$0 thousand, accounting for 0% of the consolidated total operating income. Therefore, the company was not included in the consolidated financial statements.

As of December 31, 2024 and 2023, the Group held 100% of Browan Communications (Xi'An) Inc. through Wi Tek Investment Co., Ltd., with total assets of NT\$7,566 thousand and NT\$10,616 thousand, respectively, accounting for 0.03% and 0.05% of the consolidated assets, and operating income of NT\$1,869 thousand and NT\$1,795 thousand, respectively, accounting for 0.01% of the consolidated total operating income. Therefore, the company was not included in the consolidated financial statements.

XIV. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2024	December 31, 2023
Investment in subsidiaries	\$ 3,008	\$ 2,818
Investment in associates	<u>1,360,959</u>	<u>1,216,108</u>
	<u>\$ 1,363,967</u>	<u>\$ 1,218,926</u>

(1) Investment in subsidiaries

	December 31, 2024	December 31, 2023
Unlisted company		
Wi Tek Investment Co., Ltd.	(\$ 6,299)	(\$ 1,350)
PT. South Ocean	<u>3,008</u>	<u>2,818</u>
	(3,291)	1,468
Add: Account for other liabilities	<u>6,299</u>	<u>1,350</u>
	<u>\$ 3,008</u>	<u>\$ 2,818</u>

Proportion of ownership and voting rights:

	December 31, 2024	December 31, 2023
Wi Tek Investment Co., Ltd.	100%	100%
PT. South Ocean	95%	95%

The above subsidiaries are not included in the consolidated financial statements. Please refer to Note 13. Please refer to Table 6 for the nature of their business, principal place of business and country of company registration.

(2) Investments in associates

	December 31, 2024	December 31, 2023
Material associate		
AMPAK Technology Inc. ("AMPAK Company")	\$ 1,209,827	\$ 1,185,921
Associate that is not individually material		
Wavesplitter Technologies, Inc. ("Wavesplitter Company")	120,924	-
Free PP Worldwide Co., Ltd.	23,040	22,516
ANTEK NETWORKS INC. ("ANTEK Company")	5,901	5,879
BandRich Inc. ("BandRich Company")	<u>1,267</u>	<u>1,792</u>
	<u>\$ 1,360,959</u>	<u>\$ 1,216,108</u>

In March 2024, the Group did not subscribe for the cash capital increase of ANTEK Company according to its shareholding ratio, but increased its investment by

NT\$1,800 thousand, and the shareholding ratio of the Group increased from 15.25% to 16.62%.

In July 2024, the Group acquired a 30.51% equity interest in Wavesplitter Company for NT\$112,000 thousand in cash; in October 2024, the Group did not subscribe for the cash capital increase of Wavesplitter Company according to its shareholding ratio, and the Group's shareholding ratio was reduced from 30.51% to 28.32%.

AMPAK Company issued unsecured convertible corporate bonds. Bondholders requested conversion into bond conversion certificates in September and December 2024, equivalent to a total of 622 thousand common shares, resulting in a reduction in the Group's shareholding ratio from 30.20% to 29.91%.

1. Material associate:

	% of Ownership	
	December 31, 2024	December 31, 2023
AMPAK Company	29.91%	30.20%

Level 1 fair value information of related companies with publicly quoted market prices is as follows:

	December 31, 2024	December 31, 2023
AMPAK Company	<u>\$ 3,010,090</u>	<u>\$ 2,400,071</u>

For more information regarding the nature of activities, principal place of business and country of incorporation of the associates, please refer to Table 6.

The following summary financial information is prepared based on the financial statements of the associated companies in accordance with IFRS accounting standards and reflects the adjustments made when adopting the equity method.

AMPAK Company

	December 31, 2024	December 31, 2023
Current assets	\$ 2,458,177	\$ 2,038,225
Non-current assets	961,784	995,860
Current liabilities	(785,492)	(698,103)
Non-current liabilities	(557,305)	(384,031)
Equity	2,077,164	1,951,951
Non-controlling interests	(7,031)	-
	<u>\$ 2,070,133</u>	<u>\$ 1,951,951</u>
The Company's shareholding ratio	29.91%	30.20%
The Company's rights and interests	\$ 619,353	\$ 589,489
Goodwill and other adjustments	590,474	596,432
Carrying amount	<u>\$ 1,209,827</u>	<u>\$ 1,185,921</u>
	<u>2024</u>	<u>2023</u>
Operating Revenue	<u>\$ 2,380,628</u>	<u>\$ 1,939,694</u>
Net profit for the year	\$ 238,832	\$ 277,749
Other Comprehensive income	(18,430)	7,631
Total comprehensive income	<u>\$ 220,402</u>	<u>\$ 285,380</u>
Dividends received from AMPAK Company	<u>\$ 70,002</u>	<u>\$ 130,004</u>

2. Aggregate information of associates that are not individually material

	2024	2023
The Group's share of total comprehensive income	<u>\$ 2,319</u>	<u>(\$ 7,694)</u>

XV. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment Pending Acceptance	Total
<u>Cost</u>						
Balance on January 1, 2023	\$ 368,719	\$ 3,291,019	\$ 2,609,946	\$ 1,515,431	\$ 351,810	\$ 8,136,925
Additions	-	144,350	421,004	245,217	125	810,696
Disposals	-	-	(551,213)	(339,951)	-	(891,164)
Transferred from prepayments for equipment	-	-	3,539	5,836	-	9,375
Reclassified	-	9,016	57,328	(1,270)	(272,108)	(207,034)
Reclassified as held for sale	-	(884,077)	-	(54,376)	-	(938,453)
Effect of foreign currency exchange differences	-	(8,498)	(18,845)	(10,831)	3,873	(34,301)
Balance on December 31, 2023	<u>\$ 368,719</u>	<u>\$ 2,551,810</u>	<u>\$ 2,521,759</u>	<u>\$ 1,360,056</u>	<u>\$ 83,700</u>	<u>\$ 6,886,044</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 1, 2023	\$ -	\$ 1,613,994	\$ 1,411,880	\$ 1,068,546	\$ -	\$ 4,094,420
Disposals	-	-	(393,208)	(268,274)	-	(661,482)
Depreciation expenses	-	99,678	217,741	151,106	-	468,525
Reclassified	-	-	86,142	(780)	-	85,362
Reclassified as held for sale	-	(459,123)	-	(29,342)	-	(488,465)
Effect of foreign currency exchange differences	-	(6,270)	(11,724)	(6,038)	-	(24,032)
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 1,248,279</u>	<u>\$ 1,310,831</u>	<u>\$ 915,218</u>	<u>\$ -</u>	<u>\$ 3,474,328</u>
Net value on December 31, 2023	<u>\$ 368,719</u>	<u>\$ 1,303,531</u>	<u>\$ 1,210,928</u>	<u>\$ 444,838</u>	<u>\$ 83,700</u>	<u>\$ 3,411,716</u>
<u>Cost</u>						
Balance on January 1, 2024	\$ 368,719	\$ 2,551,810	\$ 2,521,759	\$ 1,360,056	\$ 83,700	\$ 6,886,044
Additions	-	278,045	304,791	98,574	52,566	733,976
Disposals	-	(1,144)	(285,631)	(321,987)	-	(608,762)
Reclassified	-	21,268	886	6,341	(48,565)	(20,070)
Effect of foreign currency exchange differences	-	65,324	140,797	36,644	5,073	247,838
Balance on December 31, 2024	<u>\$ 368,719</u>	<u>\$ 2,915,303</u>	<u>\$ 2,682,602</u>	<u>\$ 1,179,628</u>	<u>\$ 92,774</u>	<u>\$ 7,239,026</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 1, 2024	\$ -	\$ 1,248,279	\$ 1,310,831	\$ 915,218	\$ -	\$ 3,474,328
Disposals	-	(1,144)	(200,620)	(226,454)	-	(428,218)
Depreciation expenses	-	90,849	304,590	145,043	-	540,482
Reclassified	-	-	(5)	3,146	-	3,141
Effect of foreign currency exchange differences	-	28,538	69,030	22,595	-	120,163
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 1,366,522</u>	<u>\$ 1,483,826</u>	<u>\$ 859,548</u>	<u>\$ -</u>	<u>\$ 3,709,896</u>
Net value on December 31, 2024	<u>\$ 368,719</u>	<u>\$ 1,548,781</u>	<u>\$ 1,198,776</u>	<u>\$ 320,080</u>	<u>\$ 92,774</u>	<u>\$ 3,529,130</u>

There was no indication of impairment in 2024 and 2023, so the Group did not conduct an impairment assessment.

