

G-TECH Optoelectronics Corporation
Unconsolidated Financial Statements
and Independent Auditor's Report
2024 and 2023

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**(In case of any discrepancy between the Chinese and English versions,
the Chinese version shall prevail.)**

Table of Contents

Item	Page No.
I. Cover Page	1
II. Table of Contents	2
III. Independent Auditor's Report	3
IV. Balance Sheet	4
V. Statements of Comprehensive Income	5
VI. Statement of changes in equity	6
VII. Statements of Cash Flows	7
VIII. Notes to the Unconsolidated Financial Statements	
(I) Company History	8
(II) Approval of Dates and Procedures of Financial Statements	8
(III) Application of New, Amended and Revised Standards and Interpretations	8~9
(IV) Summary of Significant Accounting Policies	10~22
(V) Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions	22~23
(VI) Description of Material Accounting Items	23~52
(VII) Related party transaction	52~53
(VIII) Assets Pledged	53
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	53
(X) Losses from Major Disaster	54
(XI) Material Events after the Reporting Period	54
(XII) Others	54~55
(XIII) Disclosures in Notes	
1. Information on significant transactions	55
2. Information on investees	56
3. Information on investments in mainland China	56
(XIV) Segment Information	56
IX. Details of Important Accounts	57~62

Independent Auditor's Report

The Board of Directors G-TECH Optoelectronics Corporation

Audit opinion

We have audited the accompanying parent-company only financial statements of G-TECH Optoelectronics Corporation (the “Company”) , which comprise the parent-company only balance sheets as of December 31, 2024 and 2023, and the parent-company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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 are entrusted to conduct the audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norms for Professional Ethics for Certified Public Accountants 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 Company's financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the audit of the financial statements are stated as follows:

I. Revenue Recognition

For the accounting policy on revenue recognition, please refer to Note 4 (16) Revenue Recognition of the parent-company only financial reports; for the explanation on revenue recognition, please refer to Note 6(19) of the parent-company only financial reports.

Description of Key Audit Matters:

The revenue of the Company mainly comes from product sales to customers, and the sales contract with customers involve different types of transaction terms. For the recognition of sales revenue, the product control transfer status is determined according to the transaction terms of each individual sales contract. Accordingly, the test of the recognition of revenue is identified as a key audit matter for the execution of the audit of the financial statements of the Company.

Corresponding Audit Procedures:

- Evaluate the appropriateness of the accounting policy for revenue recognition;
- Understand and test the effectiveness of the design and implementation of internal control over the main revenue types, transaction models, contract terms and transaction conditions of the Company;
- Conduct detailed tests on samples and check various forms to ensure the authenticity of transactions; perform cut-off testing before and after the financial reporting date, select samples and verify against relevant documents to determine if the timing of recognition of transactions is reasonable;
- Meanwhile, select a period of time around the financial reporting date to check the allowance and discount that the Company is required to provide to customers in accordance with the sales contract to determine whether there are any significant sales returns and discounts, in order to confirm the authenticity of the transaction; and
- Obtain the discounted amount to be accrued as imputed by the management and check it with relevant internal or external information to assess the reasonableness of the relevant parameters and key assumptions; check the accuracy of the discount estimates of the previous year to assess whether the discounted amount to be accrued as imputed by the management is appropriate.

II. Investment Property Fair Value Evaluation

For the accounting policy regarding the fair value valuation of investment properties, please refer to Note 4 (10) to the parent-company only financial reports; for the uncertainty of accounting estimates and assumptions regarding the fair value of investment properties, please refer to Note 5 (2) to the parent-company only financial reports; for the details of investment properties, please refer to Note 6 (7) to the financial reports.

Description of Key Audit Matters:

The investment property is an important asset for operations of the Company, and accounts for 26% of the total assets. The accounting of the Company is performed according to International Accounting Standard 40 at fair value, and subsequent changes in fair value are recognized as profit or loss of the current period. Since the Company uses the recommendations of external real estate appraiser reports as the basis for the evaluation of the investment property fair value, the neighborhood rental market prices referenced and financial information related to the investment property rental provided by the Company for the execution of the appraisal procedure may involve material judgment and estimation uncertainty. Accordingly, any inappropriate evaluation of the fair value change may result in misstatement of the financial statements. Accordingly, the investment property fair value evaluation is identified as a key audit matter for the execution of the audit of the financial statements of the Company.

Corresponding Audit Procedures:

- Assess the professionalism, objectiveness and experience of the real estate appraiser retained by the Company to be in charge of the fair value measurement.
- Verify the rationality of the material assumptions and critical judgments adopted in its appraisal report, and review the lease agreements and comparison with relevant market information, in order to determine whether the future cash flow, income and discount rate have been handled according to the regulations.
- Verify the appraisal report and relevant accounting records in order to determine the accuracy of accounting procedures.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 will always detect a material misstatement when it exists in the parent company only financial statements. Misstatement can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the unconsolidated financial statements.

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

1. Identify and assess the risk of material misstatement in the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, then relevant disclosures of the parent company only financial statements are required to be provided in our audit report to allow users of parent company only financial statements to be aware of such events or circumstances, 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only 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 investees under the equity method, and express an opinion on the parent company only financial statements.

We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion on the Company.

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 have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company only financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude 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 could reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA:

Certificate No. Approved by	Jin Guan Zheng Liu Zi
the Competent Authority of	No.0940129108
Securities	Jin Guan Zheng Shen Zi
	No.1020000737
March 7, 2025	

G-TECH Optoelectronics Corporation

Balance Sheet

December 31, 2024 and 2023

Unit: NTD thousand

Asset		2024.12.31		2023.12.31			Liabilities and Equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%				Amount	%	Amount	%
Current assets:							Current liabilities:					
1100	Cash and Cash Equivalents (Notes 6 (1) and (21))	\$ 844,441	19	499,901	12	2100	Short-term borrowings (Notes 6 (9) and (21))	\$ 700,748	16	382,000	9	
1110	Financial assets at fair value through profit or loss - current (Notes 6 (2) & (21))	4,354	-	324	-	2130	Contract liabilities - current (Note 6(19))	8,869	-	1,412	-	
1170	Notes and accounts receivable, net (Notes 6 (3), (19) and (21))	346,821	8	406,909	10	2170	Notes and accounts payable, net (Note 6 (21))	283,145	6	255,807	6	
1180	Notes and accounts receivable - related parties, net (Notes 6 (3), (19), (21) and 7)	3,829	-	2,757	-	2180	Notes and accounts payable - related parties, net (Notes 6 (21) and 7)	24,497	1	10,639	-	
1220	Current income tax assets	1,376	-	1,597	-	2200	Other payables (Notes 6 (21) and 7)	82,909	2	82,314	2	
130X	Inventories (Note 6 (4))	173,919	4	152,794	4	2213	Equipment payable (Notes 6 (21) and (24))	2,168	-	1,552	-	
1476	Other financial assets - current (Notes 6 (8), (21), and 8)	340,112	7	387,794	10	2250	Liability reserve - current (Note 6(13))	10,483	-	16,459	1	
1479	Other current assets - others	40,264	1	10,571	-	2280	Lease liabilities - current (Note 6 (21))	15,557	-	1,008	-	
Total current assets		1,755,116	39	1,462,647	36	2321	Corporate bonds due or resale right exercised within one year or one business cycle (Notes 6 (11) and (21))	-	-	498,614	12	
Non-current assets:						2322	Long-term borrowings due within one year or one business cycle (Notes 6 (10) and (21))	184,491	4	201,701	5	
1510	Financial assets at fair value through profit or loss - non-current (Notes 6 (2) & (21))	99,960	2	-	-	2399	Other current liabilities - others	9	-	289	-	
1551	Investment by the equity method (Note 6 (5))	186,839	4	114,977	3	Total current liabilities		1,312,876	29	1,451,795	35	
1600	Property, plant and equipment (Notes 6 (6), (24), 8 and 9)	1,166,985	26	1,234,222	30	Non-current liabilities:						
1755	Right-of-use assets	39,567	1	29,204	1	2540	Long-term borrowings (Notes 6 (10) and (21))	1,156,259	26	1,167,876	29	
1760	Investment properties, net (Notes 6 (7) and 8)	1,148,336	26	1,147,256	28	2550	Liability reserve - non-current	16,548	-	17,280	-	
1780	Intangible assets	2,723	-	2,122	-	2570	Deferred income tax liabilities (Note 6(14))	63,326	2	57,425	1	
1915	Prepayments for equipment (Notes 8 and 9)	94,298	2	33,453	1	2580	Lease liabilities - non-current (Note 6 (21))	-	-	668	-	
1840	Deferred income tax assets (Note 6 (14))	12,466	-	8,617	-	Total non-current liabilities		1,236,133	28	1,243,249	30	
1980	Other financial assets - non-current (Notes 6 (8), (21), and 8)	4,569	-	28,739	1	Total liabilities		2,549,009	57	2,695,044	65	
Total non-current assets		2,755,743	61	2,598,590	64	Equity (Notes 6 (15) and (16))						
Total Assets		\$ 4,510,859	100	4,061,237	100	3110	Ordinary share capital	1,862,336	41	1,443,296	36	
						3140	Capital collected in advance	-	-	2,760	-	
						3200	Capital surplus	436,690	9	22,614	1	
						3300	Losses to be covered	(821,325)	(18)	(581,144)	(14)	
						3400	Other equities	484,149	11	478,667	12	
						Total equity		1,961,850	43	1,366,193	35	
						Total liabilities and equity		\$ 4,510,859	100	4,061,237	100	

(For details, please refer to the notes attached to the unconsolidated financial statements)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation
Statements of Comprehensive Income
Years ended December 31, 2024 and 2023

Unit: NTD thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6 (19) and 7)	\$ 1,984,285	100	1,678,626	100
5000	Operating costs (Notes 6 (4), (13) and 7)	1,962,422	99	1,618,690	96
	Gross profit	21,863	1	59,936	4
	Operating expenses (Notes 6 (3), (13) and (16))				
6100	Selling and marketing expenses	45,535	2	36,289	2
6200	Administrative expenses	149,518	8	110,463	7
6300	Research and development expenses	118,777	6	97,581	6
6450	Expected credit impairment loss (reversed gains)	(15,752)	(1)	867	-
6300	Total operating expenses	298,078	15	245,200	15
	Net operating loss	(276,215)	(14)	(185,264)	(11)
	Non-operating income and expense:				
7100	Interest income (Note 6(20))	15,404	1	12,556	1
7020	Other gains and losses (Notes 6 (7), (11), (12) and (20))	65,144	3	114,862	7
7050	Long-term borrowings (Notes 6 (11) and (20))	(45,058)	(2)	(50,465)	(3)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	2,020	-	(9,525)	(1)
	Total non-operating income and expenses	37,510	2	67,428	4
	Net loss before tax from continuing operating segments	(238,705)	(12)	(117,836)	(7)
7950	Less: income tax assets (Note 6 (14))	2,054	-	-	-
	Net loss of current period	(240,759)	(12)	(117,836)	(7)
8300	Other comprehensive income:				
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may be reclassified into profit or loss	5,482	-	(1,381)	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total of items that may subsequently be reclassified to profit or loss	5,482	-	(1,381)	-
8300	Other comprehensive income (net of tax)	5,482	-	(1,381)	-
	Total comprehensive income of current period	<u>\$ (235,277)</u>	<u>(12)</u>	<u>(119,217)</u>	<u>(7)</u>
	Losses per share (Note 7 (17))				
	Basic loss per share (Unit: NT\$)	<u>\$ (1.45)</u>		<u>(0.82)</u>	

(For details, please refer to the notes attached to the unconsolidated financial statements)

Chairman of the Board: Chung, Chih-Ming Managerial Officer: Chung, Chih-Ming Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation
Statement of changes in equity
Years ended December 31, 2024 and 2023

Unit: NTD thousand

	Ordinary share capital	Capital collected in advance	Capital surplus	Losses to be covered	Difference in exchange from the conversion of financial statements of overseas operating entities	Revalued amount of property	Total	Total equity
Balance on December 31, 2023	\$ 2,241,856	-	196,778	(1,440,223)	167,361	312,687	480,048	1,478,459
Net loss of current period	-	-	-	(117,836)	-	-	-	(117,836)
Other comprehensive income (loss) of current period	-	-	-	-	(1,381)	-	(1,381)	(1,381)
Total comprehensive income of current period	-	-	-	(117,836)	(1,381)	-	(1,381)	(119,217)
Share-based compensation	-	-	1,052	-	-	-	-	1,052
Covering loss from capital surplus	-	-	(176,915)	176,915	-	-	-	-
Capital reduction to make up for losses.	(800,000)	-	-	800,000	-	-	-	-
Issuance of new shares for employees' exercise of stock options	1,440	2,760	1,699	-	-	-	-	5,899
Balance on January, 2023	1,443,296	2,760	22,614	(581,144)	165,980	312,687	478,667	1,366,193
Net loss of current period	-	-	-	(240,759)	-	-	-	(240,759)
Other comprehensive income (loss) of current period	-	-	-	-	5,482	-	5,482	5,482
Total comprehensive income of current period	-	-	-	(240,759)	5,482	-	5,482	(235,277)
Covering loss from capital surplus	-	-	(578)	578	-	-	-	-
Issuance of new shares for employees' exercise of stock options	19,040	(2,760)	9,054	-	-	-	-	25,334
Cash capital increase	400,000	-	384,000	-	-	-	-	784,000
Costs of employee subscription compensation for capital increase in cash	-	-	21,600	-	-	-	-	21,600
Balance on December 31, 2024	\$ 1,862,336	-	436,690	(821,325)	171,462	312,687	484,149	1,961,850

(For details, please refer to the notes attached to the unconsolidated financial statements)

Chairman of the Board: Chung, Chih-Ming

Managerial Officer: Chung, Chih-Ming

Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation
Statements of Cash Flows
Years ended December 31, 2024 and 2023

	Unit: NTD thousand	
	2024	2023
Cash Flows from Operating Activities:		
Net loss before tax in the period	\$ (238,705)	(117,836)
Adjustments:		
Income/expenses items		
Depreciation expense	126,839	130,577
Amortization expense	1,152	1,373
Expected credit impairment loss (reversed gains)	(15,752)	867
Net loss on financial asset or financial liability at fair value through profit or loss	10,625	1,130
Interest expense	45,058	50,465
Interest income	(15,404)	(12,556)
Share-based payment cost	21,600	1,052
Share of (profit) loss of subsidiaries, associates or joint venture using the equity method	(2,020)	9,525
Gains from disposal of and scrapping property, plant and equipment	-	(2,022)
Gain on fair value adjustment of investment property	(1,080)	(1,265)
Gains on lease modification	(4)	-
Others	-	32
Total adjustments to reconcile profit and loss	171,014	179,178
Change in assets/liabilities relating to operating activities:		
Net changes in assets related to operating activities:		
Decrease (increase) in notes and accounts receivable (including related parties)	74,768	(38,893)
(Increase) decrease in Inventory	(21,125)	34,467
Decrease (increase) in other current assets	(29,693)	2,709
Decrease in other financial assets	3,332	2,328
Total net changes in assets related to operating activities	27,282	611
Net changes in liabilities related to operating activities:		
Increase (decrease) in contract liabilities	7,457	(11,848)
Increase in notes and accounts payable (including related parties)	41,196	60,542
Decrease in other payables	(481)	(19,731)
Decrease in provision for liability	(6,708)	(9,715)
Increase (decrease) in other current liabilities	(280)	289
Decrease in other non-current liabilities	-	(1,020)
Total net changes in liabilities related to operating activities	41,184	18,517
Total net changes in assets and liabilities related to operating activities	68,466	19,128
Total adjustments	239,480	198,306
Cash inflow generated by operating activities	775	80,470
Interest received	15,404	12,526
Interest paid	(42,186)	(44,899)
Income tax paid	(977)	(1,194)
Net cash inflow (outflow) from operating activities	(26,984)	46,903

