

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022
TABLE OF CONTENTS

Items	Page
Cover Page	1
Table of Contents	2 ~ 3
Independent Auditors' Report	4 ~ 9
Parent Company Only Balance Sheets	10 ~ 11
Parent Company Only Statements of Comprehensive Income	12
Parent Company Only Statements of Changes in Equity	13
Parent Company Only Statements of Cash Flows	14 ~ 15
Notes to Parent Company Only Financial Statements	16 ~ 67
(1)HISTORY AND ORGANISATION	16
(2)THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION	16
(3)APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS	16 ~ 17
(4)SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	17 ~ 28
(5)CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY	28 ~ 29
(6)DETAILS OF SIGNIFICANT ACCOUNTS	29 ~ 51
(7)RELATED PARTY TRANSACTIONS	52 ~ 56
(8)PLEDGED ASSETS	56
(9)SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS	56

Items	Page
(10) SIGNIFICANT DISASTER LOSS	57
(11) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE	57
(12) OTHERS	57 ~ 66
(13) SUPPLEMENTARY DISCLOSURES	67
(14) SEGMENT INFORMATION	67
STATEMENTS OF SIGNIFICANT ACCOUNTS	
CASH AND CASH EQUIVALENTS	Statement 1
ACCOUNTS RECEIVABLE, NET	Statement 2
OTHER RECEIVABLES (INCLUDING RELATED PARTIES)	Statement 3
INVENTORIES	Statement 4
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	Statement 5
PROPERTY, PLANT AND EQUIPMENT	Statement 6
ACCOUNTS PAYABLE – NON-RELATED PARTIES	Statement 7
SALES REVENUE	Statement 8
OPERATING COSTS	Statement 9
SELLING EXPENSE	Statement 10
LABOR, DEPRECIATION, AND AMORTIZATION BY FUNCTION	Statement 11

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Giga-Byte Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Giga-Byte Technology Co., Ltd. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter paragraph- Reorganization

As mentioned in Notes 4(29) and 6(27) of the parent company only financial statements, on January 1, 2023, Giga-Byte Technology Co., Ltd. spun off the operations of the Networking Communication business, and transferred shares of GIGAIPC CO., LTD to Giga Computing Technology Co., Ltd. The spin-off is accounted for using the book value method since the transaction pertains to a reorganization. In accordance with the IFRS Q&A 'Questions on Retrospective Restatement of Comparative Financial Statements under Capital Reorganization' issued by Accounting Research and Development Foundation of the R.O.C. (ARDF) on January 30, 2019, Giga-Byte Technology Co., Ltd. did not retrospectively restate the comparative period of the parent company only financial statements ended December 31, 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Occurrence of revenue from significant new counterparty

Description

Please refer to Note 4(28) for the accounting policies on revenue recognition and Note 6(18) for details of the operating revenue.

The Company has numerous customers and sales regions across the world, it is infrequent to have revenue generated from a single customer that exceeded 10% of the consolidated operating revenue. Given that the verification of the existence of the transaction counterparty is critical to the revenue recognition, the occurrence of revenue from significant new counterparty was identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Interviewed with management and obtained an understanding of the revenue recognition policy, and the consistency of the policy application during the financial reporting periods.
2. Obtained an understanding and tested credit check procedures for significant new counterparty. Verified that the transaction with significant new counterparty has been properly approved and agreed with supporting documentation, which include searching transaction counterparty's related information.
3. Obtained an understanding and tested the selling price and credit term of significant new counterparty.
4. Interviewed with management and obtained an understanding for the reason of accounts receivable overdue from significant new counterparty in order to evaluate the reasonableness.
5. Sampled and tested detailed revenue schedule of significant new counterparty and verified the original supporting documentation.
6. Sent accounts receivable confirmation letter to significant new counterparty. Investigated the reason and tested reconciling items made by the Company if the result in confirmation reply did not correspond to records, or tested collections after the balance sheet date if no confirmation reply was received.

Assessment of allowance for valuation of inventory loss

Description

Please refer to Note 4(12) for accounting policies on inventories, Note 5(2) for accounting estimates and assumption uncertainty and Note 6(4) for details of inventories.

The Company is primarily engaged in manufacturing and selling of computer hardware equipment and related components. Due to the short life cycle of electronic products and the price is highly subject to market fluctuation, the risk of incurring inventory valuation losses or having obsolete inventory are relatively high. Inventories held for sale in the ordinary course of business are stated at the lower of cost and net realizable value; Valuation loss are recognized for those inventories which exceed certain aging period or individually identified as obsolete inventories based on its net realizable value.

Given that the amount of inventories is significant and that the individually identified net realizable value of obsolete inventories has uncertainty based on prior industry experience, the evaluation of the allowance for valuation loss was identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Interviewed with management and obtained an understanding of the policy and process on evaluation of the allowance for valuation loss, and the consistency of the policy and process application during the financial reporting periods.
2. Obtained an understanding of the warehouse management procedures, reviewed annual physical inventory count plan and participated the annual inventory count. Evaluated the effectiveness of management control on identifying and managing obsolete inventories.
3. Tested the appropriateness of system logic in inventory aging report which management adopted for inventories valuation purpose, and verified that obsolete inventories which exceeded a certain aging period were included in the report.
4. Evaluated the reasonableness of obsolete or damaged inventory items which were identified by management, reviewed related supporting documentation, and compared to the results obtained from the observation of physical inventory count.
5. For inventories which exceeded a certain period of aging and individually identified as obsolete and damaged, discussed with management and obtained supporting documentation of the evaluation on net realisable value, and performed recalculation.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Hsiao, Chun-Yuan
For and on behalf of PricewaterhouseCoopers, Taiwan
March 14, 2024

Lin, Se-Kai

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 14,343,246	19	\$ 11,021,033	17
1110	Financial assets at fair value through profit or loss - current	6(2)	92,260	-	272,783	1
1150	Notes receivable, net	6(3)	2,029	-	2,785	-
1170	Accounts receivable, net	6(3)	7,028,151	9	5,981,499	9
1180	Accounts receivable-related parties, net	7	12,845,814	17	15,168,316	23
1200	Other receivables	7	7,136,061	10	148,216	-
130X	Inventories, net	6(4)	12,550,452	17	15,939,386	24
1410	Prepayments		558,865	1	279,739	1
1470	Other current assets		259,689	-	258,457	-
11XX	Total current assets		<u>54,816,567</u>	<u>73</u>	<u>49,072,214</u>	<u>75</u>
Non-current assets						
1535	Financial assets at amortized cost-non-current	6(5) and 8	61,668	-	161,900	-
1550	Investments accounted for using equity method	6(6) and 7	16,280,734	22	12,222,431	19
1600	Property, plant and equipment, net	6(7)	2,665,997	4	2,802,994	5
1755	Right-of-use assets	6(8)	68,592	-	35,896	-
1780	Intangible assets		143,981	-	127,405	-
1840	Deferred income tax assets	6(25)	803,617	1	806,074	1
1900	Other non-current assets		74,342	-	63,276	-
15XX	Total non-current assets		<u>20,098,931</u>	<u>27</u>	<u>16,219,976</u>	<u>25</u>
1XXX	Total assets		<u>\$ 74,915,498</u>	<u>100</u>	<u>\$ 65,292,190</u>	<u>100</u>

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2130	Contract liabilities - current	6(18)	\$ 357,023	1	\$ 1,040,938	2
2150	Notes payable		9,340	-	11,441	-
2170	Accounts payable		14,384,920	19	13,656,856	21
2180	Accounts payable-related parties	7	2,926,105	4	5,338,606	8
2200	Other payables	6(10) and 7	8,600,176	11	6,191,706	10
2230	Current income tax liabilities		588,144	1	1,528,610	2
2250	Provisions for liabilities - current	6(11)	741,833	1	818,265	1
2280	Lease liabilities-current		38,505	-	25,445	-
2300	Other current liabilities		336,133	-	155,465	-
21XX	Total current liabilities		<u>27,982,179</u>	<u>37</u>	<u>28,767,332</u>	<u>44</u>
Non-current liabilities						
2530	Bonds payable	6(12)	8,920,465	12	-	-
2570	Deferred income tax liabilities	6(25)	-	-	5,890	-
2580	Lease liabilities-non-current		30,554	-	10,859	-
2600	Other non-current liabilities	6(6)(13)	<u>509,490</u>	<u>1</u>	<u>574,635</u>	<u>1</u>
25XX	Total non-current liabilities		<u>9,460,509</u>	<u>13</u>	<u>591,384</u>	<u>1</u>
2XXX	Total liabilities		<u>37,442,688</u>	<u>50</u>	<u>29,358,716</u>	<u>45</u>
Capital stock						
3110	Common stock	6(15)	6,356,889	9	6,356,889	10
Capital surplus						
3200	Capital surplus	6(16)	3,898,998	5	3,281,465	5
Retained earnings						
3310	Legal reserve	6(17)	7,006,565	9	6,346,126	10
3320	Special reserve		426,354	1	426,354	-
3350	Unappropriated retained earnings		19,535,057	26	19,400,238	30
Other equity						
3400	Other equity		<u>248,947</u>	<u>-</u>	<u>122,402</u>	<u>-</u>
3XXX	Total equity		<u>37,472,810</u>	<u>50</u>	<u>35,933,474</u>	<u>55</u>
3X2X	Total liabilities and equity		<u>\$ 74,915,498</u>	<u>100</u>	<u>\$ 65,292,190</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7	\$ 90,149,617	100	\$ 100,712,224	100
5000 Operating costs	6(4)(23) (24) and 7	(83,070,339)	(92)	(89,011,001)	(88)
5900 Gross profit		<u>7,079,278</u>	<u>8</u>	<u>11,701,223</u>	<u>12</u>
Operating expenses	6(23) (24) and 7				
6100 Selling expenses		(2,966,345)	(3)	(4,304,861)	(5)
6200 General and administrative expenses		(1,494,070)	(2)	(933,725)	(1)
6300 Research and development expenses		(1,317,146)	(1)	(2,169,723)	(2)
6450 Expected credit gain (loss)	6(23) and 12(2)	61,204	-	(63,015)	-
6000 Total operating expenses		<u>(5,716,357)</u>	<u>(6)</u>	<u>(7,471,324)</u>	<u>(8)</u>
6900 Operating profit		<u>1,362,921</u>	<u>2</u>	<u>4,229,899</u>	<u>4</u>
Non-operating income and expenses					
7100 Interest revenue	6(19)	244,116	-	57,045	-
7010 Other income	6(20)	791,524	1	901,621	1
7020 Other gains and losses	6(21)	101,795	-	1,505,727	2
7050 Finance costs	6(22)	(80,139)	-	(2,290)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	<u>2,831,992</u>	<u>3</u>	<u>1,315,525</u>	<u>1</u>
7000 Total non-operating income and expenses		<u>3,889,288</u>	<u>4</u>	<u>3,777,628</u>	<u>4</u>
7900 Profit before income tax		5,252,209	6	8,007,527	8
7950 Income tax expense	6(25)	(509,230)	(1)	(1,469,006)	(1)
8200 Profit for the year		<u>\$ 4,742,979</u>	<u>5</u>	<u>\$ 6,538,521</u>	<u>7</u>
Other comprehensive income (loss), net					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plans	6(13)	(\$ 8,063)	-	\$ 82,340	-
8330 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		268,615	-	(881,281)	(1)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	<u>1,613</u>	<u>-</u>	<u>(16,468)</u>	<u>-</u>
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		<u>262,165</u>	<u>-</u>	<u>(815,409)</u>	<u>(1)</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Exchange differences arising from translation of foreign operations		(142,070)	-	274,435	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(142,070)</u>	<u>-</u>	<u>274,435</u>	<u>-</u>
8300 Other comprehensive income (loss), net		<u>\$ 120,095</u>	<u>-</u>	<u>(\$ 540,974)</u>	<u>(1)</u>
8500 Total comprehensive income for the year		<u>\$ 4,863,074</u>	<u>5</u>	<u>\$ 5,997,547</u>	<u>6</u>
9750 Basic earnings per share	6(26)	\$ 7.46		\$ 10.29	
9850 Diluted earnings per share	6(26)	\$ 7.40		\$ 10.12	

The accompanying notes are an integral part of these parent company only financial statements.