The property, plant and equipment of the Group are depreciated on a straight-line basis over the following useful lives:

Buildings	
Main buildings	50 years
Others	3 ~ 50 years
Machinery and equipment	2 ~ 10 years
Other equipment	2 ~ 10 years

XVI. LEASE ARRANGEMENTS

(1) Right-of-use Assets

	December 31, 2024	December 31, 2023
Carrying amounts		
Land	\$ 328,950	\$ 314,238
Building	36,030	19,262
Transportation equipment	<u>1,686</u>	<u>2,461</u>
	<u>\$ 366,666</u>	<u>\$ 335,961</u>
	2024	2023
Additions to right-of-use assets	<u>\$ 34,460</u>	<u>\$ 13,085</u>
Depreciation for right-of-use assets		
Land	\$ 6,240	\$ 2,495
Buildings	15,680	15,262
Transportation equipment	<u>2,537</u>	<u>2,784</u>
	<u>\$ 24,457</u>	<u>\$ 20,541</u>

(2) Lease Liabilities

	December 31, 2024	December 31, 2023
Carrying amounts		
Current	<u>\$ 91,826</u>	<u>\$ 94,742</u>
Non-current	<u>\$ 21,373</u>	<u>\$ 5,806</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2024	December 31, 2023
Buildings	0.67%~6.63%	0.67%~4.34%
Transportation equipment	0.95%~7.80%	0.67%~4.41%

(3) Other lease information

	2024	2023
Total cash outflow for leases	(\$ 19,004)	(\$ 19,887)

XVII. GOODWILL

	December 31, 2024	December 31, 2023
Goodwill	\$ 245,224	\$ 245,224

The determination of the recoverable amount of goodwill is based on value in use. Value in use is based on cash flow estimates based on the financial budget for the next five years approved by the management of the Group.

In order to expand the scale of operations, the Group purchased BROWAN Company and 5V Company in 2021 and 2020 respectively, resulting in goodwill of NT\$192,379 thousand and NT\$72,845 thousand, respectively; in 2023, the Group evaluated the goodwill impairment test of the subsidiary 5V Company, because the sales of its products in the market are not good, and future cash inflows are expected to decrease, the Group calculates the recoverable amount based on value in use, and the discount rate adopted is 8.37%. It is assessed that the recoverable amount is less than the book amount, so in 2023, the Group recognized an impairment loss of NT\$20,000 thousand on the goodwill from 5V Company, and recorded other benefits and losses.

XVIII. OTHER ASSETS

	December 31, 2024	December 31, 2023
<u>Current</u>		
Prepaid expenses	\$ 22,543	\$ 33,574
Prepayments	62,987	12,483
Temporary payments	23,928	5,276
Offset against business tax payable	23,625	32,929
	<u>\$ 133,083</u>	<u>\$ 84,262</u>
<u>Non-current</u>		
Deferred expenses	\$ 83,379	\$ 102,871
Refundable deposits	5,510	6,236
Accounts receivable collection	196,741	219,160
Allowance for losses - collection	(196,741)	(219,160)
Net defined benefit assets (Note 22)	31,099	23,880
Prepaid equipment	25,948	138,139
Prepaid investment (Note)	50,168	-
Others	-	158
	<u>\$ 196,104</u>	<u>\$ 271,284</u>

Note: In December 2024, the Group acquired 479 thousand shares and 1,790 thousand shares of PYRAS TECHNOLOGY INC. and INTOWELL BIOMEDICAL TECHNOLOGY, INC. by cash capital increases of NT\$14,368 thousand and NT\$35,800 thousand, respectively. As of December 31, 2024, the change registration has not been completed.

XIX. BORROWINGS

Short-term borrowings

	December 31, 2024	December 31, 2023
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 1,277,253</u>	<u>\$ 951,855</u>
Interest rate range	3.20%~4.00%	5.90%~6.45%

XX. BONDS PAYABLE

	December 31, 2024	December 31, 2023
6th Domestic unsecured convertible bonds	\$ 626,279	\$ 1,226,783
Less: Due within 1 year	(626,279)	-
	<u>\$ -</u>	<u>\$ 1,226,783</u>

On June 2, 2023, the Company issued 15 thousand units of the sixth domestic three-year unsecured conversion corporate bonds with a zero coupon rate, with a total principal amount of NT\$1,500,000 thousand, issued at 103.82% of the face value, and the face value of each bond was NT\$100 thousand.

The conversion price per share as of the end of 2024 is NT\$28.2, and the conversion period is from June 2, 2023 to June 2, 2026.

Two years after the issuance of the convertible corporate bonds, bond holders may request the Company to redeem the converted corporate bonds they hold in cash at 101.0025% of the face value of the bonds on the base date of sale. From the day after three months after the issuance of the convertible corporate bonds to 40 days before the expiration of the issuance period, if the closing price of the company's common stock exceeds the then - current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may redeem all of its bonds in cash at their face value. From the day after the three months after the issuance of the convertible corporate bonds to 40 days before the expiration of the issuance, if the outstanding balance of the convertible corporate bonds is less than 10% of the original issuance amount, the Company may redeem all of its bonds in cash at their face value. Except for conversion into ordinary shares of the Company and early withdrawal by the Company in accordance with the redemption terms, the shares will be repaid in cash upon maturity.

This convertible corporate bond includes liability and equity components. The equity component is expressed as capital surplus - stock options under equity. The original recognized effective interest rate for the liability component was 2.02%.

Issuance price (minus transaction costs of NT\$5,408 thousand)	\$ 1,551,957
Equity component (minus transaction costs allocated to equity of NT\$464 thousand)	(133,101)
Financial liabilities measured at fair value through profit and loss - current (minus transaction costs of NT\$30 thousand)	(8,669)
Liability components on the issuance date (minus transaction costs allocated to liabilities of NT\$4,914 thousand)	1,410,187
	(Continued)

Interest calculated based on effective interest rate 2.02%	16,348
Conversion of corporate bonds payable into ordinary shares	(199,752)
Components of liabilities as of December 31, 2023	1,226,783
Interest calculated based on effective interest rate 2.02%	18,627
Conversion of corporate bonds payable into ordinary shares	(619,131)
Components of liabilities as of December 31, 2024	<u>\$ 626,279</u>
	(Concluded)

XXI. OTHER LIABILITIES

	December 31, 2024	December 31, 2023
<u>Other payables - current</u>		
Other accrued expenses	\$ 349,011	\$ 224,568
Payables for salaries or bonuses	609,193	546,117
Other payables to related parties (Note 31)	<u>3,152</u>	<u>7,554</u>
	<u>\$ 961,356</u>	<u>\$ 778,239</u>
<u>Other liabilities - current</u>		
Temporary credits	\$ 69,195	\$ 41,984
Others	<u>14,761</u>	<u>13,556</u>
	<u>\$ 83,956</u>	<u>\$ 55,540</u>
<u>Other payables - non-current</u>		
Deposits received	\$ 2,924	\$ 1,338
Credit balance of long-term investment	6,299	1,350
Provision for restoration obligations	24,019	9,058
Others	<u>271</u>	<u>-</u>
	<u>\$ 33,513</u>	<u>\$ 11,746</u>

XXII. RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

The Company and its subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plans

The defined benefit plan adopted by the Company and its subsidiaries in accordance with the Labor Standards is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau") and the Group has no right to influence the investment policy and strategy.

Among the Group's subsidiaries, Gemtek Electronics (Kuanshan) Co., Ltd. and Gemtek Electronics (Changshu) Co., Ltd. follow the above plans to contribute an amount equal to the proportion allocated from their employees' salaries, and deposit the total amount into a special pension account. The pension fund is managed by the local statutory insurance agency. When an employee retires, he/she will be eligible to receive the employee's personal pension savings and the Group's relative contributions, plus its accrued interest from the past years.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ 56,544	\$ 64,818
Fair value of plan assets	(<u>87,643</u>)	(<u>88,698</u>)
Net defined benefit assets	(<u>\$ 31,099</u>)	(<u>\$ 23,880</u>)

Movements in net defined benefit assets were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance on January 01, 2023	\$ 64,813	(\$ 84,438)	(\$ 19,625)
Service cost			
Current service cost	539	-	539
Interest expense (Income)	908	(1,200)	(292)
Recognized in profit or loss	1,447	(1,200)	247
Remeasurement			
Return on plan assets	-	(601)	(601)
Actuarial losses			
Change in financial assumptions	441	-	441
Experience adjustments	(1,883)	-	(1,883)
Recognized in other comprehensive income	(1,442)	(601)	(2,043)
Contributions from the employer	-	(2,459)	(2,459)
Balance on December 31, 2023	64,818	(88,698)	(23,880)
Service cost			
Current service cost	537	-	537
Interest expense (Income)	843	(1,169)	(326)
Recognized in profit or loss	1,380	(1,169)	211
Remeasurement			
Return on plan assets	-	(7,635)	(7,635)
Actuarial losses			
Change in financial assumptions	(1,265)	-	(1,265)
Experience adjustments	3,748	-	3,748
Recognized in other comprehensive income	2,483	(7,635)	(5,152)
Contributions from the employer	-	(2,278)	(2,278)
Benefit payments	(12,137)	12,137	-
Balance on December 31, 2024	\$ 56,544	(\$ 87,643)	(\$ 31,099)

The amounts of defined benefit plans recognized in profit or loss by function were as follows:

	2024	2023
Operating costs	\$ 49	\$ 65
Selling expenses	13	16
General and administrative expenses	40	51
Research and development expenses	<u>109</u>	<u>115</u>
	<u>\$ 211</u>	<u>\$ 247</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.60%	1.30%
Expected rates of future salary increase	3.25%	3.25%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2024	December 31, 2023
Discount rate		
Increase 0.25%	(\$ 1,076)	(\$ 1,125)
Decrease 0.25%	<u>\$ 1,110</u>	<u>\$ 1,159</u>

Expected rates of future salary increase

Increase 0.25%	<u>\$ 1,060</u>	<u>\$ 1,105</u>
Decrease 0.25%	<u>(\$ 1,033)</u>	<u>(\$ 1,078)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2024	December 31, 2023
The expected contributions to the plan for the next year	<u>\$ 2,278</u>	<u>\$ 2,459</u>
The average duration of the defined benefit obligation	9 Years	10 Years

XXIII. EQUITY

(1) Share Capital

Common stock

	December 31, 2024	December 31, 2023
Authorized shares (in thousands of shares)	<u>500,000</u>	<u>500,000</u>
Authorized shares	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid shares (in thousands of shares)	<u>427,700</u>	<u>400,121</u>
Issued capital	<u>\$ 4,277,007</u>	<u>\$ 4,001,211</u>
Advance receipts for share capital	<u>1,879</u>	<u>54,846</u>
	<u>\$ 4,278,886</u>	<u>\$ 4,056,057</u>

A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to dividends.