G-TECH Optoelectronics Corporation
Statements of Cash Flows (continued)
Years ended December 31, 2024 and 2023

Unit: NTD thousand

	2024	2023
Cash flow from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(167,001)	(12,114)
Disposal of financial assets at fair value through profit or loss	52,386	10,660
Acquisition of investment by the equity method	(64,360)	-
Property, plant and equipment acquired	(39,547)	(33,788)
Disposal of property, plant and equipment	-	2,000
Acquisition of intangible assets	(1,753)	(1,091)
Decrease (increase) in other financial assets	69,716	(10,921)
Increase in prepayments for equipment	(60,845)	(4,907)
Net cash used in investing activities	<u>(211,404)</u>	<u>(50,161)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	1,287,748	874,000
Decrease in short-term borrowings	(969,000)	(885,792)
Repayment of corporate bonds	(500,000)	-
Proceeds from long-term borrowings	370,000	470,000
Repayments of long-term borrowings	(398,827)	(543,263)
Lease principle repayment	(16,327)	(15,078)
Cash capital increase	784,000	-
Employees' exercise of stock options	25,334	5,899
Net cash generated from (used in) financing activities	<u>582,928</u>	<u>(94,234)</u>
Increase (decrease) of cash and cash equivalents in current period	344,540	(97,492)
Balance of cash and cash equivalents at beginning of period	499,901	597,393
Balance of cash and cash equivalents at end of period	<u><u>\$ 844,441</u></u>	<u><u>499,901</u></u>

(For details, please refer to the notes attached to the unconsolidated financial statements)

Chairman of the Board: Chung, Chih-Ming Managerial Officer: Chung, Chih-Ming Accounting Officer: Tai-Chiu Wu

G-TECH Optoelectronics Corporation
Notes to the Unconsolidated Financial Statements
2024 and 2023

(Unless otherwise specified, all amounts shall be denominated in NT\$ thousand)

I. Company History

G-TECH Optoelectronics Corporation (“the Company”) was established on June 27, 1996 with the approval of the Ministry of Economic Affairs, with the registered place at No. 99 Zhongxing Rd., Tongluo Township, Miaoli County. The main business items of the Company include glass and glass products, electronics parts manufacturing and international trade business, etc.

II. Approval of Dates and Procedures of Financial Statements

The parent-company only financial reports were approved by the Board of Directors for release on March 7, 2025.

III. Application of New, Amended and Revised Standards and Interpretations

- (I) Effects of adopting the amendments to the IFRSs endorsed and issued into effect by the FSC
- The Company has applied the following new amendments to IFRSs since January 1, 2024, without material effects on the parent-company only financial reports.
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
 - Amendments to IAS 1 "Non-current Liabilities with Covenants"
 - Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
 - Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"
- (II) Effects of not adopting IFRSs endorsed by the FSC
- The Company has assessed that the application of the following new amendments to IFRSs since January 1, 2025, without material effects on the parent-company only financial reports.
- Amendments to IAS 21 "Lack of Convertibility"
 - The amendment regarding the application guidance in Section 4.1 in IFRS 9 and disclosure requirement in IFRS 7 in the amendment to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- (III) New, amended and revised standards and interpretations not endorsed by the FSC
- The standards and interpretations issued by the IASB but not yet endorsed and issued into effect by the FSC that may be relevant to the Company are as follows:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Newly promulgated or amended standards	Main amendments	Effective date of publication by FSC
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two subtotals of income statement, and one single note about the management performance measurement (MPM). These three amendments and enhancements provide a guide for how to disaggregate information in financial statements, and lay a foundation to provide users with better and more consistent information, and will affect all companies.	January 1, 2027
IFRS 18 “Presentation and Disclosure in Financial Statements”	● The more structured income statement: pursuant to the current standard, a company uses different formats to present its operating results, so that investors cannot easily compare the financial performance of different companies. The new standard uses a more structured income statement, and introduces the subtotal "operating profits" newly defined, while specifying all incomes and expenses are classified into three new categories based on the Company's main business activities. ● Management Performance Measurement (MPM): The new standard introduces the definition of management performance measurement, and requires companies to provide the information on each measurement indicator in a single note to the financial statements, explaining why the indicator provides useful information, how to calculate, and how to reconcile between the MPM and the amount recognized by the IFRS accounting standards. ● More disaggregated information: the new standard include the guides to enhance the information grouping in the financial statement. This include whether information shall be included in the main financial statements or further disaggregated in the notes.	January 1, 2027

The Company is currently assessing the impact of the aforementioned standards and

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

interpretations on the financial status and business results of the Company, and relevant impacts will be disclosed after the completion of the assessment.

The following newly promulgated and amended standards not yet approved are not expected to have material impact on the unconsolidated financial statements of the Company.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures”
- The amendment regarding the application guidance in Sections 3.1 and 3.3 in IFRS 9 and disclosure requirement in IFRS 7 in the amendment to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendment to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

IV. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the parent company only financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the parent company only financial statements.

(I) Statement of compliance

The parent company only financial statements were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(II) Basis of preparation

1. Measurement bases

The parent company only financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items.

- (1) Financial assets at fair value through profit or loss measured at fair value
- (2) Investment properties measured at fair value
- (3) Net defined benefit liabilities are measured at the present value of the defined benefit obligation less the fair value of the pension fund plan assets

2. Functional currencies and presenting currency

The functional currency of the Company is determined based on the currency of the primary economic environment in which it operates. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information is presented in NTD thousand.

(III) Foreign currency

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

1. Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. At the end of each subsequent reporting period (referred to as the “report date”), foreign currency items are translated to the functional currency at the exchange rate at that date. Non-monetary items measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

The foreign exchange difference arising from the conversion is typically recognized in profit or loss; however, it shall be recognized under other comprehensive income for the following conditions:

- (1) Equity instruments designated as measured at fair value through other comprehensive income;
- (2) Financial liabilities designated as net investment hedges for foreign operations within the effective extent of hedging; or
- (3) Eligible cash flow hedging is within the effective extent of hedging.

2. Foreign operation

The assets and liabilities of foreign operations include the reputation and fair value adjustment at the time of acquisition, and it is converted into NTD according to the exchange rate on the report date. The profit and loss items are converted into NTD according to the average exchange rate of the current period. The exchange difference generated is recognized as other comprehensive income.

In case of disposal of foreign operation leading to loss of control, joint control or material impact, the accumulated exchange difference related to the foreign operation shall be reclassified as profit or loss in full. During partial disposal of affiliated enterprise or joint venture investment involving foreign operations, relevant accumulated exchange difference shall be reclassified as profit or loss proportionally.

For monetary accounts receivable or payable of a foreign operation, if there is no repayment plan and repayment cannot be made in the foreseeable future, the foreign exchange profit or loss arising therefrom shall be treated as part of the net investment on such foreign operation and shall be recognized as other comprehensive income.

(IV) Criteria for classifying assets and liabilities as current or non-current

The Company classifies assets as current assets if meeting any of the following criteria, and classifies all other assets that are not current assets as non-current assets:

1. Assets expected to be realized, or intended to sell or consume such within its normal business cycle;

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2. Assets held primarily for the purpose of trading;
3. Assets expected to be realized within 12 months after the reporting period; or
4. Cash and cash equivalents (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

The Company classifies liabilities as current liabilities if meeting any of the following criteria, and classifies all other liabilities that are not current assets as non-current liabilities:

1. Liabilities expected to be settled within its normal business cycle;
2. Liabilities held primarily for the purpose of trading;
3. Liabilities due to be settled within 12 months after the reporting period; or
4. Liabilities without substantial right on the balance sheet date to defer settlement for at least 12 months on the end date of reporting period.

(V) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents refer to short-term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amounts of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short-term cash commitment rather than investment, to be classified as cash equivalents.

(VI) Financial Instruments

Accounts receivable and debt securities are initially recognized upon receipt. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets not measured at fair value through profit or loss (excluding account receivables not containing a significant financial component) or financial liabilities were initially measured at fair value plus the transaction cost directly attributed to the acquisition or issuance thereof. Accounts receivable not containing a significant financial component were initially measured at the transaction price.

1. Financial asset

For the purchase or sale of financial assets complying with regular trading, the Company uses the same method to classify the financial assets. All of the purchases and sales of financial assets are recognized using trade-date or settlement-date accounting.

During the initial recognition, the financial assets are classified as: financial assets measured at amortized cost or financial assets at fair value through profit or loss.

The Company reclassifies all affected financial assets starting on the first day of the next reporting period only when it changes its business model for managing its financial assets.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Such assets subsequently use the initially recognized amount plus or less the accumulated amortized value using the effective interest method, and adjust any allowance loss measured at amortized cost. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.

(2) Financial assets at fair value through profit or loss

The financial instruments that are not measured at amortized cost as described above are measured at fair value through profit or loss, including derivative financial assets. When making initial recognition, the Company may irrevocably recognize the financial assets that qualify as financial assets measured at amortized cost as financial assets at fair value through profit or loss in order to eliminate or significantly reduce the accounting mismatch.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividends and interest income) is recognized as profit or loss.

(3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

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

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

Loss allowance for trade receivables is measured at an amount equal to lifetime

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

ECLs.

To determine whether the credit risk has significantly increased after the initial recognition, the Company considers reasonable and verifiable information (information that can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis conducted by the Company based on past experience, credit assessment and prospective information.

Where credit risk of financial instruments belong to the globally defined “investment grade” (BBB- - Standard & Poor’s investment grade, Baa3 - Moody’s investment grade or twA - investment grade of Taiwan Ratings, or a higher grade), the credit risk of such debt securities will be deemed low by the Company.

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

The Company assumes that the credit risk on the financial asset has been breached if it is more than 90 days past due.

Where credit risk of financial instruments belong to the globally defined “investment grade” (BBB- - Standard & Poor’s investment grade, Baa3 - Moody’s investment grade or twA - investment grade of Taiwan Ratings, or a higher grade), the credit risk of such debt securities will be deemed low by the Company.

Lifetime ECLs are the ECLs that result from all possible default events during the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

At each reporting date, the Company assess whether financial assets measured at amortized cost are subject to credit impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

credit-impaired includes the following observation data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- For economic or contractual reasons related to the borrower's financial difficulty, having granted to the borrower a concession that the Company would not otherwise consider;
- It is probable that the borrower will file for bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either in full or partially, to the extent that there is no realistic prospect of recovery for the Company. For corporate accounts, the Company individually analyzes the write-off timing and amount based on whether it is reasonably expected to be recovered. The Company expects that the written off amount will not have significant reversal. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(4) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights of the cash flows from the asset are terminated, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party, or when nearly all risks and rewards of ownership are not transferred and not retained and the control of the financial asset is not retained.

When the Company signs a transaction for transferring financial assets, if all or nearly all of the risks and rewards of the ownership of the assets transferred are retained, then it is still continued to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debts and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract representing the Company with remaining equity from assets after all liabilities have been subtracted. The equity instruments

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

issued by the Company are recognized based on the amount obtained from the payment amount less the direct issuance cost.

(3) Compound financial instrument

The compound financial instruments issued by the Company refer to convertible corporate bonds (valued in NTD) of options held by the owner for converting into capital share, and the quantity of the shares issued does not change along with changes of the fair value.

For the liability component of compound financial instruments, its amount initially recognized is measured at the fair value of similar liabilities excluding the equity conversion right. The initially recognized amount of the equity component is measured based on the difference between the overall compound financial instrument fair value and the liability component fair value. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the liability and equity.

After initial recognition, the liability component of the compound financial instruments is subsequently measured at amortized cost calculated using the effective interest method. For the equity component of compound financial instruments, it shall not be remeasured after initial recognition.

The interest related to the financial liabilities is recognized in profit or loss. When financial liabilities are reclassified as equity during the conversion, such conversion is not recognized in profit or loss.

(4) Financial liability

Financial liabilities are subsequently measured either at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading, is a derivative instrument, or is designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, with any relevant net gains or losses, including any interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost calculated using the effective interest method. Interest expense and exchange gain and loss are recognized in the profit or loss. On derecognition, any profits or losses are recognized in profit or loss.

(5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, canceled or has expired. When there are changes in the terms of the

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

financial liabilities and there is significant difference in the cash flow of liabilities after revision, then the original financial liabilities are derecognized, and the revised terms are used as the basis for the recognition of the new financial liabilities at fair value.

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

(6) Offsetting financial assets and liabilities

The Company only presents financial assets and liabilities on a net basis when the Company currently has the legally enforceable right to offset them, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(VII) Inventories

Inventory is measured based on the lower of the cost and the net realizable value. The cost of inventories consists of all costs of acquisition, production or processing costs and other costs arising from the location and state of use, and the weighted average method is used. The costs of finished products and work in process include the manufacturing expense amortized according to the appropriate ratio under normal production capacity.

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

(VIII) Investments in Associates

Associate refers to an entity where the Company has material impact on its financial and operational policies, but has no control or joint control over.

The Company adopts the equity method for the equity of an associate. Under the equity method, it is recognized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the invested associate includes the goodwill identified during the initial investment, less any accumulated impairment loss.

The parent company only financial statements includes the amount of profit or loss and the amount of other comprehensive income of each invested associate, from the date of having material impact to the date of losing material impact, after adjustments to make the accounting policy consistent with the Company, recognized by the Company according to the equity ratio. When the associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the Company in the associate is not affected, the Company then recognizes the equity change under the share of the associate for the Company as capital reserve according to the shareholding percentage.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The unrealized profit and loss arising from the transactions between the Company and associates is recognized in the company's financial statements only within the scope of the non-related party on the associate. When the loss amount of the associate required for recognition proportionally by the Company is equal to or exceeds its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

(IX) Investment in subsidiaries

During the preparation of the parent company only financial statements, the Company uses the equity method for valuation of investees with controlling power. Under the equity method, profit or loss of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall be equal to the equity attributable to owners of the parent in the consolidated financial statement.

Changes to the ownership interest of the subsidiaries made by the Company that have not caused the loss of the control thereof are handled as interest transactions with the owner.

(X) Investment Property

Investment property refers to property held for the purpose of earning rents or capital value increase or both, and excluding property provided for normal business sales, for production, for product or labor or for administrative management purposes. Investment property is measured at cost initially, and subsequently measured at fair value. Any change thereof is recognized in profit or loss.

The profit or loss from disposition of investment property (calculated based on the difference between the net disposition amount and the carrying amount of such item) is recognized in profit or loss. If an investment property for sale was previously classified as property, plant and equipment, any relevant "Other equity - revalued amount of property" is changed to be recognized as retained earnings.

The rental income from investment property is recognized as non-operating income under the straight-line method during the lease period, and the lease incentive offered during the lease period is recognized as part of the rental income.

(XI) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less subsequent accumulated depreciation and any subsequent

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

accumulated impairment loss.

