

**Global Lighting Technologies Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Global Lighting Technologies Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Global Lighting Technologies Inc. and its subsidiaries (collectively, the “Group”) as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chao-Mei Chen and Cheng-Chuan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 4,122,766	34	\$ 3,988,556	33	\$ 4,547,176	36
Financial assets at amortized cost (Note 7)	8,031	-	7,800	-	-	-
Notes receivable (Notes 9 and 21)	-	-	28	-	18	-
Accounts receivable (Notes 9 and 21)	2,301,244	19	2,470,246	20	2,291,606	18
Accounts receivable - related parties (Notes 21 and 28)	47,349	-	41,599	-	41,660	-
Other receivables (Note 9)	1,494	-	3,286	-	2,755	-
Other receivables - related parties (Note 28)	1,025	-	1,189	-	-	-
Current tax assets (Note 4)	-	-	-	-	6,943	-
Inventories (Note 10)	1,326,821	11	1,303,340	11	1,472,954	12
Prepayments	34,256	-	29,985	-	31,815	-
Other current assets (Notes 11 and 29)	159,879	1	157,284	1	162,121	1
Total current assets	<u>8,002,865</u>	<u>65</u>	<u>8,003,313</u>	<u>65</u>	<u>8,557,048</u>	<u>67</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 8)	280,253	2	279,175	2	13,410	-
Property, plant and equipment (Note 14)	3,185,126	26	3,239,528	27	3,421,473	27
Right-of-use assets (Note 15)	693,062	6	690,596	6	699,583	6
Deferred tax assets (Note 4)	36,267	1	37,432	-	31,824	-
Prepayments for equipment (Note 25)	1,491	-	3,891	-	3,269	-
Net defined benefit assets (Note 4)	6,525	-	6,369	-	6,366	-
Other non-current assets (Notes 11 and 29)	19,184	-	21,928	-	19,380	-
Total non-current assets	<u>4,221,908</u>	<u>35</u>	<u>4,278,919</u>	<u>35</u>	<u>4,195,305</u>	<u>33</u>
TOTAL	<u>\$ 12,224,773</u>	<u>100</u>	<u>\$ 12,282,232</u>	<u>100</u>	<u>\$ 12,752,353</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 29)	\$ 598,000	5	\$ 798,000	7	\$ 930,000	7
Contract liabilities (Note 21)	4,153	-	3,615	-	1,193	-
Accounts payable	1,945,574	16	2,134,972	17	2,627,699	21
Accounts payable - related parties (Note 28)	141,518	1	125,980	1	117,497	1
Other payables (Note 17)	396,597	3	451,252	4	403,644	3
Other payables - related parties (Note 28)	6,541	-	8,211	-	10,395	-
Current tax liabilities (Note 4)	89,126	1	71,250	1	61,887	1
Lease liabilities (Notes 15 and 28)	25,748	-	25,007	-	22,215	-
Long-term borrowings - current portion (Note 16)	45,000	1	-	-	-	-
Other current liabilities	6,766	-	8,396	-	9,213	-
Total current liabilities	<u>3,259,023</u>	<u>27</u>	<u>3,626,683</u>	<u>30</u>	<u>4,183,743</u>	<u>33</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 16)	225,000	2	270,000	2	208,000	2
Provision for employee benefits (Note 4)	8,920	-	8,591	-	13,475	-
Deferred tax liabilities (Note 4)	1,417	-	1,563	-	1,982	-
Lease liabilities (Notes 15 and 28)	674,785	5	672,798	5	680,880	5
Long-term deferred revenue (Note 19)	80,295	1	82,236	1	97,510	1
Total non-current liabilities	<u>990,417</u>	<u>8</u>	<u>1,035,188</u>	<u>8</u>	<u>1,001,847</u>	<u>8</u>
Total liabilities	<u>4,249,440</u>	<u>35</u>	<u>4,661,871</u>	<u>38</u>	<u>5,185,590</u>	<u>41</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Share capital	1,288,641	10	1,309,371	11	1,309,371	10
Capital surplus	2,348,423	19	2,383,809	19	2,383,809	19
Retained earnings						
Special reserve	267,197	2	267,197	2	173,867	1
Unappropriated earnings	4,242,572	35	4,105,816	34	3,970,035	31
Total retained earnings	4,509,769	37	4,373,013	36	4,143,902	32
Other equity	(171,500)	(1)	(350,711)	(3)	(270,319)	(2)
Treasury shares	-	-	(95,121)	(1)	-	-
Total equity attributable to owners of the Company	<u>7,975,333</u>	<u>65</u>	<u>7,620,361</u>	<u>62</u>	<u>7,566,763</u>	<u>59</u>
Total equity	<u>7,975,333</u>	<u>65</u>	<u>7,620,361</u>	<u>62</u>	<u>7,566,763</u>	<u>59</u>
TOTAL	<u>\$ 12,224,773</u>	<u>100</u>	<u>\$ 12,282,232</u>	<u>100</u>	<u>\$ 12,752,353</u>	<u>100</u>

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

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)	\$ 2,442,044	100	\$ 2,670,532	100
OPERATING COSTS (Notes 10, 22 and 28)	<u>1,987,142</u>	<u>82</u>	<u>2,135,339</u>	<u>80</u>
GROSS PROFIT	<u>454,902</u>	<u>18</u>	<u>535,193</u>	<u>20</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing	57,632	2	70,646	3
General and administrative	89,854	4	96,150	3
Research and development	<u>54,734</u>	<u>2</u>	<u>53,144</u>	<u>2</u>
Total operating expenses	<u>202,220</u>	<u>8</u>	<u>219,940</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>252,682</u>	<u>10</u>	<u>315,253</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	1,778	-	2,195	-
Other income (Note 19)	5,552	-	21,513	1
Other gains and losses	17,487	1	2,362	-
Finance costs (Note 28)	<u>(4,232)</u>	<u>-</u>	<u>(4,848)</u>	<u>-</u>
Total non-operating income and expenses	<u>20,585</u>	<u>1</u>	<u>21,222</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	273,267	11	336,475	13
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(23,832)</u>	<u>(1)</u>	<u>(10,993)</u>	<u>(1)</u>
NET PROFIT	<u>249,435</u>	<u>10</u>	<u>325,482</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income (Note 20)	(4,592)	-	2,581	-
Exchange differences on translation to the presentation currency (Note 20)	<u>261,330</u>	<u>11</u>	<u>15,773</u>	<u>1</u>
	<u>256,738</u>	<u>11</u>	<u>18,354</u>	<u>1</u>

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GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	\$ (77,527)	(3)	\$ (21,476)	(1)
Total other comprehensive income (loss)	<u>179,211</u>	<u>8</u>	<u>(3,122)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 428,646</u>	<u>18</u>	<u>\$ 322,360</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 249,435	10	\$ 325,482	12
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 249,435</u>	<u>10</u>	<u>\$ 325,482</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 428,646	18	\$ 322,360	12
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 428,646</u>	<u>18</u>	<u>\$ 322,360</u>	<u>12</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 1.94</u>		<u>\$ 2.49</u>	
Diluted	<u>\$ 1.92</u>		<u>\$ 2.48</u>	

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

(Concluded)

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company (Note 20)							
	Share Capital	Capital Surplus	Retained Earnings		Other Equity		Treasury Shares	Total Equity
			Special Reserve	Unappropriated Earnings	Exchange Differences on Translation the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	\$ 1,309,371	\$ 2,383,809	\$ 173,867	\$ 3,644,553	\$ (258,846)	\$ (8,351)	\$ -	\$ 7,244,403
Net profit for the three months ended March 31, 2021	-	-	-	325,482	-	-	-	325,482
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	(5,703)	2,581	-	(3,122)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	325,482	(5,703)	2,581	-	322,360
BALANCE AT MARCH 31, 2021	<u>\$ 1,309,371</u>	<u>\$ 2,383,809</u>	<u>\$ 173,867</u>	<u>\$ 3,970,035</u>	<u>\$ (264,549)</u>	<u>\$ (5,770)</u>	<u>\$ -</u>	<u>\$ 7,566,763</u>
BALANCE AT JANUARY 1, 2022	\$ 1,309,371	\$ 2,383,809	\$ 267,197	\$ 4,105,816	\$ (344,626)	\$ (6,085)	\$ (95,121)	\$ 7,620,361
Net profit for the three months ended March 31, 2022	-	-	-	249,435	-	-	-	249,435
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	183,803	(4,592)	-	179,211
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	249,435	183,803	(4,592)	-	428,646
Buy-back of ordinary shares	-	-	-	-	-	-	(73,674)	(73,674)
Cancellation of treasury shares	(20,730)	(35,386)	-	(112,679)	-	-	168,795	-
BALANCE AT MARCH 31, 2022	<u>\$ 1,288,641</u>	<u>\$ 2,348,423</u>	<u>\$ 267,197</u>	<u>\$ 4,242,572</u>	<u>\$ (160,823)</u>	<u>\$ (10,677)</u>	<u>\$ -</u>	<u>\$ 7,975,333</u>