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

	Notes	Retained earnings				Other equity interest			Treasury shares	Total equity
		Capital stock- Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from translation of foreign operations	Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income		
<u>Year 2022</u>										
Balance at January 1, 2022		\$ 6,356,889	\$ 3,279,731	\$ 5,011,247	\$ 426,354	\$ 21,750,531	(\$ 743,466)	\$ 1,472,714	(\$ 66,016)	\$ 37,487,984
Profit for the year		-	-	-	-	6,538,521	-	-	-	6,538,521
Other comprehensive income (loss) for the year		-	-	-	-	65,872	274,435	(881,281)	-	(540,974)
Total comprehensive income (loss)		-	-	-	-	6,604,393	274,435	(881,281)	-	5,997,547
Appropriations of 2021 earnings:	6(17)									
Legal reserve		-	-	1,334,879	-	(1,334,879)	-	-	-	-
Cash dividends		-	-	-	-	(7,619,807)	-	-	-	(7,619,807)
Changes in equity of associates accounted for using equity method		-	1,199	-	-	-	-	-	-	1,199
Share-based payment transactions	6(14)	-	-	-	-	-	-	-	66,016	66,016
Past due expired dividends		-	535	-	-	-	-	-	-	535
Balance at December 31, 2022		\$ 6,356,889	\$ 3,281,465	\$ 6,346,126	\$ 426,354	\$ 19,400,238	(\$ 469,031)	\$ 591,433	\$ -	\$ 35,933,474
<u>Year 2023</u>										
Balance at January 1, 2023		\$ 6,356,889	\$ 3,281,465	\$ 6,346,126	\$ 426,354	\$ 19,400,238	(\$ 469,031)	\$ 591,433	\$ -	\$ 35,933,474
Profit for the year		-	-	-	-	4,742,979	-	-	-	4,742,979
Other comprehensive (loss) income for the year		-	-	-	-	(6,450)	(142,070)	268,615	-	120,095
Total comprehensive income (loss)		-	-	-	-	4,736,529	(142,070)	268,615	-	4,863,074
Appropriations of 2022 earnings:	6(17)									
Legal reserve		-	-	660,439	-	(660,439)	-	-	-	-
Cash dividends		-	-	-	-	(3,941,271)	-	-	-	(3,941,271)
Changes in equity of associates accounted for using equity method		-	(392)	-	-	-	-	-	-	(392)
Changes in ownership interests in subsidiaries	6(6)	-	167,801	-	-	-	-	-	-	167,801
Due to recognition of equity component of convertible bonds (preference share) issued	6(12)	-	449,693	-	-	-	-	-	-	449,693
Past due expired dividends		-	431	-	-	-	-	-	-	431
Balance at December 31, 2023		\$ 6,356,889	\$ 3,898,998	\$ 7,006,565	\$ 426,354	\$ 19,535,057	(\$ 611,101)	\$ 860,048	\$ -	\$ 37,472,810

The accompanying notes are an integral part of these parent company only financial statements.

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 5,252,209	\$ 8,007,527
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(23)	304,899	329,187
Amortization	6(23)	110,633	85,438
Gain from lease modification	6(8)(21)	(80)	(61)
Expected credit (gain) loss	6(23)and12(2)	(61,204)	63,015
Gain on financial assets at fair value through profit or loss	6(21)	(22,578)	(10,356)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	(2,831,992)	(1,315,525)
Loss (gain) on disposal of property, plant and equipment	6(21)	26	(8,651)
Interest income	6(19)	(244,116)	(57,045)
Interest expense	6(22)	80,139	2,290
Employee compensation		147,743	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		203,101	869,331
Notes receivable		756	(60)
Accounts receivable		1,337,054	(2,130,271)
Other receivables		(6,980,107)	241,326
Inventories		3,171,146	4,005,493
Prepayments		(279,126)	200,225
Other current assets		(1,232)	12,195
Changes in operating liabilities			
Contract liabilities		13,449	(10,091)
Notes payable		(2,101)	(7,525)
Accounts payable		(1,171,340)	(763,386)
Other payables		2,791,687	(2,984,721)
Provisions for liabilities		(24,472)	93,072
Other current liabilities		234,308	(44,170)
Other non-current liabilities		(59,445)	(50,611)
Cash generated from operations		1,969,357	6,526,626
Interest received		238,855	56,867
Dividends received		38,002	183,482
Interest paid		(1,167)	(2,290)
Income tax paid		(1,451,516)	(2,288,072)
Net cash generated from operating activities		<u>793,531</u>	<u>4,476,613</u>

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Year ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		(\$ 1,112,104)	(\$ 14,313)
Proceeds from disposal of financial assets at amortised cost		1,212,336	623,007
Acquisition of investments accounted for using equity method	6(6) and 7	(536,000)	(1,000)
Proceeds from disposal of investments accounted for using equity method	6(6)	-	80,000
Acquisition of property, plant and equipment	6(28)	(183,423)	(384,671)
Proceeds from disposal of property, plant and equipment		2,159	14,631
Acquisition of intangible assets		(138,810)	(185,296)
Increase in guarantee deposit paid		(16,015)	(2,063)
Decrease in guarantee deposit paid		6,619	4,492
Reorganizational-Cash reduction due to spin-off	6(27)	(1,990,657)	-
Increase in other non-current assets		(34,690)	(20,417)
Net cash flows (used in) from investing activities		(2,790,585)	114,370
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from issuing bonds	6(29)	9,291,186	-
Repayments of long-term borrowings	6(29)	-	(200,000)
Increase in guarantee deposits received	6(29)	8,785	89,598
Decrease in guarantee deposits received	6(29)	(972)	(539)
Payments on lease liabilities	6(29)	(38,892)	(51,188)
Cash dividends	6(17)	(3,941,271)	(7,619,807)
Treasury shares sold to employees		-	66,016
Past due expired unpaid dividends for shareholders		431	535
Net cash provided from (used in) financing activities		5,319,267	(7,715,385)
Net increase (decrease) in cash and cash equivalents		3,322,213	(3,124,402)
Cash and cash equivalents at beginning of year		11,021,033	14,145,435
Cash and cash equivalents at end of year		\$ 14,343,246	\$ 11,021,033

The accompanying notes are an integral part of these parent company only financial statements.

GIGA-BYTE TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) Giga-Byte Technology Co., Ltd. (the “Company”) was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The address of the Company’s registered office is No.6, Baoqiang Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.). The Company is primarily engaged in the manufacturing, processing and trading of computer peripheral and component parts. The Company’s shares have been traded on the Taiwan Stock Exchange since September 24, 1998.

(2) In order to improve the Group’s competitiveness and operational performance, the Company transferred the operations related to the networking communication business group to Giga Computing Technology Co., Ltd. on January 1, 2023. Please refer to Note 6(27) for details.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

Amendments to IAS 12, 'International tax reform - pillar two model rules'

The amendments give companies temporary relief from accounting for deferred income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD). An entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Information is provided in Note 6(6).

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements have been prepared in accordance with the ‘Regulations Governing the Preparation of Financial Reports by Securities Issuers’.

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents, or shall be classified as financial assets at amortized cost – current or financial assets at amortized cost – non-current based on its maturity date if the maturity is longer than three months.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

E. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) for the year and other comprehensive income (loss) for the year reported in the parent company only financial statements, shall be equal to profit (loss) for the year and other comprehensive income (loss) attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements.

(14) Investments accounted for using equity method- joint ventures

The Company accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company’s interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Company’s share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3~55 years
Machinery and equipment	2~10 years
Research and development equipment	3~ 6 years
Office equipment	5~ 6 years
Other tangible operating assets	3~ 6 years

(16) Leasing arrangements (lessee) — right-of-use assets/lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 10 years.

B. Trademark right (indefinite useful life)

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortized, but is tested annually for impairment.

(18) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish,

the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

- B. The recoverable amounts of intangible assets with an indefinite useful life are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Convertible bonds payable

- A. Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- (a) Whether the embedded call options and put options shall be separated as embedded derivative depends on if its' economic characteristics and risks are closely related to the economic characteristics and risks of the host contract, when recognised initially. When the economic characteristics and risks of the embedded call options and put options are closely related to the economic characteristics and risks of the host contract, the multiple embedded derivatives shall be accounted for in accordance with the appropriate standards according to its nature. When the economic characteristics and risks of the embedded call options and put options are not closely related to the economic characteristics and risks of the host contract. Embedded derivatives are separated from the host contract, the host contract shall be accounted for in accordance with the appropriate standards according to its nature.
- (b) The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- (c) The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of bonds payable as stated above. Conversion options are not subsequently remeasured.
- (d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

- (e) When bondholders exercise conversion options, the liability component of the bonds (bonds payable) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest. The aforementioned grant date represents the grant date resolved by the Board of Directors.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(26) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

Sales of goods

- A. The Company manufactures and sells computer peripheral and component parts products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either customers has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated business tax, volume discounts, sales returns and allowances. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognized as a provision.
- D. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Reorganization

On January 1, 2023, The company spun off the operations of the Networking Communication business, and transferred shares of GIGAIPC CO., LTD to Giga Computing Technology Co., Ltd. The spin-off is accounted for using the book value method since the transaction pertains to a reorganization. In accordance with the IFRS Q&A 'Questions on Retrospective Restatement of Comparative Financial Statements under Capital Reorganization' issued by Accounting Research and Development Foundation of the R.O.C. (ARDF) on January 30, 2019, The company did not retrospectively restate the comparative period of the parent company only financial statements ended December 31, 2022.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company’s accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

Inventories are stated at the lower of cost and net realizable value. For inventory which is saleable and obsolete inventory that is checked item by item, the net realizable values are determined based on past experience on industrial. Management’s judgement on determining net realizable value involves material judgement.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 2,373	\$ 2,347
Checking accounts and demand deposits	6,311,906	8,385,505
Time deposits	8,028,967	2,633,181
	<u>\$ 14,343,246</u>	<u>\$ 11,021,033</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company reclassified the pledged bank deposits to “Financial assets at amortized cost”, please refer to Notes 6(5) and 8 for the details.

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

<u>Financial assets mandatorily measured at fair value through profit or loss</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Beneficiary certificates	\$ 97,257	\$ 278,664
Government bonds	-	16,298
	97,257	294,962
Valuation adjustment	(4,997)	(22,179)
	<u>\$ 92,260</u>	<u>\$ 272,783</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

<u>Financial assets mandatorily measured at fair value through profit or loss</u>	<u>2023</u>	<u>2022</u>
Beneficiary certificates	\$ 22,249	\$ 11,181
Debt instruments	<u>1,069</u>	<u>913</u>
	<u>\$ 23,318</u>	<u>\$ 12,094</u>

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 2,029	\$ 2,785
Accounts receivable	\$ 7,063,370	\$ 6,077,974
Less: Allowance for uncollectible accounts	(35,219)	(96,475)
	<u>\$ 7,028,151</u>	<u>\$ 5,981,499</u>

A. Details of notes receivable of the Company that were not yet past and the ageing analysis of accounts receivable are provided in Note 12(2).

B. As at December 31, 2023 and 2022, and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$7,065,399, \$6,080,759, and \$6,237,047, respectively.

C. The Company has no notes and accounts receivable pledged to others.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$2,029 and \$2,785; \$7,028,151 and \$5,981,499, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 4,514,939	(\$ 358,103)	\$ 4,156,836
Work in progress	1,683,551	(4,698)	1,678,853
Finished goods and merchandise inventories	6,881,505	(166,742)	6,714,763
	<u>\$ 13,079,995</u>	<u>(\$ 529,543)</u>	<u>\$ 12,550,452</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 9,364,346	(\$ 534,799)	\$ 8,829,547
Work in progress	940,721	(6,457)	934,264
Finished goods and merchandise inventories	6,695,126	(519,551)	6,175,575
	<u>\$ 17,000,193</u>	<u>(\$ 1,060,807)</u>	<u>\$ 15,939,386</u>

The cost of inventories recognized as expense for the period:

	Year ended December 31	
	2023	2022
Cost of inventories sold	\$ 82,045,581	\$ 87,163,751
Cost of warranty	1,487,938	1,090,803
(Gain on reversal of) loss on valuation	(463,180)	756,447
	<u>\$ 83,070,339</u>	<u>\$ 89,011,001</u>

Reversal of inventory valuation loss for the year ended December 31, 2023 was mainly due to the selling of inventory which was previously recognized in the allowance of obsolescence loss as inventory level increased due to market slow down since second quarter of 2022.

(5) Financial assets at amortized cost – non current

	December 31, 2023	December 31, 2022
Pledged bank deposits	<u>\$ 61,668</u>	<u>\$ 161,900</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	2023	2022
Interest income	<u>\$ 13,837</u>	<u>\$ 2,726</u>

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company was \$61,668 and \$161,900, respectively.

