

GIGA-BYTE TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2022 AND 2021

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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, 2022 AND 2021  
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## INDEPENDENT AUDITORS' REPORT

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, 2022 and 2021, 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 significant accounting policies.

In our opinion, based on our audits and the report of other auditors, as described in the *Other matters* section of our report, 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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.

### ***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 2022 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 2022 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's revenue is derived from numerous customers from different countries and there was no revenue from a single customer that exceeded 10% of the parent company only 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(5) 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.

### ***Other matter – Report of other auditors***

We did not audit the financial statements for the year ended December 31, 2021 of certain investee companies. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts included in the financial statements was based solely on the reports of the other auditors. The aforementioned equity investments amounted to NT\$0 thousand, representing 0% of total parent company only assets as of December 31, 2021, and total net comprehensive loss amounted to NT\$10,053 thousand, representing (0.08%) of total parent company only comprehensive loss for the year then ended.

### ***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.

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Chun-Yuan, Hsiao  
For and on behalf of PricewaterhouseCoopers, Taiwan  
March 13, 2023

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Se-Kai Lin

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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, Taiwan 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, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 11,021,033	17	\$ 14,145,435	20
1110	Financial assets at fair value through profit or loss - current	6(2)	272,783	1	1,131,758	1
1136	Financial assets at amortized cost-current	6(3)	-	-	619,516	1
1150	Notes receivable, net	6(4)	2,785	-	2,725	-
1170	Accounts receivable, net	6(4)	5,981,499	9	6,200,375	9
1180	Accounts receivable-related parties, net	7	15,168,316	23	12,882,184	18
1200	Other receivables	7	148,216	-	389,364	-
130X	Inventories, net	6(5)	15,939,386	24	19,944,879	28
1410	Prepayments		279,739	1	479,964	1
1470	Other current assets		258,457	-	270,652	-
11XX	<b>Total current assets</b>		<u>49,072,214</u>	<u>75</u>	<u>56,066,852</u>	<u>78</u>
<b>Non-current assets</b>						
1535	Financial assets at amortized cost-non-current	6(3) and 8	161,900	-	151,078	-
1550	Investments accounted for using equity method	6(6) and 7	12,222,431	19	12,022,295	17
1600	Property, plant and equipment, net	6(7)	2,802,994	5	2,685,920	4
1755	Right-of-use assets	6(8)	35,896	-	79,913	-
1780	Intangible assets		127,405	-	27,438	-
1840	Deferred income tax assets	6(25)	806,074	1	847,135	1
1900	Other non-current assets		63,276	-	57,856	-
15XX	<b>Total non-current assets</b>		<u>16,219,976</u>	<u>25</u>	<u>15,871,635</u>	<u>22</u>
1XXX	<b>Total assets</b>		<u>\$ 65,292,190</u>	<u>100</u>	<u>\$ 71,938,487</u>	<u>100</u>

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2130	Contract liabilities - current	6(18)	\$ 1,040,938	2	\$ 1,051,029	1
2150	Notes payable		11,441	-	18,966	-
2170	Accounts payable		13,656,856	21	15,449,011	22
2180	Accounts payable-related parties	7	5,338,606	8	4,309,837	6
2200	Other payables	6(10) and 7	6,191,706	10	9,172,314	13
2230	Current income tax liabilities		1,528,610	2	2,378,159	3
2250	Provisions for liabilities - current	6(11)	818,265	1	725,193	1
2280	Lease liabilities-current		25,445	-	48,403	-
2300	Other current liabilities		155,465	-	199,635	-
21XX	<b>Total current liabilities</b>		<u>28,767,332</u>	<u>44</u>	<u>33,352,547</u>	<u>46</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(12)	-	-	200,000	1
2570	Deferred income tax liabilities	6(25)	5,890	-	-	-
2580	Lease liabilities-non-current		10,859	-	32,169	-
2600	Other non-current liabilities	6(6)(13)	574,635	1	865,787	1
25XX	<b>Total non-current liabilities</b>		<u>591,384</u>	<u>1</u>	<u>1,097,956</u>	<u>2</u>
2XXX	<b>Total liabilities</b>		<u>29,358,716</u>	<u>45</u>	<u>34,450,503</u>	<u>48</u>
<b>Capital stock</b>						
		6(15)				
3110	Common stock		6,356,889	10	6,356,889	9
<b>Capital surplus</b>						
		6(16)				
3200	Capital surplus		3,281,465	5	3,279,731	5
<b>Retained earnings</b>						
		6(17)				
3310	Legal reserve		6,346,126	10	5,011,247	7
3320	Special reserve		426,354	-	426,354	-
3350	Unappropriated retained earnings		19,400,238	30	21,750,531	30
<b>Other equity</b>						
3400	Other equity		122,402	-	729,248	1
3500	Treasury shares	6(14)(15)	-	-	(66,016)	-
3XXX	<b>Total equity</b>		<u>35,933,474</u>	<u>55</u>	<u>37,487,984</u>	<u>52</u>
Significant events after the balance sheet date 11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 65,292,190</u>	<u>100</u>	<u>\$ 71,938,487</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, 2022 AND 2021