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

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 273,267	\$ 336,475
Adjustments for:		
Depreciation expense	104,529	100,514
Interest expense	4,232	4,848
Interest income	(1,778)	(2,195)
Dividend income	-	(10,438)
Loss on inventories valuation and obsolescence	6,634	3,063
Gain on disposal of property, plant and equipment	(269)	-
Net loss on foreign currency exchanges	21,926	142
Amortization of long-term deferred revenue	(4,857)	(4,906)
Other income (Note 22)	-	(5,862)
Net changes in operating assets and liabilities		
Notes receivable	28	(18)
Accounts receivable	235,418	509,275
Accounts receivable - related parties	(4,125)	5,983
Other receivables	1,768	4,618
Other receivables - related parties	204	327
Inventories	10,149	(495,135)
Prepayments	(3,570)	791
Other current assets	(2,507)	(2,652)
Net defined benefit assets	(156)	(146)
Contract liabilities	502	(4,111)
Accounts payable	(250,287)	96,957
Accounts payable - related parties	15,531	7,778
Other payables	(70,474)	(80,446)
Other payables - related parties	(1,764)	(4,463)
Other current liabilities	(1,796)	2,413
Provision for employee benefits	329	564
Cash generated from operations	332,934	463,376
Interest received	1,811	2,423
Interest paid	(4,440)	(4,991)
Income tax paid	(4,512)	(55,501)
Net cash generated from operating activities	<u>325,793</u>	<u>405,307</u>

(Continued)

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	\$ -	\$ 18,267
Principal from financial assets measured at amortized cost	-	204,814
Payments for property, plant and equipment (Note 25)	(11,766)	(111,885)
Proceeds from disposal of property, plant and equipment	280	-
Decrease in refundable deposits	2,572	77
Dividends received	-	10,438
Net cash (used in) generated from investing activities	<u>(8,914)</u>	<u>121,711</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	998,000	1,700,000
Decrease in short-term borrowings	(1,198,000)	(1,630,000)
Proceeds from long-term borrowings	-	208,000
Repayments of long-term borrowings	-	(219,000)
Repayment of the principal portion of lease liabilities	(6,265)	(6,272)
Payments for buy-back of ordinary shares	<u>(73,674)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(279,939)</u>	<u>52,728</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>97,270</u>	<u>3,081</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	134,210	582,827
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,988,556</u>	<u>3,964,349</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,122,766</u>	<u>\$ 4,547,176</u>

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

(Concluded)

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Global Lighting Technologies Inc. (the “Company”, and its subsidiaries collectively referred to as the “Group”) was incorporated in the Cayman Islands on July 28, 2000. The Group is mainly engaged in the design, manufacturing, and sales of applications of light guide plates, development of optical molds and the manufacturing, and sales of plastic components. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since July 28, 2011.

The functional currency of the Company is the United States dollar. As the Company’s shares are listed on the TWSE, for greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 5, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values and provision for employee benefits and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 12, Tables 6 and 7 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

Other Significant Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

a. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

b. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The accounting judgments and key sources of estimation uncertainty of these consolidated financial statements are the same as the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 2,400	\$ 2,170	\$ 2,395
Checking accounts and demand deposits	3,973,737	3,899,846	4,473,443
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>146,629</u>	<u>86,540</u>	<u>71,338</u>
	<u>\$ 4,122,766</u>	<u>\$ 3,988,556</u>	<u>\$ 4,547,176</u>

7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ <u>8,031</u>	\$ <u>7,800</u>	\$ <u>-</u>

The interest rates for time deposits with original maturities of more than 3 months were approximately 0.58%-0.82% and 0.58% per annum as of March 31, 2022 and December 31, 2021, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Non-current</u>			
Domestic investments			
Unlisted shares			
Top Taiwan XIII Venture Capital Co., Ltd.	\$ 97,700	\$ 99,200	\$ -
Chi Lin Optoelectronics Co., Ltd.	<u>10,803</u>	<u>13,895</u>	<u>13,410</u>
	<u>108,503</u>	<u>113,095</u>	<u>13,410</u>
Foreign investments			
Unlisted shares			
Sensel Inc.	<u>171,750</u>	<u>166,080</u>	<u>-</u>
	<u>\$ 280,253</u>	<u>\$ 279,175</u>	<u>\$ 13,410</u>

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

In March 2021, the Group received the capital reduction refund of \$18,267 thousand from Chi Lin Optoelectronics Co., Ltd., with a capital reduction ratio of 70%.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ -	\$ 28	\$ 18
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 18</u>

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 2,301,244	\$ 2,470,246	\$ 2,291,865
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>	<u> (259)</u>
	<u>\$ 2,301,244</u>	<u>\$ 2,470,246</u>	<u>\$ 2,291,606</u>
<u>Other receivables</u>			
At amortized cost	<u>\$ 1,494</u>	<u>\$ 3,286</u>	<u>\$ 2,755</u> (Concluded)

a. Notes receivable and accounts receivable

The average credit period of sales of goods was 60 to 90 days. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher, and credit exposure is controlled by counterparty limits that are reviewed and approved annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable based on the Group's provision matrix.

	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	Not Past Due	Not Past Due
Expected credit loss rate	0%	0%
Gross carrying amount	\$ 28	\$ 18
Loss allowance (Lifetime ECLs)	<u> -</u>	<u> -</u>
Amortized cost	<u>\$ 28</u>	<u>\$ 18</u>

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

March 31, 2022

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 2,117,402	\$ 168,656	\$ 15,060	\$ 126	\$ -	\$ -	\$ -	\$ 2,301,244
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-	-
Amortized cost	<u>\$ 2,117,402</u>	<u>\$ 168,656</u>	<u>\$ 15,060</u>	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,301,244</u>

December 31, 2021

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 2,262,797	\$ 196,526	\$ 10,911	\$ 12	\$ -	\$ -	\$ -	\$ 2,470,246
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-	-
Amortized cost	<u>\$ 2,262,797</u>	<u>\$ 196,526</u>	<u>\$ 10,911</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,470,246</u>

March 31, 2021

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days and Individually Recognized	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	100%	
Gross carrying amount	\$ 2,172,362	\$ 107,157	\$ 12,067	\$ -	\$ 20	\$ -	\$ 259	\$ 2,291,865
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	(259)	(259)
Amortized cost	<u>\$ 2,172,362</u>	<u>\$ 107,157</u>	<u>\$ 12,067</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,291,606</u>

For the three months ended March 31, 2022 and 2021, the loss allowance of accounts receivable had no change.

b. Other receivables

Other receivables comprise value-added tax refund receivable and outstanding interest receivables from banks. The Group only transacts with counterparties that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group continues to engage in enforcement activity to trace the conditions of the receivables with reference to the past default experience of the debtor and an analysis of the debtor's current financial position, in determining whether the credit risk of other receivables has increased significantly since initial recognition as well as for measuring the expected credit losses. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group assessed that the expected credit loss of other receivables was considered to be 0%.

10. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 327,210	\$ 471,742	\$ 615,839
Work in process	175,226	60,114	50,533
Finished goods	658,194	669,862	723,201
Inventory in transit	<u>166,191</u>	<u>101,622</u>	<u>83,381</u>
	<u>\$ 1,326,821</u>	<u>\$ 1,303,340</u>	<u>\$ 1,472,954</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended March 31	
	2022	2021
Cost of inventories sold	\$ 1,980,508	\$ 2,132,276
Inventory write-downs	<u>6,634</u>	<u>3,063</u>
	<u>\$ 1,987,142</u>	<u>\$ 2,135,339</u>

11. OTHER ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Other financial assets - restricted assets (Note 29)	\$ 157,438	\$ 152,240	\$ 156,942
Others	<u>2,441</u>	<u>5,044</u>	<u>5,179</u>
	<u>\$ 159,879</u>	<u>\$ 157,284</u>	<u>\$ 162,121</u>
<u>Non-current</u>			
Other financial assets - restricted assets (Note 29)	\$ 17,904	\$ 18,135	\$ 18,100
Refundable deposits	<u>1,280</u>	<u>3,793</u>	<u>1,280</u>
	<u>\$ 19,184</u>	<u>\$ 21,928</u>	<u>\$ 19,380</u>

12. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			March 31, 2022	December 31, 2021	March 31, 2021
Global Lighting Technologies Inc. (Cayman)	Solid State OPTO Limited (BVI) (Solid State OPTO)	Holding company engaged in the sale of products	100	100	100
	Solid State Display Limited (BVI) (Solid State Display)	Holding company engaged in the sale of products	100	100	100
	Solid State Technology Limited (BVI) (Solid State Technology)	Holding company engaged in the sale of products	100	100	100
	Solid State Electronics Limited (BVI) (Solid State Electronics)	Holding company engaged in the sale of products	100	100	100
	Shining Green Limited (Shining Green)	Holding company	100	100	100
	GLT Optical Inc. (GLT-Optical) (Note a)	Design, production, and sale of applications of light guide plates	100	100	100
Solid State OPTO	Global Lighting Technologies Inc. (GLT-USA)	Design and sale of applications of light guide plates	100	100	100
Solid State Display	Global Lighting Technologies Inc. (GLT-Taiwan)	Design, production, and sale of applications of light guide plates, design and production of optical molds, and sales of plastic products for electronic components	100	100	100
Solid State Technology	Suzhou Opto Technologies Inc. (GLT-Suzhou Opto)	Design, production, and sale of applications of light guide plates and monitor, design of optical molds, and production and sale of plastic products for electronic use	100	100	100