When the useful lifetimes of the major components of the property, plant and equipment are different, then it is handled as an independent item (main component) of the property, plant and equipment.

The gain or loss arising from the disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

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

3. Depreciation

The depreciation of an asset is determined after deducting its residual amount from its original cost and is depreciated using the straight-line method over its useful life in order to be recognized in profit or loss.

Land is not depreciated.

The estimated useful lives for current and comparative years are as follows:

(1) Houses and buildings	7~25 years
(2) Machinery and equipment	6~7 years
(3) Other equipment	2~5 years
(4) Leasehold improvement	1~10 years

The houses and buildings mainly include factory buildings, electromechanical power equipment, engineering and dust-free clean room systems. Their depreciation is accrued according to their useful life of 25 years, 10 years and 10 years respectively.

Depreciation methods, useful lives and residual values are reviewed by the Company at each reporting date, and are adjusted appropriately when it is determined necessary.

4. Reclassified to investment properties

When the purpose of a property for own use is changed to an investment property, such property is reclassified to investment property based on the fair value at the time of change of its purpose. The profit generated is then remeasured, and it is recognized in profit or loss within the scope of the accumulated impairment previously recognized for such property. The remaining difference is then recognized under other comprehensive income, and it is cumulated to "Other equity - revalued amount of property". Any loss is recognized in profit or loss; however, if the reduced value is still within the revalued amount of the property, then the reduced amount is recognized in other comprehensive income, and the revalued amount in the equity is offset and reduced.

(XII) Leases

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

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

1. Lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether the right-of-use asset has any impairment and handles any impairment loss already incurred, and under the condition where remeasurement on the lease liability occurs, the right-of-use-asset is adjusted.

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

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

- (1) Fixed payments, including in-substance fixed payments;
- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable under a residual value guarantee; and
- (4) The exercise price under a purchase option or lease termination that the Group is reasonably certain to exercise, or penalties required for a lease.

The lease liability is measured at amortized cost using the effective interest method, and it is remeasured under the following conditions:

- (1) When there is a change in future lease payments arising from a change in index or rate;
- (2) When there is a change in the estimate of the amount expected to be payable under a residual value guarantee;
- (3) When there is change in the assessment of whether to exercise a purchase option of

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

the underlying asset;

- (4) If there is a change in the assessment of whether to exercise an extension or termination option, and a change to the assessment of the lease period;
- (5) When there is change to the lease subject matter, scope or other terms.

When the lease liability is remeasured due to the aforementioned change in future lease payments arising from a change in an index or rate, change in residual value guarantee and change in purchase, extension or termination option assessment, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and it is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to zero. For change of lease in the reduction of the scope of lease, the carrying amount of the right-of-use asset is reduced in order to reflect the termination of all or a portion of the lease, and the amount of difference with the lease liability is remeasured for recognition in profit or loss.

The Company presents right-of-use assets and lease liability that do not meet the definition of investment property in single items in the balance sheet respectively.

For short-term leases of other equipment and low-value underlying asset leases, the Company chooses not to recognize them as right-of-use assets or lease liabilities, but recognizes relevant lease payments associated with these leases as expenses on a straight-line basis over the lease term.

2. Lessor

For transactions with the Company as the lessor, the lease contracts are classified on the lease establishment date depending on whether nearly all of the risks and remunerations associated with the underlying asset ownership are transferred. If true, it is classified as financial lease; if false, it is classified as operating lease. During evaluation, the Company considers relevant specific indicators including whether the lease period covers the key components of the underlying asset economic lifetime.

If the Company is a sub-lessor, the primary lease and sub-lease transactions are dealt with separately, and the right-of-use assets generated from the primary lease are used to evaluate the classification of the sub-lease transactions. If the primary lease refers to a short-term lease and is exempted for recognition, then the sub-lease transaction shall be classified as operating lease.

If the agreement includes lease and non-lease components, the Company uses the consideration for an amortization contract specified in IFRS 15.

For operating lease, the Company adopts the straight-line basis to recognize the lease payment collected during the lease period as the rental income.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(XIII) Intangible assets

1. Recognition and measurement

Research and development activity related expenses are recognized in profit or loss when such expenses are incurred.

A development expense is capitalized only when it can be measured reliably, product or process technology or commercial feasibility has been reached, future economic benefit is likely to flow into the Company, and the Company has the intention and sufficient resources to complete such development and has further used or sold the asset. Other development expenses are recognized in profit or loss when such expenses are incurred. After the initial recognition, the capitalized development expense is measured based on the amount obtained from the cost less the accumulated amortization and cumulative impairment.

Other intangible assets with limited useful life acquired by the Company, including computer software and other intangible assets, etc., are measured by the cost less the cumulative amortization and cumulative impairment.

2. Subsequent expenditures

Subsequent expenditure is only capitalized when future economic benefits can be added to relevant specific assets. All other expenses are recognized in profit or loss when such expenses are incurred, including internally developed goodwill and brands.

3. Amortisation

Amortization is calculated according to the asset cost less the estimated residual value, and starting from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

The estimated useful lives for current and comparative years are as follows:

(1) Computer software 1 - 3 years

(2) Other intangible assets 10 years

Amortization methods, useful lives and residual values of the intangible assets are reviewed by the Company at each reporting date, and are adjusted appropriately when it is determined necessary.

(XIV) Impairment of non-financial assets

The Company assesses whether there is any indication that there might be an impairment in the carrying amount of non-financial assets (excluding inventory, deferred income tax assets and investment property measured at fair value) on each reporting day. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

For the purpose of testing the impairment, a group of assets of most of the cash inflow that is independent from the cash inflow of other individual assets or asset groups is used as the smallest identifiable asset group. The goodwill obtained from the merger of enterprises is amortized to each cash generating unit or cash generating unit consolidated company that is expected to gain benefits from the synergy of the merger.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs of disposal or its value in use. During the assessment of the use value, the future cash flow estimation uses a pre-tax discount rate for calculating the current value, and the discount rate shall reflect the current market assessment on the currency time value and the unit specific risk arising from the asset or cash.

If the recoverable amount of an asset is less than its carrying amount, it is recognized as an impairment loss.

An impairment loss shall be recognized immediately in profit or loss, and the carrying amount of each of the assets is reduced proportionally to the carrying amount of other assets in the unit.

Non-financial assets are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

(XV) Provision for liability

Provisions for liabilities are recognized when the Company has an obligation as a result of past events, and the Company is likely to be subject to an outflow of economic resources that will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions for liabilities are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as interest expense.

1. Restore

According to applicable contracts, when the Company bears the obligation to disassemble, remove or restore the site location for parts of the property, plant and equipment, the present value of cost expected to be incurred due to the disassembly, removal or restoration of the site location is recognized as provision for liabilities.

2. Return and discount of goods

Possible goods return and allowance are estimated according to the empirical value, and they are recognized as the deduction of the sales revenue at the year when the goods are sold. For current obligations arising from past events, the amount and time of occurrence are uncertain; therefore, it is classified as provision for liabilities.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(XVI) Recognition of revenue

1. Revenue from Contracts with Customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering services to its customers. Revenue is recognized in the reporting period when the Company satisfies a performance obligation by transferring its control of the product or service to the customer. The main revenue items of the Company are explained as follows:

(1) Merchandise sales

The Company manufactures panel display screen materials and glass products, and also sells such products. The Company recognizes revenue when the control of products is transferred. Product control transfer refers to when the product has been delivered to the customer, and the customer has the full discretion on the sales channel and price of the product, and the unfulfilled obligations of the customer for accepting the product have not been affected. Delivery refers to a product being transferred to a specific location, and its obsolete and loss risks have been transferred to the customer, and the customer has accepted the product according to the sales contract, the acceptance clauses have become invalid, or the Company has objective evidence to consider that all acceptance criteria have been satisfied.

The company recognizes the accounts receivable upon the delivery of goods since the Company has the right to collect consideration unconditionally at such time point.

2. Components of finance

The Company expects that the time period between the time in the customer contract of transferring products or services to the customer and the time when the customer makes payment for such products or services is less than one year; therefore, the Company has not adjusted the currency time value of the transaction price.

(XVII) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees.

2. defined benefit plan

The Company's net obligation under defined benefit plans are determined as the present value of employees' future benefits earned from current or previous services rendered for each benefit plan, and deduct any fair value of plan assets.

Defined benefit obligations are estimated by a qualified actuary using the Projected Unit

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Credit Method on a yearly basis. Where actuarial results are likely favorable to the Company, the asset recognized is limited to the refunded contribution from the plan, or the present value of economic benefits available in the form of lowering the future contributions to the plan. When calculating present value of economic benefit, the Group takes the minimum contribution requirement of all applicable plans into consideration.

Remeasurement of net defined benefit obligation includes actuarial gains/losses, return on plan assets (excluding interests), and any changes in the effect of the asset ceiling (excluding interests), and such is immediately recognized in other comprehensive income, and accumulated in the retained earnings. When the Company determines the net interest expense (income) of the net defined benefit liability (asset), the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period are adopted. The net interest expenses and gains/losses on defined benefit plan are recognized in profit or loss.

When the plan is amended or reduced, the benefit changes related to the prior service cost or reduced profits or losses are recognized immediately in profit or loss. The Company recognizes gain or loss on the settlement of defined benefit plan at the time it takes place.

3. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses in the period when services are provided. When the Company is required to bear current statutory or presumed payment obligation due to the service previously provided by an employee, and when such obligation can be estimated reliably, such amount is recognized as liabilities.

4. Termination benefits

Separation benefits refer to when the Company cannot cancel the offer of such benefits or recognizes relevant restructuring costs, and whichever occurs first is recognized as expense. When the separation benefits are not expected to be fully repaid within 12 months after the report date, they are discounted.

(XVIII) Share-based compensation

Equity-settled share-based payment agreements are recognized as expenses based on the fair value of the provision date and within the receipt period of such compensation, and the relative equity is increased. The expense recognized is adjusted based on the expected compensation amount satisfying the service conditions and the non-market vesting conditions. In addition, the amount finally recognized uses the compensation amount complying with the service conditions and the non-market vesting conditions on the vesting date as the basis for measurement.

The non-vesting conditions of share-based compensation have been reflected in the

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

measurement of the share-based payments and payment date fair value, and it is not required to make verified adjustments for the difference between the expected result and actual result. The fair value amount of cash-settled share appreciation rights offered to employees is recognized as expense and the relative liabilities are increased during the period when the employees satisfy the condition for obtaining the compensation. The liabilities are remeasured according to the fair value of the share appreciation rights on each report date and settlement date, and any change thereof is recognized in profit or loss.

The payment date for the share-based payments of the Company refers to the subscription price approved by the board of directors and the date when employees are permitted to subscribe the shares.

(XIX) Income Taxes

Income tax includes both current tax and deferred tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Company determined that the supplementary taxes payable under the GloBE-Pillar 2 fall within the scope of IAS 12 “Income Taxes” and has applied the temporary mandatory exemption from the accounting treatment of deferred income taxes related to the supplementary taxes. The supplementary taxes actually incurred are recognized as current income taxes.

Current taxes comprise the expected tax payable or receivable on the taxable income (or loss) for the year and any adjustment to tax payable or receivable in respect of previous years. The amount is measured according to the statutory rate or the substantive legislative rate on the reporting date in order to present the most optimal estimation value of the expected payment or receipt amount.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at reporting date and their respective tax bases. Temporary differences resulting from the following circumstances shall not be recognized as deferred taxes:

1. An asset or liability recognized initially in a transaction that is not a business combination and that, at the time of the transaction (i) does not affect accounting profit and taxable income (loss) and (ii) does not give rise to equivalent taxable and deductible temporary differences;
2. Temporary differences arising from investments in subsidiaries, associates and joint venture equity where the Company can control the timing of the reversal of the temporary differences and it is more likely that the temporary differences will not reverse in the foreseeable future; and

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

3. Taxable temporary difference arising from initial recognition of goodwill.

A deferred tax asset shall be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is possible that future taxable profit will be available against which it can be utilized. In addition, such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; or the originally reduced amount is reversed within the scope that it is likely to become sufficient taxable income.

Deferred tax shall be measured at the tax rates that are expected to apply to the period when expected temporary difference is reversed, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets and liabilities of the Company are only offset against each other when the following criteria are met:

1. The Group has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities is related to one of the following taxing authorities of one identical taxation agent for the income tax:
 - (1) Levied by the same taxing authority; or
 - (2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities of significant amounts on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation matches with each other.

(XX) Earnings per Share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of the basic earnings per share of the Company is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after the adjustment of the effects of all dilutive potential ordinary shares.

Potential diluted common shares of the Company include convertible corporate bonds and employee stock options.

(XXI) Segment Information

The Company has disclosed the information of segments in the consolidated financial statements; therefore, information of segments is not disclosed in the unconsolidated financial statements.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

When preparing the parent-company only financial statements, the management is required to make judgments and estimates for the future (including climate-related risks and opportunities). These judgments, estimates, and assumptions may affect the types of accounting policies adopted and amounts of asset, liability, income, and expense reported. Actual results may differ from these estimates.

The management examines its estimates and basic assumptions on an ongoing basis, whether they are consistent to the Company's risk management and climate-related commitments. Changes in estimate are deferred to recognize in the period when the changes take place and in future periods when impacts materialize.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the unconsolidated financial statements.

The following assumptions and uncertainties have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and relevant information is as follows:

(I) Loss allowance for accounts receivable

The loss allowance for accounts receivable of the Company is estimated based on the assumption of the risk of breach and the expected loss rate. The Company considers the historical experience, current market condition and prospective estimation on each reporting date in order to determine the assumption required to be adopted and selection of inputs during the calculation of impairment loss. Please refer to Note 6(3) for detailed descriptions of related assumptions and input values.

(II) Fair value of investment properties

The subsequent measurement of investment property of the Company adopts the discounted cash flow analysis method under the income approach for valuation. The input used in the fair value valuation technique is Level 3.

The accounting policies and disclosures of the Company include the use of fair value to measure its financial, non-financial assets and liabilities. The Company establishes a relevant internal control system for the fair value measurement, and the Financial Department is responsible for verifying all material fair value measurements (including Level 3 fair value) and periodically verifies the material inputs and adjustment that cannot be observed. If the inputs used in the measurement of fair value use external third party information, the Financial Department evaluates the evidence that supports the inputs provided by the third party in order to determine that the valuation and its fair value level classification comply with the requirements of the IFRSs. For the property of the Company, it is assumed that the Company has retained an external appraiser to perform appraisal according to the valuation method and parameters announced by the FSC.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

When the Company measures its assets and liabilities, it uses the observable inputs in the market as much as possible. The levels of fair value are classified in the following different levels according to the inputs used in the valuation technique:

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input parameters 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).
- Level 3: Input parameters of assets or liabilities not based on the observable market information (non-observable parameters).

In case of any transfer event or condition of fair value among levels, the Company recognizes such transfer at the report date.

For relevant information on the assumptions used in measuring fair value, please refer to Note 6 (7) Investment Properties.