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

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(18) and 7	\$ 100,712,224	100	\$ 121,741,896	100
5000 <b>Operating costs</b>	6(5)(23) (24) and 7	( 89,011,001)	( 88)	( 94,467,818)	( 78)
5900 <b>Gross profit</b>		<u>11,701,223</u>	<u>12</u>	<u>27,274,087</u>	<u>22</u>
<b>Operating expenses</b>	6(23) (24) and 7				
6100 Selling expenses		( 4,304,861)	( 5)	( 6,290,855)	( 5)
6200 General and administrative expenses		( 933,725)	( 1)	( 2,227,585)	( 2)
6300 Research and development expenses		( 2,169,723)	( 2)	( 4,045,591)	( 3)
6450 Expected credit losses	6(23) and 12(2)	( 63,015)	-	( 6,683)	-
6000 <b>Total operating expenses</b>		<u>( 7,471,324)</u>	<u>( 8)</u>	<u>( 12,570,714)</u>	<u>( 10)</u>
6900 <b>Operating profit</b>		<u>4,229,899</u>	<u>4</u>	<u>14,703,364</u>	<u>12</u>
<b>Non-operating income and expenses</b>					
7100 Interest revenue	6(19)	57,045	-	36,858	-
7010 Other income	6(20)	901,621	1	1,044,689	1
7020 Other gains and losses	6(21)	1,505,727	2	232,283	-
7050 Finance costs	6(22)	( 2,290)	-	( 2,168)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	( 1,315,525)	1	( 162,253)	-
7000 <b>Total non-operating income and expenses</b>		<u>3,777,628</u>	<u>4</u>	<u>1,149,409</u>	<u>1</u>
7900 <b>Profit before income tax</b>		<u>8,007,527</u>	<u>8</u>	<u>15,852,773</u>	<u>13</u>
7950 Income tax expense	6(25)	( 1,469,006)	( 1)	( 2,514,813)	( 2)
8200 <b>Profit for the year</b>		<u>\$ 6,538,521</u>	<u>7</u>	<u>\$ 13,337,960</u>	<u>11</u>
<b>Other comprehensive income (loss), net</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311 Remeasurements of defined benefit plans	6(13)	\$ 82,340	-	\$ 13,534	-
8330 Share of other comprehensive (loss) income 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		( 881,281)	( 1)	94,333	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	( 16,468)	-	( 2,707)	-
8310 <b>Components of other comprehensive (loss) income that will not be reclassified to profit or loss</b>		<u>( 815,409)</u>	<u>( 1)</u>	<u>105,160</u>	<u>-</u>
<b>Components of other comprehensive income (loss) that will subsequently be reclassified to profit or loss</b>					
8361 Exchange differences arising from translation of foreign operations		274,435	-	( 136,382)	-
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>		<u>274,435</u>	<u>-</u>	<u>( 136,382)</u>	<u>-</u>
8300 <b>Other comprehensive loss for the year, net</b>		<u>(\$ 540,974)</u>	<u>( 1)</u>	<u>(\$ 31,222)</u>	<u>-</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 5,997,547</u>	<u>6</u>	<u>\$ 13,306,738</u>	<u>11</u>
9750 <b>Basic earnings per share</b>	6(26)	\$ 10.29		\$ 21.01	
9850 <b>Diluted earnings per share</b>	6(26)	\$ 10.12		\$ 20.60	