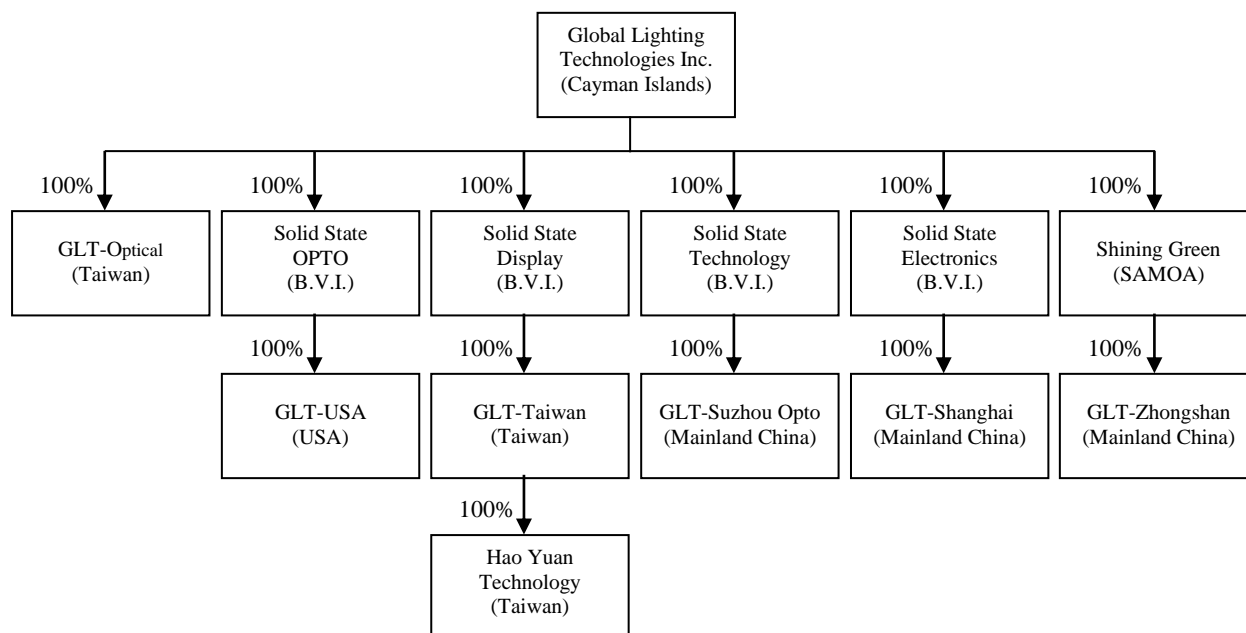
(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			March 31, 2022	December 31, 2021	March 31, 2021
Solid State Electronics	Shanghai Global Lighting Technologies Inc. (GLT-Shanghai)	Design, production, and sale of applications of light guide plates, design of optical molds, and production and sale of plastic products for electronic components	100	100	100
Shining Green	Zhongshan Global Lighting Technology Limited Co. (GLT-Zhongshan)	Production, and sale of applications of light guide plates	100	100	100
Global Lighting Technologies Inc. (Taiwan)	Hao Yuan Technology Limited Co. (Hao Yuan Technology)	Investment industry; wholesale and retail sale of electronic materials	100	100	100

(Concluded)

Note: In order to strengthen GLT-Optical's financial structure and in consideration of its future operational development needs, the Company's board of directors resolved to increase investment in amount of \$200,000 thousand in GLT-Optical on December 28, 2021. The procedure for alteration registration had been completed on March 14, 2022.

As of March 31, 2022, the investment relationships and shareholding proportions of the Group are as follows:



13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Associates that is not individually material</u>			
Unlisted shares			
Asensetek Incorporation	\$ -	\$ -	\$ -

Proportion of the Group's ownership:

	March 31, 2022	December 31, 2021	March 31, 2021
Asensetek Incorporation	27.15%	27.15%	27.15%

Due to continuous operating losses of Asensetek Incorporation, the Group has recognized the full carrying amount of the investment for impairment losses after assessing the recoverable amount in the previous year.

The Group's investments accounted for using the equity method for the three months ended March 31, 2022 and 2021 and the share of profit or loss and other comprehensive income from the investments were recognized based on the unreviewed financial statements; however, the Group considered that there was no significant impact on the consolidated financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machine Equipment	Molding Equipment	Leasehold Improvements	Other Equipment	Equipment to be Inspected or under construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 167,176	\$ 2,497,457	\$ 3,095,473	\$ 64,935	\$ 193,808	\$ 410,422	\$ 56,928	\$ 6,486,199
Additions	-	370	7,941	-	-	1,232	11,963	21,506
Disposals	-	(5,063)	-	-	-	(540)	-	(5,603)
Reclassifications	-	-	6,415	-	-	9,891	(16,306)	-
Effects of foreign currency exchange differences	-	27,472	48,224	2,419	7,163	9,419	33	94,730
Balance at March 31, 2022	<u>167,176</u>	<u>2,520,236</u>	<u>3,158,053</u>	<u>67,354</u>	<u>200,971</u>	<u>430,424</u>	<u>52,618</u>	<u>6,596,832</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	-	785,819	1,986,389	52,036	92,661	329,766	-	3,246,671
Depreciation expenses	-	21,641	58,810	3,439	1,982	11,208	-	97,080
Disposals	-	(5,052)	-	-	-	(540)	-	(5,592)
Reclassifications	-	-	(7,456)	-	-	7,456	-	-
Effects of foreign currency exchange differences	-	14,827	45,284	2,013	3,437	7,986	-	73,547
Balance at March 31, 2022	<u>-</u>	<u>817,235</u>	<u>2,083,027</u>	<u>57,488</u>	<u>98,080</u>	<u>355,876</u>	<u>-</u>	<u>3,411,706</u>
Carrying amount at March 31, 2022	<u>\$ 167,176</u>	<u>\$ 1,703,001</u>	<u>\$ 1,075,026</u>	<u>\$ 9,866</u>	<u>\$ 102,891</u>	<u>\$ 74,548</u>	<u>\$ 52,618</u>	<u>\$ 3,185,126</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 167,176</u>	<u>\$ 1,711,638</u>	<u>\$ 1,109,084</u>	<u>\$ 12,899</u>	<u>\$ 101,147</u>	<u>\$ 80,656</u>	<u>\$ 56,928</u>	<u>\$ 3,239,528</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 167,176	\$ 2,424,678	\$ 3,058,537	\$ 51,345	\$ 194,471	\$ 401,305	\$ 175,163	\$ 6,472,675
Additions	-	7,757	8,691	5,340	-	5,202	81,765	108,755
Disposals	-	-	(1,027)	-	-	(1,801)	-	(2,828)
Reclassifications	-	17,137	21,506	-	-	1,145	(39,788)	-
Effects of foreign currency exchange differences	-	(3,701)	(8,095)	(301)	(863)	(1,184)	(6)	(14,150)
Balance at March 31, 2021	<u>167,176</u>	<u>2,445,871</u>	<u>3,079,612</u>	<u>56,384</u>	<u>193,608</u>	<u>404,667</u>	<u>217,134</u>	<u>6,564,452</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	-	704,025	1,933,696	41,824	85,214	298,915	-	3,063,674
Depreciation expenses	-	20,928	55,708	2,073	2,208	12,165	-	93,082
Disposals	-	-	(1,027)	-	-	(1,801)	-	(2,828)
Effects of foreign currency exchange differences	-	(1,952)	(7,490)	(229)	(318)	(960)	-	(10,949)
Balance at March 31, 2021	<u>-</u>	<u>723,001</u>	<u>1,980,887</u>	<u>43,668</u>	<u>87,104</u>	<u>308,319</u>	<u>-</u>	<u>3,142,979</u>
Carrying amount at March 31, 2021	<u>\$ 167,176</u>	<u>\$ 1,722,870</u>	<u>\$ 1,098,725</u>	<u>\$ 12,716</u>	<u>\$ 106,504</u>	<u>\$ 96,348</u>	<u>\$ 217,134</u>	<u>\$ 3,421,473</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	10-50 years
Decorating constructions	3-50 years
Machine equipment	1-11 years
Molding equipment	1-7 years
Leasehold improvements	1-25 years
Other equipment	1-10 years

There was no indication of impairment of the property, plant and equipment for the three months ended March 31, 2022 and 2021.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Land	\$ 417,383	\$ 419,877	\$ 427,360
Buildings	226,492	222,561	221,832
Land use rights	44,822	43,541	44,481
Transportation equipment	602	724	1,112
Other equipment	<u>3,763</u>	<u>3,893</u>	<u>4,798</u>
	<u>\$ 693,062</u>	<u>\$ 690,596</u>	<u>\$ 699,583</u>
		For the Three Months Ended March 31	
		2022	2021
Depreciation charge for right-of-use assets			
Land		\$ 2,494	\$ 2,494
Buildings		4,237	4,219
Land use rights		334	332
Transportation equipment		127	127
Other equipment		<u>257</u>	<u>260</u>
		<u>\$ 7,449</u>	<u>\$ 7,432</u>

Except for the recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Group's right-of-use assets for the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Current	<u>\$ 25,748</u>	<u>\$ 25,007</u>	<u>\$ 22,215</u>
Non-current	<u>\$ 674,785</u>	<u>\$ 672,798</u>	<u>\$ 680,880</u>

The discount rates for lease liabilities were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	1.555%	1.555%	1.555%
Buildings	1.750%-4.750%	1.750%-4.750%	1.750%-4.000%
Transportation equipment	0.780%-1.333%	0.780%-1.333%	0.780%-1.333%
Other equipment	6.910%	6.910%	6.910%

c. Material leasing activities and terms

The Group leases certain land and buildings for the use of plants and office spaces with lease terms of 1 to 20 years. The Group does not have bargain purchase options to acquire the leased assets at the end of the lease terms.