VI. Description of Material Accounting Items

(I) Cash and cash equivalents

	<u>2024.12.31</u>	<u>2023.12.31</u>
Cash on hand and petty cash	\$ 812	685
Demand deposits	390,804	382,061
Checking accounts	40	40
Time deposits	452,785	117,115
	<u><u>\$ 844,441</u></u>	<u><u>499,901</u></u>

1. The above-mentioned cash and cash equivalents are not collateralized. The pledged time deposits have been transferred to other financial assets. Please refer to Note 8 for details.
2. Please refer to Note 6 (21) for disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

	<u>2024.12.31</u>	<u>2023.12.31</u>
Designated as financial assets at fair value through profit or loss:		
Domestic TWSE/TPex listing shares	\$ 3,963	324
Foreign unlisting shares	24,133	-
Beneficiary certificates	391	-
Simple Agreement for Future Equity (SAFE)	75,827	-
Total	<u><u>\$ 104,314</u></u>	<u><u>324</u></u>

1. Please refer to Note 6 (20) for the amounts remeasured at fair value and recognized in profit or loss.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2. The above-mentioned financial assets have not been provided as collateral.

(III) Notes and accounts payable (related parties included)

	<u>2024.12.31</u>	<u>2023.12.31</u>
Notes receivable	\$ 18,428	23,884
Accounts receivable	367,322	586,007
Accounts receivable - related parties	3,829	2,757
Less: Allowance for loss	<u>(38,929)</u>	<u>(202,982)</u>
	<u>\$ 350,650</u>	<u>409,666</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all notes and account receivables. To measure the expected credit losses, the notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including overall economic and relevant industry information. The expected credit loss analysis for notes and accounts receivables of the Company is as follows:

	<u>2024.12.31</u>		
	<u>Carrying amounts of notes receivable and accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Estimated credit loss during existence of allowances</u>
Not overdue	\$ 337,228	0%~0.56%	1,882
Overdue for less than 90 days	2,359	0%~18.50%	437
Overdue for more than 91 days	<u>49,991</u>	0%~100%	<u>36,610</u>
	<u>\$ 389,578</u>		<u>38,929</u>

	<u>2023.12.31</u>		
	<u>Carrying amounts of notes receivable and accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Estimated credit loss during existence of allowances</u>
Not overdue	\$ 394,939	0%~0.7%	2,759
Overdue for less than 90 days	7,519	0%~21.28%	1,601
Overdue for more than 91 days	<u>210,190</u>	0%~100%	<u>198,622</u>
	<u>\$ 612,648</u>		<u>202,982</u>

The movement in the allowance for impairment with respect to notes and accounts receivable of the Company is as follows:

	<u>2024</u>	<u>2023</u>
Beginning retained earnings	\$ 202,982	202,115
Impairment loss recognized	-	867

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Amount written off due to irrecoverability during the year	(148,301)	-
Impairment loss reversed	(15,752)	-
Balance at end of the period	<u><u>\$ 38,929</u></u>	<u><u>202,982</u></u>

1. The amount written off due to irrecoverability during the year is accounts receivable that are overdue for 90 days or more; mainly from a major customer. The customer purchased optical adhesive products from the Company and sold them to large-scale manufacturers of various types of liquid crystal displays in Shenzhen, China. Due to the impact of the COVID-19 pandemic outbreak on the upstream and downstream supply chain operations, payment of the goods was suspended. In order to protect its own rights and interests, the Company has filed a civil lawsuit with the Intermediate People's Court of Xiamen, China, and made a loss allowance.

The Intermediate People's Court of Xiamen City, China rendered the judgment in favor of the consolidated company on March 23, 2023. That is, the customer was required to repay the original loan plus the interest for overdue payment. The customer was declared bankrupt by the court on August 23, 2022. Therefore, the relevant interest is calculated from the original due date to the date when the bankruptcy takes effect. As of December 31, 2024, the bankruptcy distribution funds had been obtained and the unrecoverable amounts had been written off.

2. None of the Company's inventory was pledged as collaterals as of December 31, 2024 and 2023.
3. Please refer to Note 6 (21) for details of relevant credit risk and exchange rate risk.

(IV) Inventories

	<u>2024.12.31</u>	<u>2023.12.31</u>
Raw materials and supplies	\$ 42,567	39,973
Work in progress	8,176	12,463
Finished goods	110,735	100,358
Merchandise inventory	12,441	-
	<u><u>\$ 173,919</u></u>	<u><u>152,794</u></u>

1. Below are details of the Company's expenses related to inventories recognized for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Inventory sale recognition	\$ 1,959,987	1,627,652
(Reversal of) write-down of inventories	1,804	(8,962)
	<u><u>\$ 1,961,791</u></u>	<u><u>1,618,690</u></u>

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2. None of the Company's inventory was pledged as collaterals as of December 31, 2024 and 2023.

(V) Investment by the equity method

The investments of the Company accounted for using the equity method at the report date are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Subsidiaries	<u>\$ 186,839</u>	<u>114,977</u>

1. Subsidiaries

Please refer to the consolidated financial reports for 2024.

2. Collateral

As of December 31, 2024 and 2023, the investments of the Company using equity method have not been pledged for collaterals.

(VI) Property, plant and equipment

The details of movement of costs, depreciation and impairment losses for property, plant and equipment of the Company during 2024 and 2023 are as below:

	Land	Houses and buildings	Machinery and equipment	Other equipment	Leasehold improvement	Uncompleted projects and equipment to be inspected	Total
Cost or deemed cost:							
Balance on January 1, 2024	\$319,648	1,375,883	258,357	37,427	16,518	43,324	2,051,157
Additions	-	8,208	21,827	839	450	8,839	40,163
Disposals and retirements	-	(29,354)	(23,349)	(808)	-	-	(53,511)
Reclassifications	-	37,469	-	-	-	(37,469)	-
Balance on December 31, 2024	\$319,648	1,392,206	256,835	37,458	16,968	14,694	2,037,809
Balance on January 1, 2023	\$319,648	1,398,154	951,168	23,834	16,518	55,171	2,764,493
Additions	-	1,412	5,987	7,194	-	15,770	30,363
Disposals and retirements	-	(27,675)	(761,202)	(8,560)	-	-	(797,437)
Reclassifications	-	3,992	62,404	14,959	-	(27,617)	53,738
Balance on December 31, 2023	\$319,648	1,375,883	258,357	37,427	16,518	43,324	2,051,157
Depreciation and impairment loss:							
Balance on January 1, 2024	\$ -	723,260	67,611	9,546	16,518	-	816,935
Depreciation in the current year	-	68,640	29,517	9,028	215	-	107,400
Disposals and retirements	-	(29,354)	(23,349)	(808)	-	-	(53,511)
Balance on December 31, 2024	\$ -	762,546	73,779	17,766	16,733	-	870,824
Balance on January 1, 2023	\$ -	682,388	792,746	10,538	16,518	-	1,502,190
Depreciation in the current year	-	68,547	36,089	7,568	-	-	112,204

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	Land	Houses and buildings	Machinery and equipment	Other equipment	Leasehold improvement	Uncompleted projects and equipment to be inspected	Total
Disposals and retirements	-	(27,675)	(761,224)	(8,560)	-	-	(797,459)
Balance on December 31, 2023	<u>\$ -</u>	<u>723,260</u>	<u>67,611</u>	<u>9,546</u>	<u>16,518</u>	<u>-</u>	<u>816,935</u>
Carrying value:							
December 31, 2024	<u>\$ 319,648</u>	<u>629,660</u>	<u>183,056</u>	<u>19,692</u>	<u>235</u>	<u>14,694</u>	<u>1,166,985</u>
January 1, 2023	<u>\$ 319,648</u>	<u>715,766</u>	<u>158,422</u>	<u>13,296</u>	<u>-</u>	<u>55,171</u>	<u>1,262,303</u>
December 31, 2023	<u>\$ 319,648</u>	<u>652,623</u>	<u>190,746</u>	<u>27,881</u>	<u>-</u>	<u>43,324</u>	<u>1,234,222</u>

1. As of December 31, 2024 and 2023, part of the property, plant and equipment has been provided to financial institutions as collaterals. Please refer to Note 8 for details.

(VII) Investment Property

Investment properties are the sel-owned assets held by the Company. Details of changes are as follows:

	Proprietary assets		
	Land	Houses and buildings	Total
Cost or deemed cost:			
Balance on January 1, 2024	\$ 469,576	677,680	1,147,256
Net gain (loss) arising from fair value adjustments	48,812	(47,732)	1,080
End balance on December 31, 2024	<u>\$ 518,388</u>	<u>629,948</u>	<u>1,148,336</u>
Beginning balance on January 1, 2023	\$ 419,368	726,623	1,145,991
Net gain (loss) arising from fair value adjustments	50,208	(48,943)	1,265
Balance on December 31, 2023	<u>\$ 469,576</u>	<u>677,680</u>	<u>1,147,256</u>

The inputs used in the fair value valuation technique for the subsequent measurement of investment property of the Company belongs to Level 3. Please refer to the aforementioned statement of change for details of the adjustment of carrying amounts at the beginning and end of the period for Level 3. Besides, there were no transfers to or from Level 3 of the fair value hierarchy in the current period.

For the subsequent measurement of investment property of the Company adopting the discounted cash flow analysis method under income approach for valuation, relevant important contract terms and valuation information is as follows:

1. December 31, 2024

The lease of the underlying property was terminated in November 2024, and a tenant was still being recruiting as of December 31, 2024, with no new lease having been established.

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

<u>Subject property</u>	<u>Land and buildings of three factories in</u>
Important contract terms	1. Rent: NT\$5,867 thousand/ month 2. Lease term: 136 months 3. The total amount of taxes and levies that the lessor will bear each year in the future: NT\$2,771 thousand
Local rent status	NT\$ 130~NT\$ 160/m2/month
Rent status of similar property	NT\$ 140/m2/month
Current condition	Normal use

<u>Subject property</u>	<u>Land and buildings of three factories in</u>
Past income amount	NT\$ 140/m2/month
Income capitalization rate	5.416%
Discount rate	4.120%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	2024/9/30
Outsourced appraisal fair value	NT\$ 1,148,336 thousand

2. December 31, 2023

<u>Subject property</u>	<u>Land and buildings of three factories in</u>
Important contract terms	1. Rent: NT\$5,867 thousand/ month 2. Lease term: 136 months 3. The total amount of taxes and levies that the lessor will bear each year in the future: NT\$2,806 thousand
Local rent status	NT\$ 130~NT\$ 160/m2/month
Rent status of similar property	NT\$ 140/m2/month
Current condition	Normal use
Past income amount	NT\$ 140/m2/month
Income capitalization rate	5.467%
Discount rate	4.345%
Outsourced or own appraisal	Outsourced appraisal
Appraisal firm	Hua Shin Appraisers Firm
Name of appraiser	Chen-Hsu Chiang, Chih-Ming Cheng
Date of appraisal	September 30, 2023
Outsourced appraisal fair value	NT\$ 1,147,256 thousand

According to Article 34 of the Technical Rules for Real Estate Valuation, the valuation

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

procedures of the equity method include calculating effective gross income, total expenses, net profit, discount rate and earnings price. The estimation of the aforementioned parameters refers to relevant data of the subject property for appraisal and comparable property with identical or similar characteristics in the most recent three years. Adjustment is made through comprehensive determination of the continuity, stability and growth status in order to confirm the availability and reasonableness of the data. The change status of the income (cash inflow) and expense (cash outflow) of each period is determined based on the past income and expense (cash flow) of the subject property, comparable property income and expense (cash flow) in the same industry or substituting comparable property, idle or loss ratio and present or possible planned income and expense in the future. The objective net income after the deduction of total expense from the total revenue is based on the objective net income of the subject property under the most effective use, and the incomes of similar properties in the neighborhood under the most effective use conditions are used as a reference for the estimation.

The determination of the discount rate adopts the risk premium method, and it considers the factors of the time deposit interest rate of the bank, government bond interest rate, risk of property investment, currency change status and change trend of property price, etc., in order to determine the likely rate of return on the most common investment, thereby adjusting the differences of individual characteristics between the investment and the subject property. The discount rate for this is based on the flexible interest rate of small-amount deposit under the two-year postal time deposit announced by Chunghwa Post Corporation, plus 0.75 percentage point as the base interest rate, 2.470%, while taking the underlying asset's yield, liquidity, risk, appreciation, and management difficulty into account, a risk premium of 1.65% and 2.0% was added as of December 31, 2024 and 2023, respectively, to determine the underlying asset's discount rates as 4.120% and 4.345%, respectively. For estimation of revenue capitalization, after dividing the net profit of the subject property for comparison by the price, the revenue capitalization rate as of December 31, 2022 and 2021 was calculated as 5.416% and 5.467% respectively by weighted average.

The aforementioned fair value valuation technique and material unobservable inputs are explained in the following table:

Fair value valuation technique	Material unobservable inputs	Relationships between material unobservable inputs and fair value measurements
Perform discounted cash flow	● Discount rate after risk	The estimated fair value

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

analysis under income approach for evaluation based on the contract rent provided by the Company during the lease term, and after the lease term expires, the evaluation is performed based on the market rent. Discounted cash flow analysis under income approach: This refers to the net income and value at the end of the period during the future discounted cash flow of the subject property analysis period, and after discount at appropriate discount rate the sum of the estimated subject property values are added. Such method is applicable to the property investment evaluation for the purpose of investment.	adjustment (On December 31, 2024 and 2023, the discount rates are 4.120% and 4.345%, respectively).	will be increased (or decreased) if: ● Discount rate after risk adjustment decreases (increases).
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For the investment properties of the Company pledged as collaterals as of December 31, 2024 and 2023, please refer to Note 8.

(VIII) Other financial assets (current and non-current included)

	2024.12.31	2023.12.31
Time deposit - pledged as collateral	\$ 336,432	63,978
Restricted demand deposit	-	342,000
Accrued rent receivable	-	4,316
Income tax refund receivable	3,477	1,456
Refundable deposits - non-current	4,568	4,739
Others	203	44
	\$ 344,680	416,533

Please refer to Note 8 for the other financial assets pledged as collateral.

(IX) Short-term borrowings

Statement of short-term borrowings of the Company is as follows:

	2024.12.31	2023.12.31
Unsecured bank loans	\$ 367,748	132,000
Secured bank loans	333,000	250,000

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	\$ <u>700,748</u>	<u>382,000</u>
Unused amount	\$ <u>-</u>	<u>140,000</u>
Interest rate interval	<u>2.21%~2.968%</u>	<u>2.47%~2.67%</u>

Please refer to Note 8 for details of the use of partial assets of the Company as collateral for short-term bank loans.

(X) Long-term loan

Statement, criteria and terms of long-term borrowings of the Company are as follows:

2024.12.31				
	Currency type	Interest rate interval	Maturity year	Amount
Unsecured bank loans	NTD	2.22%~2.41%	2025~2026	\$ 43,250
Secured bank loans	NTD	2.22%~2.59%	2027~2031	<u>1,297,500</u>
				1,340,750
Less: Portion with maturity due in one year				<u>(184,491)</u>
Total				<u>\$ 1,156,259</u>
Unused amount				<u>\$ 200,000</u>

2023.12.31				
	Currency type	Interest rate interval	Maturity year	Amount
Unsecured bank loans	NTD	2.095%~2.29%	2025~2026	\$ 139,125
Secured bank loans	NTD	2.095%~2.67%	2027~2028	<u>1,230,452</u>
				1,369,577
Less: Portion with maturity due in one year				<u>(201,701)</u>
Total				<u>\$ 1,167,876</u>
Unused amount				<u>\$ -</u>

Please refer to Note 8 for details on the status of the collaterals provided for bank loans with a portion of assets under pledge setting of the Company.