At the Annual Shareholders' Meeting on May 29, 2023, the Company approved the issuance of restricted shares for employees with a total amount of NT\$43,000 thousand, comprising 4,300 thousand shares at an issue price of NT\$10 per share. It has been approved by the Financial Supervisory Commission of the Republic of China in Letter No. 1120347892 issued by the Financial Supervisory Commission on July 11, 2023, and has been approved by the Board of Directors to set August 15, 2023 as the base date for capital increase.

During 2023 and 2024, as certain restricted employee shares did not meet the vesting conditions, the Company's Board of Directors resolved to reclaim 116 thousand, 56 thousand, 346 thousand, 135 thousand, and 42 thousand restricted employee shares, respectively, and to reduce capital on December 16, 2022, March 13, 2023, August 3, 2023, August 9, 2024 and November 7, 2024, respectively. The base dates for capital reduction were January 2, 2023, March 13, 2023, August 10, 2023, August 15, 2024 and November 7, 2024, respectively.

The number of common shares converted from the exercise of conversion rights for the Company's sixth domestic unsecured convertible corporate bonds are 1,693 thousand shares, 5,485 thousand shares, 6,406 thousand shares, 3,717 thousand shares and 12,148 thousand shares, respectively, and the base dates for capital increase are November 10, 2023, March 13, 2024, May 10, 2024, August 15, 2024 and November 7, 2024, respectively.

(2) Capital Surplus

	December 31, 2024	December 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Share Premium	\$ 970,862	\$ 970,862
Corporate bond conversion premium	4,262,558	3,868,023
Expired stock options	150,691	150,691
<u>May only be used to offset a deficit (2)</u>		
Changes in ownership interests in subsidiaries	39,522	39,240
Changes in net equity value of subsidiaries and associated companies recognized using the equity method	194,193	157,776

(Continued)

	December 31, 2024	December 31, 2023
<u>May not be used for any purpose</u>		
Restricted employee shares	138,830	142,568
Others	<u>473</u>	<u>473</u>
	<u>\$ 5,757,129</u>	<u>\$ 5,329,633</u> (Concluded)

1. The capital surplus arising from shares issued in excess of par value (including share premium from issuance of ordinary shares), and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
2. The capital surplus arises from changes in the equity of subsidiaries and associates accounted for under the equity method, without the Company actually acquiring or disposing of their shares. It also includes adjustments to capital surplus recognized by the Company under the equity method for such subsidiaries and associates.

(3) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, refer to Note 25 (7) employees' compensation and remuneration of directors.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company has set aside and reversed special surplus reserves in accordance with the provisions of the Financial Regulatory Letter No. 1010012865, the

Financial Regulatory Letter No. 1010047490 and the "Questions and Answers on the Applicability of Special Surplus Reserves after Adoption of International Financial Reporting Standards (IFRS Accounting Standards)". On January 1, 2013, the Company set aside a special surplus reserve of NT\$195,638 thousand.

The Company held its Annual Shareholders' Meeting on May 29, 2024 and May 29, 2023, respectively, and approved the following appropriations of earnings for 2023 and 2022:

	2023	2022
Legal reserve	\$ 51,464	\$ 59,418
Cash dividends	\$ 615,576	\$ 591,712
Cash dividends per share (NT\$)	\$ 1.5	\$ 1.5

On March 10, 2025, the board of directors of the Company proposed the following appropriation of earnings for the year 2024:

	Appropriation of Earnings	Dividends per Share (NT\$)
Legal reserve	\$ 67,278	
Cash dividends	\$ 641,833	\$ 1.5

The appropriation of earnings for 2024 is still subject to the resolution of the Annual Shareholders' Meeting scheduled for May 28, 2025.

(4) Special Reserve

	2024	2023
Beginning balance and ending balance	\$ 195,638	\$ 195,638

The special surplus reserve due to the exchange differences on the translation of the financial statements of foreign operating entities (including subsidiaries) when adopting IFRS accounting standards for the first time is reversed in proportion to the disposal of the consolidated company and is fully reversed when the consolidated company loses its significant influence. When distributing earnings, a special surplus reserve should be provided for the difference between the net reduction in other shareholders' equity at the end of the reporting period and the special surplus reserve provided for the first time using IFRS accounting standards. If there is a subsequent reversal of the balance of other shareholders' equity reduction items, the reversed portion may be

distributed as earnings.

(5) Other Equity Items

1. Exchange differences on translation of financial statements of foreign operations

	<u>2024</u>	<u>2023</u>
Beginning balance	(\$ 428,972)	(\$ 347,887)
Recognized for the year		
Exchange differences on translation of financial statements of foreign operations	255,980	(80,924)
Share from subsidiaries and associates accounted for using the equity method	(<u>121</u>)	(<u>161</u>)
Ending balance	(\$ <u>173,113</u>)	(\$ <u>428,972</u>)

2. Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 1,196,667	\$ 1,632,512
Recognized for the year		
Unrealized gains and losses		
Equity instruments	(248,832)	(157,146)
Share from subsidiaries and associates accounted for using the equity method	(865,112)	(375,289)
Reclassified		
Changes in related enterprises using the equity method	9,662	-
Accumulated gains and losses from disposal of equity instruments are transferred to retained earnings	(<u>29,825</u>)	<u>96,590</u>
Ending balance	\$ <u>62,560</u>	\$ <u>1,196,667</u>

3. Unearned employee compensation

The Company's shareholders' meeting resolved to issue restricted shares for employees on May 29, 2023 and June 9, 2020. Please refer to Note 28 for relevant explanations.

	2024	2023
Beginning balance	(\$ 104,495)	(\$ 8,695)
Issued for the year	-	(133,967)
Cancelled for the year	5,505	13,732
Recognized share-based payment expenses	<u>59,166</u>	<u>24,435</u>
Ending balance	<u>(\$ 39,824)</u>	<u>(\$ 104,495)</u>

(6) Non- controlling interests

	2024	2023
Beginning balance	\$ 356,195	\$ 305,820
Exchange differences on translation of financial statements of foreign operations	199	8
Net loss for the period	(13,015)	(63,605)
Cash dividends from subsidiaries	(6)	(40,061)
Obtained increased non-controlling interest in BROWAN Company	-	151,030
Obtained increased non-controlling interest in Genix Networks Inc. (formerly Lionic Networks Inc.)	-	3,072
Acquired an additional equity interest in 5V Company from non-controlling shareholders	(32)	-
Non-controlling interests related to restricted shares issued by a subsidiary to employees	<u>(74)</u>	<u>(69)</u>
Ending balance	<u>\$ 343,267</u>	<u>\$ 356,195</u>

XXIV. REVENUE

	2024	2023
Revenue from contracts		
Revenue from product sales	<u>\$ 25,633,886</u>	<u>\$ 26,136,349</u>

(1) Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (Note 10)	\$ 6,142,100	\$ 6,784,115	\$ 9,313,057
Accounts receivable from related party (Note 31)	<u>36,890</u>	<u>80,086</u>	<u>63,000</u>
	<u>\$ 6,178,990</u>	<u>\$ 6,864,201</u>	<u>\$ 9,376,057</u>
Contract liabilities – current			
Product sales	<u>\$ 341,599</u>	<u>\$ 388,615</u>	<u>\$ 325,857</u>

(2) Breakdown of customer contract revenue

Please refer to Note 36 for revenue breakdown information.