C. Details of the Company's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

D. The Company deposits financial assets at amortised cost in a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(6) Investments accounted for using the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Subsidiaries</u>		
Freedom International Group Ltd.	\$ 8,529,092	\$ 7,082,011
Giga Investment Co.	3,850,640	3,554,493
G.B.T. Technology Trading GmbH	405,985	383,948
BYTE International Co., Ltd.	478,568	421,072
G-Style Co., Ltd.	21,034	(21,576)
GIGAIPC CO., LTD.	-	229,170
Giga-Byte Technology B.V.	172,543	154,139
G.B.T. Inc.	354,797	157,733
Giga-Byte Communication Inc.	20,989	21,450
Giga Computing Technology Co., Ltd.	2,227,819	700
G.B.T. Technology LLC others	165,910	159,767
<u>Joint ventures:</u>		
MyelinTek Inc.	53,357	57,948
	<u>16,280,734</u>	<u>12,200,855</u>
Add : Reclassified to other liabilities, others (shown as other non-current liabilities)	-	21,576
	<u>\$ 16,280,734</u>	<u>\$ 12,222,431</u>

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for more information on the Company's subsidiary.

B. For the years ended December 31, 2023 and 2022, shares of profit from subsidiaries accounted for using equity method were \$2,831,992 and \$1,315,525 respectively, based on the audited financial statements.

C. GIGAIPC CO., LTD. decreased its capital on November 30, 2022 and returned capital amounting to \$80,000 to the Company.

D. On March 9, 2022, the Company established Giga Computing Technology Co., Ltd., In order to improve the Group's competitiveness and operational performance. On January 1, 2023, the Company transferred the operations related to the networking communication business group and its investment in GIGAIPC CO., LTD. to Giga Computing Technology Co., Ltd. through surviving spin-off method. Please refer to Note 6(27) for information related to organizational restructuring.

- E. On October 17, 2023, Giga Computing Technology Co., Ltd. issued employee stock options, resulting in the Company's shareholding ratio in the investee decreasing to 83.93%. The amount of \$167,801 was recognized under "Capital Surplus - Changes in ownership interests in subsidiaries". For information related to non-controlling interests, please refer to Note 6(30) 2023 Company's consolidated financial statements.
- F. Information about the Company's subsidiaries exposure to Pillar Two income taxes arising from the Pillar Two legislation is provided in Note 6(28) in the 2023 consolidated financial statements.
- G. The Company had no material joint venture investment. The Company's share of the operating results of the aforementioned joint venture investment are as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Total comprehensive loss	(\$ <u>4,591</u>)	(\$ <u>5,050</u>)

(Remainder of page intentionally left blank)

(7) Property, plant and equipment

	2023								
	Land			Buildings and structures			Machinery	Others	Total
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	
<u>At January 1</u>									
Cost	\$1,052,313	\$178,723	\$1,231,036	\$1,569,902	\$124,413	\$1,694,315	\$1,164,341	\$ 960,347	\$5,050,039
Accumulated depreciation	-	-	-	(691,616)	(44,291)	(735,907)	(782,523)	(728,615)	(2,247,045)
	<u>\$1,052,313</u>	<u>\$178,723</u>	<u>\$1,231,036</u>	<u>\$ 878,286</u>	<u>\$ 80,122</u>	<u>\$ 958,408</u>	<u>\$ 381,818</u>	<u>\$ 231,732</u>	<u>\$2,802,994</u>
At January 1	\$1,052,313	\$178,723	\$1,231,036	\$ 878,286	\$ 80,122	\$ 958,408	\$ 381,818	\$ 231,732	\$2,802,994
Additions	-	-	-	23,252	-	23,252	6,068	154,939	184,259
Disposals	-	-	-	-	-	-	-	(2,185)	(2,185)
Reorganization Spin-off	-	-	-	(7,302)	-	(7,302)	(959)	(73,161)	(81,422)
Reclassifications	11,856	(11,856)	-	5,577	(5,577)	-	8,690	19,529	28,219
Depreciation charge	-	-	-	(36,086)	(2,106)	(38,192)	(101,757)	(125,919)	(265,868)
At December 31	<u>\$1,064,169</u>	<u>\$166,867</u>	<u>\$1,231,036</u>	<u>\$ 863,727</u>	<u>\$ 72,439</u>	<u>\$ 936,166</u>	<u>\$ 293,860</u>	<u>\$ 204,935</u>	<u>\$2,665,997</u>
<u>At December 31</u>									
Cost	\$1,064,169	\$166,867	\$1,231,036	\$1,584,616	\$118,836	\$1,703,452	\$1,152,456	\$ 720,223	\$4,807,167
Accumulated depreciation	-	-	-	(720,889)	(46,397)	(767,286)	(858,596)	(515,288)	(2,141,170)
	<u>\$1,064,169</u>	<u>\$166,867</u>	<u>\$1,231,036</u>	<u>\$ 863,727</u>	<u>\$ 72,439</u>	<u>\$ 936,166</u>	<u>\$ 293,860</u>	<u>\$ 204,935</u>	<u>\$2,665,997</u>

2022

	Land			Buildings and structures			Machinery	Others	Total
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	
<u>At January 1</u>									
Cost	\$1,054,422	\$176,614	\$1,231,036	\$1,565,263	\$117,436	\$1,682,699	\$ 996,537	\$1,009,836	\$4,920,108
Accumulated depreciation	-	-	-	(686,331)	(31,620)	(717,951)	(729,231)	(787,006)	(2,234,188)
	<u>\$1,054,422</u>	<u>\$176,614</u>	<u>\$1,231,036</u>	<u>\$ 878,932</u>	<u>\$ 85,816</u>	<u>\$ 964,748</u>	<u>\$ 267,306</u>	<u>\$ 222,830</u>	<u>\$2,685,920</u>
At January 1	\$1,054,422	\$176,614	\$1,231,036	\$ 878,932	\$ 85,816	\$ 964,748	\$ 267,306	\$ 222,830	\$2,685,920
Additions	-	-	-	32,948	-	32,948	201,399	154,437	388,784
Disposals	-	-	-	(869)	-	(869)	(2,760)	(2,351)	(5,980)
Reclassifications	(2,109)	2,109	-	(6,977)	6,977	-	11,938	521	12,459
Depreciation charge	-	-	-	(25,748)	(12,671)	(38,419)	(96,065)	(143,705)	(278,189)
At December 31	<u>\$1,052,313</u>	<u>\$178,723</u>	<u>\$1,231,036</u>	<u>\$ 878,286</u>	<u>\$ 80,122</u>	<u>\$ 958,408</u>	<u>\$ 381,818</u>	<u>\$ 231,732</u>	<u>\$2,802,994</u>
<u>At December 31</u>									
Cost	\$1,052,313	\$178,723	\$1,231,036	\$1,569,902	\$124,413	\$1,694,315	\$1,164,341	\$ 960,347	\$5,050,039
Accumulated depreciation	-	-	-	(691,616)	(44,291)	(735,907)	(782,523)	(728,615)	(2,247,045)
	<u>\$1,052,313</u>	<u>\$178,723</u>	<u>\$1,231,036</u>	<u>\$ 878,286</u>	<u>\$ 80,122</u>	<u>\$ 958,408</u>	<u>\$ 381,818</u>	<u>\$ 231,732</u>	<u>\$2,802,994</u>

- A. The significant components of buildings include main plants and renovation projects, which are depreciated over 50~55 and 3~55 years, respectively.
- B. The Company had no interest capitalization for the years ended December 31, 2023 and 2022.
- C. The Company has no property, plant and equipment pledged to others as collateral.

(8) Leasing arrangements – lessee

- A. The Company leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of buildings and business vehicles. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 21,161	\$ 6,429
Transportation equipment	47,431	29,467
	<u>\$ 68,592</u>	<u>\$ 35,896</u>

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 15,178	\$ 22,396
Transportation equipment	23,853	28,602
	<u>\$ 39,031</u>	<u>\$ 50,998</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$79,612 and \$14,973, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,152	\$ 1,070
Expense on short-term lease contracts	73,706	65,063
Expense on leases of low-value assets	3,761	4,673
Gain on lease modification	80	61

- F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$117,511 and \$121,944, respectively.

(9) Leasing arrangements – lessor

- A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2023 and 2022, the Company recognized rent income in the amount of \$59,597 and \$14,387, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 8,666
2024	6,149	966
2025	2,966	572
2026	-	86
	<u>\$ 9,115</u>	<u>\$ 10,290</u>

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonus payable	\$ 3,403,927	\$ 4,071,633
Agency procurement fees payable	3,606,755	-
Employees' compensation and directors' remuneration payable	634,690	940,836
Marketing fee payable	276,492	399,198
Shipping and freight-in payable	173,339	364,659
Royalties payable	46,225	76,258
Others	458,748	339,092
	<u>\$ 8,600,176</u>	<u>\$ 6,191,676</u>

(11) Provisions

A. Movement analysis of the provision for warranty is as follows:

	<u>2023</u>	<u>2022</u>
At January 1	\$ 818,265	\$ 725,193
Additional provisions	1,487,938	1,090,803
Used during the period	(1,512,410)	(729,628)
Reversal of unused provisions	-	(268,103)
Spin-off	(51,960)	-
At December 31	<u>\$ 741,833</u>	<u>\$ 818,265</u>

B. The Company gives warranties on the peripherals and accessories of computer hardware sold. Provision for warranty is estimated based on the historical repair records of the product.

(12) Bonds payable

	<u>December 31, 2023</u>
Bonds payable	\$ 9,804,347
Less: Discount on bonds payable	(883,882)
	<u>\$ 8,920,465</u>

A. On July 27, 2023, the Company issued its third unsecured convertible bonds overseas under the following conditions:

- (a) The total issuance amounted to USD 300 million, with a coupon rate of 0%, a maturity period of 5 years, and a circulation period from July 27, 2023 to July 27, 2028. Upon maturity, the convertible bonds will be redeemed in USD at face value plus an annual interest rate of 1% (semi-annually calculated).
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue(excluding the issuance date) to 10 days before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds (the conversion price at issuance is NT\$375 per share/conversion exchange rate used is USD:TWD=1:31.095), and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently.
- (d) Except in cases of early redemption, repurchase and cancellation, or conversion, bondholders may request compensation for interest at an annual rate of 1% above the face value of the bonds from the third anniversary of the issuance date or the delisting of the Company's common stock on the Taiwan Stock Exchange, with redemption based on semi-annual calculations.
- (e) When 90% or more of the bonds have been redeemed, converted, repurchased and cancelled by bondholders, or from the day following the third anniversary of the issuance of the convertible bonds until ten days before maturity, if the closing price of the Company's common stock (converted to USD at the prevailing exchange rate) reaches 130% of the early redemption amount divided by the total face value of the bonds after 20 trading days out of 30 consecutive trading days, the Company may redeem all or part of the bonds early.
- (f) Under the terms of the bonds, all bonds redeemed (including repurchased on the secondary market), early redeemed, matured or converted bonds by bondholders will be cancelled and not to be re-issued.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$449,693 were separated from the liability component and were recognised in ‘capital surplus—share options’ in accordance with IAS 32. In accordance with IFRS 39, the call options and put options embedded in bonds payable were not separated because the economic characteristics and risks of the embedded derivatives were closely related to those of the contracts.

(13) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement in the following year, the Company will make contributions for the deficit by next March.

(a) The amounts recognized in the balance sheet as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 579,025)	(\$ 588,601)
Fair value of plan assets	<u>168,314</u>	<u>126,508</u>
Net defined benefit liability	<u>(\$ 410,711)</u>	<u>(\$ 462,093)</u>

(b) Movements in net defined benefit liabilities are as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 588,601)	\$ 126,508	(\$ 462,093)
Current service cost	(3,864)	-	(3,864)
Interest (expense) income	(7,787)	1,619	(6,168)
Past service cost	1,850	-	1,850
Settlement profit or loss	12,198	(9,532)	2,666
	<u>(586,204)</u>	<u>118,595</u>	<u>(467,609)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,533	2,533
Change in demographic assumptions	(12)	-	(12)
Change in financial assumptions	(8,363)	-	(8,363)
Experience adjustments	(2,221)	-	(2,221)
	<u>(10,596)</u>	<u>2,533</u>	<u>(8,063)</u>
Pension fund contribution	-	64,961	64,961
Paid pension	17,775	(17,775)	-
At December 31	<u>(\$ 579,025)</u>	<u>\$ 168,314</u>	<u>(\$ 410,711)</u>
	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 812,095)	\$ 217,051	(\$ 595,044)
Current service cost	(3,884)	-	(3,884)
Interest (expense) income	(5,628)	1,513	(4,115)
Past service cost	8,137	(68)	8,069
Settlement profit or loss	142,495	(117,002)	25,493
	<u>(670,975)</u>	<u>101,494</u>	<u>(569,481)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	17,395	17,395
Change in demographic assumptions	(3,464)	-	(3,464)
Change in financial assumptions	51,418	-	51,418
Experience adjustments	16,991	-	16,991
	<u>64,945</u>	<u>17,395</u>	<u>82,340</u>
Pension fund contribution	-	25,048	25,048
Paid pension	17,429	(17,429)	-
At December 31	<u>(\$ 588,601)</u>	<u>\$ 126,508</u>	<u>(\$ 462,093)</u>

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (d) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.35%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Experience Mortality Table from Taiwan Life Insurance.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 13,536)	\$ 14,037	\$ 13,753	(\$ 13,336)

<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 14,400)	\$ 14,953	\$ 14,673	(\$ 14,207)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$10,449.