(XI) Corporate bonds payable

Information on the Company's issuance of secured convertible bonds is as follows.

	2023.12.31
Total amount of issued convertible bonds	\$ 500,000
Unamortized amount of discount on bonds payable	(1,386)
Less: Due in one year	<u>(498,614)</u>
Ending balance of bonds payable	<u>\$ -</u>

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	2023
Equity component—conversion option (recognized as capital surplus—share option)	\$ <u><u>12,724</u></u>
	2024
Interest expense	\$ <u><u>1,386</u></u>
	2023
	<u><u>5,817</u></u>

On March 26, 2021, the Company issued 5,000 three-year secured convertible corporate bonds with a coupon rate of 0% and a par value of NT\$100 thousand, and the effective interest rate was 1.33%.

At the time of issuance, the conversion price was determined as NT\$ 35.86 per share. Where the Company issued ordinary shares in compliance with the issuance clauses on adjustment of conversion price, the conversion price shall be adjusted as per the formula specified under the issuance clauses. No terms are re-established for these bonds.

In May 2022, the Company handled formalities for capital increase in cash. According to Article 11 of the Rules Governing Domestic Third Issuance and Conversion of Secured Convertible Corporate Bonds, the conversion price shall be adjusted. From May 23, 2022, the conversion price was adjusted from NT\$ 35.86 to NT\$ 35.57.

The Company decreased its capital in August 2023 to offset its accumulated losses. According to Article 11 of the Third Domestic Secured Convertible Corporate Bond Issuance and Conversion Procedures, the conversion price shall be adjusted. Effective on August 17, 2023, the conversion price was adjusted from NT\$35.57 to NT\$55.29.

The Company has redeemed the above-mentioned corporate bonds on April 8, 2024, at a repayment amount of NT\$500,000 thousand.

(XII) Operating lease

The Company leases out its investment properties and some of its plants. Since it does not transfer substantially all the risks and rewards incidental to the ownership of the underlying assets, these lease contracts are classified as operating leases. Please refer to Note 6 (7) Investment Properties for details.

The due lease payment is analyzed based on the undiscounted lease payment total amount that will be collected after the report date, as described in the following table:

	2023.12.31
Less than one year	\$ 72,762
One to two years	72,762
Two to three years	72,762
Three to four years	72,762
Four to five years	68,133

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

More than five years	206,730
Undiscounted lease payment total amount	<u><u>\$ 565,911</u></u>

The rental income generated from investment properties in 2024 and 2023 was NT\$54,000 thousand and NT\$72,672 thousand respectively.

The original lessee signed a settlement agreement with the Company on November 19, 2024 and completed the lease termination on November 25. As of December 31, 2024, there was no new tenant for the Company's investment properties.

(XIII) Employee benefits

1. defined benefit plan

The reconciliation of the present value of the Company's defined benefit obligations and the fair value of plan assets is as follows:

	<u>2024.12.31</u>
Present value of a defined benefit obligation	\$ 637
Fair value of plan assets	<u>(6)</u>
Net defined benefit liabilities	<u><u>\$ 631</u></u>

The details of the Company's employee benefit liabilities are as below:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Short-term leave with pay liabilities	<u>\$ 8,457</u>	<u>9,070</u>

Contributions for defined benefit plan are made to a dedicated pension fund account opened with Bank of Taiwan. For retirees who opted for the pension scheme mentioned in the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

(1) Composition of plan assets

Pension fund contributions that the parent-company only Entity has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks.

As at the reporting date, balance of the Group's labor pension reserve account held with Bank of Taiwan totaled NT\$6 thousand. Please visit the BLF website for more information such as fund yield and allocation of fund assets.

(2) Changes in present value of defined benefit obligations

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The Company's changes in present value of defined benefit obligations for 2024 and 2023 are explained below:

	<u>2024</u>
Defined benefit obligations as at January 1	\$ -
Service cost and interest in the current period	6
Past service cost	<u>631</u>
Defined benefit obligation on December 31	<u><u>\$ 637</u></u>

(3) Changes in the present fair value of plan assets

The Company's changes in present fair value of defined benefit plan assets for 2024 are as below:

	<u>2024</u>
Fair value of plan assets on January 1	\$ -
Interest income	-
Amount contributed to the plan	<u>6</u>
Fair value of plan assets on December 31	<u><u>\$ 6</u></u>

(4) Expenses recognized as profit and loss

Details of these recognized as expenses by the Company for 2024 are explained below:

	<u>2024</u>
Service cost in the current period	\$ 6
Past service cost	<u>631</u>
	<u><u>\$ 637</u></u>
Operating costs	<u><u>\$ 637</u></u>

(5) Actuarial assumptions

Key actuarial assumptions that the parent-company only Entity had made to determine the present value of defined benefit obligations as at the reporting date are as follows:

	<u>2024.12.31</u>
Discount rate	1.75%
Future salary increase rate	2.00%

The Company expects to contribute NT\$76 thousand to the defined benefit plan within one year from the 2024 reporting date.

The defined benefit plan has a weighted average duration of 24 years.

(6) Sensitivity analysis

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations as at December 31, 2024

	Impact on defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2024		
Discount rate	\$ (37)	39
Future salary increase	39	(36)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net pension liabilities are presented in the balance sheet.

2. Defined contribution plans

According to the defined contribution plan of the Company, 6.00% shall be appropriated from the labor workers' monthly salaries to their individual pension accounts as specified by the Rules on Labor Workers' Pensions. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

Below are details of the Company's expenses generated from the share-based payment for 2024 and 2023:

	2024	2023
Operating costs	\$ 7,611	8,550
Selling and marketing expenses	1,155	1,194
Administrative expenses	2,389	2,351
Research and development expenses	2,000	1,980
	\$ 13,155	14,075

(XIV) Income Taxes

1. Below are details of the Company's income tax expenses for 2024 and 2023:

	2024	2023
Current tax expenses		
Incurred during the period	\$ 2	-
Deferred tax expenses		
The occurrence and incurrence of the temporary differences	2,052	-
income tax expense	\$ 2,054	-

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2. The Company's reconciliation of income tax expense and net loss before tax for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Loss before tax	\$ (238,705)	(117,836)
Income tax calculated according to the domestic tax rate of the country of the Company	(47,741)	(23,567)
Permanent differences	1,134	-
Change of unrecognized temporary differences	48,661	23,567
income tax expense	<u>\$ 2,054</u>	<u>-</u>

3. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items not recognized as deferred tax assets by the Company are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Deductible temporary differences	\$ 3,705	41,709
Aggregate amount of temporary differences related to investments in subsidiaries	405,134	406,635
Tax loss	1,089,270	1,234,338
	<u>\$ 1,498,109</u>	<u>1,682,682</u>

Regarding tax losses, according to the provisions of the Income Tax Act specifying that losses of the past ten years approved by the taxation authority may be deducted from the net profit of the current year, followed by the payment of the income tax. The reason for not recognizing such items as deferred income tax assets is because the Company is not very likely to have sufficient taxable income in the future for deductible temporary difference use.

As at December 31, 2024, the tax losses that were not recognized as deferred income tax asset by the Company, can be deducted until the following dates :

<u>Year with loss</u>	<u>Non-deducted loss</u>	<u>Final year for deduction</u>
Approved value for 2015	\$ 1,073,944	2025
Approved value for 2016	457,378	2026
Approved value for 2017	1,862,692	2027
Approved value for 2018	337,430	2028
Approved value for 2019	346,172	2029
Approved value for 2020	254,791	2030
Approved value for 2021	245,323	2031
Amount assessed of 2022	464,316	2032
Amount reported of 2023	194,362	2033

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Amount expected of 2024	209,940	2034
	<u><u>\$ 5,446,348</u></u>	

(2) Recognized deferred income tax assets and liabilities

Below are changes in the Group's income tax assets and liabilities for 2024 and 2023:

Deferred tax assets:

	<u>Loss deduction</u>
January 1, 2024	\$ 8,617
Recognized in income statement	<u>3,849</u>
December 31, 2024	<u><u>\$ 12,466</u></u>
January 1, 2023	\$ 5,037
Recognized in income statement	<u>3,580</u>
December 31, 2023	<u><u>\$ 8,617</u></u>

Deferred income tax liabilities:

	<u>Unrealized exchange gains</u>	<u>Investment Property</u>	<u>Total</u>
January 1, 2024	\$ -	57,425	57,425
Recognized as profit or loss	<u>2,051</u>	<u>3,850</u>	<u>5,901</u>
December 31, 2024	<u><u>\$ 2,051</u></u>	<u><u>61,275</u></u>	<u><u>63,326</u></u>
January 1, 2023	\$ -	53,846	53,846
Recognized in income statement	<u>-</u>	<u>3,579</u>	<u>3,579</u>
December 31, 2023	<u><u>\$ -</u></u>	<u><u>57,425</u></u>	<u><u>57,425</u></u>

4. The Company's profit-seeking enterprise income tax returns have been assessed by the tax authority up till 2022.

(XV) Capital and other equity

1. Ordinary share

As of December 31, 2024 and 2023, the total authorized capital of the Company was NT\$5,000,000 thousand, with a par value of NT\$10 per share and 500,000 thousand shares. All shares concerned in the foregoing authorized share capital were ordinary shares. In 2022 and 2021, 186,234 thousand and 144,330 thousand shares were issued respectively. All proceeds from shares issued have been collected.

On March 5, 2024, the Board of Directors resolved to issue new shares for cash capital increase. The proposed issuance of 40,000 thousand common shares was approved by the Financial Supervisory Commission on April 24, 2024, and the Board of Directors authorized the Chairperson to determine the issue price to be NT\$19.6, with a total issue

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

price of NT\$784,000 thousand. June 19, 2024 was the base date for the capital increase, and the statutory registration procedures were completed on July 17 of the same year. In addition, the Company reserves 10% of the new shares issued in the capital increase for employee subscription in accordance with Article 267 of the Company Act, and recognizes the compensation costs of NT\$21,600 thousand on the grant date.

On June 21, 2023, the Company, upon the resolution of the shareholders' meeting, decrease the capital to offset losses. The amount of capital decrease was NT\$800,000 thousand, and 80,000 thousand issued shares were cancelled, with a capital decrease ratio of 35.68%. The Financial Supervisory Commission approved the filing and took effect on August 9, 2023. August 17, 2023 was set as the base date for capital decrease. The change registration has been completed with the Ministry of Economic Affairs.

The Company's employees exercised 1,628 thousand employee warrants in 2024, of which 585 thousand shares, 350 thousand shares, and 693 thousand shares were completed with the change registrations on June 6, October 4, and November 26, 2024, respectively.

2. Capital surplus

The capital surplus balance content of the Company is as follows:

	2024.12.31	2023.12.31
Share premium	\$ 408,883	3,258
Share-based Payment	15,083	6,632
Convertible corporate bonds	12,724	12,724
	\$ 436,690	22,614

In accordance with the Company Act, after having first offset losses using capital surplus, the realized capital surplus can be used to issue new shares or cash dividends according to the original percentage of shares of shareholders. The aforementioned realized capital surplus includes share premiums from the outstanding shares issued at a price above the par value and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to increase share capital shall not exceed 10% of the paid-in capital amount.

On May 27, 2024 and June 21, 2023, the Company, upon the resolution of the shareholders' meeting, to offset the losses in 2023 and 2022, by using capital reserves of NT\$578 thousand and NT\$176,915 thousand, respectively. Relevant information can be found at the MOPS and other channels.

3. Retained earnings

According to the Company's Articles of Incorporation, the Company's surplus

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

distribution or loss allowance may be made after the end of each half of the fiscal year. If there is a surplus in the final accounts for each half of the fiscal year, the Company shall first pay off taxes, make up for accumulated losses, estimate and reserve employee compensation, and then set aside 10% as legal reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting, while if they are distributed in cash, the distribution shall be subject to the resolution of the Board of Directors.

If there is a surplus in the Company's annual final accounts, the Company shall first pay off the taxes, make up for the accumulated losses and allocate 10% as statutory surplus reserve. However, this provision shall not apply if the statutory surplus reserve has reached the total capital of the Company. Meanwhile, the special reserve shall be allocated or reverse according to the laws and regulations or the competent authority's regulations. If there is any surplus, the balance plus the accumulated undistributed earnings in the first half of the fiscal year shall be distributed as the shareholder dividends subject to the distribution plan proposed by the Board of Directors. If the dividends are distributed in the form of new shares, the distribution shall be subject to the resolution of a shareholders' meeting.

If the Company intends to distribute all or part of the dividends, bonuses, statutory surplus reserve or capital reserve in cash, the proposal shall be authorized by a board of directors meeting with over 2/3 of the entire board members attending and approval of over half of those present at the meeting and then submit the proposal to the shareholders' meeting for resolution.

The Company is currently in a growing phase, and will strive for business development and expansion in the future. The Company's surplus distribution shall be made based on its future capital expenditure budget and capital needs. However, the distribution of shareholders' dividends shall not be less than 20% of the lower value of the earnings after tax or distributable earnings of the current period. Among the dividends distributed in the current year, the cash dividends shall not be less than 50%.

(1) Statutory reserves

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash; however, it shall be limited to the portion of legal reserve exceeding 25% of the issued share capital.

(2) Earning distribution

On May 27, 2024, and on June 21, 2023, the Company, upon the resolutions of the shareholders' meetings, offset the losses of 2023 and 2022. Relevant information can be found at the MOPS and other channels.

The Company had accumulated losses as of June 30, 2024 and 2023, and therefore it did not intend to distribute earnings for the first half of 2024 and 2023.

4. Other equity (net after tax)

	Difference in exchange from the conversion of financial statements of overseas operating entities	Revalued amount of property	Total
Balance on January 1, 2024	\$ 165,980	312,687	478,667
Share of translation difference of subsidiaries under the equity method	5,482	-	5,482
Balance on December 31, 2024	<u>\$ 171,462</u>	<u>312,687</u>	<u>484,149</u>
Balance on January 1, 2023	\$ 167,361	312,687	480,048
Share of translation difference of subsidiaries under the equity method	(1,381)	-	(1,381)
Balance on December 31, 2023	<u>\$ 165,980</u>	<u>312,687</u>	<u>478,667</u>

(XVI) Share-based Payment

- As of December 31, 2024 and 2023, the Company had the following share-based payment transactions:

	<u>Equity transactions</u> <u>Employee stock option</u>
Type	
Grant date	2020-09-17
Grant quantity (thousand/unit)	3,000
Contract period	4 years
Vesting conditions	Immediate vesting
Actual turnover rate of current period	0%
Estimated turnover rate for the future	0%

On August 21, 2020, the Company issued employee stock options as resolved by the

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Board of Directors, and a total of 3,000 thousand ordinary shares. The closing price of the Company's ordinary shares on the issue date was determined as the subscription price. The employee stock options were issued within one year after the competent authority's notice regarding declaration effectiveness expired, once or twice dependent upon the actual needs. The aforementioned issued employee stock options took effect on September 16, 2020 after declaration to the Securities and Futures Bureau, Financial Supervisory Commission. On September 17, 2020, all the employee stock options were issued as resolved by the Board of Directors at fair value of NT\$ 10.4 on the grant date. On May 23, 2022, capital was increased, and the fair value was adjusted as NT\$ 10.3. For the capital decrease to offset losses on August 17, 2023, the fair value was adjusted to NT\$16.0. For the cash capital increase on June 19, 2024, the fair value was adjusted to NT\$15.2.