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, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	Notes	Retained earnings				Other equity			Treasury shares	Total equity
		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 2021</u>										
Balance at January 1, 2021		\$ 6,356,889	\$ 3,884,904	\$ 4,575,820	\$ 426,354	\$ 11,379,927	(\$ 607,084)	\$ 1,378,381	\$ -	\$ 27,395,191
Profit for the year		-	-	-	-	13,337,960	-	-	-	13,337,960
Other comprehensive (loss) income for the year		-	-	-	-	10,827	( 136,382)	94,333	-	( 31,222)
Total comprehensive income (loss) for the year		-	-	-	-	13,348,787	( 136,382)	94,333	-	13,306,738
Appropriations of 2020 earnings:	6(17)									
Legal reserve		-	-	435,427	-	( 435,427)	-	-	-	-
Cash dividends		-	-	-	-	( 2,542,756)	-	-	-	( 2,542,756)
Cash dividends from capital surplus	6(17)	-	( 635,688)	-	-	-	-	-	-	( 635,688)
Changes in equity of associates accounted for using equity method		-	2,281	-	-	-	-	-	-	2,281
Purchase of treasury shares	6(15)	-	-	-	-	-	-	-	( 280,919 )	( 280,919)
Share-based payment transactions	6(14)	-	28,234	-	-	-	-	-	214,903	243,137
Balance at December 31, 2021		\$ 6,356,889	\$ 3,279,731	\$ 5,011,247	\$ 426,354	\$ 21,750,531	(\$ 743,466)	\$ 1,472,714	(\$ 66,016 )	\$ 37,487,984
<u>Year 2021</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 (loss) income for the year		-	-	-	-	65,872	274,435	( 881,281 )	-	( 540,974)
Total comprehensive income (loss) for the year		-	-	-	-	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

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, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities</u>			
Profit before income tax		\$ 8,007,527	\$ 15,852,773
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(7)(8)(23)	329,187	325,548
Amortization	6(23)	85,438	52,928
Gain from lease modification	6(8)(21)	( 61 )	( 88 )
Expected credit losses	6(23)and12(2)	63,015	6,683
(Gain) loss on valuation of financial assets at fair value through profit or loss	6(21)	( 10,356 )	12,338
Share of profit (loss) of subsidiaries and associates accounted for using the equity method	6(6)	( 1,315,525 )	162,253
Gain on disposal of property, plant and equipment	6(21)	( 8,651 )	-
Interest income	6(19)	( 57,045 )	( 36,858 )
Interest expense	6(22)	2,290	2,168
Share-based payments	6(14)	-	28,234
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		869,331	( 598,332 )
Notes receivable		( 60 )	172
Accounts receivable		( 2,130,271 )	( 5,858,094 )
Other receivables		241,326	( 317,564 )
Inventories		4,005,493	( 8,837,684 )
Prepayments		200,225	66,930
Other current assets		12,195	( 269,169 )
Net changes in liabilities relating to operating activities			
Contract liabilities		( 10,091 )	( 2,796,216 )
Notes payable		( 7,525 )	18,709
Accounts payable		( 763,386 )	6,936,879
Other payables		( 2,984,721 )	4,185,735
Provisions for liabilities		93,072	( 51,261 )
Other current liabilities		( 44,170 )	55,841
Other non-current liabilities		( 50,611 )	2,433
Cash generated from operations		6,526,626	8,944,358
Interest received		56,867	38,183
Dividends received		183,482	158
Interest paid		( 2,290 )	( 2,168 )
Income tax paid		( 2,288,072 )	( 1,211,335 )
Net cash generated from operating activities		<u>4,476,613</u>	<u>7,769,196</u>