(f) As of December 31, 2023, the weighted average duration of that retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	24,730
1-2 year(s)		34,028
2-5 years		99,824
Over 5 years		487,856
	<u>\$</u>	<u>646,438</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$67,086 and \$112,048, respectively.

(14) Share-based payment (Year 2022 : None)

A. For the year ended December 31, 2022, the Company’s share-based payment arrangements was as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury stock transferred to employees	2022.9.26	705,000 shares	2022.10.3-2022.10.7	Immediately vested

Among the share-based payment arrangements above are settled by equity.

B. The Company’s stock price on September 26, 2022 (grant date) was \$89.2 dollars, and the exercise price was \$93.64 dollars and thus the fair value of stock options was \$0.

(15) Share capital

As of December 31, 2023, the Company’s authorized capital was \$9,500,000, consisting of 950,000 thousand shares of ordinary stock (including 250,000 thousand shares reserved for employee stock options and for convertible bonds issued by the Company), and the paid-in capital was \$6,356,889 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding are as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	635,688,886	634,983,886
Treasury stock transferred to employees	-	705,000
Balance at December 31	<u>635,688,886</u>	<u>635,688,886</u>

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless accumulated legal reserve has reached an amount equal to the Company's paid-in capital. And then special reserve shall be set aside or reversed according to the laws or decrees or the regulations of competent authorities. Appropriation (5% ~ 80%) of the remainder plus prior year's accumulated retained earnings shall be proposed by the Board of Directors, and resolved by the stockholders when distributed by issuance of new shares. The Company's dividend policy is as follows: not less than 5% of total distribution amount shall be distributed in the form of cash. If the cash dividend is less than ten cents (NT\$0.1) per share, such dividend shall be distributed in the form of shares.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The amount previously set aside by the Company as special reserve of \$426,354 on initial application of IFRSs in accordance with No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The appropriation of earnings for 2022 and 2021 had been resolved by stockholders on June 9, 2023 and June 14, 2022. Details are summarized below:

	Years ended December 31			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 660,439		\$ 1,334,879	
Cash dividends	3,941,271	\$ 6.20	7,619,807	\$ 12.00

E. As of the reporting date of the parent company only financial statements, the appropriation of retained earnings for 2023 has not been resolved by the Board of Directors. Information about the appropriation of earnings proposed by the Board of Directors and resolved by the shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(18) Operating revenue

	December 31, 2023	December 31, 2022
Revenue from contracts with customers	<u>\$ 90,149,617</u>	<u>\$ 100,712,224</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue at a point in time in the following major product lines and segments information:

	2023		
	Global brand business group	Other business group	Total
<u>Product Types</u>			
Computer parts	\$ 71,156,719	\$ -	\$ 71,156,719
Networking communication products	8,146,355	-	8,146,355
Others	10,275,046	571,497	10,846,543
	<u>\$ 89,578,120</u>	<u>\$ 571,497</u>	<u>\$ 90,149,617</u>
	2022		
	Global brand business group	Other business group	Total
<u>Product Types</u>			
Computer parts	\$ 69,412,927	\$ -	\$ 69,412,927
Networking communication products	19,230,346	-	19,230,346
Others	11,898,251	170,700	12,068,951
	<u>\$ 100,541,524</u>	<u>\$ 170,700</u>	<u>\$ 100,712,224</u>

B. Contract liabilities

(a) The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Advance sales receipts	\$ 357,023	\$ 1,040,938	\$ 1,051,029

(b) Revenue recognized that was included in the contract liability balance at the beginning of the period is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Advance sales receipts	\$ 1,040,938	\$ 1,051,029

(19) Interest income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 228,015	\$ 48,684
Interest income from financial assets measured at amortized cost	13,837	2,726
Interest income from financial assets measured at fair value through profit or loss	740	1,738
Others	1,524	3,897
	<u>\$ 244,116</u>	<u>\$ 57,045</u>

(20) Other income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Rent income	\$ 59,597	\$ 14,387
Other income - others	731,927	887,234
	<u>\$ 791,524</u>	<u>\$ 901,621</u>

(21) Other gains and losses

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Foreign exchange gains	\$ 79,163	\$ 1,488,382
Gains on financial assets at fair value through profit or loss	22,578	10,356
Gains from lease modification	80	61
Losses (gains) on disposal of property, plant and equipment	(26)	8,651
Others	-	(1,723)
	<u>\$ 101,795</u>	<u>\$ 1,505,727</u>

(22) Finance costs

	Year ended December 31	
	2023	2022
Interest expense		
Amortization of convertible bonds discount	\$ 78,972	\$ -
Bank borrowings	-	1,206
Interest expense on lease liabilities	1,152	1,070
Other interest expense	15	14
	<u>\$ 80,139</u>	<u>\$ 2,290</u>

(23) Expenses by nature

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 81,129,834	\$ 86,278,247
Employee benefit expense	3,022,300	2,632,250
Warranty cost of after-sale service	1,487,938	1,090,803
Export expense	597,607	1,402,593
Marketing service charge	555,168	833,187
Depreciation and amortization	415,532	414,625
Transportation expenses	215,024	399,525
Loss (gain on reversal of) on inventory valuation	(463,180)	756,447
Expected credit (gains) losses	(61,204)	63,015
Other costs and expenses	1,887,677	2,611,633
	<u>\$ 88,786,696</u>	<u>\$ 96,482,325</u>

(24) Employee benefit expense

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 2,595,540	\$ 2,091,375
Labor and health insurance fees	187,980	271,292
Pension costs	72,602	86,485
Directors' remuneration	55,614	51,752
Other personnel expenses	110,564	131,346
	<u>\$ 3,022,300</u>	<u>\$ 2,632,250</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 3%~10% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$588,690 and \$894,836, respectively; while directors' remuneration was both accrued at \$46,000. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 10% and 0.78% of distributable profit of current year for the year ended December 31, 2023. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$588,690 and \$46,000, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2022 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 460,881	\$ 1,338,449
Tax on undistributed surplus earnings	87,069	195,193
Prior year income tax overestimation	(36,900)	(95,119)
Total current tax	<u>511,050</u>	<u>1,438,523</u>
Deferred tax:		
Origination and reversal of temporary differences	(1,820)	30,483
Income tax expense	<u>\$ 509,230</u>	<u>\$ 1,469,006</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	(\$ 1,613)	\$ 16,468

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 1,050,442	\$ 1,601,505
Items disallowed by tax regulation	(453,398)	(82,853)
Effect from investment tax credits	(137,983)	(149,720)
Prior year income tax overestimation	(36,900)	(95,119)
Tax on undistributed surplus earnings	87,069	195,193
Income tax expense	<u>\$ 509,230</u>	<u>\$ 1,469,006</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	Year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets</u>				
Provision for warranty expense	\$ 163,653	(\$ 15,287)	\$ -	\$ 148,366
Loss on inventory valuation	212,162	(106,253)	-	105,909
Pension expense	67,693	(11,889)	-	55,804
Unrealized profit on intercompany sales	289,176	(65,950)	-	223,226
Unrealized exchange loss	-	139,570	-	139,570
Remeasurement of defined benefit obligations	13,016	-	1,613	14,629
Others	60,374	55,739	-	116,113
	<u>\$ 806,074</u>	<u>(\$ 4,070)</u>	<u>\$ 1,613</u>	<u>\$ 803,617</u>
<u>Deferred tax liabilities</u>				
Unrealized exchange gain	<u>(\$ 5,890)</u>	<u>\$ 5,890</u>	<u>\$ -</u>	<u>\$ -</u>

	Year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets</u>				
Provision for warranty expense	\$ 145,039	\$ 18,614	\$ -	\$ 163,653
Loss on inventory valuation	60,872	151,290	-	212,162
Pension expense	51,230	16,463	-	67,693
Unrealized profit on intercompany sales	483,548	(194,372)	-	289,176
Unrealized exchange loss	21,350	(21,350)	-	-
Remeasurement of defined benefit obligations	29,484	-	(16,468)	13,016
Others	55,612	4,762	-	60,374
	<u>\$ 847,135</u>	<u>(\$ 24,593)</u>	<u>(\$ 16,468)</u>	<u>\$ 806,074</u>
<u>Deferred tax liabilities</u>				
Unrealized exchange profit	\$ -	(\$ 5,890)	\$ -	(\$ 5,890)

D. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary difference unrecognized as deferred tax liabilities were \$916,162 and \$745,523, respectively.

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 4,742,979	635,689	<u>\$ 7.46</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	4,180	
-Convertible bonds	72,753	10,768	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 4,815,732</u>	<u>\$ 650,637</u>	<u>\$ 7.40</u>

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 6,538,521	635,125	<u>\$ 10.29</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares	-	10,848	
-Employees' compensation			
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 6,538,521</u>	<u>645,973</u>	<u>\$ 10.12</u>

(27) Organizational Restructuring

On June 14, 2022, as approved by the shareholders at the shareholders' meeting, the Company transferred the operations related to the networking communication business group and its investment in GIGAIPC CO., LTD. to the Company's wholly-owned investee, Giga Computing Technology Co., Ltd., through surviving spin-off method. In consideration, Giga Computing Technology Co., Ltd. issued 83,360,000 shares (at NT\$10 per share) to the Company, with the split effective date being January 1, 2023.

The consideration and details of assets/liabilities for the transaction are as follows:

	January 1, 2023
Received Consideration	
Equity instruments	<u>\$ 833,600</u>
The book value of assets/liabilities from the spin off	
Cash	1,990,657
Inventories	217,788
Investments accounted for using equity method	229,922
Property, plant and equipment	81,422
Intangible assets	9,124
Other non-current assets	4,801
Contract assets- current	(697,364)
Accounts payable	(513,097)
Other payables	(384,053)
Provisions for liabilities - current	(51,960)
Other current liabilities	<u>(53,640)</u>
Total net assets	<u>\$ 833,600</u>

(28) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 184,259	\$ 388,784
Add: Opening balance of payable on equipment	6,321	2,208
Less: Ending balance of payable on equipment	(7,157)	(6,321)
Cash paid during the year	<u>\$ 183,423</u>	<u>\$ 384,671</u>

(29) Changes in liabilities from financing activities

	December 31, 2023			
	Long-term borrowings	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	\$ -	\$ 90,966	\$ 36,304	\$ 127,270
Changes in cash flow from financing activities	9,291,186	7,813	(38,892)	9,260,107
Payment of interest expense on lease liabilities(Note)	-	-	(1,152)	(1,152)
Conversion Option of Convertible bonds	(449,693)	-	-	(449,693)
Amortization of Convertible bonds discount(Note)	78,972	-	-	78,972
Changes in other non-cash items	-	-	72,799	72,799
At December 31	<u>\$8,920,465</u>	<u>\$ 98,779</u>	<u>\$ 69,059</u>	<u>\$ 9,088,303</u>

	December 31, 2022			
	Long-term borrowings	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 200,000	\$ 1,907	\$ 80,572	\$ 282,479
Changes in cash flow from financing activities	(200,000)	89,059	(51,188)	(162,129)
Payment of interest expense on lease liabilities(Note)	-	-	(1,070)	(1,070)
Changes in other non-cash items	-	-	7,990	7,990
At December 31	<u>\$ -</u>	<u>\$ 90,966</u>	<u>\$ 36,304</u>	<u>\$ 127,270</u>