The Group also leases certain transportation equipment and other equipment with lease terms of 3 to 5 years. The Group does not have bargain purchase options to acquire the transportation equipment at the end of the lease terms.

Land use rights are amortized using the straight-line method over 50 years.

d. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 2,738</u>	<u>\$ 2,651</u>
Expenses relating to low-value asset leases	<u>\$ 382</u>	<u>\$ 326</u>
Total cash outflow for leases	<u>\$ (12,359)</u>	<u>\$ (12,191)</u>

The Group's leases of certain office space, dormitories and parking lots qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Lease commitments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,109</u>

16. BORROWINGS

a. Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Secured borrowings (Note 29)</u>			
Bank loan	\$ 148,000	\$ 148,000	\$ 150,000
<u>Unsecured borrowings</u>			
Line of credit borrowing	<u>450,000</u>	<u>650,000</u>	<u>780,000</u>
	<u>\$ 598,000</u>	<u>\$ 798,000</u>	<u>\$ 930,000</u>

The range of interest rates on bank loans was 0.60%-0.64%, 0.60%-0.64% and 0.73%-0.75% per annum at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

b. Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Unsecured borrowings</u>			
Chinatrust Commercial Bank	\$ 270,000	\$ 270,000	\$ 208,000
Less: Current portion	<u>(45,000)</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 225,000</u>	<u>\$ 270,000</u>	<u>\$ 208,000</u>

In February 2021, GLT-Optical signed a non-revolving loan contract with Chinatrust Commercial Bank for total credit facilities of \$270,000 thousand based on “Action Plan for Accelerated Investment by SMEs” by the Ministry of Economic Affairs. The period is from February 2021 to February 2024. Since the end date of the grace period is in February 2023, the principal will be repaid in each monthly installment. In accordance with the terms of the contract, GLT-Taiwan, the joint guarantor, shall maintain specific financial ratios in the financial statements each year during the loan period. GLT-Optical applied for interest subsidy according to the aforementioned plan. The interest rate during the subsidy period is reduced by 0.845% from the 2-year time savings deposit variable interest rate of Chunghwa Post Co., and the minimum charge is 0%; After the subsidy period expires, the interest rate will return to 2-year time savings deposit variable interest rate of Chunghwa Post Co. plus 0.255%. As of March 31, 2022, December 31, 2021 and March 31, 2021, the interest rates of the loan were 0.25%, 0% and 0% per annum, respectively.

17. OTHER PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Payable for salaries or bonuses	\$ 271,352	\$ 312,555	\$ 259,506
Payable for commission	28,843	41,610	31,817
Payable for purchase equipment	18,591	11,251	22,139
Payable for tax	7,238	7,620	6,010
Others	<u>70,573</u>	<u>78,216</u>	<u>84,172</u>
	<u>\$ 396,597</u>	<u>\$ 451,252</u>	<u>\$ 403,644</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

GLT-Shanghai, GLT-Suzhou and GLT-Zhongshan, the Group's subsidiaries in mainland China, are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits, the contribution ratios were 16%, 16% and 15%, respectively. GLT-USA, the Group's subsidiary in the U.S allocates pension according to the 401(K) plan.

There were no pension plans for Global Lighting Technologies (Cayman), Solid State OPTO, Solid State Display, Solid State Technology, Solid State Electronics, Shining Green and Hao Yuan Technology since these companies had no regular employees.

Pension expenses for these defined contribution plans are classified under the following accounts:

	For the Three Months Ended March 31	
	2022	2021
Operating costs	<u>\$ 14,584</u>	<u>\$ 13,550</u>
Operating expenses	<u>\$ 3,877</u>	<u>\$ 3,465</u>

b. Defined benefit plan

For the three months ended March 31, 2022 and 2021, the pension expenses of defined benefit plans were \$329 thousand and \$564 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

19. LONG-TERM DEFERRED REVENUE

In 2006 to 2008, the Group received a government grant for relocating its factory in accordance with the Suzhou government land planning policy. The subsidy was recognized as long-term deferred revenue, which is amortized and recognized as realized long-term deferred revenue over its estimated useful life (under the line item of non-operating income and expenses - other income).

Since July 2019, the Group received testing equipment donated from non-shareholders, which were recognized as long-term deferred revenue, and the realized long-term deferred revenue (under the line item of non-operating income and expense - other income) is amortized over the estimated useful life of the testing equipment.

As of March 31, 2022, December 31, 2021 and March 31, 2021, long-term deferred revenue was \$80,295 thousand, \$82,236 thousand and \$97,510 thousand, respectively.

The Group's realized long-term deferred revenue recognized as other income and government grants related to income are as follows:

	For the Three Months Ended March 31	
	2022	2021
Realized long-term deferred revenue	\$ 4,857	\$ 4,906
Received from government grants related to income	<u>225</u>	<u>5,911</u>
	<u>\$ 5,082</u>	<u>\$ 10,817</u>

20. EQUITY

a. Share capital - ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>
Shares authorized	<u>\$ 3,600,000</u>	<u>\$ 3,600,000</u>	<u>\$ 3,600,000</u>
Number of shares issued and fully paid (in thousands)	<u>128,864</u>	<u>130,937</u>	<u>130,937</u>
Shares issued and fully paid	<u>\$ 1,288,641</u>	<u>\$ 1,309,371</u>	<u>\$ 1,309,371</u>

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

On February 24, 2022, the Company's board of directors resolved to cancel 2,073 thousand treasury shares and set the base date for capital reduction as February 25, 2022. Therefore, the Company decreased the ordinary share capital by \$20,730 thousand, decreased the capital surplus by \$35,386 thousand and decreased the retained earnings by \$112,679 thousand. As of March 31, 2022, the Company's paid-in capital was \$1,288,641 thousand, divided into 128,864 thousand shares with par value of NT\$10.

b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Issuance of ordinary shares	\$ 2,199,672	\$ 2,235,058	\$ 2,235,058
Expiry of employee share options	85,068	85,068	85,068
Donations	39,702	39,702	39,702
<u>May be used to offset a deficit only</u>			
Share of changes in capital surplus of associates	<u>23,981</u>	<u>23,981</u>	<u>23,981</u>
	<u>\$ 2,348,423</u>	<u>\$ 2,383,809</u>	<u>\$ 2,383,809</u>

The capital surplus from shares issued in excess of par could be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years and setting aside as special reserve in accordance with the laws and regulations. The current year's distributable earnings are the current year's net profit after deduction of the aforementioned amounts plus the accumulated undistributed retained earnings. The board of directors may approve all or part of the distributable surplus in the current year to be distributed as dividends (including cash dividends or share dividends) in the current year in consideration of financial, business and other operating factors. However, dividends to be distributed for the current year should not be lower than 10% of the net profit after tax for the current year if the profit has not been used to offset losses or set aside as special reserve. Additionally, cash dividends should not be lower than 10% of the total dividends to be distributed for the current year. For policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 22(g).

When a special reserve is appropriated for cumulative net debit balance reserves from prior period during surplus distribution, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient. Before the Articles is amended, the special reserve is appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 that were proposed by the board of directors on April 11, 2022, and the appropriations of earnings for 2020 that had been resolved by the shareholders in their meeting on August 26, 2021, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Special reserve	\$ 83,514	\$ 93,330
Cash dividends	\$ 644,320	\$ 720,154
Cash dividends per share (NT\$)	\$ 5.0	\$ 5.5

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in their meeting to be held on May 26, 2022.

d. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Three Months Ended	
	March 31	
	2022	2021
Balance at January 1	\$ (344,626)	\$ (258,846)
Recognized for the period		
Exchange differences on translation to the presentation currency	261,330	15,773
Exchange differences on the translation of the financial statements of foreign operations	<u>(77,527)</u>	<u>(21,476)</u>
Balance at March 31	<u>\$ (160,823)</u>	<u>\$ (264,549)</u>

Unrealized gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ (6,085)	\$ (8,351)
Recognized for the period		
Unrealized gain(loss)	<u>(4,592)</u>	<u>2,581</u>
Balance at March 31	<u>\$ (10,677)</u>	<u>\$ (5,770)</u>

e. Treasury shares

	For the Three Months Ended March 31, 2022
Number of shares at January 1, 2022	1,198
Buy-back during the period	875
Cancelled during the period	<u>(2,073)</u>
Number of shares at March 31, 2022	<u> -</u>

In order to safeguard the Company's credit and shareholders' rights and interests, the Company's board of directors resolved on November 4, 2021 to repurchase 6,000 thousand ordinary shares of the Company from the centralized securities exchange market from November 5, 2021 to January 4, 2022. The repurchase price ranges from \$57.40 to \$119.50 per share. As of December 31, 2021, 1,198 thousand treasury shares have been repurchased, with an amount of \$95,121 thousand. As of January 4, 2022, the Company had repurchased 875 thousand shares with a total amount of \$73,674 thousand. On February 24, 2022, the Company's board of directors resolved to cancel 2,073 thousand treasury shares and set the base date for capital reduction as February 25, 2022.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