XXV. NET PROFIT

Net profit (loss) from continuing operations includes the following items:

(1) Interest income

	2024	2023
Bank deposit	<u>\$ 129,056</u>	<u>\$ 55,902</u>

(2) Other income

	2024	2023
Rental incomes	\$ 2,688	\$ 6,086
Dividends	1,084	1,728
Other income	<u>37,738</u>	<u>56,991</u>
	<u>\$ 41,510</u>	<u>\$ 64,805</u>

(3) Other gains and losses

	2024	2023
Gain (loss) on financial assets and liabilities measured at FVTPL	(\$ 183)	\$ 8,417
Foreign currency exchange loss	301,192	175,412

(Continued)

	2024	2023
Loss on disposal of property, plant and equipment	(43,748)	(39,416)
Gain on disposal of non-current assets held for sale (Note 12)	20,620	255,219
Goodwill impairment loss (Note 17)	-	(20,000)
Others	(85,118)	(120,401)
	<u>\$ 192,763</u>	<u>\$ 259,231</u> (Concluded)

(4) Finance costs

	2024	2023
Interest on convertible bond	\$ 18,627	\$ 16,348
Interest on bank loans	88,600	97,512
Interest on lease liabilities	<u>599</u>	<u>576</u>
	<u>\$ 107,826</u>	<u>\$ 114,436</u>

(5) Depreciation and amortization

	2024	2023
Depreciation expense summarized by function		
Operating costs	\$ 422,137	\$ 336,671
Operating expenses	<u>142,802</u>	<u>152,395</u>
	<u>\$ 564,939</u>	<u>\$ 489,066</u>
Amortization expense summarized by function		
Operating costs	\$ 33,261	\$ 73,536
Operating expenses	<u>116,607</u>	<u>104,025</u>
	<u>\$ 149,868</u>	<u>\$ 177,561</u>

(6) Employee benefits expenses

	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 69,290	\$ 74,721
Defined benefit plans (Note 22)	<u>211</u>	<u>247</u>
	69,501	74,968
Share-based payments		
Equity-settled	59,264	24,511
Other employee benefit	<u>2,878,329</u>	<u>2,760,355</u>
Total employee benefits expenses	<u>\$ 3,007,094</u>	<u>\$ 2,859,834</u>
Summarized by function		
Operating costs	\$ 1,415,459	\$ 1,441,974
Operating expenses	<u>1,591,635</u>	<u>1,417,860</u>
	<u>\$ 3,007,094</u>	<u>\$ 2,859,834</u>

(7) Employee compensation and remuneration of directors

In accordance with the Articles of Association, the Company allocates employees' compensation and remuneration of directors at rates of not less than 13.5% and not higher than 1.8%, respectively, based on pre-tax profit before employee and director remuneration in the current year. The estimated employees' compensation and remuneration of director for 2024 and 2023 were resolved by the Board of Directors on March 10, 2025 and March 13, 2024, respectively, as follows:

	2024	2023
<u>Accrual Rate</u>		
Employees' compensation	13.5%	13.5%
Remuneration of directors	1.8%	1.8%
	<u>2024</u>	<u>2023</u>
	<u>Cash</u>	<u>Cash</u>
<u>Amount</u>		
Employees' compensation	\$ 122,803	\$ 110,935
Remuneration of directors	16,374	14,791

If there is still a change in the amount after the annual consolidated financial report is released, it will be treated as a change in accounting estimates and will be adjusted and accounted for in the next year.

There is no difference between the actual amount of employees' compensation and remuneration of directors in 2023 and 2022 and the amount recognized in the consolidated financial reports of 2023 and 2022.

For information on employee and director remuneration resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXVI. INCOME TAXES

(1) Major components of tax expense recognized in profit or loss:

	<u>2024</u>	<u>2023</u>
Current income tax		
In respect of the current year	\$ 202,193	\$ 228,592
Adjustments for prior years	(35,308)	<u>2,074</u>
	166,885	230,666
Deferred tax		
In respect of the current year	<u>99,738</u>	<u>12,457</u>
Income tax expense recognized in profit or loss	<u>\$ 266,623</u>	<u>\$ 243,123</u>

Reconciliation of accounting profit and income tax expense were as follows:

	<u>2024</u>	<u>2023</u>
Profit before income tax from continuing operations	<u>\$ 900,881</u>	<u>\$ 788,668</u>
Income tax expense calculated at the statutory rate	\$ 408,670	\$ 291,255
Nondeductible expenses in determining taxable income	11,097	13,125
Tax-exempt income	(78,914)	(41,259)
Unrecognized temporary differences	(36,336)	(22,072)
Adjustments for prior years' tax	(35,308)	2,074
Tax loss carryforward	<u>(2,586)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 266,623</u>	<u>\$ 243,123</u>

Gemtek Vietnam Co., Ltd. is registered in Vietnam, where the Pillar II Income Tax Act is in effect. Under the Act, Gemtek Vietnam Co., Ltd. is required to pay supplementary tax in Vietnam on profits of its groups where the individual tax rates are lower than the effective tax rate of 15%. The above income tax expenses have taken into account the possible impact of the Pillar II Income Tax Act.

(2) Income tax recognized in other comprehensive income

	<u>2024</u>	<u>2023</u>
Deferred tax		
In respect of the current year		
Foreign operations translation	\$ <u>63,965</u>	\$ <u>-</u>

(3) Current tax asset and liability

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current tax asset		
Tax refund receivable	\$ <u>25,781</u>	\$ <u>6,886</u>
Current tax liability		
Income tax payable	\$ <u>113,788</u>	\$ <u>192,257</u>

(4) Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

	<u>Beginning balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensi- ve income or loss</u>	<u>Effect of foreign currency exchange differences</u>	<u>Ending balance</u>
<u>Deferred tax assets</u>					
Temporary differences					
Write-down of inventories	\$ 20,335	\$ 1,313	\$ -	\$ -	\$ 21,648
Excess allowance for doubtful accounts over the tax-deductible limit	38,507	(6,954)	-	-	31,553
Loss carryforward	13,095	2,812	-	-	15,907
Unrealized exchange losses	12,109	(12,109)	-	-	-
Others	2,354	(245)	-	102	2,211
	<u>\$ 86,400</u>	<u>(\$ 15,183)</u>	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 71,319</u>

(Continued)

	Beginning balance	Recognized in Profit or Loss	Recognized in Other Comprehensi- ve income or loss	Effect of foreign currency exchange differences	Ending balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Gain on foreign investment accounted for under the equity method	\$ 245,316	\$ 62,014	\$ -	\$ -	\$ 307,330
Unrealized exchange gains	6,234	21,188	-	-	27,422
Foreign operations translation	-	-	63,965	-	63,965
Others	10,118	1,353	-	354	11,825
	<u>\$ 261,668</u>	<u>\$ 84,555</u>	<u>\$ 63,965</u>	<u>\$ 354</u>	<u>\$ 410,542</u>
					(Concluded)

2023

	Beginning balance	Recognized in Profit or Loss	Effect of foreign currency exchange differences	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Write-down of inventories	\$ 12,544	\$ 7,791	\$ -	\$ 20,335
Excess allowance for doubtful accounts over the tax-deductible limit	7,485	31,022	-	38,507
Loss carryforward	-	13,095	-	13,095
Unrealized exchange losses	39,531	(27,422)	-	12,109
Others	2,156	224	(26)	2,354
	<u>\$ 61,716</u>	<u>\$ 24,710</u>	<u>(\$ 26)</u>	<u>\$ 86,400</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Gain on foreign investment accounted for under the equity method	\$ 205,314	\$ 40,002	\$ -	\$ 245,316
Unrealized exchange gains	6,883	(649)	-	6,234
Others	12,399	(2,186)	(95)	10,118
	<u>\$ 224,596</u>	<u>\$ 37,167</u>	<u>(\$ 95)</u>	<u>\$ 261,668</u>

- (5) Summary of temporary differences related to investments for which deferred income tax liabilities have not been recognized

Taxable temporary differences related to investments in subsidiaries that have not been recognized as deferred income tax liabilities as of December 31, 2024 and 2023 are NT\$702,011 thousand and NT\$700,916 thousand, respectively.

(6) Income tax examination

The tax returns of the Company, 5V Company and BROWAN Company before 2022 have been approved by the tax collection authorities.

Subsidiaries Brightech International Co., Ltd., G-Technology Investment Co., Ltd., AMPAK International Holdings Ltd., Primax Communication (B.V.I.) Inc. have no income tax; Gemtek CZ., s.r.o., Gemtek Vietnam Co., Ltd., Gemtek Electronics (Kuanshan) Co., Ltd., Gemtek Electronics (ChangShu) Co., Ltd., and Gemtek Electronics Suzhou Co. Ltd. as of the end of 2023, all income tax returns have been filed within the deadlines set by the local government regulations.

XXVII. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in computing earnings per share are as follows:

Current net income

	2024	2023
Net income in computation of basic earnings per share	\$ 647,273	\$ 609,150
Effect of potentially dilutive ordinary shares		
Interest after tax for convertible bonds	<u>14,901</u>	<u>13,079</u>
Net income in computation of diluted earnings per share	<u>\$ 662,174</u>	<u>\$ 622,229</u>

Ordinary shares

	Unit: Thousand Shares	
	2024	2023
Weighted average number of ordinary shares in computation of basic earnings per share	413,612	394,148
Effect of potentially dilutive ordinary shares		
Convertible bonds	33,469	51,069
Restricted stock awards	2,968	4,300
Employees' compensation	<u>4,269</u>	<u>4,035</u>
Weighted average number of ordinary shares in computation of diluted earnings per share	<u>454,318</u>	<u>453,552</u>

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonuses would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXVIII. SHARE-BASED PAYMENT ARRANGEMENT

Restricted Stock Awards

On June 9, 2020, the Company's Annual Shareholders' Meeting approved the issuance of restricted stock awards totaling NT\$40,000 thousand, representing 4,000 thousand shares to be issued at a price of NT\$10 per share. The issuance was approved by the Financial Supervisory Commission of the Republic of China under Letter No. 1090349323 dated July 14, 2020. Accordingly, the board of directors resolved to set August 7, 2020 as the record date for the capital increase.

On May 29, 2023, the Company's Annual Shareholders' Meeting approved the issuance of restricted stock awards totaling NT\$43,000 thousand, representing 4,300 thousand shares to be issued at a price of NT\$10 per share. The issuance was approved by the Financial Supervisory Commission of the Republic of China under Letter No. 1120347892 dated July 11, 2023. Accordingly, the board of directors resolved to set August 15, 2023 as the record date for the capital increase.