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		\$ -	(\$ 27,181 )
Proceeds from disposal of financial assets at amortised cost		608,694	-
Acquisition of investments accounted for using equity method	6(6) and 7	( 1,000 )	( 740,000 )
Proceeds from disposal of investments accounted for using equity method	6(6)	80,000	200,000
Acquisition of property, plant and equipment	6(27)	( 384,671 )	( 530,325 )
Proceeds from disposal of property, plant and equipment		14,631	-
Acquisition of intangible assets		( 185,296 )	( 56,378 )
Decrease in guarantee deposit paid		2,429	836
(Increase) decrease in other non-current assets		( 20,417 )	90,679
Net cash flows from (used in) investing activities		<u>114,370</u>	<u>( 1,062,369 )</u>
<u>Cash flows from financing activities</u>			
Repayments of long-term borrowings	6(28)	( 200,000 )	-
Increase (decrease) in deposits received	6(28)	89,059	( 43,790 )
Repayments of principal portion of lease liabilities	6(28)	( 51,188 )	( 50,757 )
Cash dividends paid	6(17)	( 7,619,807 )	( 2,542,756 )
Cash dividends from capital surplus	6(17)	-	( 635,688 )
Purchase of treasury shares		-	( 280,919 )
Treasury shares sold to employees		66,016	214,903
Past due expired unpaid dividends for shareholders		535	-
Net cash used in financing activities		<u>( 7,715,385 )</u>	<u>( 3,339,007 )</u>
Net (decrease) increase in cash and cash equivalents		( 3,124,402 )	3,367,820
Cash and cash equivalents at beginning of year		<u>14,145,435</u>	<u>10,777,615</u>
Cash and cash equivalents at end of year		<u>\$ 11,021,033</u>	<u>\$ 14,145,435</u>

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  
DECEMBER 31, 2022 AND 2021

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

1. HISTORY AND ORGANISATION

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. 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 13, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts— cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by the FSC 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

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) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs 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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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 1, 'Classification of liabilities as current or noncurrent'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	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.

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. However, if the maturity date is longer than three months, it shall be classified as financial assets at amortized cost and based on its maturity date to determine current or non-current assets.

(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 applicable variable selling expenses.

(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. 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. Unrealised 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 realisable 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	2~10 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) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) 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.

(21) Derecognition of financial liabilities

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

(22) Provisions

Provisions are recognised 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 recognised as interest expense. Provisions are not recognised 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. 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 approved 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. 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 the 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 indirect tax, volume discounts, sales returns and allowances. Accumulated experience is used to estimate and provide for the volume discounts and sales allowances, 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. The sales usually are made 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.

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 industrial experience. Management's judgement on determining such net realizable value involves material judgement.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 2,347	\$ 2,500
Checking accounts and demand deposits	8,385,505	7,243,435
Time deposits	<u>2,633,181</u>	<u>6,899,500</u>
	<u>\$ 11,021,033</u>	<u>\$ 14,145,435</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 with more than three months maturity to "Financial assets at amortized cost", please refer to Notes 6(3) 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, 2022</u>	<u>December 31, 2021</u>
Beneficiary certificates	\$ 278,664	\$ 1,130,429
Government bonds	<u>16,298</u>	<u>16,298</u>
	294,962	1,146,727
Valuation adjustment	( 22,179)	( 14,969)
	<u>\$ 272,783</u>	<u>\$ 1,131,758</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>2022</u>	<u>2021</u>
Beneficiary certificates	\$ 11,181	(\$ 9,765)
Debt instruments	<u>913</u>	<u>(486)</u>
	<u>\$ 12,094</u>	<u>(\$ 10,251)</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) Financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current items:</u>		
Time deposits with more than three months maturity	<u>\$ -</u>	<u>\$ 619,516</u>
<u>Non-current items:</u>		
Pledged bank deposits	<u>\$ 161,900</u>	<u>\$ 151,078</u>

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

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 2,726</u>	<u>\$ 3,231</u>

B. As at December 31, 2022 and 2021, 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 \$161,900 and \$770,594, 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.

(4) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ <u>2,785</u>	\$ <u>2,725</u>
Accounts receivable	\$ 6,077,974	\$ 6,234,322
Less: Allowance for uncollectible accounts	( <u>96,475</u> )	( <u>33,947</u> )
	<u>\$ 5,981,499</u>	<u>\$ 6,200,375</u>

A. No notes receivable of the Company was overdue, and the ageing analysis of accounts receivable was based on past due date. Please refer to Note 12(2) for further information.