21. REVENUE

	For the Three Months Ended March 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 2,435,651	\$ 2,664,988
Revenue from commission	<u>6,393</u>	<u>5,544</u>
	<u>\$ 2,442,044</u>	<u>\$ 2,670,532</u>

a. Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Notes receivable (Note 9)	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 18</u>	<u>\$ -</u>
Accounts receivable (Note 9)	<u>\$ 2,301,244</u>	<u>\$ 2,470,246</u>	<u>\$ 2,291,606</u>	<u>\$ 2,805,135</u>
Accounts receivable - related parties (Note 28)	<u>\$ 47,349</u>	<u>\$ 41,599</u>	<u>\$ 41,660</u>	<u>\$ 47,834</u>
Contract liabilities				
Sale of goods	<u>\$ 4,153</u>	<u>\$ 3,615</u>	<u>\$ 1,193</u>	<u>\$ 5,311</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year from the satisfaction of performance obligations of contract liabilities at the beginning of the year is as follows:

	For the Three Months Ended March 31	
	2022	2021
From contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 3,615</u>	<u>\$ 5,311</u>

b. Disaggregation of revenue

	For the Three Months Ended March 31	
	2022	2021
Applications of light guide plates	\$ 2,131,111	\$ 2,403,486
Plastic components	304,540	261,502
Revenue from commission	<u>6,393</u>	<u>5,544</u>
	<u>\$ 2,442,044</u>	<u>\$ 2,670,532</u>

22. NET PROFIT

a. Interest income

	For the Three Months Ended March 31	
	2022	2021
Bank deposits	<u>\$ 1,778</u>	<u>\$ 2,195</u>

b. Other income

	For the Three Months Ended March 31	
	2022	2021
Long-term deferred revenue allocated due to non-shareholders' asset donation (Note 19)	\$ 4,163	\$ 4,218
Government grants (Note 19)	919	6,599
Dividends	-	10,438
Others	<u>470</u>	<u>258</u>
	<u>\$ 5,552</u>	<u>\$ 21,513</u>

The government grants included the loan of US\$207 thousand of GLT-USA which was approved by the authorized bank of Small Business Administration (SBA) in July 2020. GLT-USA has obtained the loan forgiveness in March 2021 and recognized \$5,862 thousand to other income - government grants.

c. Other gains and losses

	For the Three Months Ended March 31	
	2022	2021
Net gain on foreign currency exchange	\$ 17,218	\$ 2,362
Gain on disposal of property, plant and equipment	<u>269</u>	<u>-</u>
	<u>\$ 17,487</u>	<u>\$ 2,362</u>

d. Finance costs

	For the Three Months Ended March 31	
	2022	2021
Interest on lease liabilities	\$ 2,974	\$ 2,942
Interest on bank loans	<u>1,258</u>	<u>1,906</u>
	<u>\$ 4,232</u>	<u>\$ 4,848</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
Property, plant and equipment	\$ 97,080	\$ 93,082
Right-of-use assets	<u>7,449</u>	<u>7,432</u>
	<u>\$ 104,529</u>	<u>\$ 100,514</u>
An analysis of depreciation by function		
Operating costs	\$ 85,011	\$ 81,047
Operating expenses	<u>19,518</u>	<u>19,467</u>
	<u>\$ 104,529</u>	<u>\$ 100,514</u>

f. Employee benefit expenses

	For the Three Months Ended March 31	
	2022	2021
Post-employment benefit (Note 18)		
Defined contribution plans	\$ 18,461	\$ 17,015
Defined benefit plans	329	564
Payroll expenses	218,090	235,933
Labor and health insurance expenses	18,009	17,396
Remuneration of directors	4,655	5,784
Other employee benefits	<u>18,098</u>	<u>16,486</u>
Total employee benefit expenses	<u>\$ 277,642</u>	<u>\$ 293,178</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 185,998	\$ 196,464
Operating expenses	<u>91,644</u>	<u>96,714</u>
	<u>\$ 277,642</u>	<u>\$ 293,178</u>

g. Employees' compensation and remuneration of directors

The Company accrues employees' compensation and remuneration of directors at the rates between 1% to 15% and not higher than 1.5% of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three months ended March 31, 2022 and 2021 which estimated based on the profit before income tax without considering the effect of employees' compensation and remuneration of directors, were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2022	2021
Employees' compensation	5.0%	5.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Three Months Ended March 31	
	2022	2021
	Cash	Cash
Employees' compensation	\$ 13,339	\$ 17,405
Remuneration of directors	4,002	5,222

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 which had been approved by the Company's board of directors on February 24, 2022 and March 5, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	\$ 68,189	\$ 72,463
Remuneration of directors	20,457	21,739

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Three Months Ended	
	March 31	
	2022	2021
Foreign currency exchange gains	\$ 51,159	\$ 53,495
Foreign currency exchange losses	<u>(33,941)</u>	<u>(51,133)</u>
Net gain	<u>\$ 17,218</u>	<u>\$ 2,362</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended	
	March 31	
	2022	2021
Current tax		
In respect of the current period	\$ 22,813	\$ 10,235
Deferred tax		
In respect of the current period	<u>1,019</u>	<u>758</u>
Income tax expense recognized in profit or loss	<u>\$ 23,832</u>	<u>\$ 10,993</u>

The income tax rates of the entities in the Group based on the operating jurisdictions of the respective entities are as follows:

- 1) GLT-USA: 21%
- 2) GLT-Taiwan, GLT-Optical and Hao Yun Technology: 20%

- 3) GLT-Shanghai and GLT-Zhongshan: 25%
- 4) GLT-Suzhou Opto: For the three months ended March 31, 2022 is 25%; for the three months ended March 31, 2021 and qualified as a high-tech enterprise is 15%

b. Income tax assessments

Income tax returns of GLT-Taiwan, GLT-Optical and Hao Yuan Technology through 2020 have been examined and cleared by the tax authorities.

24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding that were used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Three Months Ended March 31	
	2022	2021
Profit for the year attributable to owners of the Company	<u>\$ 249,435</u>	<u>\$ 325,482</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Three Months Ended March 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	128,901	130,937
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>812</u>	<u>500</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>129,713</u>	<u>131,437</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CASH FLOW INFORMATION

a. Partial non-cash transactions

In addition to those disclosed in other notes, for the three months ended March 31, 2022 and 2021, the Group entered into the following partial non-cash investing activities, which were not reflected in the consolidated statements of cash flows:

	For the Three Months Ended March 31	
	2022	2021
Partial cash payments for the acquisition of property, plant and equipment		
Purchase of property, plant and equipment	\$ 21,506	\$ 108,755
Net change in prepayments for purchases of equipment	(2,400)	(23,269)
Net change in payables for purchase of equipment	(7,340)	26,545
Increase in equipment donated from non-shareholders	-	(146)
	<u> </u>	<u> </u>
Cash paid	<u>\$ 11,766</u>	<u>\$ 111,885</u>

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes Effects of Foreign Currency Exchange Differences	Closing Balance
Short-term borrowings	\$ 798,000	\$ (200,000)	\$ -	\$ 598,000
Long-term borrowings (including current portion)	270,000	-	-	270,000
Lease liabilities	<u>697,805</u>	<u>(6,265)</u>	<u>8,993</u>	<u>700,533</u>
	<u>\$ 1,765,805</u>	<u>\$ (206,265)</u>	<u>\$ 8,993</u>	<u>\$ 1,568,533</u>

For the three months ended March 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			Effects of Foreign Currency Exchange Differences	Others	
Short-term borrowings	\$ 860,000	\$ 70,000	\$ -	\$ -	\$ 930,000
Long-term borrowings (including current portion)	224,884	(11,000)	(22)	(5,862)	208,000
Lease liabilities	<u>710,591</u>	<u>(6,272)</u>	<u>(1,224)</u>	<u>-</u>	<u>703,095</u>
	<u>\$ 1,795,475</u>	<u>\$ 52,728</u>	<u>\$ (1,246)</u>	<u>\$ (5,862)</u>	<u>\$ 1,841,095</u>

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values (or their fair values cannot be reliably measured).

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 171,750	\$ 171,750
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>108,503</u>	<u>108,503</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,253</u>	<u>\$ 280,253</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 166,080	\$ 166,080
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>113,095</u>	<u>113,095</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,175</u>	<u>\$ 279,175</u>

March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,410</u>	<u>\$ 13,410</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2022

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 279,175
Recognized in other comprehensive income	(4,592)
Effects of foreign currency exchange differences	<u>5,670</u>
Balance at March 31, 2022	<u>\$ 280,253</u>

For the three months ended March 31, 2021

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 29,096
Refund of capital reduction	(18,267)
Recognized in other comprehensive income	<u>2,581</u>
Balance at March 31, 2021	<u>\$ 13,410</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of financial assets and financial liabilities are evaluated using the market approach based on the analysis of comparable companies and asset-based approach.

c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at FVTOCI	\$ 280,253	\$ 279,175	\$ 13,410
Financial assets at amortized cost (Note 1)	6,657,421	6,684,331	6,900,630
<u>Financial liabilities</u>			
Amortized cost (Note 2)	3,041,511	3,411,318	3,981,790

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, accounts receivable - related parties, part of other receivables (excluding tax refund receivable), other receivables - related parties, refundable deposits (presented in other non-current assets) and other financial assets (presented in other current and non-current assets).