If an employee still serves the Company after the subscription of restricted stock awards, provided that the employee has not violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have reached the reasonable targets set out by the Company for the preceding year, the following ratio of shares for each vesting anniversary are:

1. First anniversary: 30% of subscription ;
2. Second anniversary: 30% of subscription ;
3. Third anniversary: 40% of subscription

Vesting restrictions if conditions have not been fulfilled:

(1) Measures to be taken when employees fail to meet the vesting conditions:

1. Before vesting conditions are met, restricted stock awards received by the employee are not to be sold, mortgaged, transferred, gifted, pledged, or otherwise sanctioned except in the event of inheritance.
2. The attendance, proposal, speech, and voting rights of the shareholders

meeting shall be implemented in accordance with the trust custody agreement. Any cash dividends, stock dividends, and capital reserve cash (stocks) allocated to the restricted stock awards shall be placed under the custody of the trust. For those restricted stocks whom their owners have not yet fulfilled the vesting conditions, the cash dividends, stock dividends, and capital reserves (stocks) generated shall be forfeited and being reclaimed or cancelled by the Company in accordance with relevant laws and regulations.

- (2) Based upon the above trust custody agreement, employees who have received restricted stock awards are eligible to retain certain rights, including but not limited to: the right to receive dividends, bonuses, and capital reserves, the right to subscribe shares for cash increase, and voting rights, which are equivalent to the rights of common shares issued by the Company.
- (3) Restricted stock awards that are issued in accordance with this arrangement shall be handled via trust and custody before vesting conditions are fulfilled.

XXIX. CAPITAL RISK MANAGEMENT

Based on the characteristics of the current operating industry, future company development, and weighing changes in the external environment and other factors, the Group plans the funds, research and development expenses, dividend payments and other needs of the Group in the future to ensure that each company in the group can continue to operate. Under this circumstance, by optimizing the balance of debt and equity, maintaining the best capital structure can increase shareholder value in the long run.

The main management of the Group re-examines the Group's capital structure from time to time. The review includes consideration of the costs of various types of capital and related risks. Based on recommendations from key management, the Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debt or repaying old debt.

XXX. FINANCIAL INSTRUMENTS

- (1) Fair value information - financial instruments measured at fair value on a recurring basis

1. fair value hierarchy

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Bond payable				
Conversion option	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 516</u>	\$ <u> 516</u>
<u>Financial assets at FVTOCI</u>				
Equity instrument investment				
Domestic and overseas				
listed shares	\$ 1,567,677	\$ -	\$ -	\$ 1,567,677
Domestic and overseas				
unlisted shares	<u> -</u>	<u> -</u>	<u> 170,800</u>	<u> 170,800</u>
Total	<u>\$ 1,567,677</u>	<u>\$ -</u>	<u>\$ 170,800</u>	<u>\$ 1,738,477</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Financial products	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 309,590</u>	\$ <u> 309,590</u>
<u>Financial liabilities at FVTPL</u>				
Bond payable				
Conversion option	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 1,806</u>	\$ <u> 1,806</u>
<u>Financial assets at FVTOCI</u>				
Equity instrument investment				
Domestic and overseas				
listed shares	\$ 2,648,515	\$ -	\$ -	\$ 2,648,515
Domestic and overseas				
unlisted shares	<u> -</u>	<u> -</u>	<u> 149,522</u>	<u> 149,522</u>
Total	<u>\$ 2,648,515</u>	<u>\$ -</u>	<u>\$ 149,522</u>	<u>\$ 2,798,037</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2024 and 2023.

2. Valuation techniques and inputs for Level 3 fair value measurements

The fair value of stocks of unlisted companies without an active market is assessed using the market approach. The fair value of financial products is assessed using the income approach.

The market approach estimates the fair value of an investment target by

referring to the transaction prices and related information of comparable targets in the market; the income approach calculates the present value of the expected income from holding the investment target by discounting cash flows.

There is no market price available for reference for hybrid financial assets - convertible corporate bonds. The fair value assessed by the Company is assessed using the binary tree convertible bond valuation model, which is based on the volatility of the conversion price, the risk-free interest rate, the risk discount rate and the number of split periods.

(2) Categories of Financial Instruments

	December 31, 2024	December 31, 2023
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatory measurement at FVTPL	\$ 516	\$ 309,590
Financial assets at FVTOCI		
Equity instrument investment	1,738,477	2,798,037
Financial assets at amortized cost (Note 1)	11,296,747	10,134,399
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	-	1,806
Financial liabilities at amortized cost (Note 2)	7,452,899	7,763,695

Note 1: Including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, accounts receivable from related parties, other receivables and refundable deposits.

Note 2: Including short-term borrowings, accounts payable, other payables, deposits received and bonds payable.

(3) Financial Risk Management Objective and Policies

The main financial instruments of the Group include equity instrument investments, accounts receivable, accounts payable, corporate bonds payable, loans and lease liabilities. The financial management department of the Group provides services to each business unit and coordinates the entry into domestic and international financial markets. Operations, oversees and manages the financial risks associated with the Group's operations through internal risk reporting that analyzes critical risks according to the degree and breadth of risk.

These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group uses derivative financial instruments to avoid risks and mitigate the impact of these risks. The use of derivative financial instruments is governed by policies adopted by the board of directors of the Group, which are written principles for exchange rate risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining liquidity. Internal auditors continuously review compliance with policies and risk exposure limits. The Group does not engage in transactions in financial instruments (including derivative financial instruments) for speculative purposes.

If the Finance Department should engage in derivative transactions, the results are reported to the Board of Directors on a regular basis.

1. Market Risk

The Group's operating activities exposed it primarily to the financial risks arising from changes in foreign currency exchange rates (see (A) below), interest rates (see (B) below) and other price (see (C) below).

There had been no change to the Group's exposure to market risks or the way these risks were managed and measured.

A. Exchange rate risk

The Group engages in sales and purchases denominated in foreign currencies, thereby exposing the Group to foreign exchange rate risk.

The management of foreign exchange risk within the Group is conducted within the scope permitted by the policy, utilizing forward foreign exchange contracts to hedge the risk.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. If the loss of the financial asset measured at fair value through profit and loss reaches the 3% cap as laid out in the

contract, the situation must be reported to the management, and a reassessment of the exchange rate fluctuation should be made. The sensitivity analysis included only outstanding foreign currency denominated monetary items plus forward exchange contracts designated as a cash flow hedge, and their translations are adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars weakens 1% against the relevant currency; a negative number below indicates a decrease in pre-tax profit associated with New Taiwan dollars strengthen 1% against the relevant currency.

	Impact of USD	
	2024	2023
Profit or Loss	\$ 46,314	\$ 107,264

The impact of foreign currencies on profit and loss listed in the above table mainly derived from the USD-denominated non-derivative financial assets and liabilities of the Group that are still in circulation on the balance sheet date and have not undergone cash flow hedging.

The Group's sensitivity to exchange rates decreased in the current year compared to the previous year, primarily due to a reduction in USD-denominated accounts receivable.

B. Interest rate risk

The Group is exposed to interest rate risk arising from borrowing at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2024	December 31, 2023
Fair value interest rate risk		
Financial assets	\$ 1,495,256	\$ 1,357,156
Financial liabilities	1,903,532	2,178,638
Cash flow interest rate risk		
Financial assets	3,538,062	1,886,955

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Sensitivity analysis

The following sensitivity analysis is determined based on the interest rate exposure of non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the balance sheet date remains outstanding during the reporting period. The rate of change used when reporting interest rates within the Group to key management is -100 basis points for an increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If the interest rate increases/decreases by 100 basis points, with all other variables remaining unchanged, the pre-tax net profit of the Group in 2024 and 2023 will increase/decrease by NT\$35,381 thousand and NT\$18,870 thousand, mainly due to the Group's net position of variable-rate bank deposits and variable-rate borrowings and the exposure to fair value interest rate risk attributable to the Company's redeemable corporate bonds.

There was no significant change in the Group's sensitivity to interest rates during the current year compared to the previous year.

C. Other price risks

The Group holds equity securities in domestic and foreign markets, including listed stocks, stocks traded on the over-the-counter (OTC) market, unlisted equity securities, and convertible corporate bonds, and is therefore exposed to equity price risk. The Group assigns relevant personnel to monitor price risk and assess when it is necessary to increase the hedge position of the hedged risk.

Sensitivity analysis

The following sensitivity analysis is conducted based on the equity price risk as of the balance sheet date.

If the equity price increases/decreases by 1%, the pre-tax profit in 2024 and 2023 will increase/decrease by NT\$5 thousand and NT\$3,096 thousand due to the increase/decrease in the fair value of financial assets at fair value through profit or loss. Other comprehensive income before tax for 2024 and 2023 will increase/decrease by NT\$17,385 thousand and NT\$27,980 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

There was no significant change in the sensitivity of the Group's equity

securities investments compared to the previous year.

2. Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations and causes financial losses to the Group. As of the balance sheet date, the Group's greatest credit risk exposure to financial losses resulting from the counterparty's failure to perform its obligations and the Group's provision of financial guarantees is primarily attributable to the carrying amount of financial assets recognized in the consolidated balance sheet.

The policy adopted by the Group is to trade only with parties of good reputation and, where necessary, to obtain adequate security to mitigate the risk of financial loss arising from default.

3. Liquidity risk

The Group manages and maintains a sufficient position of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The management of the Group monitors the use of bank financing lines and ensures compliance with the terms of the loan contracts.