Except that subscribers shall comply with the transfer suspension period of two years after the grant of employee stock options according to the law, the accumulated exercisable subscription rights ratio is as follows:

Stock warrants grant period	2020
Matured for two years	60%
Matured for three years	100%

2. Parameters for measuring fair value on the grant date

The Company estimated the fair value of the share-based payments on the grant date with Black-Scholes option evaluation mode. The inputs of this mode are as follows:

	2020
Dividend rate (Note)	-%
Expected volatility (%)	45.77%
Expected life of stock options (years)	4 years
Risk-free interest rate (%)	0.2916%

Note: Pursuant to the Company's 2020 employee warrant issuance policy, the subscription price will be adjusted proportionally as the dividend distribution (anti-dilution price adjustment), so it is not included in the calculation.

3. The detailed information of the above-mentioned employee warrant certificates is as follows:

	2024		2023	
	Weighted average strike price (NT\$)	Number of stock options (thousand)	Weighted average strike price (NT\$)	Number of stock options (thousand)
Outstanding on January 1	\$ 16.00	1,788	10.30	2,208

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Loss quantity of current period	15.20	(160)	-	-
Quantity exercised in the period (before capital increase)	16.00	(735)	-	-
Quantity exercised in the period (after capital increase)	15.20	(893)	-	-
Execution quantity in the current period (before capital reduction)	-	-	10.30	(144)
Execution quantity in the current period (after capital reduction)	-	-	16.00	(276)
Outstanding on December 31	<u>\$ -</u>	<u>-</u>	<u>16.00</u>	<u>1,788</u>

The information on the outstanding warrants of the Company as of December 31, 2024 and 2023 is as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Exercise price interval	15.2 ~ 16.00	10.30 ~ 16.00
Weighted-average remaining contractual life (years)	-	0.75

4. Employee expenses

The expenses incurred by the Company for share-based payments in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Expenses arising from employee stock options	<u>\$ -</u>	<u>1,052</u>

(XVII) Losses per share

	<u>2024</u>	<u>2023</u>
Basic loss per share		
Loss attributable to common shareholders of the Company	<u>\$ (240,759)</u>	<u>(117,836)</u>
Number of common shares with retroactive adjustment outstanding shares for basic loss per share	<u>166,483</u>	<u>144,280</u>
Basic losses per share	<u>\$ (1.45)</u>	<u>(0.82)</u>

- The Company has designated August 17, 2023 as the base date for capital decrease, and shall retrospectively present the loss per share of the current and comparative periods in accordance with paragraph 64 of IAS 33, "Earnings per Share."
- The Company suffered losses in both 2024 and 2023, and there was no dilution effect, so

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

no diluted earnings per share were disclosed.

(XVIII) Compensation of employees and directors

According to the Company's Articles of Incorporation, if the Company makes a profit during the year (the so-called profit refers to the pre-tax profit before the distribution of remuneration to employees and directors), 8% thereof shall be allocated as the remuneration to employees and no more than 0.01% thereof as the remuneration to directors. However, if the Company still has accumulated losses, profits shall be reserved for making up the accumulated losses first. The employee remuneration may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of the affiliated companies meeting certain specific criteria and the board of directors shall be authorized to establish said specific criteria. The preceding two paragraphs shall be executed in accordance with the resolution of the Board of Directors meeting and shall be reported to the shareholder meeting.

The Company had losses to be offset in both 2024 and 2023, so it is not required to estimate employees and directors' remuneration. Relevant information can be found at the MOPS.

(XIX) Revenue from Contracts with Customers

1. Disaggregation of revenue

		2024			
		Optoelectronics	Green building industry	Others	Total
Primary regional markets:					
Taiwan	\$	467,810	213,369	22,841	704,020
Mainland China		11,036	-	193,627	204,663
United States		91,983	-	930,549	1,022,532
Others		28,375	-	24,695	53,070
		<u>\$ 599,204</u>	<u>213,369</u>	<u>1,171,712</u>	<u>1,984,285</u>
Primary product/service line:					
Photoelectric glass	\$	599,204	-	-	599,204
Green building glass		-	213,369	-	213,369
Others		-	-	1,171,712	1,171,712
		<u>\$ 599,204</u>	<u>213,369</u>	<u>1,171,712</u>	<u>1,984,285</u>
		2023			
		Optoelectronics	Green building industry	Others	Total
Primary regional markets:					
Taiwan	\$	446,491	224,927	48,978	720,396

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Mainland China	28,483	-	473,792	502,275
United States	62,538	-	306,364	368,902
Others	65,802	-	21,251	87,053
	\$ 603,314	224,927	850,385	1,678,626
Main products:				
Photoelectric glass	\$ 603,314	-	-	603,314
Green building glass	-	224,927	-	224,927
Others	-	-	850,385	850,385
	\$ 603,314	224,927	850,385	1,678,626

2. Balance of contract

	2024.12.31	2023.12.31	2023.1.1
Notes and accounts receivable	\$ 389,579	612,648	775,871
Less: Allowance for loss	(38,929)	(202,982)	(202,115)
Total	\$ 350,650	409,666	573,756
Contract liabilities	\$ 8,869	1,412	13,260

Please refer to Note 6 (3) for disclosure of notes and accounts receivable and their impairment losses.

The beginning balances of contract liabilities on January 1, 2024 and 2023 recognized as revenues in 2024 and 2023 were NT\$1,412 thousand and NT\$12,333 thousand, respectively.

(XX) Non-operating income and expense

1. Interest income

Statement of interest income of the Company is as follows:

	2024	2023
Interest on bank deposits	\$ 15,404	12,556

2. Other gains and losses

Statement of other gains and losses of the Company is as follows:

	2024	2023
Foreign currency exchange gains	\$ 29,714	(154)
Loss (gain) on disposal and retirement of property, plant and equipment	-	2,022
Gain on fair value adjustment of investment property	1,080	1,265
Net loss on financial asset or financial liability at fair value through profit or loss	(10,625)	(1,130)
Rental income	57,490	77,847

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Other income	2,023	38,711
Other expenses	<u>(14,538)</u>	<u>(3,699)</u>
	<u>\$ 65,144</u>	<u>114,862</u>

3. Financial costs

Statement of financial costs of the Company is as follows:

	<u>2024</u>	<u>2023</u>
Interest expense		
Bank borrowings	\$ 43,262	44,490
Corporate bonds payable	1,386	5,817
Others	<u>410</u>	<u>158</u>
	<u>\$ 45,058</u>	<u>50,465</u>

(XXI) Financial Instruments

1. Credit risk

(1) The amount of maximum exposure to credit risk

The maximum credit risk exposure of financial assets is equal to their carrying amount.

(2) Credit risk concentration

The main potential credit risk of the Company comes from the financial commodities of cash and cash equivalents and accounts receivable. The cash of the Company is deposited at different financial institutions. The Company controls the credit risk of each financial institution exposed, and believes that there is no likelihood of obvious concentration of material credit risk in the cash and cash equivalents of the Company.

Customers of the Company are concentrated in the optoelectronics industry, and to reduce accounts receivable credit risk, the Company continues to evaluate the financial status of customers, and periodically evaluates the feasibility of recovery of accounts receivable and appropriates allowance for losses, and impairment loss is within the expectations of the management. As of December 31, 2024 and 2023, these customers accounted for 11% and 23% of the Company's accounts receivable, respectively, resulting in a significant concentration of credit risk for the Company.

(3) Credit risk of accounts receivable and debt securities

Please refer to Note 6 (3) for more information on credit risk exposure of notes receivable and accounts receivable. Other financial assets measured at amortized cost include other accounts receivable, restricted deposits and time deposit certificates.

The aforementioned financial assets refer to financial assets with low credit risk;

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

therefore, the allowance for losses for such periods is measured according to the 12-month expected credit loss amount (please refer to Note 4(6) for details on how the Company makes the judgment on low credit risk). The changes in loss allowance in 2024 are as follows:

	Other receivables
Balance on January 1, 2024	\$ 672
Impairment loss reversed	(26)
Balance on December 31, 2024	<u><u>\$ 646</u></u>
Balance on December 31, 2023 (i.e. The balance on January 1, 2023)	<u><u>\$ 672</u></u>

2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,630,500	1,722,474	524,610	722,443	475,421	-
Unsecured bank loans	410,998	416,829	401,045	15,784	-	-
Notes and accounts payable (including related parties)	307,642	307,642	307,642	-	-	-
Other payables	82,909	82,909	82,909	-	-	-
Construction and equipment payable	2,168	2,168	2,168	-	-	-
Lease liabilities	15,557	15,697	15,697	-	-	-
	<u><u>\$ 2,449,774</u></u>	<u><u>2,547,719</u></u>	<u><u>1,334,071</u></u>	<u><u>738,227</u></u>	<u><u>475,421</u></u>	<u><u>-</u></u>
December 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,480,452	1,580,117	425,264	359,948	794,905	-
Unsecured bank loans	271,125	275,830	191,966	83,864	-	-
Convertible corporate bonds	498,614	500,000	500,000	-	-	-
Notes and accounts payable (including related parties)	266,446	266,446	266,446	-	-	-
Other payables	82,314	82,314	82,314	-	-	-
Construction and equipment payable	1,552	1,552	1,552	-	-	-
Lease liabilities	1,676	1,709	1,034	675	-	-
	<u><u>\$ 2,602,179</u></u>	<u><u>2,707,968</u></u>	<u><u>1,468,576</u></u>	<u><u>444,487</u></u>	<u><u>794,905</u></u>	<u><u>-</u></u>

The Company does not expect that the timing of the occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, or that the actual cash flow amount will be significantly different.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The Company's financial assets and liabilities exposed to significant exchange rate risk are as follows:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

2024.12.31				2023.12.31			
	Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD
<u>Financial asset</u>							
<u>Monetary items</u>							
USD : NTD	\$	21,682	32.79	710,854	20,975	30.71	644,039
RMB : NTD		67	4.4780	299	100	4.3270	431
EUR : NTD		6	34.14	214	14	33.98	476
JPY : NTD		16,938	0.2099	3,555	7,427	0.2172	1,613
<u>Non-monetary items</u>							
USD : NTD		1,781	32.79	58,393	1,750	30.71	53,727
<u>Financial liability</u>							
<u>Monetary items</u>							
USD : NTD		9,785	32.79	320,788	7,531	30.71	231,237

(2) Sensitivity analysis

The Company's exposure to foreign currency risk mainly comes from cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currencies, and foreign exchange gain or loss occurs during the translation. On December 31, 2024 and 2023, when the New Taiwan Dollar depreciated or appreciated by 1% against the USD, CNY, EUR and JPY, and all other factors remained unchanged, the net loss after tax for 2024 and 2023 increased or decreased by NT\$3,282 thousand and NT\$3,319 thousand, respectively. The analysis for the two periods adopted the same basis.

(3) Exchange gains and losses on monetary items

The information on the amount of exchange gain or loss (including realized and unrealized) of monetary items of the Company translated to the functional currency of NTD (i.e. the presentation currency of the Company) is as follows:

	2024		2023	
	Exchange gain (loss)	Average exchange rate	Exchange gain (loss)	Average exchange rate
TWD	\$ 29,714	32.17	(154)	31.12

4. Interest rate analysis

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

The sensitivity analyses below were determined based on the exposure to interest rates for non-derivative instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

outstanding at the report date was outstanding throughout the year. The interest rate increased or decreased by 1% when the Company internally reported the interest rate to the main management. This represented the evaluation of the reasonable change range of the interest rate by the management.

If the interest rate increases or decreases by 1%, with all other variables remaining unchanged, the net loss before tax of the Company in 2024 and 2023 will decrease or increase by NT\$11,979 thousand and NT\$12,524 thousand, respectively. This is mainly due to the Company's variable interest rate demand deposits, time deposits and loans.

5. Information on fair value

(1) Types and fair values of financial instruments

The financial assets and liabilities measured at fair price through profit or loss of the Company are measured at fair price based on the repetitiveness. The information on the carrying amount and fair value of various financial assets and financial liabilities (including fair value and level information; however, for the carrying amount of financial instruments not measured at fair value as the reasonable close value of fair value, and lease liabilities, their fair values are not required to be disclosed according to the regulations) is as follows:

		2024.12.31				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Domestic TWSE/TPex listing shares	\$	3,963	3,963	-	-	3,963
Foreign unlisting shares		24,133	-	-	24,133	24,133
Beneficiary certificates		391	391	-	-	391
SAFE		75,827	-	-	75,827	75,827
Subtotal		104,314	4,354	-	99,960	104,314
Financial assets at amortized cost						
Cash and cash equivalents		844,441	-	-	-	-
Notes and accounts receivable (including related parties)		350,650	-	-	-	-
Other financial assets - (current and non-current)		344,680	-	-	-	-
Subtotal		1,539,771	-	-	-	-
Total	\$	1,644,085	4,354	-	99,960	104,314
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	700,748	-	-	-	-
Notes and accounts payable (including related parties)		307,642	-	-	-	-
Other payables		82,909	-	-	-	-

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Construction and equipment payable	2,168	-	-	-	-
Lease liabilities (current and non-current)	15,557	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)	1,340,750	-	-	-	-
Total	\$ 2,449,774	-	-	-	-
2023.12.31					
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Domestic TWSE/TPex listing shares	\$ 324	324	-	-	324
Financial assets at amortized cost					
Cash and cash equivalents	499,901	-	-	-	-
Notes and accounts receivable (including related parties)	409,666	-	-	-	-
Other financial assets - (current and non-current)	416,533	-	-	-	-
Subtotal	1,326,100	-	-	-	-
Total	\$ 1,326,424	324	-	-	324
2023.12.31					
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 382,000	-	-	-	-
Notes and accounts payable (including related parties)	266,446	-	-	-	-
Other payables	82,314	-	-	-	-
Construction and equipment payable	1,552	-	-	-	-
Lease liabilities (current and non-current)	1,676	-	-	-	-
Corporate bonds payable (including the portion with maturity in one year)	498,614	-	-	-	-
Long-term borrowings (including the portion with maturity in one year)	1,369,577	-	-	-	-
Total	\$ 2,602,179	-	-	-	-

- (2) Fair value valuation techniques for financial instruments not measured at fair value
- The methods and assumptions the Company adopted to estimate the instruments not measured at fair value are as follows:

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

(2.1) Financial assets at amortized cost

Financial instruments that are openly quoted in an active market will have fair value determined at the openly quoted price. If no market price to be referred to, the estimates by valuation methods or the counterparty's quotation is adopted.

(2.2) Financial assets and liabilities at amortized costs

If there is transaction or quote information from a market maker, then the latest transaction price and quote information are used as the basis for the evaluation of the fair value. If no market price is available for reference, then a valuation method is used for estimation. The estimation and assumption adopted for the valuation method refers to the discounted value of the cash flow estimated fair value.

(3) Fair value valuation techniques for financial instruments measured at fair value

(3.1) Non-derivative instruments

When a financial instrument has an active market open quote, then the open quote of the active market is used for the fair value. For the market price of the main exchange and announced by the exchange center of the central government determined to be on-the-run securities, the publicly listed equity instruments and debt instruments with an active market open quote are determined to have a basis for fair value.