Note 2: The balances include financial liabilities measured at amortized cost, which comprise accounts payable, accounts payable - related parties, part of other payables (excluding payable for short-term employee benefits, payable for dividends, payable for commission and payable for business tax), other payables - related parties, short-term borrowings, long-term borrowings and long-term borrowings - current portion.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, equity investments, accounts receivable, accounts payable, long-term borrowings and short-term borrowings and lease liabilities. The Group's corporate treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar and Japanese yen.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar strengthening (weakening) 5% against the relevant currency.

	U.S. Dollar Impact		Japanese Yen Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2022	2021	2022	2021
(Loss) profit	<u>\$ (88,970)</u>	<u>\$ (35,470)</u>	<u>\$ (147)</u>	<u>\$ 918</u>

The result was mainly attributable to the exposure on bank deposits, accounts receivable and accounts payable in U.S. dollars and Japanese yen that were not hedged at the end of the year.

The Group's sensitivity to U.S. dollars increased during the current year due to the increase of foreign currency deposits; and the sensitivity to Japanese yen decreased during the current year due to the decrease of accounts payable.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial assets	\$ 310,737	\$ 245,455	\$ 238,425
Financial liabilities	1,298,533	1,765,805	1,841,095
Cash flows interest rate risk			
Financial assets	3,852,584	3,794,442	4,350,751
Financial liabilities	270,000	-	-

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the three months ended March 31, 2022 would have increased/decreased by \$2,239 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the three months ended March 31, 2021 would have increased/decreased by \$2,719 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

The Group's sensitivity to interest rates decreased during the current period mainly due to the decrease in variable rate deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 10% higher/lower, pre-tax other comprehensive income for the three months ended March 31, 2022 and 2021 would have increased/decreased by \$28,025 thousand and \$1,341 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices increased due to the increase in the equity securities held.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation, is primary from the book value of its financial assets.

The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group's credit risk is concentrated in its top 10 customers.

The Group's concentration of credit risk of 93.27%, 93.92% and 93.03% in total trade receivables as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively, was related to the Group's ten largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. Financial assets at fair value through other comprehensive income are exposed to liquidity risk since these assets have no active markets.

The Group manages liquidity risk by maintaining adequate bank balance and banking facilities, and continuously monitoring forecast and actual cash flows as well as the maturity profiles of financial assets and liabilities.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

March 31, 2022

	On Demand or Less than 1 Year	1-2 Years	2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,173,512	\$ -	\$ -	\$ -
Fixed interest rate liabilities	598,772	-	-	-
Variable interest rate liabilities	45,954	226,401	-	-
Lease liabilities	<u>37,413</u>	<u>37,102</u>	<u>106,254</u>	<u>715,658</u>
	<u>\$ 2,855,651</u>	<u>\$ 263,503</u>	<u>\$ 106,254</u>	<u>\$ 715,658</u>

December 31, 2021

	On Demand or Less than 1 Year	1-2 Years	2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,343,318	\$ -	\$ -	\$ -
Fixed interest rate liabilities	798,802	248,919	22,521	-
Lease liabilities	<u>36,640</u>	<u>36,404</u>	<u>105,070</u>	<u>717,345</u>
	<u>\$ 3,178,760</u>	<u>\$ 285,323</u>	<u>\$ 127,591</u>	<u>\$ 717,345</u>

March 31, 2021

	On Demand or Less than 1 Year	1-2 Years	2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,843,790	\$ -	\$ -	\$ -
Fixed interest rate liabilities	930,957	34,667	173,333	-
Lease liabilities	<u>33,766</u>	<u>33,745</u>	<u>99,460</u>	<u>741,188</u>
	<u>\$ 3,808,513</u>	<u>\$ 68,412</u>	<u>\$ 272,793</u>	<u>\$ 741,188</u>

The amount of non-derivative financial liabilities would change due to the change in the floating interest rate as compared to the interest rate estimated on the balance sheet date.

b) Financing facilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Secured bank loan facilities</u>			
Amount used	\$ 148,000	\$ 148,000	\$ 150,000
Amount unused	<u>52,000</u>	<u>52,000</u>	<u>50,000</u>
	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
<u>Unsecured bank loan facilities</u>			
Amount used	\$ 720,000	\$ 920,000	\$ 1,001,697
Amount unused	<u>543,125</u>	<u>338,400</u>	<u>639,258</u>
	<u>\$ 1,263,125</u>	<u>\$ 1,258,400</u>	<u>\$ 1,640,955</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, transactions between the Group and other related parties are based on agreement. Details of the transactions are disclosed below.

a. The Group's related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Shinny Plastics Corp	Other related party (the chairman of the Company and the chairman of Shinny Plastics are second-degree relatives)
Tony Material LLC	Related party in substance
Wistron Corporation	Other related party (juristic director of the Company)
Wistron InfoComm (Zhongshan) Corporation	Other related party (subsidiary of Wistron)
Weilian Electronic Technology (Zhongshan) Co., Ltd.	Other related party (subsidiary of Wistron)

b. Operating revenue

Related Party Category/Name	For the Three Months Ended March 31	
	2022	2021
Other related parties	\$ 29,347	\$ 26,823
Related party in substance	<u>338</u>	<u>448</u>
	<u>\$ 29,685</u>	<u>\$ 27,271</u>

The sales of goods to other related parties and the related party in substance were made at prices determined based on agreement; the payment term between the Group and other related parties or the related party in substance is open account 30-120 days, and is not significantly different from transactions between the Group and non-related parties

c. Purchases of goods (including processing fees)

Related Party Category/Name	For the Three Months Ended March 31	
	2022	2021
Other related parties	\$ 77,822	\$ 48,212
Related party in substance	<u>7,640</u>	<u>30,341</u>
	<u>\$ 85,462</u>	<u>\$ 78,553</u>

Purchases were made at the prices determined based on agreement with other related parties and related party in substance; the payment terms between the Group and other related parties, and between the Group and the related party in substance are within net 120 days and net 30 days, respectively, and are not significantly different from transactions between the Group and non-related parties.

d. Manufacturing and operating expenses

Related Party Category/Name	For the Three Months Ended March 31	
	2022	2021
Other related parties	\$ 6,939	\$ 8,501
Related party in substance	<u>5,524</u>	<u>7,200</u>
	<u>\$ 12,463</u>	<u>\$ 15,701</u>

The transactions were mainly the payments made for administration fees of the industrial park, utility expenses and mold charges to other related parties and related party in substance.

e. Receivables from related parties

Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
<u>Accounts receivable - related parties</u>			
Wistron InfoComm (Zhongshan)	\$ 47,113	\$ 40,956	\$ 39,832
Other related parties	236	540	1,355
Related party in substance	<u>-</u>	<u>103</u>	<u>473</u>
	<u>\$ 47,349</u>	<u>\$ 41,599</u>	<u>\$ 41,660</u>

The outstanding trade receivables from related parties are unsecured. As of March 31, 2022, December 31, 2021 and March 31, 2021, the accounts receivable from related parties were not overdue. For the three months ended March 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

Related Party Category/Name	Nature	March 31, 2022	December 31, 2021	March 31, 2021
<u>Other receivables - related parties</u>				
Shinny Plastics Corp	Equipment	\$ 973	\$ 941	\$ -
Weilian Electronic Technology (Zhongshan)	Rental income	<u>52</u>	<u>248</u>	<u>-</u>
		<u>\$ 1,025</u>	<u>\$ 1,189</u>	<u>\$ -</u>

f. Payables to related parties

Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
<u>Accounts payable - related parties</u>			
Shinny Plastics Corp	\$ 136,542	\$ 116,963	\$ 85,678
Related party in substance	<u>4,976</u>	<u>9,017</u>	<u>31,819</u>
	<u>\$ 141,518</u>	<u>\$ 125,980</u>	<u>\$ 117,497</u>
<u>Other payables - related parties</u>			
Tony material LLC	\$ 4,012	\$ 5,436	\$ 7,438
Wistron InfoComm (Zhongshan)	2,487	2,730	2,907
Other related parties	<u>42</u>	<u>45</u>	<u>50</u>
	<u>\$ 6,541</u>	<u>\$ 8,211</u>	<u>\$ 10,395</u>

g. Lease arrangements

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Lease liabilities	Wistron InfoComm (Zhongshan)	<u>\$ 234,734</u>	<u>\$ 229,655</u>	<u>\$ 239,370</u>

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2022	2021
Interest expense	Wistron InfoComm (Zhongshan)	<u>\$ 1,015</u>	<u>\$ 1,064</u>

The Group leases a plant from Wistron InfoComm (Zhongshan), the terms of the transaction are negotiated by both the parties and the rent is paid monthly according to the lease agreement.

h. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 8,348	\$ 9,881
Post-employment benefits	<u>81</u>	<u>81</u>
	<u>\$ 8,429</u>	<u>\$ 9,962</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the import transactions in the Customs Administration, and for the lease of land from Hsinchu Science Park, Ministry of Science and Technology:

	March 31, 2022	December 31, 2021	March 31, 2021
Other financial assets - restricted assets (under other current and other non-current assets)	<u>\$ 175,342</u>	<u>\$ 170,375</u>	<u>\$ 175,042</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of March 31, 2022 were as follows:

- GLT-Optical entered into a sales contract for the purchase of equipment of \$30,800 thousand. Unrecognized contract commitment was \$18,480 thousand.

b. Unrecognized commitments were as follows:

<u>Guarantor</u>	<u>Guaranteed Person</u>	<u>Guarantee Amount</u>
GLT-Taiwan	GLT-Optical	\$1,120,000 thousand
GLT-Taiwan	Solid State Electronics	US\$2,000 thousand (equivalent to approximately NT\$57,250 thousand)