Bank loans are an important source of liquidity for the Group. For the unused financing facilities of the Group as of December 31, 2024 and 2023, please refer to (B) financing facilities below.

A. Liquidity and interest rate risk statement for non-derivative financial liabilities

The analysis of remaining contractual maturity of non-derivative financial liabilities is prepared based on the undiscounted cash flows of financial liabilities (comprising principal and estimated interest) based on the earliest date on which the Group could be required to pay. Therefore, the bank loans that the Group may be required to repay immediately are compiled in the earliest period in the table below, without considering the probability of the bank exercising such right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

The undiscounted interest amount of interest cash flows paid at a floating rate is derived based on the daily yield curve on the balance sheet.

December 31, 2024

	On Demand or Less than 1 Month	1 ~ 3 Month	3 Month ~ 1 Year	1 ~ 5 Year
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing debt	\$ 2,535,143	\$ 2,269,781	\$ 741,519	\$ -
Lease liability	1,661	3,161	97,149	22,969
Fixed rate instruments	<u>638,954</u>	<u>642,970</u>	<u>645,200</u>	<u>-</u>
	<u>\$ 3,175,758</u>	<u>\$ 2,915,912</u>	<u>\$ 1,483,868</u>	<u>\$ 22,969</u>

December 31, 2023

	On Demand or Less than 1 Month	1 ~ 3 Month	3 Month ~ 1 Year	1 ~ 5 Year
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing debt	\$ 4,843,022	\$ 513,534	\$ 227,163	\$ -
Lease liability	1,307	2,615	87,691	4,057
Fixed rate instruments	<u>954,959</u>	<u>-</u>	<u>-</u>	<u>1,289,700</u>
	<u>\$ 5,799,288</u>	<u>\$ 516,149</u>	<u>\$ 314,854</u>	<u>\$ 1,293,757</u>

B. Financing facilities

	December 31, 2024	December 31, 2023
Unsecured bank loan facilities		
Amount used	\$ 1,277,253	\$ 951,855
Amount unused	<u>13,031,925</u>	<u>9,240,990</u>
	<u>\$ 14,309,178</u>	<u>\$ 10,192,845</u>

XXXI. RELATED PARTY TRANSACTION

Transactions, account balances, income and losses between the Company and its subsidiaries (which are related parties of the Company) are all eliminated on consolidation and are therefore not disclosed in this note. Except as disclosed in other notes, the transactions between the Group and other related parties are as follows.

(1) Name of related parties and their relationship

Related Party Name	Relationship
AMPAK Company	Associate
SparkLAN Communications Inc. ("SparkLAN Company")	Associate
ANTEK Company	Associate
BandRich Company	Associate
Wavesplitter Company	Associate

(2) Operating revenue

Related Party Category/ Name	2024	2023
Associate		
Others	\$ 80,035	\$ 134,230

The Group sells goods to the above-mentioned related parties, and its transaction price is not significantly different from that of ordinary customers.

(3) Purchases of goods

Related Party Category/ Name	2024	2023
Associate		
Others	\$ 17,159	\$ -

When the Group purchases goods from related parties, the transaction price has no significant counterpart for comparison, and the payment period is not significantly different from that of ordinary suppliers.

(4) Accounts receivable from related parties

Account	Related Party Category/ Name	December 31, 2024	December 31, 2023
Accounts receivable from related parties	Associates		
	AMPAK Company	\$ 32,593	\$ 77,526
	SparkLAN Company	4,297	2,560
		<u>\$ 36,890</u>	<u>\$ 80,086</u>

There is no collection guarantee for outstanding amounts receivable from related parties. No provision for loss was made for amounts receivable from related

parties in 2024 and 2023.

(5) Other receivables from related parties

Related Party Category/ Name	December 31, 2024	December 31, 2023
Associate		
AMPAK Company	\$ 413	\$ 382
Wavesplitter Company	688	-
Others	<u>204</u>	<u>160</u>
	<u>\$ 1,305</u>	<u>\$ 542</u>

The Group's other receivables from related companies are rental receivables and advance payments.

(6) Other payables to related parties

Related Party Category/ Name	December 31, 2024	December 31, 2023
Associate		
Others	<u>\$ 3,152</u>	<u>\$ 7,554</u>

Other payables of the Group to its associated companies are advance payments.

(7) Prepayments

Related Party Category/ Name	December 31, 2024	December 31, 2023
Associate		
Wavesplitter Company	<u>\$ 40,805</u>	<u>\$ -</u>

(8) Other transactions with related parties

Related Party Category/ Name	2024	2023
<u>Rental incomes</u>		
Associate		
AMPAK Company	\$ 95	\$ 3,452
Wavesplitter Company	1,046	-
Others	<u>56</u>	<u>287</u>
	<u>\$ 1,197</u>	<u>\$ 3,739</u>
<u>Other incomes</u>		
Associate	<u>\$ 2,255</u>	<u>\$ 603</u>

Rental income of the Group collected from associates were based on the market price.

(9) Acquisition of property, plant and equipment

Related Party Category/ Name	Acquisition Price	
	2024	2023
Associate		
Others	<u>\$ 306</u>	<u>\$ -</u>

(10) Rewards for key management

	2024	2023
Short-term employee benefits	\$ 56,217	\$ 54,464
Post-employment benefits	<u>813</u>	<u>655</u>
	<u>\$ 57,030</u>	<u>\$ 55,119</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market.

XXXII. PLEDGED ASSETS

Certain assets of the Group have been pledged as customs tariff guarantees for imported raw materials or as deposits for factory construction:

	December 31, 2024	December 31, 2023
Pledged bank deposits (accounted as financial assets at amortized cost)	\$ <u>52,813</u>	\$ <u>28,252</u>

XXXIII. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those mentioned in other notes, the major commitments, and contingencies of the Group on the balance sheet date are as follows:

As of December 31, 2024 and 2023, the Group's deposits for tariff performance or guarantee and factory construction were NT\$52,813 thousand and NT\$28,252 thousand, respectively.

As of December 31, 2023, the Group had significant unrecognized contractual commitments for the purchase of property, plant and equipment of NT\$31,928 thousand.

XXXIV. INFORMATION ON SIGNIFICANT FOREIGN CURRENCY ASSETS AND LIABILITIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 256,061	32.7850 (USD : NTD)	\$ 8,394,947
USD	6,424	7.1884 (USD : RMB)	<u>210,614</u>
			<u>\$ 8,605,561</u>

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD	\$ 602	32.7850 (USD : NTD)	\$ 19,749
Financial assets at FVTOCI			
USD	1,092	32.7850 (USD : NTD)	35,790
			<u>\$ 55,539</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	92,638	32.7850 (USD : NTD)	\$ 3,037,143
USD	28,582	7.1884 (USD : RMB)	937,051
			<u>\$ 3,974,194</u>
			(Concluded)

December 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 397,658	30.71 (USD : NTD)	\$ 12,210,076
USD	225,781	7.0827 (USD : RMB)	6,932,616
			<u>\$ 19,142,692</u>
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD	781	30.71 (USD : NTD)	23,984
Financial assets at FVTOCI			
USD	1,885	30.71 (USD : NTD)	57,870
			<u>\$ 81,854</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	202,514	30.71 (USD : NTD)	\$ 6,218,199
USD	71,588	7.0827 (USD : RMB)	2,198,117
			<u>\$ 8,416,316</u>

The total realized and unrealized foreign exchange gains and losses of the Group for 2024 and 2023 are shown in the Consolidated Comprehensive Income Statement. Due

to the large number of foreign currency transactions and the functional currencies of the Company's subsidiaries, it is not possible to disclose exchange gains and losses separately for each foreign currency with significant impact.

XXXV. NOTES ON DISCLOSURES

(1) Information related to major transaction matters

1. Financings provided: See Table 1 attached;
2. Endorsement/guarantee provided: None;
3. Marketable securities held: See Table 2 attached;
4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
5. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
6. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 3 attached;
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached;
9. Information about the derivative financial instruments transaction: See Notes 7 and 30;
10. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 7 attached;

(2) Information related to reinvestment businesses: See Table 5 attached.

(3) Mainland investment information

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 6 attached;

2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: See Table 3, 4 and 5 attached;

- A. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
- B. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
- C. The amount of property transactions and the amount of the resultant gains or losses.
- D. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- E. The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
- F. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

(4) Major shareholder information: names of shareholders with a shareholding ratio of more than 5%, shareholding amount and proportion: None.

XXXVI.DEPARTMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segment is the wireless telecommunication products department.

(1) Department income and operating results

The income and operating results of the continuing operating units of the Group are analyzed according to the reportable departments as follows:

	Segment Revenue		Segment Profit and Loss	
	2024	2023	2024	2023
Wireless telecommunication products department	<u>\$ 25,633,886</u>	<u>\$ 26,136,349</u>	\$ 1,295,945	\$ 1,127,011
Central administration cost			(713,901)	(663,386)
Interest income			129,056	55,902
Other income			41,510	64,805
				(Continued)

	Segment Revenue		Segment Profit and Loss	
	2024	2023	2024	2023
Other gains and losses			\$ 192,763	\$ 259,231
Finance cost			(107,826)	(114,436)
Share of profit of subsidiaries and associates			63,334	59,541
Profit before income tax			<u>\$ 900,881</u>	<u>\$ 788,668</u>
				(Concluded)

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2024 and 2023.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs, interest income, other income, other gains or losses, finance cost, share of profit of subsidiaries and associates, and income tax expense. This was the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(2) Total assets of the department

The measured amounts of assets and liabilities of the Group are not provided to the operating decision-makers, so the measured amounts of departmental assets and liabilities are zero.