If an open quote of a financial instrument can be timely and frequently obtained from an exchange, broker, underwriter, industry association, pricing service institution or competent authority, and the price represents an actual and frequently occurring fair market transaction, then the financial instrument has an active market open quote. If the aforementioned criteria are not met, then the market is deemed to be inactive. In general, when the bid-ask spread is great, and the bid-ask spread obviously increases or the trading volume is small, then it serves as indicators of an inactive market.

Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. Fair value by valuation technique may be obtained by making reference to the prevailing fair value of financial instruments that share similar terms and characteristics or using valuation techniques such as the discounted cash flow method in conjunction with market information available as at the balance sheet date (e.g. The reference yield curve of Tpx or average quotations of commercial paper by Reuters).

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

If a financial instrument held by the Company has no active market, then its fair value is determined according to the following category and attribute:

- Equity instruments without open quotations: fair value is estimated using the market comparable companies approach, with the main assumption based on the earnings multiplier derived from the estimated earnings before interest, tax, depreciation and amortization of the investee and the market quotations of comparable TWSE/TPex listing companies. For the estimated value, the discount effect of the lack of market liquidity of such equity security has been adjusted.

(3.2) Derivative financial instruments

The valuation is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model. Forward exchange agreement is typically evaluated based on the current forward exchange rate.

(4) Transfer between level 1 and level 2

There had been no transfer of the Company's financial assets and liabilities during 2024 and 2023.

(5) Details of changes in Level 3

	Measured at fair value through profit or loss designation as at fair value through profit or loss
January 1, 2024	\$ -
Total profit or loss	
Recognized as profit or loss	(11,351)
Purchase	<u>111,311</u>
December 31, 2024	<u><u>\$ 99,960</u></u>

(6) Quantified information of fair value measurement for the material unobservable inputs (Level 3)

The Company's fair value measurement classified as Level 3 mainly includes financial assets measured at fair value through profit or loss - equity securities investment.

Most of the fair values of the Company are classified as Level 3 with only a single significant unobservable input. Only the equity instrument investments without an active market have multiple significant unobservable inputs. Significant

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

unobservable inputs for investments in equity instruments without an active market are independent of each other and therefore not correlated with each other.

The quantified information of fair value measurement for the material unobservable inputs is listed below:

Item	Valuation technique	Material unobservable inputs	Relationship between the material unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss - investment in the equity instrument without active market	Comparable company method	- Equity-to-book ratio multiplier (3.57 times on December 31, 2024) - Discount due to lack of market liquidity (30% on December 31, 2024)	- The higher the multiplier, the higher the fair value - The higher the discount due to lack of market liquidity, the lower the fair value
Financial assets at fair value through profit or loss - SAFE	Binary Tree Model	Volatility (56.09% on December 31, 2024)	The higher the volatility, the lower the fair value

(7) Sensitivity analysis of fair value to reasonably possible alternative assumptions for Level 3 fair value measurements

The fair value measurements of the Company's financial instruments are deemed reasonable, but the use of different valuation models or valuation parameters may lead to different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the impact on the profit or loss of the current period or other comprehensive income is as follows:

			Changes in fair value reflected in current profit or loss		Changes in fair value reflected in other comprehensive income	
	inputs	Change upward or downward	Favorable changes	Adverse changes	Favorable changes	Adverse changes
December 31, 2024						
Financial assets at fair value through profit or loss						
Investment in the equity instrument without active market	Share-Number-to-Net-Value Multiplier	±5%	\$ 1,207	(1,207)	-	-
Investment in the equity instrument without active market	Liquidity discount	±5%	1,724	(1,724)	-	-
SAFE	Volatility	±5%	32	(55)	-	-

Favorable and adverse changes of the Company represent fluctuations in fair value,

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

which is calculated using valuation techniques based on input parameters that are unobservable to varying degrees. If the fair value of a financial instrument is affected by more than one input, the table above only reflects the impact of changes in a single input and without considering the correlation and variability between the inputs.

(XXII) Financial risk management

1. Summary

The Company is exposed to the following risks arising from the use of financial instruments:

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

This note discloses information about the Company's exposure to the aforementioned risks, and its goals, policies and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the parent company only financial statements.

2. Architecture of risk management

The board of directors is fully responsible for the establishment and oversight of the risk management framework of the Company. For the board of directors, the chairperson's office is responsible for the development and control of the financial risk management policies of the Company and to provide reports on the operation thereof to the board of directors periodically.

The establishment of the financial risk management policy of the Company is to identify and analyze the financial risk faced by the Company, and to set up appropriate financial risk limits and control, as well as to monitor risk and risk limit compliance. The financial risk management policy is reviewed periodically to reflect market conditions and changes in the operation of the Company. The Company, through training, management standards and operation procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The audit committee of the Company monitors the management personnel, such as monitoring of the financial risk management policy and procedure compliance of the Company, and reviews the appropriateness of relevant financial management framework for the risks faced by the Company. The internal auditing personnel of the Company provides assistance to the board of directors of the Company to perform their role of

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

supervision. Such personnel undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results thereof are reported to the audit committee.

3. Credit risk

Credit risk refers to the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's receivables from customers' notes and accounts as well as bank deposits.

(1) Accounts receivable and other receivables

The credit risk exposure of the Company is mainly affected by the individual condition of each customer. However, the management considers the basic statistical data of customers of the Company, including the industry of customers and country default risk since such factors may affect the credit risk.

The Company has established a credit policy, and according to such policy, before the Company makes standard payment and delivery terms, it is necessary to analyze the credit rating of each new customer individually.

The Company has set up an allowance for bad debt account to reflect the estimated losses arising from notes receivable and others receivable as well as investments. The allowance for debt account mainly consists of a specific loss component relating to individually significant exposure, and a combinational loss component established for losses already occurred but not yet identified in similar asset groups. The combinational loss account allowance account is determined based on the statistical data of past payments of similar financial assets.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial department of the Company. Since the transaction counterparties and the contract performance parties of the Company are banks with excellent credit standing, there are no non-compliance issues; therefore, there is no significant credit risk.

(3) Guarantee

The Company's policy is executed in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. As of December 31, 2024 and 2023, the Company had not provided any endorsement and guarantees.

4. Liquidity risk

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Liquidity risk refers to the risk that the Company is unable to deliver cash or other financial assets for repayment of financial debts, and the risk of failure to perform relevant obligations. The Company's liquidity management method is to ensure that under general conditions and conditions of pressure, the Company is still able to have sufficient working capital capable of paying liabilities that are due for payment, such that unacceptable loss would not occur or the risk of the reputation of the Company being damaged would not occur.

The unused borrowing facilities of the Company as of December 31, 2024 and 2023 was NT\$200,000 thousand and NT\$140,000 thousand, respectively.

5. Market risk

Market risk refers to the risk in the change of market prices, such as foreign exchange rates and interest rates, affecting the Company's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within an acceptable range, and to optimize investment returns.

To manage the market risk, the Company engages in derivative instrument transactions and also generates financial assets and liabilities accordingly. The all transactions were executed in accordance with the instructions of the board of directors.

(1) Exchange rate risk

The Company is exposed to currency risk on transactions of sales, purchases and loans that are denominated in a currency other than the respective functional currencies of the Group. The functional currencies of the consolidated company are mainly NTD and USD. The main pricing currency for such transactions is NTD and USD.

In addition, based on the principle of natural hedging, the Company performs hedging according to the capital demand of each currency and the net position with respect to the market exchange condition.

(2) Interest rate risk

The Company's policy is to ensure that the loan interest rate change risk exposure is evaluated according to the international economic status and market interest rates.

(XXIII) Capital management

The Company's capital management objective is to safeguard the Company's ability to continue as a going concern in order to continue to provide returns for shareholders and interests of other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

dividends paid to shareholders, execute capital reduction to return share capital to shareholders, issue new shares or sell assets in order to repay debts.

The Company, similar to others in the same industry, uses the debt-to-capital ratio as the basis for capital control and monitoring. Such ratio is calculated by dividing the net liabilities by the total capital. The net liabilities refer to the total liabilities indicated on the balance sheet less cash and cash equivalents. Total capital refers to all components (i.e. share capital, capital surplus, retained earnings and other equity) of equity plus net liabilities.

The capital management strategy for the Company in 2024 was identical to that for 2023, being committed to ensuring that the Company can obtain financing at a reasonable cost. The debt-to-capital ratio as of December 31, 2024 and 2023 are as below:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Total liabilities	\$ 2,549,009	2,695,044
Less: Cash and cash equivalent	<u>(844,441)</u>	<u>(499,901)</u>
Net liabilities	1,704,568	2,195,143
Total equity	<u>1,961,850</u>	<u>1,366,193</u>
Capital after adjustment	<u><u>\$ 3,666,418</u></u>	<u><u>3,561,336</u></u>
Debt-to-capital ratio	<u><u>46.49%</u></u>	<u><u>61.64%</u></u>

The Company increased its capital in cash in 2024 to repay loans and replenish funds, resulting in a decrease in its debt-to-equity ratio.

(XXIV) Non-cash investment and financing activities

The details of movement of costs, depreciation and impairment losses for property, plant and equipment acquired by the Company during 2024 and 2023 are as below:

	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment in the current period	\$ 40,163	30,363
Add: Equipment and construction payables at beginning of the period	1,552	4,977
Less: Equipment and construction payables at end of the period	<u>(2,168)</u>	<u>(1,552)</u>
	<u><u>\$ 39,547</u></u>	<u><u>33,788</u></u>

(XXV) To enhance financial planning

Due to rapid changes in the industry, the Company has suffered continuous loss in recent years, and the management of the Company has consecutively adopted the following measures in order to ensure the operation of the Company and to improve the financial structure and cash flow in a positive direction. In response to these circumstances, the

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Company plans to adopt the following plans:

1. Operating aspect

- (1) Actively combining various core technical developments for integrated applications in order to satisfy high customization demands and new technologies for terminal products, and continuing to enhance and adjust market order acceptance capability, thereby strengthening and expanding the market while satisfying customer demands and enhancing the foundation to improve the market share.
- (2) Extending the diverse operations of industrial on-board vehicle control and smart building related industries, reducing reliance on consumer electronics and continuing to develop new products and adjusting market position, in order to acquire sales of niche products.
- (3) To expand customer base and extend core capability-related product applications, and achieve goals of speed, service, cost and quality.
- (4) Promotion plan for glass processing products
 - (a) E-beam vapor deposition technology combined with ion-assisted deposition technology for precise optical thin film quality.
 - (b) Design, development and promotion of thermoforming of multi-curved glass for automotive displays, interior trims, etc.
 - (c) Application and promotion of electrochromic curtain glass.
- (5) In terms of energy-saving and carbon reduction policies, in addition to replacement with energy-saving equipment, we also make planned production schedules for high-energy-consuming production equipment to control electricity expenses.

2. Management aspect

- (1) To implement the policy of streamlining the organizational structure and make full use of the advantages of outsourcing to strictly control cost expenditure.
- (2) To improve production management efficiency, reduce material loss, strictly control inventory management, and reduce sluggish losses.
- (3) Improving the accuracy of sales forecasts, rigorously controlling raw material purchases, enhancing the flexibility of capital use, improving efficiency and reducing operating costs.
- (4) To accelerate the introduction of second source materials to effectively control and reduce material costs.
- (5) To strictly control the review of expense and expenditure, to reduce expense and expenditure and unnecessary waste.
- (6) In the future, the focus will be on the introduction of new technologies or

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

manufacturing processes, and the necessary capital expense for improving machinery and equipment production efficiency will be increased. In addition, rigorous investment benefit analysis will also be thoroughly executed in order to maximize the capital expenditure effect.

3. Financial aspect

- (1) Implementing cost and expense reduction plans, saving expenditures and maintaining safe levels for capital and reducing the cumulation of working capital.
- (2) Continue negotiating bank quotas and limits, and enhancing the business dealings with banks in order to ensure sufficient working capital.
- (3) In order to improve the financial structure, it is planned to decrease capital to offset the accumulated losses.

VII. Related party transaction

(I) Names and relationships of related parties

The related parties of subsidiaries of the Company and others that have had transactions with the Company during the periods covered in these parent company only financial statements are as follows:

Related party name	Relationship with the Company	Remarks
Chin Ming Glass Co., Ltd.	Its chairman is a relative within the first degree of kinship of the Chairman of the Company	
Chung, Chih-Ming	Chairperson of the Company	
Fast Achievement Global Ltd.	Subsidiary of the Company	
Golden Start Global Corp.	"	
G - TECH OPTOELECTRONICS (VIETNAM) CO., LTD	"	
Charmtex Global Corp.	"	
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	"	
Brave Advance	Associates of the Company	

(II) Major transactions with related parties

1. Operating income

The significant sales of the Company to related parties were as follows:

	2024	2023
Other related parties	\$ 18,562	14,327

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

The prices and payment terms of the Company's sales to related parties are 60-day monthly settlement, which are not significantly different from those of general customers.

2. Purchase

Purchase costs of the Company from related parties were as follows:

	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ 95,468</u>	<u>39,378</u>

The purchases of goods from related parties by the Company is through a single supplier, whose payment terms are 60-day monthly settlement. The payment terms for general suppliers are 120 days LC and 30 to 90-day monthly settlement.

3. Amounts receivable from related parties

Statement of receivables from related parties of the Company is as follows:

<u>Item</u>	<u>Types of related parties</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts receivable - related parties	Other related parties	<u>\$ 3,829</u>	<u>2,757</u>

4. Amounts payable to related parties

Statement of payables to related parties of the Company is as follows:

<u>Item</u>	<u>Types of related parties</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts payable - related parties	Other related parties	<u>\$ 24,497</u>	<u>10,639</u>
Other payables	Other related parties	\$ 19	269
	Key management of the Company	30	-
		<u>\$ 49</u>	<u>269</u>

(III) Transactions with key management

Remuneration of key management includes:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 15,718	13,783
Share-based Payment	-	280
	<u>\$ 15,718</u>	<u>14,063</u>

VIII. Assets Pledged

Statement of the carrying value of pledged or secured assets of the Company is as follows:

<u>Asset name</u>	<u>Pledged or secured subject matter</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Other financial assets -- current	Custom bond, corporate bonds payable and bank	\$ 336,432	381,978

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

	borrowings		
Other financial assets - non-current	Bank borrowings	-	24,000
Property, plant and equipment	Bank borrowings	978,889	930,221
Investment Property	Bank borrowings	1,148,336	1,147,256
Prepayments for equipment	Bank borrowings	29,610	29,610
		<u>\$ 2,493,267</u>	<u>2,513,065</u>

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

The contract prices for the Company's equipment purchases were as follows:

	2024.12.31	2023.12.31
Signed contract prices	\$ 298,485	174,546
Paid amount	\$ 108,992	76,777

X. Losses from Major Disaster : none.

XI. Material Events after the Reporting Period : none.

XII. Others

A summary of employee benefits, depreciation, depletion and amortization expenses, by function, is as follows:

By function By nature	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salary expense	186,566	137,995	324,561	201,939	98,587	300,526
Labor and health insurance expense	20,783	10,425	31,208	22,734	10,264	32,998
Pension expense	8,248	5,544	13,792	8,550	5,525	14,075
Remuneration of Directors	-	3,024	3,024	-	2,808	2,808
Other employee benefit expenses	10,661	6,178	16,839	8,271	3,370	11,641
Depreciation expense	111,494	12,804	124,298	113,127	14,784	127,911
Amortization expense	229	923	1,152	42	1,331	1,373

The Company recorded depreciation of other gains and losses under non-operating income and expenses of NT\$2,541 thousand and NT\$2,666 thousand in 2024 and 2023, respectively. Below are details of the additional information on the Company's employee number and

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

employee benefit expenses for 2024 and 2023:

	2024	2023
Number of employees	<u>458</u>	<u>481</u>
Number of directors without concurrent position as employee	<u>6</u>	<u>6</u>
Average employee benefit expenses	<u>\$ 855</u>	<u>756</u>
Average employee salary expense	<u>\$ 718</u>	<u>633</u>
Adjustment status of average employee salary expense	<u>14.77%</u>	<u>(2.16)%</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

Information on the Company's remuneration policy (including directors, managerial officers and employees) is as follows:

(I) Director

Directors' remuneration shall include transportation fees, business operation expenses, and surplus distribution. After the Company's remuneration for directors has been reviewed by the Remuneration Committee according to the Company's Articles of Incorporation, the Board of Directors is authorized to set the salaries for the directors based on their participation in the Company's operations, contribution value, as well as the industry standards. The remuneration distribution standard for surplus distribution to directors is based on the Company's Articles of Incorporation, which shall be submitted to the board of directors for review and be issued after it has passed the shareholders meeting resolution.