Note: Listed under cash flows from operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
G.B.T., Inc. (G.B.T.-USA)	The Company's subsidiary
G.B.T. Technology Trading GmbH (G.B.T.-DE)	"
Freedom International Group Ltd. (Freedom)	"
Giga-Byte Technology B.V. (G.B.T.-NL)	"
Giga-Byte Technology (India) Private Limited (G.B.T.-India)	"
Gigabyte Technology Pty. Ltd. (G.B.T.-AU)	"
Gigabyte Communications Inc.	"
G-Style Co., Ltd. (G-Style)	"
BYTE International Co., Ltd. (BYTE International)	"
Nippon Giga-Byte Corp.(G.B.T.-Japan)	"
Gigabyte Information Technology Commerce Limited Company (G.B.T.-Turkey)	"
Gigabyte Technology LLC (G.B.T.-Korea)	"
Giga Computing Technology Co., Ltd.(Giga C.T.)	"
Dongguan Gigabyte Electronics Co., Ltd. (Dongguan Gigabyte)	The Company's indirect subsidiary
Ningbo Gigabyte Technology Co., Ltd. (Ningbo Gigabyte)	"
Ningbo BestYield Tech. Services Co., Ltd. (Ningbo BestYield)	"
Ningbo Giga-Byte International Trade Co., Ltd. (Ningbo Giga-Byte International Trade)	"
Giga-Trend International Investment Group Ltd.	"
Ningbo Zhongjia Technology Co. Ltd. (Ningbo Zhongjia)	"
Senyun Precise Optical Co., Ltd.	"
OGS Europe B.V. (OGS)	"
Selita Precision Co., Ltd. (Selita Precision)	"
GIGAIPC CO., LTD. (GIGAIPC)(Note)	"
Cloudmatrix Co., Ltd.	"

Note: GIGAIPC was originally a subsidiary of the Company. As of January 1, 2023, the Company transferred it to Giga C.T. through an existing split method, making it an indirect subsidiary of the Company.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2023	2022
Sales of goods:		
Ningbo Zhongjia	\$ 18,139,880	\$ 15,858,612
G.B.T.-USA	14,953,891	20,516,808
Giga C.T.	2,808,343	-
Subsidiaries	1,480,226	4,673,742
Indirect subsidiaries	132,456	1,254,611
Revenue from processing:		
Giga C.T.	206,198	-
Indirect subsidiaries	12,618	4,136
	<u>\$ 37,733,612</u>	<u>\$ 42,307,909</u>

The sales prices to related parties were based on the agreed contracts. Credit terms to related parties were within 30~90 days after receipt of goods or 30~60 days for monthly billings. Credit terms to third parties were up to 180 days or 30~90 days for monthly billings after receipt of goods purchases.

B. Purchases

	Year ended December 31	
	2023	2022
Purchases of goods:		
Giga C.T.	\$ 689,370	\$ -
Dongguan Gigabyte	652,232	684,125
Ningbo Gigabyte	641,746	660,982
Subsidiaries	72,193	41,471
Indirect subsidiary	-	19
	<u>\$ 2,055,541</u>	<u>\$ 1,386,597</u>

All purchases from related parties are based on negotiated terms because the related products are unique and cannot be purchased from third parties. The payment terms for related parties are 30~60 days or 30~45 days for monthly billings after receipt of goods that would be available to third parties. The payment term for third parties is 7~120 days after receipt of goods or 30~120 days for monthly billings.

C. Warranty expense

	Year ended December 31	
	2023	2022
BYTE International	\$ 744,106	\$ 5,281
Ningbo BestYield	199,263	370,956
G.B.T.-USA	184,247	318,289
Subsidiaries	7,891	148,607
Indirect subsidiaries	-	6,084
	<u>\$ 1,135,507</u>	<u>\$ 849,217</u>

Warranty expense is the expenditure arising from the after-sales maintenance service provided by the related party in the area where the related party is. The price is calculated based on the actual incurred cost, and the payment term is 30 days for monthly billings.

D. Marketing service charge (Shown as “Selling expenses”)

	Year ended December 31	
	2023	2022
G.B.T.-AU	\$ 44,299	\$ 225,547
G.B.T.-NL	129,277	149,776
Subsidiaries	114,464	126,466
	<u>\$ 288,040</u>	<u>\$ 501,789</u>

Marketing service charge is the expenditure arising from the business development rendered by the related party in the area where the related party is located. The price is calculated based on the actual incurred cost, and the payment term is 30 days for monthly billings.

E. Professional service fees (Shown as “Selling expenses”)

	Year ended December 31	
	2023	2022
G.B.T.-NL	\$ 121,711	\$ 159,196
Indirect subsidiaries	7,963	8,181
	<u>\$ 129,674</u>	<u>\$ 167,377</u>

Professional service fee is the service expenditure arising from the staff who provided business development and after-sales maintenance services in the area where the related party is located. The price is calculated based on the actual incurred cost, and the payment term is 30 days for monthly billings.

F. Rent income(Listed under “other income”)

	Year ended December 31	
	2023	2022
Giga C.T.	\$ 35,103	\$ -
BYTE International	14,273	5,003
Subsidiaries	34	34
Indirect subsidiaries	3,455	2,881
	<u>\$ 52,865</u>	<u>\$ 7,918</u>

The aforementioned rental income represents the leasing of buildings and other facilities required for operation by the Company to the said company. The rent is priced based on market rates, with payment received either in advance or on a monthly basis. There are no significant differences compared to transactions with unrelated parties.

G. Accounts receivable

	Year ended December 31	
	2023	2022
Giga C.T.	\$ 4,714,432	\$ -
Ningbo Zhongjia	4,448,568	4,776,824
G.B.T.-USA	2,338,305	6,767,025
Subsidiaries	176,843	1,344,023
Indirect subsidiaries	1,167,666	2,280,444
	<u>\$ 12,845,814</u>	<u>\$ 15,168,316</u>

H. Other receivables

	Year ended December 31	
	2023	2022
Agency procurement fees:		
Giga C.T.	\$ 7,017,172	\$ -
Others:		
Giga C.T.	3,071	-
Subsidiaries	3,668	8,433
Indirect subsidiaries	82	327
	<u>\$ 7,023,993</u>	<u>\$ 8,760</u>

I. Accounts payable

	Year ended December 31	
	2023	2022
Dongguan Gigabyte	\$ 1,774,846	\$ 2,357,807
Ningbo Gigabyte	809,586	2,963,771
Subsidiaries	341,497	13,932
Indirect subsidiaries	176	3,096
	<u>\$ 2,926,105</u>	<u>\$ 5,338,606</u>

J. Other payables

	Year ended December 31	
	2023	2022
BYTE International	\$ 65,710	\$ -
G.B.T. -NL	30,673	61,227
G.B.T.-USA	23,227	75,886
Ningbo BestYield	21,578	54,883
G.B.T. -AU	2,301	30,826
Subsidiaries	9,354	19,890
Indirect subsidiaries	401	-
	<u>\$ 153,244</u>	<u>\$ 242,712</u>

K. Property transactions - Acquisition of investments accounted for using equity method
(Participation in cash capital increase)

	No of shares	Objects	December 31, 2023
			Consideration
Freedom	17,000,000	Common Stock shares	\$ 531,420
G.B.T.-Japan	2,000	"	4,580

(3) Key management compensation

	Year ended December 31	
	2023	2022
Salaries and other short-term employee benefits	\$ 452,609	\$ 639,772
Share-based payments	124,715	-
Post-retirement benefits	1,365	1,444
Total	<u>\$ 578,689</u>	<u>\$ 641,216</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Pledged assets - non-current (accounted for as "Financial assets at amortized cost - non-current")			
- Time deposits	\$ 61,668	\$ 61,380	Guarantee for the customs duties

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue employee stock option or buyback and retire treasury stock.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 92,260	\$ 272,783
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents	14,343,246	11,021,033
Financial assets at amortized cost	61,668	161,900
Notes receivable	2,029	2,785
Accounts receivable (including related parties)	19,873,965	21,149,815
Other receivables	7,136,061	148,216
Other financial assets	257,500	257,500
Guarantee deposits paid	36,374	27,107
	<u>\$ 41,803,103</u>	<u>\$ 33,041,139</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortized cost</u>		
Notes payable	\$ 9,340	\$ 11,441
Accounts payable (including related parties)	17,311,025	18,995,462
Other payables	8,600,176	6,191,706
Bonds payable	8,920,465	-
Guarantee deposits received	98,779	90,966
Lease liabilities	69,059	36,304
	<u>\$ 35,008,844</u>	<u>\$ 25,325,879</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a treasury department (Company Treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require divisions to manage their foreign exchange risk against their functional currency. The companies are required to hedge its entire foreign exchange risk exposure with the Company treasury.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency is NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
Foreign currency			
	amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,022,078	30.735	\$31,413,567
RMB:NTD	202,070	4.331	875,165
<u>Non-monetary items</u>			
USD:NTD	\$ 3,002	30.735	92,266
<u>Investments accounted for using equity method</u>			
USD:NTD	\$ 294,662	30.735	\$ 9,056,432
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 485,002	30.735	\$14,906,536
RMB:NTD	553,445	4.331	2,396,970
December 31, 2022			
Foreign currency			
	amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 828,298	30.708	\$25,435,375
RMB:NTD	145,982	4.408	643,489
<u>Non-monetary items</u>			
USD:NTD	\$ 7,248	30.708	222,572
<u>Investments accounted for using equity method</u>			
USD:NTD	\$ 240,780	30.708	\$ 7,393,883
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 438,561	30.708	\$13,467,331
RMB:NTD	580,319	4.408	2,558,046

- iv. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to gains of \$79,163 and \$1,488,382, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		Year ended December 31, 2023		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	314,136	\$ -
RMB:NTD	1%		8,752	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	149,065	\$ -
RMB:NTD	1%		23,970	-
		Year ended December 31, 2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	254,354	\$ -
RMB:NTD	1%		6,435	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	134,673	\$ -
RMB:NTD	1%		25,580	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investment in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

- ii. The Company invests in beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1 % with all other variables held constant, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$923 and \$2,576, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The domestic/overseas bond funds investment and bond products with fixed interest rate by the Company was held mainly for trading purposes, the effective interest rate of this fund is affected by the market interest rate.
- ii. For fixed interest rate bond investments held by the Company classified as financial assets at fair value through profit or loss, changes in market interest rates would affect their fair values. At December 31, 2023 and 2022, if market interest rates had 1 % higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2023 and 2022 would have been \$0 and \$152 lower/higher, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments at fair value through profit or loss.
- ii. The bond fund held by the Company was issued by well-known foreign banks and securities investment trust companies owned by or affiliated with domestic financial holding companies with good credit standing. Since the Company trades with several securities investment trust companies, credit risk is low.
- iii. The Company has lower significant concentrations of credit risk, due to investment in corporate bonds or financial bonds. The maximum loss to the Company is the total amount of all book value.
- iv. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

- v. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- vi. The Company adopts following assumptions under IFRS 9 to assess whether these has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vii. The Company classifies customers' accounts receivable in accordance with credit rating of customer, insurance coverage and characteristics of collaterals. The Company applies the simplified approach to estimate expected credit loss under the provision matrix basis.
- viii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayment;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- ix. The Company used the forecastability of macroeconomic growth by the International Monetary Fund to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31 to 60 days past due</u>
<u>December 31, 2023</u>			
Expected loss rate	0.94%	1.27%	7.04%
Total book value	\$ 5,137,589	\$ 1,822,676	\$ 90,427
Loss allowance	<u>\$ 13,472</u>	<u>\$ 7,018</u>	<u>\$ 3,495</u>
	<u>61 to 90 days past due</u>	<u>Over 90 days</u>	<u>Total</u>
Expected loss rate	43.26%	100.00%	
Total book value	\$ 2,365	\$ 10,313	\$ 7,063,370
Loss allowance	<u>\$ 921</u>	<u>\$ 10,313</u>	<u>\$ 35,219</u>

	Not past due	Up to 30 days past due	31 to 60 days past due
<u>December 31, 2022</u>			
Expected loss rate	1.78%	5.74%	24.91%
Total book value	\$ 4,525,635	\$ 1,410,455	\$ 82,895
Loss allowance	\$ 23,398	\$ 15,926	\$ 6,621
	61 to 90 days past due	Over 90 days	Total
Expected loss rate	64.45%	100%	
Total book value	\$ 21,339	\$ 37,650	\$ 6,077,974
Loss allowance	\$ 12,880	\$ 37,650	\$ 96,475

- x. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes receivable and accounts receivable are as follows:

	2023		
	Notes receivable	Accounts receivable	Total
At January 1	\$ -	\$ 96,475	\$ 96,475
Reversal of impairment loss	-	(61,204)	(61,204)
Write-offs	-	(52)	(52)
At December 31	\$ -	\$ 35,219	\$ 35,219
	2022		
	Notes receivable	Accounts receivable	Total
At January 1	\$ -	\$ 33,947	\$ 33,947
Provision for impairment	-	63,015	63,015
Write-offs	-	(487)	(487)
At December 31	\$ -	\$ 96,475	\$ 96,475

Considering the credit insurance on accounts receivable, the abovementioned amounts were not provided with allowance for uncollectible accounts in the amounts to \$36,714 and \$108,262 on December 31, 2023 and 2022, respectively. For provisioned loss in 2023 and 2022, the reversal of impairment losses and the impairment losses arising from customers' contracts amounted to \$61,204 and (\$63,015), respectively.