(3) Other department information

	Depreciation and Amortization	
	2024	2023
Wireless telecommunication product department	<u>\$ 714,807</u>	<u>\$ 666,627</u>

(4) Revenue from major products and services

	2024	2023
CARD	\$ 1,820,189	\$ 1,643,072
GATEWAY	21,330,402	21,234,011
Wireless telecommunication Module	96,990	195,738
Others	<u>2,386,305</u>	<u>3,063,528</u>
	<u>\$ 25,633,886</u>	<u>\$ 26,136,349</u>

(5) Geographic information

The Group operates in three principal geographical areas – Taiwan, China, and Vietnam.

The Group's revenue from continuing operations from external customers by location of operations was detailed below:

	Revenues from External Customers	
	2024	2023
Taiwan	\$ 24,378,851	\$ 24,642,762
China	1,154,279	1,485,616
USA	96,730	-
Vietnam	3,851	7,904
Czech Republic	175	67
	<u>\$ 25,633,886</u>	<u>\$ 26,136,349</u>

(6) Main customer information

Revenues from individual customers that exceeded 10% of the Group's revenue for the years ended December 31, 2024 and 2023:

Customer	2024		2023	
	Sales revenue	%	Sales revenue	%
A Company	\$ 8,655,464	34	\$ 7,647,327	29
B Company	4,872,713	19	4,137,381	16
C Company	1,574,772	6	2,758,311	11

Gemtek Technology CO., Ltd. And Subsidiary Companies
FINANCINGS PROVIDED
For The Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE1

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 1)
													Item	Value		
1	Gemtek Electronics (ChangShu) Co., Ltd.	Gemtek Electronics (Kuanshan) Co., Ltd.	Short-term financing	Yes	\$ 454,500	\$ 447,800	\$ 447,800	1.65%	2	\$ -	Operating capital	\$ -	-	-	\$ 712,362	\$ 712,362
2	Gemtek Electronics (ChangShu) Co., Ltd.	Gemtek Electronics (Kuanshan) Co., Ltd.	Short-term financing	Yes	253,288	250,768	219,422	1.65%	2	-	Operating capital	-	-	-	712,362	712,362
3	G-Technology Investment Co., Ltd.	Gemtek Technology Co., Ltd.	Short-term financing	Yes	983,550	983,550	917,980	-	2	-	Operating capital	-	-	-	3,535,302	3,535,302
4	G-Technology Investment Co., Ltd.	Genix Networks Inc.	Short-term financing	Yes	65,570	65,570	16,393	-	2	-	Operating capital	-	-	-	3,535,302	3,535,302

Note 1: According to the "Operational Procedures for Fund Loans to Others " of Gemtek Electronics (ChangShu) Co., Ltd. and G-Technology Investment Co., Ltd. Financings provided by foreign subsidiaries in which the parent company holds 100% of the voting shares, directly or indirectly, to the ultimate parent company may be conducted occasionally, provided that the total amount of such financings does not exceed 100% of the lender's net worth, and the limit for any individual counterparty also does not exceed 100% of the lender's net worth.

Note 2: Nature for Financing:

1. Enter "1" for parties with business transactions.
2. Enter "2" for those with short-term financing needs.

Note 3: The exchange rate on the financial reporting date is USD: NTD = 1: 32.785; RMB: NTD = 1: 4.478.

Note 4: All transactions listed in the table above have been entirely eliminated in the preparation of the consolidated financial statements.

Gemtek Technology CO., Ltd. And Subsidiary Companies

MARKETABLE SECURITIES HELD

December 31, 2024

(In Thousands of New Taiwan Dollars, U.S. Dollars (USD), and Renminbi (RMB), Unless Specified Otherwise)

TABLE 2

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2024				Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership%	Fair Value	
Gemtek Technology Co.,Ltd.	<u>Stock</u>							
	TAI-SAW TECHNOLOGY CO., LTD.	None	Financial assets measured at fair value through other comprehensive income – non-current	691	\$ 17,860	0.67%	\$ 17,860	
	Green Packet Bhd.	None	"	26,273	6,498	2.81%	6,498	Preferred stock
	Greenwave holding, Inc.	None	"	3,965	-	0.96%	-	
	AIPTEK International Inc.	None	"	29	417	0.11%	417	
	Polaris Group	None	"	7,785	334,662	1.01%	334,662	
	PYRAS TECHNOLOGY INC.	The Corporation serves as corporate director	"	3,200	38,272	13.69%	38,272	
	GaN Power Technology Co., Ltd.	None	"	2,500	20,550	5.17%	20,550	Common Stock/ Preferred stock Preferred stock
	AVIX TECHNOLOGY INC.	The Corporation serves as corporate director	"	660	25,139	6.00%	25,139	
	Lionic Corporation	The Corporation serves as corporate director	"	1,425	19,267	5.56%	19,267	
	SKSpruce Holding Limited	None	"	2,241	29,292	2.32%	29,292	
	Sky Phy Networks Limited	None	"	4,943	-	13.82%	-	
	Sanjet Technology Corp.	None	"	3,882	-	12.33%	-	
	CSX Material CO., LTD.	None	"	4,000	38,280	18.60%	38,280	
G-Technology Investment Co., Ltd.	<u>Stock</u>							
	Polaris Group	None	Financial assets measured at fair value through other comprehensive income – non-current	26,467	1,208,240 USD 36,853	3.44%	1,208,240 USD 36,853	
	Greenwave holding, Inc.	None	"	16,710	-	4.05%	-	Preferred stock
	UBITUS Inc.	None	"	200	-	2.32%	-	

Note 1: For information on investment subsidiaries and associated companies, please refer to Table 5 and Table 6.

Note 2: The exchange rate on the financial reporting date is USD: NT\$ = 1: 32.785; RMB: NT\$ = 1: 4.478.

Gemtek Technology CO., Ltd. And Subsidiary Companies
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
For The Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 3

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% To Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% To Total	
Gemtek Technology Co., Ltd.	Gemtek Electronics (Kuanshan) Co., Ltd	Investment in a subsidiary through a third jurisdiction	Purchase and processing expenses	\$ 6,389,796	29%	Note 1	Note 1	Note 1	(\$ 1,220,137)	(27%)	Note 2&3
	Gemtek CZ., s.r.o.	Investment in a subsidiary through a third jurisdiction	Purchase and processing expenses	161,041	1%	Note 1	Note 1	Note 1	-	-	Note 2&3
	Gemtek Vietnam Co., Ltd.	Subsidiary	Purchase and processing expenses	14,689,817	68%	Note 1	Note 1	Note 1	(671,781)	(15%)	Note 2&3
	BROWN Company	Subsidiary	Sales and processing income	(557,787)	(2%)	Note 1	Note 1	Note 1	253,801	4%	Note 2&3
Gemtek Electronics (Kuanshan) Co., Ltd	Gemtek Technology Co., Ltd.	Parent company	Sales and processing income	(6,389,796)	(83%)	Note 1	Note 1	Note 1	1,220,137	86%	Note 2&3
Gemtek CZ., s.r.o.	Gemtek Technology Co., Ltd.	Parent company	Sales and processing income	(161,041)	(99%)	Note 1	Note 1	Note 1	-	-	Note 2&3
Gemtek Vietnam Co., Ltd.	Gemtek Technology Co., Ltd.	Parent company	Sales and processing income	(14,689,817)	(99%)	Note 1	Note 1	Note 1	671,781	100%	Note 2&3
BROWN Company	Gemtek Technology Co., Ltd.	Parent company	Purchase and processing expenses	557,787	84%	Note 1	Note 1	Note 1	(253,801)	(95%)	Note 2&3

Note 1: The Company purchases goods from related parties or entrusts related parties to process and then repurchases the finished products. This is part of the Group's strategic division of labor. There is no significant object for comparison of the transaction price, and the payment period is determined by the actual asset status of the company.

Note 2: The Company's receivables from and payables to related parties of Gemtek Electronics (Kuanshan) Co., Ltd, Gemtek CZ., s.r.o., BROWN Company, and Gemtek Vietnam Co., Ltd. are presented on a net basis.

Note 3: All transactions listed in the table above have been entirely eliminated in the preparation of the consolidated financial statements.

Gemtek Technology CO., Ltd. And Subsidiary Companies
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
December 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 4

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Note
					Amount	Actions Taken			
Gemtek Electronics (Kunshan) Co., Ltd.	Gemtek Technology Co., Ltd.	Parent company	\$ 1,220,137	3.18	\$ -	-	\$ 566,025	-	Note
Gemtek Vietnam Co., Ltd.	Gemtek Technology Co., Ltd.	Parent company	671,781	5.41	-	-	112,189	-	Note
Gemtek Technology Co., Ltd.	BROWN Company	Subsidiary	253,801	4.40	-	-	131,645	-	Note

Note: All transactions listed in the table above have been entirely eliminated in the preparation of the consolidated financial statements.