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 44,662	28.6250 (USD:NTD)	\$ 1,278,441
USD	54,491	6.3482 (USD:RMB)	1,559,815
JPY	10,133	0.2353 (JPY:NTD)	2,384
JPY	2,493	0.0082 (JPY:USD)	587
<u>Financial liabilities</u>			
Monetary items			
USD	2,581	28.6250 (USD:NTD)	73,886
USD	34,409	6.3482 (USD:RMB)	984,967
JPY	130	0.2353 (JPY:NTD)	31

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 40,372	27.6800 (USD:NTD)	\$ 1,117,495
USD	57,193	6.3674 (USD:RMB)	1,583,101
JPY	10,186	0.2405 (JPY:NTD)	2,450
JPY	2,493	0.0087 (JPY:USD)	600
<u>Financial liabilities</u>			
Monetary items			
USD	2,266	27.6800 (USD:NTD)	62,734
USD	38,554	6.3674 (USD:RMB)	1,067,180
JPY	52	0.2405 (JPY:NTD)	13

March 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 26,707	28.5350 (USD:NTD)	\$ 762,079
USD	47,327	6.5713 (USD:RMB)	1,350,466
JPY	98,080	0.2577 (JPY:NTD)	25,275
JPY	6,722	0.0090 (JPY:USD)	1,732
<u>Financial liabilities</u>			
Monetary items			
USD	2,757	28.5350 (USD:NTD)	78,685
USD	46,415	6.5713 (USD:RMB)	1,324,452
JPY	175,000	0.2577 (JPY:NTD)	45,098
JPY	1,026	0.0090 (JPY:USD)	264

For the three months ended March 31, 2022 and 2021, realized and unrealized net foreign exchange losses were \$17,218 thousand and \$2,362 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions: Table 8 (attached)

- b. Information on investees (Table 6)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7 (attached)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8 (attached)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
 - d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

34. SEGMENT INFORMATION

The Group's reportable segments as follows:

- a. Department of light guide plates applications: Provide the service of manufacturing and sales of related application products such as light guide plates.
- b. Department of plastic components: Provide the service of design, manufacturing and sales of plastic components

Reportable segment income and loss is measured by pre-tax other comprehensive income (non-operating income and expense and income tax expenses are excluded). The amount is for chief operating decision maker to determine the allocation of resources to each department and evaluate the performance of each department.

Since the information on the segment assets and liabilities was not provided to the operational decision makers for reference or for decision-making purposes, the segment assets and liabilities were not disclosed.

c. Segment revenue and results

	Department of Light Guide Plates Applications	Department of Plastic Components	Eliminations	Total
<u>For the three months ended March 31, 2022</u>				
Revenue				
Revenue from external customers	\$ 2,131,111	\$ 310,933	\$ -	\$ 2,442,044
Inter-segment revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>\$ 2,131,111</u>	<u>\$ 310,933</u>	<u>\$ -</u>	<u>\$ 2,442,044</u>
Segment income	<u>\$ 226,929</u>	<u>\$ 25,753</u>		\$ 252,682
Non-operating income and expenses				<u>20,585</u>
Profit before tax (continuing operations)				<u>\$ 273,267</u>
<u>For the three months ended March 31, 2021</u>				
Revenue				
Revenue from external customers	\$ 2,403,486	\$ 267,046	\$ -	\$ 2,670,532
Inter-segment revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>\$ 2,403,486</u>	<u>\$ 267,046</u>	<u>\$ -</u>	<u>\$ 2,670,532</u>
Segment income (loss)	<u>\$ 337,567</u>	<u>\$ (22,314)</u>		\$ 315,253
Non-operating income and expenses				<u>21,222</u>
Profit before tax (continuing operations)				<u>\$ 336,475</u>

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Financing Company's Aggregate Financing Limits (Note 2)
													Item	Value		
1	GLT-Suzhou Opto	GLT-Shanghai	Other receivables - related parties, current portion	Yes	\$ 22,622	\$ 22,558	\$ 22,558	1.75	2	\$ -	Operating turnover	\$ -	-	\$ -	\$ 615,945	\$ 615,945
2	GLT-Taiwan	GLT-Optical	Other receivables - related parties, current portion	Yes	350,532	300,478	300,478	0.80	2	-	Operating turnover	-	-	-	995,198	995,198
3	Solid State OPTO	GLT-Optical	Other receivables - related parties, current portion	Yes	194,650	194,650	194,650	-	2	-	Operating turnover	-	-	-	580,373	580,373
4	Solid State Technology	GLT-Optical	Other receivables - related parties, current portion	Yes	257,625	257,625	257,625	-	2	-	Operating turnover	-	-	-	2,086,378	2,086,378
5	GLT-USA	GLT-Optical	Other receivables - related parties, current portion	Yes	186,126	186,126	186,126	0.22	2	-	Operating turnover	-	-	-	322,953	322,953

Note 1: The nature of financing is numbered as follows:

- a. Business relationship
- b. Short-term financing needs

Note 2: The aggregate financing limit of loans made from the parent company to its subsidiaries in which the parent company directly or indirectly holds 100% of the voting shares is limited to 40% of the parent company's net worth based on its latest audited financial statements. For loans made between offshore subsidiaries (excluding subsidiaries in the Republic of China) in which the parent company directly or indirectly holds 100% of the voting shares, the financing limit is 80% of the lender's net worth based on its latest audited financial statements. The financing limit for each borrower in which the parent company directly or indirectly holds 100% of the voting shares is 10% of the parent company's net worth based on its latest audited financial statements. For loans made from offshore subsidiaries to each borrower in which the parent company holds, directly or indirectly, 100% of the voting shares is limited to 80% of the parent company's net worth based on its latest audited financial statements. For loans made between subsidiaries in the Republic of China, both the aggregate financing limit and financing limit for each borrower is limited to 40% of the lender's net worth based on its latest audited financial statements. For loans made from the lender to its ultimate parent company, both the aggregate financing limit and financing limit for each borrower is both 40% of the lender's net worth based on its latest audited financial statements. The financing limit for each borrower is the lender's aggregate financing limit.

Note 3: All intercompany transactions have been eliminated upon consolidation.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 2)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 2)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 2)
		Name	Relationship										
0	GLT-Taiwan	GLT-Optical (Note 3)	Subsidiary of Global Lighting Technologies Inc.	\$ 2,114,795	\$ 1,120,000	\$ 1,120,000	\$ 868,000	\$ -	14.04	\$ 2,114,795	-	-	-
1	GLT-Taiwan	Solid State Electronics	Subsidiary of Global Lighting Technologies Inc.	2,114,795	57,250	57,250	-	-	0.72	2,114,795	-	-	-

Note 1: The total amount of endorsements and guarantees provided by GLT-Taiwan to the ultimate parent company and the subsidiaries in which the ultimate parent company directly and indirectly holds 100% of the voting rights and the limit for a single endorsement shall not exceed 85% of the net worth of GLT-Taiwan's lately audited or reviewed financial statements.

Note 2: Y is indicated for endorsements/guarantees provided by parent companies (listed companies) for its subsidiaries, endorsements/guarantees provided by subsidiaries for their parent companies (listed companies) and endorsements/guarantees provided for companies in mainland China.

Note 3: GLT-Taiwan provided endorsements/guarantees for GLT-Optical's bank loans. The table above details the information on endorsements/guarantees provided for GLT-Optical's loans from three different banks.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note)	Note
Global Lighting Technologies Inc.	<u>Shares</u> Sensel Inc.	-	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	1,470,227	\$ 171,750	8.24	\$ 171,750	
GLT-Taiwan	<u>Shares</u> Top Taiwan XIII Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	10,000,000	97,700	11.63	97,700	
Hao Yuan Technology	<u>Shares</u> Chi Lin Optoelectronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current (FVTOCI)	782,843	10,803	3.43	10,803	

Note: Unlisted equity investments are evaluated using the market approach based on the analysis of comparable companies and asset-based approach.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship (Note 1)	Transaction Details			Abnormal Transaction		Notes/Accounts Payable or Receivable		Note	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total
Solid State Technology	GLT-Shanghai	2	Sale	\$ (746,049)	100	Open account 60 days	Based on agreement	Based on agreement	\$ 896,925	100	Note 2
GLT-Shanghai	Solid State Technology	2	Purchase	746,049	51	Open account 60 days	Based on agreement	Based on agreement	(896,925)	48	Note 2
	Solid State OPTO	2	Sale	(621,568)	36	Open account 120 days	Based on agreement	Based on agreement	992,010	43	Note 2
Solid State OPTO	GLT-Shanghai	2	Purchase	621,568	94	Open account 120 days	Based on agreement	Based on agreement	(992,010)	95	Note 2

Note 1: The relationships with related parties are divided into the following four types:

- a. Parent company to subsidiary
- b. Subsidiary to subsidiary
- c. Subsidiary to parent company
- d. Subsidiaries to non-related parties within the Group

Note 2: All intercompany transactions have been eliminated upon consolidation.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Solid State Technology	GLT-Shanghai	Subsidiary to subsidiary	\$ 896,925	3.02	\$ -	\$ -	\$ 360,067	\$ -
GLT-Shanghai	Solid State OPTO	Subsidiary to subsidiary	992,010	2.23	-	-	502,674	-
GLT-Taiwan	GLT-Optical	Subsidiary to subsidiary	300,478	Note 2	-	-	-	-
Solid State OPTO	GLT-Optical	Subsidiary to subsidiary	194,650	Note 2	-	-	-	-
Solid State Technology	GLT-Optical	Subsidiary to subsidiary	257,625	Note 2	-	-	-	-
GLT-USA	GLT-Optical	Subsidiary to subsidiary	186,126	Note 2	-	-	-	-

Note 1: All intercompany transactions have been eliminated upon consolidation.