(C) Liquidity risk

- i. Company treasury monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the treasury of the company. Company treasury invests surplus cash in current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The Company had no undrawn borrowing facilities for fixed rate long-term borrowings.
- iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. Except that the contractual undiscounted cash flows of notes payable, accounts payable (including related parties), other payables and guarantee deposits received were equivalent to their carrying amounts and were expiring within one year, the amounts disclosed in the table are the contractual undiscounted cash flows of other financial liabilities:

December 31, 2023	Between 1			Total
	Less than 1 year	and 2 year(s)	Over 2 years	
Lease liability	\$ 39,729	\$ 23,739	\$ 7,318	\$ 70,786
Bonds payable	-	-	9,804,347	9,804,347

December 31, 2023	Between 1			Total
	Less than 1 year	and 2 year(s)	Over 2 years	
Lease liability	\$ 25,708	\$ 9,312	\$ 1,656	\$ 36,676

- v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in beneficiary certificates and government bond are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. Except for those listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost (cash in banks), notes receivable, accounts receivable (including related parties), other receivables other financial assets, guarantee deposits paid, notes payable, accounts payable (including related parties), other payables, guarantee deposits received and lease liability) are approximate to their fair values.

	December 31, 2023			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 8,920,465	\$ -	\$ 8,896,590	\$ -

The above convertible bonds payable are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2023 and 2022 is as follows:

- (a) The related information of natures of the assets is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 92,260	\$ -	\$ -	\$ 92,260
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 257,559	\$ -	\$ -	\$ 257,559
Debt instrument	15,224	-	-	15,224
	<u>\$ 272,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,783</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>	<u>Government bonds</u>
Market quoted price	Closing price	Net asset value	Market price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.
 - iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitized instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vi. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. For the years ended December 31, 2023 and 2022, there was no transfer in or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. OPERATING SEGMENTS

None.

GIGA-BYTE TECHNOLOGY CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 4)	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Giga-Byte Technology Co., Ltd.	Giga Computing Technology Co., Ltd.	2	\$ 2,983,200	\$ 267,395 (USD 8,700)	\$ 267,395 (USD 8,700)	\$ 267,395 (USD 8,700)	\$ -	0.71%	\$ 11,241,843	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The Company's limit on amount of endoresements/ guarantees provided to single party is 20% of net assets in latest audited (reviewed) financial statements of the Company and should not exceed 50% of the paid-in capital of that single party.

The total limit on amount of endoresements/ guarantees of the Company and subsidiaries provided to single party is 20% of net assets in latest audited (reviewed) financial statements of the Company and should not exceed 30% of the net assets of that single party.

However, when endorse/guarantee to subsidiaries which were 100% directly or indirectly held by the Company, the endorsement / guarantee amount should not exceed 20% of net assets in latest audited (reviewed) financial statements of the Company and should not exceed 300% of the paid-in capital of that subsidiary.

Note 3: The ceiling on total endorsements and guarantees shall not exceed 30% of net assets in latest audited (reviewed) financial statements of the Company.

The total limit on amount of endoresements/ guarantees of the Company and subsidiaries is 40% of net assets in latest audited (reviewed) financial statements of the Company.

Note 4: The Company could provide endoresements/ guarantees to the following counterparties:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

Note 5: The ending balance of this statement is presented in New Taiwan dollars. Where foreign currencies are involved, they are translated into New Taiwan dollars using the U.S. dollar exchange rate of \$30.735 as of the balance sheet date.

GIGA-BYTE TECHNOLOGY CO., LTD.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Giga-Byte Technology Co., Ltd.	Beneficiary certificates - Goldman Sachs Finance Corp.	None	Financial assets at fair value through profit or loss-current	3,000,000	\$ 97,257	-	<u>\$ 92,260</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		(4,997)		<u>\$ 92,260</u>	
Giga-Trend International Investment Group Ltd.	Listed stocks - Sintrones Technology Corp. etc.	None	Financial assets at fair value through profit or loss-current	Omitted	\$ 67,130	0.01%~0.32%	<u>\$ 84,340</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		17,210		<u>\$ 84,340</u>	
	Emerging stocks - Lianyou Metals Co., Ltd. etc.	"	Financial assets at fair value through profit or loss-current	Omitted	\$ 43,913	0.11%~1.30%	<u>\$ 51,165</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		7,252		<u>\$ 51,165</u>	
	Unlisted stocks - Castec International Crop. etc.	"	Financial assets at fair value through profit or loss-current	Omitted	\$ 143,213	-	<u>\$ 97,619</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		(\$ 45,594)		<u>\$ 97,619</u>	
	Beneficiary certificates - Cathay U.S. Treasury 20+ Year Bond ETF etc.	"	Financial assets at fair value through profit or loss-current	Omitted	\$ 27,684	-	<u>\$ 28,263</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		\$ 579		<u>\$ 28,263</u>	
Giga Investments Corp.	Unlisted stocks - Taiwan Truewin Technology Co., Ltd.	None	Financial assets at fair value through profit or loss-current	1,045,079	\$ 36,324	1.95%	<u>\$ 67,952</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		31,628		<u>\$ 67,952</u>	
	Beneficiary certificates - Yuanta Japan Leaders Equity Fund	"	Financial assets at fair value through profit or loss-current	3,021,148	\$ 30,000	-	<u>\$ 30,211</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		211		<u>\$ 30,211</u>	
	Beneficiary certificates - NEXUS CVC Partners Fund LP.	"	Financial assets at fair value through profit or loss-non current	-	\$ 75,000	15.48%	<u>\$ 75,000</u>	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Giga Investments Corp.	Listed stocks - Walsin Technology Corporation etc.	None	Financial assets at fair value through other comprehensive income-non current	Omitted	\$ 936,387	1.37%~9.43%	<u>\$ 1,820,928</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		<u>884,541</u>		<u>\$ 1,820,928</u>	
	Unlisted stocks - Northstar Motors Co., Ltd. etc.	None	Financial assets at fair value through other comprehensive income-non current	Omitted	\$ 64,798	3.25%~13.93%	<u>\$ 57,626</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		<u>(7,172)</u>		<u>\$ 57,626</u>	
G-Style Co., Ltd.	Unlisted stocks - JM Material Technology Inc.	None	Financial assets at fair value through other comprehensive income – non current	160,000	\$ 20,000	10.00%	<u>\$ 2,093</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		<u>(17,907)</u>		<u>\$ 2,093</u>	
Freedom International Group Ltd.	Unlisted stocks - Graid Technology Inc.	None	Financial assets at fair value through other comprehensive income-non current	1,600,000	24,588	6.25%	<u>\$ 24,588</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		<u>-</u>		<u>\$ 24,588</u>	
Selita Precision Co., Ltd.	Unlisted stocks - P.R.C.E. Ltd.	None	Financial assets at fair value through other comprehensive income-non current	122,990	1,184	10.24%	<u>\$ 1,178</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		<u>(6)</u>		<u>\$ 1,178</u>	

GIGA-BYTE TECHNOLOGY CO., LTD.
Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023		Addition		Number of shares	Disposal			Balance as at December 31, 2023		Footnote
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	Investments accounted for using equity method	Freedom International Group Ltd.	Parent-subsidiary	146,071,692	\$ 4,720,532	17,000,000	\$ 531,420	-	\$ -	\$ -	\$ -	176,571,692	\$ 5,251,952	

Note: For the year ended December 31, 2023, the Company acquired 30,500,000 shares, including cash capital increasing 17,000,000 shares and capital surplus transferred to common stock 13,500,000 shares.

GIGA-BYTE TECHNOLOGY CO., LTD.
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate	Date of the event	Transaction amount (Note)	Status of payment (Note)	Counterparty	Relationship	Information on prior transaction if the counterparty is a related party				Price Reference	Purpose of Acquisition	Other commitments
							Owner	Relationship with the issuer	Date of transfer	Amount			
Freedom International Group Ltd.	Land and Buildings	December 20, 2023	\$ 1,180,439 (USD 38,407)	\$ 33,809 (USD 1,100)	Scind Arenth Point LLC.	None	Not applicable	Not applicable	Not applicable	Not applicable	Refer to the valuation of the professional valuer and market prices	The Company business planning	Need to pay relating taxes and fees

Note: Based on U.S. dollar exchange rate of \$30.735 as of the balance sheet date. Up to December 31, 2023, the prepaid amount of USD 1,100 (in thousands) was listed under "other non-current assets". Other receivables were collected in January, 2024; however, the ownership transfer process has not yet been completed.

GIGA-BYTE TECHNOLOGY CO., LTD.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	Parent-subsiary	(Sales)	\$ 14,953,891	(15%)	45 days upon receipt of goods	The price was based on the contract price	Normal	\$ 2,338,305	12%	
	G-Style Co., Ltd.	"	"	1,300,136	(1%)	60 days upon receipt of goods	"	"	139,371	1%	
	Giga-Byte Technology B.V.	"	"	180,068	-	30 days upon receipt of goods	"	"	37,450	-	
	Giga Computing Technology Co., Ltd.	"	"	2,808,343	(14%)	60 days upon receipt of goods	"	"	4,714,432	24%	
	Ningbo Zhongjia Technology Co., Ltd.	Parent-indirect subsidiary	"	18,139,880	(18%)	90 days upon receipt of goods	"	"	4,448,568	22%	
	Giga Computing Technology Co., Ltd.	Parent-subsiary	Purchases	689,370	1%	60 days upon receipt of goods	"	"	(341,497)	(2%)	
	Dongguan Gigabyte Electronics Co.,Ltd.	Parent-indirect subsidiary	"	652,232	1%	60 days upon receipt of goods	"	"	(1,774,846)	(10%)	
	Ningbo Gigabyte Technology Co., Ltd.	"	"	641,746	1%	30 days upon receipt of goods	"	"	(809,586)	(5%)	
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	(Sales)	1,319,570	(93%)	60 days upon receipt of goods	"	"	149,154	94%	
Giga Computing Technology Co., Ltd.	"	"	"	28,239,481	(60%)	60 days upon receipt of goods	"	"	4,199,672	49%	
	"	"	Purchases	359,440	1%	7 days upon receipt of goods	"	"	-	-	
	Gigaipc Co., Ltd.	subsidiary-indirect subsidiary	(Sales)	753,681	(2%)	60 days after billing	"	"	186,692	2%	
	Ningbo Gigabyte Technology Co.,	"	Purchases	1,510,981	2%	45 days after billing	"	"	(1,932,170)	(7%)	

GIGA-BYTE TECHNOLOGY CO., LTD.
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	Parent-subsidiary	\$ 2,338,305	3.28	\$ -	-	\$ 924,267	\$ -
	Giga Computing Technology Co., Ltd.	"	11,734,675	2.90	-	-	3,923,791	-
	G-Style Co., Ltd.	"	139,406	4.43	-	-	58,343	-
	Dongguan Gigabyte Electronics Co., Ltd.	Parent-indirect subsidiary	669,292	5.78	-	-	669,292	-
	Ningbo Zhongjia Technology Co., Ltd.	"	4,448,568	3.93	-	-	1,135,804	-
	Ningbo Gigabyte Technology Co., Ltd.	"	476,202	1.69	-	-	256,505	-
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	149,154	6.91	-	-	13,603	-
Giga Computing Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-subsidiary	347,338	5.88	-	-	45,761	-
	G.B.T. Inc.	Sister companies	4,199,672	6.72	-	-	1,671,729	-
	Gigaipc Co., Ltd.	Parent-subsidiary	186,692	4.04	-	-	81,360	-
Ningbo Gigabyte Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-indirect subsidiary	RMB 186,015 thousand	2.87	-	-	RMB 82,618 thousand	-
	Giga Computing Technology Co., Ltd.	Sister companies	RMB 240,108 thousand	4.26	-	-	RMB 118,242 thousand	-
Dongguan Gigabyte Electronics Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-indirect subsidiary	RMB 408,958 thousand	5.46	-	-	RMB 207,155 thousand	-

Note 1: Including other receivables.