Gemtek Technology CO., Ltd. And Subsidiary Companies
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES
For The Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars, and U.S. Dollars (USD), Unless Specified Otherwise)

TABLE 5

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Share of Profits (Loss) of Investee	Note
				December 31, 2024	December 31, 2023	Shares (In Thousands)	%	Carrying Value			
Gemtek Technology Co., Ltd.	G-Technology Investment Co., Ltd.	Cayman Islands	Investment	\$ 773,127 (USD 23,600)	\$ 2,345,252 (USD 73,600)	23,600	100.00%	\$ 3,535,301	(\$ 18,285)	(\$ 18,285)	Note 4
	Brightech International Co., Ltd.	Republic of Mauritius	Investment	207,969 (USD 6,145)	207,969 (USD 6,145)	6,145	100.00%	64,064	(2,158)	(2,158)	Note 4
	AMPAK Company	Hsinchu, Taiwan	Telecommunications	510,303	510,303	20,001	29.91%	1,209,827	238,376	65,843 (Note 1)	
	Wi Tek Investment Co., Ltd.	Cayman Islands	Investment	132,155 (USD 4,000)	132,155 (USD 4,000)	4,000	100.00%	(6,299)	(4,828)	(4,828)	
	BROWAN Company	Hsinchu, Taiwan	Telecommunications	442,154	442,154	20,214	50.47%	537,232	(13,640)	(14,877)	Note 4
	Gemtek Vietnam Co., Ltd.	Vietnam	Telecommunications	1,551,634 (USD 50,000)	1,227,684 (USD 40,000)	-	100.00%	2,527,223	323,346	323,346	Note 4
	ANTEK Company	New Taipei, Taiwan	Telecommunications	10,800	9,000	1,080	16.62%	5,901	(12,031)	(1,934)	
	Genix Networks Inc.	U.S.A	Telecommunications	30,720 (USD 1,000)	30,720 (USD 1,000)	1,000	90.91%	43,042	14,416	13,105	Note 4
	BandRich Company	New Taipei, Taiwan	Telecommunications	55,000	55,000	5,500	27.04%	1,267	(1,942)	(525)	
	5V Company	Taipei, Taiwan	Telecommunications	13,522	13,500	1,352	98.05%	81,120	13,377	12,814 (Note 2)	Note 4
	WaveSplitter Company	New Taipei, Taiwan	Electronics	112,000	-	7,000	28.32%	120,924	952	7,932 (Note 3)	
G-Technology Investment Co., Ltd.	Ampak International Holdings Ltd.	Samoa	Investment	543,133 (USD 17,561)	1,099,843 (USD 35,561)	18,000	100.00%	712,427 (USD 21,730)	(14,092) (USD -437)	(14,092) (USD -437)	Note 4
	Gemtek CZ., s.r.o.	Czech Republic	Telecommunications	25,351 (USD 692)	25,351 (USD 692)	12,000	100.00%	(4,849) (USD -148)	1,293 (USD 36)	1,293 (USD 36)	Note 4
	Primax Communication (B.V.I.) Inc.	British Virgin Islands	Investment	73,886 (USD 2,297)	73,886 (USD 2,297)	2,350	100.00%	15,547 (USD 474)	(524) (USD -17)	(524) (USD -17)	Note 4
	PT. South Ocean	Indonesia	Telecommunications	7,838 (USD 238)	7,838 (USD 238)	24	95.00%	3,008 (USD 92)	-	-	
	Free PP Worldwide Co., Ltd.	Republic of Seychelles	Investment	30,260 (USD 1,000)	30,260 (USD 1,000)	1,002	30.00%	23,040 (USD 703)	(10,510) (USD -330)	(3,154) (USD -99)	

Note 1: The net profit of the investee company of NT\$71,799 thousand was recognized based on the proportion of shareholding, minus the amortization of the identified intangible assets of NT\$5,956 thousand in the current period.

Note 2: The net profit of the investee company of NT\$13,106 thousand was recognized based on the proportion of equity held, minus the amortization of the identified intangible assets of NT\$292 thousand in the current period.

Note 3: The net profit of the investee company of NT\$8,264 thousand was recognized based on the proportion of shareholding during the shareholding period, minus the adjustment of unrealized gross profit of sales of NT\$332 thousand.

Note 4: Investment transactions between investee companies have been eliminated in full when preparing consolidated financial statements.

Gemtek Technology CO., Ltd. And Subsidiary Companies
MAINLAND CHINA INVESTMENT INFORMATION
For The Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars, and U.S. Dollars (USD), Unless Specified Otherwise)

TABLE 6

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2024	Note
					Outflow	Inflow							
Gemtek Electronics (Suzhou) Co., Ltd	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	\$ 273,755 (USD 8,350)	The invested companies, Brightech International Co Ltd and Primx Communication (B.V.I.) Inc. reinvested in mainland China companies	\$ 272,738 (USD 8,319)	\$ -	\$ -	\$ 272,738 (USD 8,319)	(\$ 2,683) (USD -86)	100%	(\$ 2,683) (USD -86)	\$ 79,563 (USD 2,427)	\$ -	Note 3&7
Gemtek Electronics (Kunshan) Co., Ltd	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	98,355 (USD 3,000)	The invested companies, G-Technology Investment Co., Ltd. reinvested in mainland companies	491,775 (USD 15,000)	-	-	491,775 (USD 15,000) (Note 5)	77,467 (USD 2,381)	100%	77,467 (USD 2,381)	553,474 (USD 16,882)	-	Note 3&7
Browan Communications (Xi'An) Inc.	R&D, production, sales and related technical consulting and services for wireless network products	131,140 (USD 4,000)	The invested companies, Wi Tek Investment Co., Ltd. reinvested in mainland companies	131,140 (USD 4,000)	-	-	131,140 (USD 4,000)	(4,828) (USD -150)	100%	(4,828) (USD -150)	(6,305) (USD -192)	-	
Gemtek Electronics (ChangShu) Co., Ltd.	R&D, production, sales and related technical consulting and services for wireless network products	590,130 (USD 18,000)	The invested companies, G-Technology Investment Co., Ltd. reinvested in mainland companies	1,180,260 (USD 36,000)	-	-	1,180,260 (USD 36,000) (Note 6)	(14,156) (USD -439)	100%	(14,156) (USD -439)	712,362 (USD 21,728)	-	Note 3&7

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 2,094,306 US\$ 63,880 (Note 1)	\$ 2,061,521 US\$ 62,880	\$ 7,640,010

Note 1: (1) The investment amount remitted as of the end of the period exceeded the amount authorized by the Investment Commission, MOEA, by US\$1,000 thousand. This was due to the remittance made in prior years by AMPAK International Holdings Ltd., the original parent company of Gemtek Electronics (ChangShu) Co., Ltd.

(2) In July 2009, the Company acquired 100% equity interest in AMPAK International Holdings Ltd., the overseas holding company of Gemtek Electronics (ChangShu) Co., Ltd., through G-Technology Investment Co., Ltd., an overseas subsidiary, for US\$561 thousand (equivalent to NT\$17,413 thousand). The acquisition was approved by the Investment Review Committee of the Ministry of Economic Affairs No. 09800283840.

(3) The exchange rate used is the average spot buying and selling rate quoted by Taiwan banks as of December 31, 2024.

Note 2: For significant transactions with investee companies in Mainland China, either directly or indirectly through entities in third jurisdictions, please refer to Tables 3, 4, and 5.

Note 3: Calculated based on the investee company's financial statements audited by accountants as of December 31, 2024.

Note 4: The maximum cumulative amount of the Company in Mainland China is calculated based on 60% of the consolidated net equity.

Note 5: Gemtek Electronics (Kunshan) Co., Ltd reduced its capital by US\$12,000 thousand in cash in December 2024, which has not been remitted back to Taiwan as of December 31, 2024.

Note 6: Gemtek Electronics (ChangShu) Co., Ltd. reduced its capital by US\$18,000 thousand in cash in October 2024, which had not been remitted back to Taiwan as of December 31, 2024.

Note 7: Already eliminated in the preparation of the consolidated financial statements.

Gemtek Technology CO., Ltd. And Subsidiary Companies
THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND SIGNIFICANT TRANSACTIONS BETWEEN THEM
For The Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

TABLE 7

No.	Company Name	Counterparty	Relationship	Transactions			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Account	Amount	Terms	
0	Gemtek Technology Co., Ltd.	<u>January 1 to December 31, 2024</u>					
0	Gemtek Technology Co., Ltd.		Parent company to subsidiary	Cost of goods sold - processing fee	\$ 6,389,796	Note 1	25%
				Accounts payable	1,220,137	Note 1	6%
				Cost of goods sold - processing fee	161,041	Note 1	1%
				Cost of goods sold - processing fee	14,689,817	Note 1	57%
				Accounts payable	671,781	Note 1	3%
				Sales revenue	557,787	Note 1	2%
				Accounts Receivable	253,801	Note 1	1%
1	Gemtek Electronics (ChangShu) Co., Ltd.		Parent company to subsidiary	Other payables	917,980	Note 2	4%
1	Gemtek Electronics (ChangShu) Co., Ltd.	Gemtek Electronics (Kuanshan) Co., Ltd	Subsidiary to subsidiary	Other receivables	667,222	Note 2	3%

Note 1: The Company purchases goods from related parties or entrusts related parties to process and then repurchases the finished products. This is part of the Group's strategic division of labor. There is no significant object for comparison of the transaction price, and the payment period is determined by the actual asset status of the company.

Note 2: As agreed by both parties.

Note 3: All transactions listed in the table above have been entirely eliminated in the preparation of the consolidated financial statements.