Note 2: It is mainly due to other receivables - current portion, so the calculation of turnover rate is not applicable.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		March 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				March 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount (Notes 1 and 2)			
Global Lighting Technologies Inc.	Solid State OPTO	British Virgin Islands	Holding company engaged in the sale of products	\$ 284,824 (US\$ 9,950)	\$ 284,824 (US\$ 9,950)	9,950,167	100.00	\$ 725,467 (US\$ 25,344)	(4,866) (US\$ (174))	(4,866) (US\$ (174))	
	Solid State Display	British Virgin Islands	Holding company engaged in the sale of products	1,006,001 (US\$ 35,144)	1,006,001 (US\$ 35,144)	35,144,141	100.00	2,545,574 (US\$ 88,928)	63,946 (US\$ 2,282)	71,927 (US\$ 2,567)	
	Solid State Technology	British Virgin Islands	Holding company engaged in the sale of products	307,719 (US\$ 10,750)	307,719 (US\$ 10,750)	10,750,000	100.00	2,500,525 (US\$ 87,355)	214,650 (US\$ 7,660)	309,893 (US\$ 11,059)	
	Solid State Electronics	British Virgin Islands	Holding company engaged in the sale of products	187,809 (US\$ 6,561)	187,809 (US\$ 6,561)	6,561,000	100.00	1,556,382 (US\$ 54,371)	1,441 (US\$ 51)	3,022 (US\$ 108)	
	Shining Green	Independent state of Samoa	Holding company	429,375 (US\$ 15,000)	429,375 (US\$ 15,000)	15,000,000	100.00	215,402 (US\$ 7,525)	(24,576) (US\$ (877))	(24,230) (US\$ (865))	
	GLT-Optical	Republic of China	Design, production, and sales of applications of light guide plates	700,894	500,894	70,089,400	100.00	153,167 (US\$ 5,351)	(82,488) (US\$ (2,944))	(84,970) (US\$ (3,032))	
Solid State OPTO	GLT-USA	United States	Design and sales of applications of light guide plates	207,455 (US\$ 7,247)	207,455 (US\$ 7,247)	100	100.00	403,691 (US\$ 14,103)	514 (US\$ 18)	514 (US\$ 18)	
Solid State Display	GLT-Taiwan	Republic of China	Design, production, and sales of applications of light guide plates, design and production of optical molds, and sales of plastic products for electronic components	1,115,200	1,115,200	111,519,956	100.00	2,487,994 (US\$ 86,917)	59,921 (US\$ 2,138)	59,921 (US\$ 2,138)	
GLT-Taiwan	Hao Yuan Technology	Republic of China	Investment industry; wholesale and retail sale of electronic materials	15,991	15,991	1,400,000	100.00	22,638	15	15	
	Asensetek Incorporation	Republic of China	Manufacturing and selling of optical and precision equipment, electronic components, motors and electronic machinery	14,430	14,430	728,500	27.15	-	181	-	Note 3

Note 1: The calculations based on the investee's financial statements that have been reviewed by us for the same period, taking into considerations of the effect of unrealized gain or loss on intercompany transactions.

Note 2: All intercompany transactions have been eliminated upon consolidation.

Note 3: Investment income (loss) was not calculated based on the reviewed financial statements.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars, or in Thousands of Foreign Currencies)

Investor Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of March 31, 2022 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of March 31, 2022
					Outflow	Inflow						
GLT-Shanghai	Design, production, and sales of applications of light guide plates and monitor, design of optical molds, and production and sales of plastic products for electronic use	\$ 572,500 (US\$ 20,000)	Note 1, b.	\$ 572,500 (US\$ 20,000)	\$ -	\$ -	\$ 572,500 (US\$ 20,000)	\$ 41	100	\$ 41	\$ 1,404,533	\$ -
GLT-Suzhou Opto	Design, production, and sales of applications of light guide plates and monitor, design of optical molds, and production and sales of plastic products for electronic use	606,850 (US\$ 21,200)	Note 1, b.	606,850 (US\$ 21,200)	-	-	606,850 (US\$ 21,200)	(2,015)	100	(2,015)	769,931	-
GLT-Zhongshan	Production, and sales of applications of light guide plates	429,375 (US\$ 15,000)	Note 1, b.	429,375 (US\$ 15,000)	-	-	429,375 (US\$ 15,000)	(24,576)	100	(24,576)	218,406	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,608,725 (US\$56,200 thousand)	Not applicable	Not applicable

Note 1: Investments are divided into three categories as follows:

- a. Direct investment
- b. Indirect investment through a holding company registered in a third region
- c. Others

Note 2: The calculations based on the investee's financial statements that have been reviewed by us for the same period.

Note 3: All intercompany transactions have been eliminated upon consolidation.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
1	Solid State Electronics	GLT-Zhongshan	c	Accounts receivable	\$ 33,800	Open account 60 days	-
			c	Sales	14,706	Based on agreement	1
		GLT-Shanghai	c	Accounts receivable	210	Open account 60 days	-
			c	Sales	206	Based on agreement	-
2	Solid State OPTO	GLT-USA	c	Accounts receivable	31,437	Open account 60 days	-
			c	Sales	65,066	Based on agreement	3
		GLT-Optical	c	Accounts receivables - current portion	194,650	Terms of financing	2
3	Solid State Technology	GLT-Shanghai	c	Accounts receivable	896,925	Open account 60 days	7
			c	Other receivables	10,336	Open account 60 days	-
		GLT-Optical	c	Sales	746,049	Based on agreement	31
			c	Accounts receivables - current portion	257,625	Terms of financing	2
4	Solid State Display	GLT-Shanghai	c	Accounts receivable	562	Open account 60 days	-
			c	Sales	550	Based on agreement	-
5	GLT-Shanghai	Solid State OPTO	c	Accounts receivable	992,010	Open account 120 days	8
			c	Sales	621,568	Based on agreement	25
		GLT-Taiwan	c	Accounts receivable	6,604	Open account 120 days	-
			c	Sales	3,208	Based on agreement	-
6	GLT-Zhongshan	GLT-Taiwan	c	Accounts receivable	46,986	Open account 120 days	-
			c	Sales	23,386	Based on agreement	1
		GLT-Suzhou Opto	c	Accounts receivable	754	Open account 120 days	-
			c	Sales	653	Based on agreement	-
7	GLT-Taiwan	GLT-Zhongshan	c	Other receivables	412	Open account 60 days	-
			c	Interest revenue	673	Based on agreement	-
		GLT-Optical	c	Accounts receivables - current portion	300,478	Terms of financing	2
			c	Accounts receivable	38,280	Open account 60 days	-
		Solid State OPTO	c	Sales	37,183	Based on agreement	2
			c	Accounts receivable	62,381	Open account 60 days	1
		Solid State Technology	c	Sales	60,814	Based on agreement	2
			c	Sales	348	Based on agreement	-
		GLT-Suzhou Opto	c	Sales	1,215	Open account 60 days	-
c	Accounts receivable		1,139	Based on agreement	-		

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
8	GLT-Suzhou Opto	GLT-Taiwan	c	Accounts receivable	\$ 94,646	Open account 120 days	1
			c	Sales	49,756	Based on agreement	2
		Solid State Display	c	Accounts receivable	65,743	Open account 120 days	1
			c	Sales	40,988	Based on agreement	2
		Solid State OPTO	c	Accounts receivable	9,295	Open account 120 days	-
			c	Sales	4,433	Based on agreement	-
		GLT-Shanghai	c	Accounts receivables - current portion	22,558	Terms of financing	-
			c	Interest revenue	124	Based on agreement	-
9	GLT-Optical	GLT-Taiwan	c	Accounts receivable	31,333	Open account 60 days	-
			c	Other receivables	1,413	Open account 60 days	-
			c	Sales	29,040	Based on agreement	1
		GLT-Zhongshan	c	Accounts receivable	43,534	Open account 60 days	-
			c	Sales	35,827	Based on agreement	1
		GLT-Suzhou Opto	c	Accounts receivable	10,016	Open account 60 days	-
			c	Sales	13,997	Based on agreement	1
		Solid State Display	c	Accounts receivable	134	Open account 60 days	-
			c	Sales	131	Based on agreement	-
		10	GLT-USA	GLT-Optical	c	Interest revenue	91
c	Accounts receivables - current portion				186,126	Terms of financing	2
GLT-Suzhou Opto	c			Other receivables	44	Open account 60 days	-

Note 1: Companies are numbered as follows:

- a. Global Lighting Technologies Inc. is numbered as "0"
- b. Subsidiaries are numbered from "1" onward

Note 2: The flow of transactions is as follows:

- a. From GLT-Cayman to the subsidiary
- b. From the subsidiary to GLT-Cayman
- c. Between subsidiaries

Note 3: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 4: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 9**GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lumina Global Limited	30,005,393	23.28
Wistron Corporation	20,914,430	16.22

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.