Note 2: The amount represents collections subsequent to December 31, 2023 up to January 31, 2024.

GIGA-BYTE TECHNOLOGY CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

		Transaction					
Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets	
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to subsidiary	Sales	\$ 180,068	Note 6	-	
	"	"	Marketing service charge	129,277	Note 3	-	
	"	"	Service charge	121,711	"	-	
	G.B.T., Inc	Parent company to subsidiary	Sales	14,953,891	Note 7	11%	
	"	"	Accounts receivable	2,338,305	"	3%	
	"	"	After-sale service fees	184,247	Note 3	-	
	G-Style Co., Ltd.	Parent company to subsidiary	Sales	1,300,136	Note 5	1%	
	"	"	Accounts receivable	139,371	"	-	
	Giga Computing Technology Co., Ltd.	Parent company to subsidiary	Sales	2,808,343	"	2%	
	"	"	Processing revenue	206,198	Note 2	-	
	"	"	Accounts receivable	4,714,432	Note 5	6%	
	"	"	Other receivables	7,020,243	"	9%	
	"	"	Purchases	689,370	"	1%	
	"	"	Accounts payable	341,497	"	-	
	BYTE International Co., Ltd	Parent company to subsidiary	After-sale service fees	744,106	Note 3	1%	
	Ningbo Zhongjia Technology Co., Ltd.	Parent company to indirect subsidiary	Sales	18,139,880	Note 1	13%	
	"	"	Accounts receivable	4,448,568	"	5%	
	Ningbo Gigabyte Technology Co., Ltd.	Parent company to indirect subsidiary	Purchases	641,746	Note 6	-	
	"	"	Accounts payable	809,586	"	1%	
	"	"	Accounts receivable	476,202	Note 2	1%	
	Dongguan Gigabyte Electronics Co.,Ltd.	Parent company to indirect subsidiary	Purchases	652,232	Note 5	-	
	"	"	Accounts payable	1,774,846	"	2%	
	"	"	Accounts receivable	669,292	Note 2	1%	
	Ningbo BestYield Tech. Services Co.,Ltd.	Parent company to indirect subsidiary	After-sale service fees	199,263	Note 3	-	
Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH	Subsidiary to subsidiary	Marketing service charge	139,708	Note 4	-	
G-Style Co., Ltd.	G.B.T., Inc	Subsidiary to subsidiary	Sales	1,319,570	Note 5	1%	
	"	"	Accounts receivable	149,154	"	-	

Transaction						Percentage of consolidated total operating revenues or total assets
Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	
Giga Computing Technology Co., Ltd.	G.B.T., Inc	Subsidiary to subsidiary	Purchases	359,440	Note 8	-
	"	"	Sales	28,239,481	Note 5	21%
	"	"	Accounts receivable	4,199,672	"	5%
	Ningbo Gigabyte Technology Co., Ltd.	Subsidiary to subsidiary	Purchases	1,510,981	Note 9	1%
	"	"	Accounts payable	1,932,170	"	2%
	Gigaipc Co., Ltd.	Subsidiary to indirect subsidiary	Sales	753,681	Note 2	1%
	"	"	Accounts receivable	186,692	"	-

Note 1 : Credit terms were 90 days upon receipt of goods.

Note 2 : Credit terms were 60 days after billing.

Note 3 : Credit terms were 30 days after billing.

Note 4 : Credit terms were 180 days after billing.

Note 5 : Credit terms were 60 days upon receipt of goods.

Note 6 : Credit terms were 30 days upon receipt of goods.

Note 7 : Credit terms were 45 days upon receipt of goods.

Note 8 : Credit terms were 7 days upon receipt of goods.

Note 9 : Credit terms were 45 days after billing.

Note 10 : Transactions listed above are amounts reaching NT\$100 million.

GIGA-BYTE TECHNOLOGY CO., LTD.

Information on investees
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	\$ 5,251,952	\$ 4,720,532	176,571,692	100.00	\$ 8,529,092	\$ 708,284	\$ 1,061,650	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga Investments Corp.	Taiwan	Holding company	2,815,000	2,815,000	297,756,500	100.00	3,850,640	29,611	29,611	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	Taiwan	Manufacturing and selling of notebooks	310,000	310,000	12,000,000	100.00	21,034	102,396	42,610	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Communication Inc.	Taiwan	Manufacturing and selling of communications	1,647,508	1,647,508	2,145,831	99.86	20,989	(461)	(461)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	BYTE International Co., Ltd.	Taiwan	Selling of PC peripherals	583,709	583,709	31,000,000	100.00	478,568	93,657	93,657	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	MyelinTek Inc.	Taiwan	Software service	70,000	70,000	299,999,995	40.00	53,357	(11,478)	(4,591)	Investee accounted for using equity method
Giga-Byte Technology Co., Ltd.	Giga Computing Technology Co., Ltd.	Taiwan	Sales of computer information products	834,600	1,000	83,460,000	83.93	2,227,819	1,511,057	1,383,182	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Netherlands	Sales of computer information products	25,984	25,984	8,500	100.00	172,543	18,576	20,110	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	GBT Tech. Co. Ltd.	U.K.	Marketing of computer information products	47,488	47,488	800,000	100.00	28,234	(802)	(802)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Nippon Giga-Byte Corp.	Japan	Marketing of computer information products	8,075	3,495	3,000	100.00	17,095	1,124	1,124	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Marketing of computer information products	352,752	352,752	-	100.00	405,985	6,782	6,782	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology Pty. Ltd.	AUS	Marketing of computer information products	55,664	55,664	2,400,000	100.00	60,992	1,827	1,827	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology (India) Private Limited	India	Marketing and maintenance of computer information products	182,868	182,868	4,600,000	100.00	14,422	(2,323)	(2,323)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology ESPANA S.L.U.	Spain	Marketing of computer information products	241	241	5,000	100.00	8,215	2,075	2,075	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	90,660	90,660	54,116	22.64	354,797	528,334	198,499	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Information Technology Commerce Limited Company	Turkey	Marketing of computer information products	3,541	3,541	8,000	100.00	1,568	785	785	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology LLC Company	South Korea	Marketing of computer information products	22,534	22,534	168,000	100.00	35,384	(1,743)	(1,743)	The Company's subsidiary
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Poland	Marketing and maintenance of computer information products	500	500	100	100.00	111	(569)	-	The Company's indirect subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Freedom International Group Ltd.	Charleston Investments Limited	Cayman Islands	Holding company	\$ 1,844,922	\$ 1,844,922	57,032,142	100.00	\$ 2,477,091	\$ 277,828	\$ -	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	458,239	458,239	184,916	77.36	1,496,700	528,334	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Giga Future Limited	British Virgin Islands	Holding company	2,689,068	2,689,068	82,819,550	100.00	3,183,084	118,674	-	The Company's indirect subsidiary
Freedom International Group Ltd.	LCKT Yuan Chan Technology Co., Ltd.(Cayman)	Cayman Islands	Holding company	92,775	92,775	3,000,000	30.00	-	(58,494)	-	Subsidiary's investee company accounted for under the equity method
G.B.T. Inc.	Gigabyte Canada Inc.	Canada	Marketing of computer information products	22	22	1,000	100.00	716	434	-	The Company's indirect subsidiary
Giga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	515,950	515,950	56,890,000	100.00	587,021	(8,063)	-	The Company's indirect subsidiary
Giga Investments Corp.	Senyun Precision Optical Co., Ltd.	Taiwan	Manufacturing and selling of optical lens	1,547,410	1,547,410	324,586,585	96.41	271,954	(35,649)	-	The Company's indirect subsidiary
Giga Investments Corp.	Selita Precision Co., Ltd.	Taiwan	Manufacturing, wholesale and retail of bicycle and parts	50,000	50,000	5,000,000	100.00	49,258	13,332	-	The Company's indirect subsidiary
Giga Investments Corp.	Cloudmatrix Co., Ltd.	Taiwan	E-commerce platform	30,200	30,200	3,000,000	100.00	24,945	4,023	-	The Company's indirect subsidiary
Giga Investments Corp.	Wellysun Inc.	Taiwan	Electronic parts and components manufacturing	392,000	392,000	11,200,000	24.35	391,587	371	-	Subsidiary's investee company accounted for under the equity method
Giga Investments Corp.	Da Shiang Technology Co., Ltd.	Taiwan	Electronic parts and components manufacturing	12,500	12,500	1,250,000	25.00	10,597	(9,736)	-	Subsidiary's investee company accounted for under the equity method
Giga Computing Technology Co., Ltd.	Gigaipc Co., Ltd.	Taiwan	Sales of computer information products	120,000	120,000	12,000,000	100.00	251,391	110,776	-	The Company's indirect subsidiary
Giga-Trend International Investment Group Ltd.	Wellysun Inc.	Taiwan	Electronic parts and components manufacturing	51,480	51,480	1,716,000	3.73	59,997	371	-	Subsidiary's investee company accounted for under the equity method
Ningbo BestYield Tech. Services Co.,Ltd.	OGS Europe B.V.	Netherlands	Selling of communications	12,443	12,443	3,000	100.00	42,680	(5,666)	-	The Company's indirect subsidiary
BYTE International Co., Ltd.	Aorus Pte. Ltd.	Singapore	Marketing of computer information products	60,757	60,757	3,073,000	100.00	9,616	(3,090)	-	The Company's indirect subsidiary

GIGA-BYTE TECHNOLOGY CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	\$ 1,180,938	Note 1	\$ 1,180,938	\$ -	\$ -	\$ 1,180,938	\$ 128,476	100.00	\$ 128,476	\$ 1,545,359	\$ -	The Company's indirect subsidiary
Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	259,752	Note 1	259,752	-	-	259,752	181,757	100.00	181,757	900,553	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	181,923	Note 2	165,515	-	-	165,515	9,578	100.00	9,578	254,297	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,853	Note 3	-	-	-	-	193,980	100.00	193,980	607,881	-	The Company's indirect subsidiary
Ningbo Gigabyte Technology Co., Ltd.	Manufacturing of computer information products	2,780,313	Note 1	2,780,313	-	-	2,780,313	143,121	100.00	143,121	3,162,166	-	The Company's indirect subsidiary
Shenzhen BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	15,841	Note 3	-	-	-	- (1,447)	- (1,447)	- (1,447)	-	-	-	The Company's indirect subsidiary
Dongguan Senyun Precision Optical Co., Ltd	Selling of mold and industrial plastic products	4,539	Note 2	4,539	-	-	4,539	648	96.41	625 (1,615)	-	The Company's indirect subsidiary
Zaozhuang Bestyield Resources Recycling Co., Ltd.	Recycling and selling of renewable resources	5,507	Note 3	-	-	-	-	8	100.00	8	8,070	-	The Company's indirect subsidiary

Note 1: Invested by Charleston Investments Limited and Giga Future Limited., which are subsidiaries of Freedom International Group Ltd.

Note 2: Directly invest in a company in Mainland China.

Note 3: Others.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Giga-Byte Technology Co., Ltd.	\$ 4,386,518	\$ 4,402,053	\$ 22,760,496
Senyun Precision Optical Co., Ltd.	4,539	9,974	169,253

GIGA-BYTE TECHNOLOGY CO., LTD.

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

Year ended December 31, 2023

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated))

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the year ended December 31, 2023	Others
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate		
Ningbo Zhongjia Technology Co., Ltd.	\$ 18,139,880	18	\$ -	-	\$ 4,448,568	22	\$ -	-	\$ -	\$ -	-	\$ -	-
Ningbo Gigabyte Technology Co., Ltd.	25,129	-	-	-	476,202	2	-	-	-	-	-	-	-
"	(641,746)	(1)	-	-	(809,586)	(5)	-	-	-	-	-	-	-
Dongguan Gigabyte Electronics Co.,	6,230	-	-	-	669,292	3	-	-	-	-	-	-	-
"	(652,232)	(1)	-	-	(1,774,846)	(10)	-	-	-	-	-	-	-
Ningbo BestYield Tech. Services Co.,Ltd.	81,178	-	-	-	15,990	-	-	-	-	-	-	-	- After-sales service costs paid at \$199,263

GIGA-BYTE TECHNOLOGY CO., LTD.
Major Shareholders Information
December 31, 2023

Table 11

Name of Major Shareholders	Shares	
	Name of shares hold	Ownership(%)
MING WEI GLOBAL CO., LTD	42,583,497	6.69%

Note 1: The major shareholders' information, which means the ownership above 5%, was calculated by Taiwan Depository & Clearing Corporation on the last operating date of each quarter, using the Company's issuance of common shares. (including treasury shares) and preference shares registered and held by the shareholders. The share capital on the financial statements different from the actual number of shares in dematerialized form due to the difference of calculation basis.