(II) General Manager and Deputy General Manager

The remuneration of the president and vice president includes salary, employee dividends, employee stock options, and new restricted shares for subscription. Salary standards are based on contributions to the Company and reference to peer standards. The employee dividend distribution standard shall be based on the Company's Articles of Incorporation, be submitted to the Remuneration Committee for deliberation, and then issued after the proposal has passed the resolution of the board of directors' or shareholders' meeting. Employee stock options, and new restricted shares for subscription issuance standards were evaluated based on contributions to the Company and its future development.

(III) Employee

The employees' remuneration includes full pay (base salary, meal allowance, position allowance), other allowances, cash gifts, performance bonuses, year-end bonuses, employee bonuses and employee stock options. The full pay is paid based on normal market level of the industry, positions in the Company and contributions to the Company. In combination with the Company's operating conditions and with reference to domestic economic growth

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

rate, price index and salary adjustment within the industry, the salary adjustment policies are established based on individuals' job performance and value contribution. Other allowances, cash gifts, performance bonuses, year-end bonuses, employee bonuses and employee stock options are distributed in compliance with the Articles of Incorporation and administrative measures of the Company.

XIII. Disclosures in Notes

(I) Information on significant transactions

As required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall again disclose the following information on significant transactions for 2024:

1. Loaning funds to others: None.
2. Endorsements/guarantees made for others: None.
3. End-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures):

Unit: NTD thousand

	Company held	Name and type of securities		Relationship with the securities issuer	Presentation account	End of period				Remarks
						Shares	Carrying amount	Shareholding ratio	Market price	
	The Company	Zhen Ding Technology Holding Limited	Shares	-	Financial assets at fair value through profit or loss-current	10,000	1,200	- %	1,200	
	"	QUANTA COMPUTER INC.	Shares	-	"	3,000	861	- %	861	
	"	KAORI HEAT TREATMENT CO., LTD.	Shares	-	"	6,000	1,902	- %	1,902	
	"	Yuanta/P-shares Taiwan Top 50 ETF	Fund	-	"	2,000	391	- %	391	
	"	AERKOMM INC.	Shares	-	Financial assets at fair value through profit or loss - non-current	175,000	24,133	0.98 %	24,133	
	"	IX ACQUISITION CORP.	SAFE	-	"	-	75,827	- %	75,827	

4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital: none.
8. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None.

(II) Information on investees :

Information about the Company's business investments in 2024 (excluding Mainland investees):

Notes to the G-TECH Optoelectronics Corporation parent company only financial statements (continued)

Unit: NTD thousand/USD thousand

Investors	Name of investee	Location	Main business items	Original investment amount		Shareholding at the end of the period			Investees' profit/loss in the period	Current investment profit/loss recognized	Remarks
				End of the period	End of the preceding year	Shares	Ratio	Carrying amount			
The Company	Fast Achievement Global Ltd.	Cayman Islands	Holding	17,704 (USD540)	17,704 (USD540)	540,000	100.00%	59,475	2,303 (USD72)	2,303 (USD72)	
"	Golden Start Global Corp.	Samoa	Holding	2,340,566 (USD71,391)	2,340,566 (USD71,391)	71,391,373	100.00%	69,705	6,020 (USD187)	(U	
"	G-TECH OPTOELECTRONICS (VIETNAM)CO., LTD.	Vietnam	Sales, design, production and processing of optical glass and accessories	65,570 (USD2,000)	- (USD0)	2,000,000	100.00%	57,659	(6,303) (VND(4,962,971))	(VND(4,962,971))	
Fast Achievement Global Ltd.	Brave Advance International Corp.	Samoa	Holding	16,393 (USD500)	16,393 (USD500)	500,000	25.00%	58,393 (USD1,781)	10,106 (USD314)		
Golden Start Global Corp.	Charmtex Global Corp.	Samoa	Holding	2,339,910 (USD71,371)	2,339,910 (USD71,371)	71,371,373	100.00%	69,705 (USD2,126)	6,020 (US187)	6,020 (USD187)	

(III) Information on investments in mainland China :

1. Name, main business activities, and relevant information of Mainland investments:

Unit: NTD thousand

Names of the investees in Mainland China	Main business items	Paid-in capital	Investment method	Opening aggregate investment amount remitted out from Taiwan	Remitted or recovered investment amount of the period		Closing aggregate investment amount remitted out from Taiwan	Investees' profit/loss in the period	Ratio of shareholding directly or indirectly invested by the Company	Recognized returns and losses on investments in the period	Closing carrying value of investments	Remitted returns on investments as of the end of the period
					Outward remittance	Recovery						
Hongda Photoelectric Glass (Dongguan) Co., Ltd.	Produce and sell TFT-LCD materials	778,316 (USD23,740)	Note 1	778,316 (USD23,740)	-	-	778,316 (USD23,740)	5,940 (USD185)	25.00%	1,485 (USD46)	19,449 (USD593)	-
Ruizhida Optoelectronics (Chengdu) Co., Ltd.	Produce and sell TFT-LCD materials	2,294,950 (USD70,000)	Note 2	2,294,950 (USD70,000)	-	-	2,294,950 (USD70,000)	5,785 (USD180)	100.00%	5,785 (USD180)	60,840 (USD1,856)	-

Note 1: The Company indirectly invested in Win World Opto-Glass (Dongguan) Co., Ltd in mainland China through Brave Advance International Corp., an investee of Fast Achievement Global Ltd., a third-place investment company.

Note 2: The Company indirectly invested in G-TECH Optoelectronics (Chengdu) Co., Ltd. in Mainland China, through Charmtex Global Corp., an investee of Golden Start Global Corp., a third-place investment company.

2. Limit of investment in Mainland China

Aggregate amount remitted from Taiwan for investments in Mainland China in the period	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit of investments in Mainland China specified by the Investment Commission, Ministry of Economic Affairs
3,073,266 (USD93,740)	3,073,266 (USD93,740)	-
(Including machine price 281,394) (USD8,583)	(Including machine price 298,409) (USD9,276)	-

Note: On August 23, 2022, the Company has already obtained proof of operational headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, and therefore is not subject to the Mainland investment limit.

3. Significant transactions with investees in Mainland China: none.

(IV) Information on major shareholders: none

XIV. Segment Information

Please refer to the consolidated financial reports for 2024.

G-TECH Optoelectronics Corporation
Statement of Cash and Cash Equivalents

December 31, 2024

Unit: NTD thousand

Item	Summary	Amount
Cash on hand and petty cash		\$ 812
Bank deposits		
Demand deposits		305,097
Checking accounts		40
Foreign currency deposits	USD2,498 thousand, JPY16,678 thousand, CNY54 thousand, etc.	85,707
Time deposits	USD 1,000 thousand and NT\$ 420,000 thousand	<u>452,785</u>
		<u>\$ 844,441</u>

**Statement of Notes and Accounts
Receivable (Including Related Parties)**

Customer	Summary	Amount	Remarks
Customer A	Loan	\$ 157,875	
Customer B	"	43,587	
Customer C	"	38,173	
Customer D	"	21,262	
Others	"	<u>128,682</u>	The amounts of all accounts are not up to 5% of the balance in this account
Total		389,579	
Less: Allowance for impairment		<u>(38,929)</u>	
Net		<u>\$ 350,650</u>	

G-TECH Optoelectronics Corporation

Inventory ledger

December 31, 2024

Unit: NTD thousand

Item	Amount		Remarks
	Cost	Net realisable value	
Raw materials and supplies	\$ 78,733	75,720	Replacement cost of an asset
Work in progress	8,176	8,175	Net realisable value
Finished goods	122,371	120,715	"
Merchandise	12,447	12,444	"
Subtotal	\$ 221,727	<u>217,054</u>	
Less: Allowance for loss	<u>(47,808)</u>		
Total	<u>\$ 173,919</u>		

**Statement of Changes in Property, Plant
and Equipment**

Years ended December 31, 2024

Please refer to Note 6(6) for relevant information.

G-TECH Optoelectronics Corporation**Statement of Changes in Investment
Property****Years ended December 31, 2024****Unit: NTD thousand**

Please refer to Note 6 (7) for related information.

Statement of Short-term Borrowings**December 31, 2024**

<u>Loan nature</u>	<u>Loan institution</u>	<u>Amount</u>	<u>Loan term</u>	<u>Interest rate</u>
Secured borrowings	Taiwan Cooperative Bank	\$ 100,000	2024/12/ 20~ 2025/06/20	2.9680 %
"	"	63,000	2024/11/ 29~ 2025/05/27	2.3880 %
"	Bank of Panhsin	120,000	2024/12/ 02~ 2025/02/14	2.2100 %
"	Sunny Bank	50,000	2024/10/ 11~ 2025/10/11	2.5900 %
Credit loan	First Commercial Bank	200,000	2024/12/ 02~ 2025/06/02	2.9000 %
"	Mega International Commercial Bank	60,000	2024/11/ 28~ 2025/05/27	2.7000 %
"	"	39,748	2024/11/ 28~ 2025/05/27	2.7000 %
"	Hua Nan Commercial Bank	<u>68,000</u>	2024/12/ 03~ 2025/06/03	2.7000 %
		<u>\$ 700,748</u>		

G-TECH Optoelectronics Corporation

Statement of Long-term Borrowings

December 31, 2024

Unit: NTD thousand

<u>Loan nature</u>	<u>Loan institution</u>	<u>Amount</u>	<u>Loan term</u>	<u>Interest rate</u>	<u>Pledge or guarantee</u>	<u>Remarks</u>
Secured borrowings	Bank of Panhsin	238,000	2024/04/ 08~ 2031/04/08	2.420%	Property, plant and equipment	Principal repayment starts from 2031.04.08
"	"	100,000	2024/09/08~2031/04/08	2.420%	"	Principal repayment starts from 2031.04.08
"	Sunny Bank	433,750	2020-07-14~2027-07-14	2.590%	"	Principal repayment started from 2023.08.11
"	The Shanghai Commercial & Savings Bank	79,167	2022/10/12~2027/09/15	2.220%	"	Principal repaid from October 15, 2022
"	"	39,583	2022/10/12~2027/09/15	2.220%	"	Principal repaid from October 15, 2022
"	Taiwan Cooperative Bank	407,000	2023/12/26~2027/12/26	2.388%	"	Principal repayment started from 2024.01.26
Unsecured borrowings	Bank of Panhsin	12,000	September 2, 2022~September 2, 2025	2.410%	-	Principal repaid from September 2, 2025
"	The Shanghai Commercial & Savings Bank	<u>31,250</u>	2022/06/06~2026/10/08	2.220%	-	Principal repaid from October 15, 2022
	Total	1,340,750				
	Less: Due in one year	<u>(184,491)</u>				
	Net	<u><u>\$ 1,156,259</u></u>				

Statement of Operating Revenue

Years ended December 31, 2024

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Smart car glass	1,036 thousand pieces	\$ 599,204	
Smart building glass	5,051 thousand pieces	213,369	
Others	14,688 thousand pieces	<u>1,171,712</u>	
Net operating income		<u><u>\$ 1,984,285</u></u>	

G-TECH Optoelectronics Corporation

Statement of Operating Costs

Years ended December 31, 2024

Unit: NTD thousand

Item	Summary	Amount	Remarks
Merchandise inventory at beginning of the current period		\$ 3	
Plus: Purchase in the current period		998,065	
Less: Merchandise inventory at end of the current period		(12,447)	
Recognition expense		<u>(11)</u>	
Merchandise sale cost		<u>985,610</u>	
Raw materials at beginning of the current period		50,477	
Plus: Purchase in the current period		458,572	
Less: Raw materials at end of the current period		(45,489)	
Recognition expense		<u>(31,032)</u>	
Direct raw material consumption		<u>432,528</u>	
Materials at beginning of the current period		39,414	
Plus: Purchase in the current period		52,958	
Less: Materials at end of the current period		(33,244)	
Recognition expense		<u>(24,213)</u>	
Material consumption		34,915	
Direct labor		86,036	
Production overheads		<u>289,845</u>	
Production cost		843,324	
Plus: Work in progress at beginning of the current period		12,463	
Less: Work in progress at end of the current period		<u>(8,176)</u>	
Finished goods cost		847,611	
Plus: Finished goods at beginning of the current period		107,938	
Less: Finished goods at end of the current period		(122,371)	
Recognition expense		<u>(9,723)</u>	
Product sales cost		823,455	
Loss for market price decline and obsolete and slow-moving inventories.		1,804	
Idle production capacity		151,687	
Income from sale of scraps		<u>(134)</u>	
Operating costs		<u><u>\$ 1,962,422</u></u>	

G-TECH Optoelectronics Corporation

Statement of Operating Expenses

Years ended December 31, 2024

Unit: NTD thousand

<u>Item</u>	<u>Selling and marketing expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>	<u>Total</u>
Salary expense	\$ 20,021	79,855	35,706	135,582
Travel expenses	2,514	2,582	924	6,020
Shipping expense	2,118	6	40	2,164
Postage and cable expense	196	2,688	13	2,897
Repair and maintenance expense	38	1,934	1,618	3,590
Water, electricity and gas expense	429	1,457	1,849	3,735
Insurance expense	2,296	4,944	4,240	11,480
Entertainment expense	801	1,443	7	2,251
Tax expense	779	5,523	18	6,320
Depreciation	-	6,663	6,141	12,804
Meal expense	799	1,929	1,627	4,355
Employee benefits	103	1,144	221	1,468
Import/export expense	2,866	19	60	2,945
Security expense	-	5,548	-	5,548
Purchase of miscellaneous items	-	362	876	1,238
Consumables	-	-	14,119	14,119
Material expense	-	-	42,629	42,629
Mold expense	-	-	4,305	4,305
Pensions	1,155	2,390	2,000	5,545
Labor expense	8,288	5,159	598	14,045
Miscellaneous expenses	2,897	22,912	883	26,692
Others	235	2,960	903	4,098
Total	<u>\$ 45,535</u>	<u>149,518</u>	<u>118,777</u>	<u>313,830</u>

Statement of Other Gains and Losses, Net

Please refer to Note 6 (20) for related information.