Note 2: If the shares were kept in the trust by the shareholders, it was disclosed as a separate account set by the trustee. As for the shareholder, whose shareholding ratio was greater than 10%, is regarded as an insider in accordance with Securities and Exchange Act, their shareholding ratio included the self-owned shares and trusted shares controlled by themselves. For the information of insiders, please refer to the Market Observation Post System.

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash on hand and revolving funds		\$ 2,373
Check deposits		500
Demand deposits		
– NTD		990,506
– USD	USD 140,439 thousand, conversion rate at 30.735	4,316,380
– RMB	RMB 201,017 thousand, conversion rate at 4.331	870,603
– Other foreign currencies		133,917
Time deposits		
– NTD	Annual interest rate is 1.20%~1.35%	6,150,000
– USD	Annual interest rate is 4.75%~5.18%	1,878,967
		\$ 14,343,246

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Customers	Amount	Note
<u>Non-related parties</u>		
GG Company	\$ 1,509,962	
BB Company	683,477	
FF Company	560,402	
Others		None of the balances of each client is greater than 5% of this account balance.
	4,309,529	
	7,063,370	
Less: Allowance for uncollectible accounts	(35,219)	
	\$ 7,028,151	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF OTHER RECEIVABLES (INCLUDING RELATED PARTIES)
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Receivables arising from purchase of raw materials on behalf of another party - Subsidiary		\$ 7,017,172	
Other		118,889	None of the balances of each remaining item is greater than 5% of this account balance.
		<u>\$ 7,136,061</u>	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$ 4,514,939	\$ 4,794,252	
Work in progress	1,683,551	1,678,878	
Finished goods and merchandise	6,881,505	7,754,248	
	13,079,995	\$ 14,227,378	
Less: Allowance for valuation loss on inventories	(529,543)		
	\$ 12,550,452		

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Investee	Balance at January 1, 2023		Addition(Note 1)		Deductions (Note 2)		Other adjustments (Note 3)		Balance at December 31, 2023			Market Value or Net Assets Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	Ownership	Amount	Unit Price	Total Amount			
G.B.T. Technology Trading GmbH	-	\$ 383,948	-	\$ 6,782	-	\$ -	\$ 15,255	-	100%	\$ 405,985	\$ -	\$ 405,985	None		
G.B.T. Inc.	54,116	157,733	-	198,499	-	-	(1,435)	54,116	22.64%	354,797	6,556	354,797	"		
GBT Tech. Co. Ltd	800,000	27,452	-	-	-	(802)	1,584	800,000	100%	28,234	35	28,234	"		
Giga-Byte Technology B.V.	8,500	154,139	-	20,110	-	-	(1,706)	8,500	100%	172,543	20,299	172,543	"		
Gigabyte Technology Pty. Ltd.	2,400,000	58,618	-	1,827	-	-	547	2,400,000	100%	60,992	25	60,992	"		
Gigabyte Technology (India) Private Limited	4,600,000	16,837	-	-	-	(2,323)	(92)	4,600,000	100%	14,422	3	14,422	"		
Freedom International Group Ltd.	146,071,692	7,082,011	30,500,000	1,593,070	-	-	(145,989)	176,571,692	100%	8,529,092	48	8,529,092	"		
Nippon Giga-Byte Corp.	1,000	12,429	2,000	5,704	-	-	(1,038)	3,000	100%	17,095	5,698	17,095	"		
Gigabyte Technology ESPANA S.L.U.	5,000	5,850	-	2,075	-	-	290	5,000	100%	8,215	1,643	8,215	"		
Gigabyte Information Technology Commerce Limited Company	8,000	1,461	-	785	-	-	(678)	8,000	100%	1,568	196	1,568	"		
G-Style Co., Ltd.	12,000,000	(21,576)	-	42,610	-	-	-	12,000,000	100%	21,034	2	21,034	"		
Giga-Byte Communication Inc.	2,145,831	21,450	-	-	-	(461)	-	2,145,831	99.86%	20,989	10	20,989	"		
BYTE International Co., Ltd.	31,000,000	421,072	-	93,657	-	(38,002)	1,841	31,000,000	100%	478,568	15	478,568	"		
Giga Investment Corp.	297,756,500	3,554,493	-	29,611	-	-	266,536	297,756,500	100%	3,850,640	13	3,850,640	"		
Gigabyte Technology LLC	168,000	37,120	-	-	-	(1,743)	7	168,000	100%	35,384	211	35,384	"		
GIGAIPC CO., LTD.	12,000,000	229,170	-	752	(12,000,000)	(229,922)	-	-	-	-	-	-	"		
Giga Computing Technology Co., Ltd.	100,000	700	83,360,000	2,216,030	-	-	11,089	83,460,000	84%	2,227,819	27	2,227,819	"		
Myelin Tek Inc.	299,999,995	57,948	-	-	-	(4,591)	-	299,999,995	40%	53,357	-	53,357	"		
		12,200,855		4,211,512		(277,844)	146,211			16,280,734		\$16,280,734			
Add: reversal of other liabilities (named other non-current liabilities in table)		21,576		(21,576)		-	-			-					
		\$ 12,222,431		\$4,189,936		(\$ 277,844)	\$ 146,211			\$16,280,734					

Note 1: Current additions include recognition of investment income of \$2,841,912 and additional investment of \$536,000 and reorganization - receipt of consideration for spin-off \$833,600.

Note 2: Current deductions include recognition of investment loss of \$9,920, reorganization- spin-off transfer \$229,922 and appropriated retained earnings of \$38,002.

Note 3: Other adjustments include exchange differences on translation of foreign operations amounting to (\$142,070), unrealised gain on financial assets at fair value through other comprehensive income of \$268,615, and recognition of changes in net accounted for using equity method of (\$392), recognition of change in ownership interests in subsidiaries \$167,801 and recognition of remuneration expense for issuance of employee share options by subsidiary to employees of the parent company (\$147,743).

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Balance as of January 1, 2023	Additions	Deductions	Spin-off	Transferred	Balance as of December 31, 2023	Guaranteed or pledged as collateral	Note
<u>Cost</u>								
Land	\$ 1,231,036	\$ -	\$ -	\$ -	\$ -	\$ 1,231,036	None	
Buildings and structures	1,694,315	23,252	(590)	(20,411)	-	1,696,566	"	
Machinery and	1,164,341	6,068	(25,315)	(1,328)	8,690	1,152,456	"	
Other facilities	960,347	154,938	(121,450)	(295,592)	21,980	720,223	"	
	<u>\$ 5,050,039</u>	<u>\$ 184,258</u>	<u>(\$ 147,355)</u>	<u>(\$ 317,331)</u>	<u>\$ 30,670</u>	<u>\$ 4,800,281</u>		
<u>Accumulated depreciation</u>								
Buildings and structures	(735,907)	(38,191)	590	13,108	-	(760,400)		
Machinery and	(782,523)	(101,757)	25,315	369	-	(858,596)		
Other facilities	(728,615)	(125,919)	119,265	222,432	(2,451)	(515,288)		
	<u>(2,247,045)</u>	<u>(\$ 265,867)</u>	<u>\$ 145,170</u>	<u>\$ 235,909</u>	<u>(\$ 2,451)</u>	<u>(2,134,284)</u>		
	<u>\$ 2,802,994</u>					<u>\$ 2,665,997</u>		

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Name of suppliers	Amount	Note
<u>Non-related parties</u>		
BB Company	\$ 5,138,791	
EE Company	950,659	
Others	8,295,470	None of the balances of each supplier is greater than 5% of this account balance.
	<u>\$ 14,384,920</u>	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Quantities	Amount	Note
Computer parts	14,071 thousand pieces	\$ 79,858,641	
Networking communication products	414 thousand pieces	9,247,386	
Others		10,892,665	None of the balances of each remaining item is greater than 5% of this account balance.
		99,998,692	
Less: sales returns and discounts		(9,849,075)	
		<u>\$ 90,149,617</u>	

(Remainder of page intentionally left blank)

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Amount
Opening balance of merchandise	\$ 662,326
Add: Purchases during the year	4,804,811
Less: Ending balance of merchandises	(585,719)
Merchandises reclassified as expenses	(19,773)
Cost of purchasing and selling	4,861,645
Raw materials at beginning of year	9,364,346
Add: Purchases in the year	68,866,105
Less: Raw materials at end of year	(4,514,939)
Raw materials reclassified for sale	(976,175)
Raw materials reclassified as expenses	(55,712)
Reorganization - Spin-off	(28,312)
Direct raw materials used	72,655,313
Direct labour	283,335
Manufacturing expense	1,784,031
Manufacturing cost	74,722,679
Add: Opening balance of work in progress	940,721
Purchases during the year	571,025
Less: Ending balance of work in progress	(1,683,551)
Work in progress reclassified for sale	(41,496)
Work in progress reclassified as expenses	(40,701)
Cost of finished goods	74,468,677
Add: Opening balance of finished goods	6,032,800
Purchases during the year	2,494,830
Less: Ending balance of finished goods	(6,295,786)
Finished goods reclassified as expenses	(276,696)
Reorganization - Spin-off	(257,560)
Cost of goods manufactured and sold	76,166,265
Cost of raw materials sold	976,175
Cost of work in progress sold	41,496
Cost of goods sold	82,045,581
Warranty cost of after-sale service	1,487,938
Inventory valuation loss	(463,180)
Operating costs	\$ 83,070,339

GIGA-BYTE TECHNOLOGY CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Export expense		\$ 597,607	
Marketing service charge		555,168	
Advertising expense		272,325	
Wages and salaries		591,078	
Service charge		249,542	
Other expenses		700,625	None of the balances of each remaining item is greater than 5% of this account balance.
		<u>\$2,966,345</u>	

GIGA-BYTE TECHNOLOGY CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Function Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$647,082	\$1,948,458	\$2,595,540	613,405	1,477,970	\$2,091,375
Labour and health insurance fees	77,670	110,310	187,980	78,120	193,172	271,292
Pension costs	20,819	51,783	72,602	30,615	55,870	86,485
Directors' remuneration	-	55,614	55,614	-	51,752	51,752
Other personnel expenses	43,999	66,565	110,564	34,341	97,005	131,346
Depreciation Expense	113,738	191,161	304,899	117,336	211,851	329,187
Amortization Expense	1,854	108,779	110,633	1,701	83,737	85,438

Note 1: As at December 31, 2023 and 2022, the Company had 1,999 and 1,980 employees, including 6 and 4 non-employee directors, respectively.

Note 2: The average employee benefit expense and the average employee salaries and wages of the Company were \$1,489 and \$1,306 as well as \$1,302 and \$1,058 for the years ended December 31, 2023 and 2022, respectively; The variation in the adjustments of the average employee salaries and wages was 23.06% for the year ended December 31, 2023.

Note 3: The Company established an audit committee, therefore, no remuneration was paid to supervisors.

GIGA-BYTE TECHNOLOGY CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Note 4: In accordance with the Articles of Incorporation of the Company, if the distributable profit of the current year has positive balance after covering losses, 3%~10% of the distributable profit should be distributed as employees' remuneration. The Company has established the management appointment and salary of new employees. Employees' remuneration includes monthly salary and bonus. Salary is referenced from the peer into consideration of employees' position, job grade, education, experience and performance. Salary will be adjusted annually based on the Index and average annual salary adjustment within the peer industry.

Note 5: The Company has established policies governing the remuneration to directors and managers, which is reviewed by the remuneration committee by the Board of Directors. Managers' remuneration includes monthly salary and bonus. Remuneration paid to managers is referenced from the and bonus is distributed based on the Company's operating performance. Annual salary adjustment of managers is assessed by the remuneration and approved by the Board of Directors.

Note 6: In accordance with the Articles of Incorporation of the Company, if the distributable profit of the current year has positive balance after covering losses, no more than 3% of the distributable profit should be distributed as directors' remuneration. The Company has established policies remuneration to directors and managers, which is reviewed by the remuneration committee and resolved by the Board of Directors. Remuneration non-independent directors is based on proportional weights that calculated by board attendance rate, degree of operating participation and Independent directors' remuneration includes salary and board conference attendance fees, depending on the content of the job. Independent participate in the distribution of earnings.