B. As at December 31, 2022 and 2021, and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$6,080,759, \$6,237,047, and \$4,423,552, respectively.

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

D. As at December 31, 2022 and 2021, 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 \$2,785 and \$2,725; \$5,981,499 and \$6,200,375, respectively.

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

(5) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
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	<u>6,695,126</u>	<u>( 519,551)</u>	<u>6,175,575</u>
	<u>\$ 17,000,193</u>	<u>(\$ 1,060,807)</u>	<u>\$ 15,939,386</u>

  

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials and supplies	\$ 11,634,585	(\$ 167,810)	\$ 11,466,775
Work in progress	2,099,320	( 759)	2,098,561
Finished goods and merchandise inventories	<u>6,515,334</u>	<u>( 135,791)</u>	<u>6,379,543</u>
	<u>\$ 20,249,239</u>	<u>(\$ 304,360)</u>	<u>\$ 19,944,879</u>

The cost of inventories recognized as expense for the period:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 87,163,751	\$ 93,457,111
Warranty cost of after-sale service	1,090,803	917,021
Valuation losses	<u>756,447</u>	<u>93,686</u>
	<u>\$ 89,011,001</u>	<u>\$ 94,467,818</u>

(6) Investments accounted for using the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Subsidiaries</u>		
Freedom International Group Ltd.	\$ 7,082,011	\$ 6,160,727
Giga Investment Co.	3,554,493	4,535,930
G.B.T. Technology Trading GmbH	383,948	368,461
BYTE International Co., Ltd.	421,072	398,503
G-Style Co., Ltd.	( 21,576)	1,513
GIGAIPC CO., LTD.	229,170	226,919
Giga-Byte Technology B.V.	154,139	111,488
G.B.T. Inc.	157,733	( 268,836)
Giga-Byte Communication Inc.	21,450	21,955
Giga Computing Technology Co., Ltd.	700	-
G.B.T. Technology LLC others	159,767	133,801
<u>Joint ventures:</u>		
MyelinTek Inc.	<u>57,948</u>	<u>62,998</u>
	12,200,855	11,753,459
Add : Reclassified to other liabilities, others (shown as other non-current liabilities)	<u>21,576</u>	<u>268,836</u>
	<u>\$ 12,222,431</u>	<u>\$ 12,022,295</u>

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for more information on the Company's subsidiary.

B. For the years ended December 31, 2022 and 2021, shares of profit from subsidiaries accounted for using equity method were \$1,315,525 and (\$162,253) respectively, based on the audited financial statements.

- C. The Company established Giga Computing Technology Co., Ltd. in the amount of \$1,000 on March 9, 2022.
- D. GIGAIPC CO., LTD. decreased its capital on November 30, 2022 and returned capital amounting to \$80,000 to the Company.
- E. The Company participated in the capital increase raised by Giga Investment Co. with \$290,000 and \$450,000 on March 24, 2021 and August 9, 2021, respectively. The share interest remains 100% after the capital increase.
- F. G-Style Co., Ltd. decreased its capital on November 25, 2021 and returned capital amounting to \$200,000 to the Company.
- G. The Company had no significant joint venture. The Company's share of operating results of individual insignificant joint venture are as follows:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Total comprehensive loss	(\$ 5,050)	(\$ 4,388)

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(7) Property, plant and equipment

	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>
Opening net book amount as 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)
Closing net book amount as 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>

	2021								
	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	\$ 926,088	\$ 108,924	\$ 1,035,012	\$ 1,559,383	\$ 62,137	\$ 1,621,520	\$ 965,839	\$ 885,834	\$ 4,508,205
Accumulated depreciation	-	-	-	( 661,267)	( 11,930)	( 673,197)	( 648,529)	( 755,032)	( 2,076,758)
	<u>\$ 926,088</u>	<u>\$ 108,924</u>	<u>\$ 1,035,012</u>	<u>\$ 898,116</u>	<u>\$ 50,207</u>	<u>\$ 948,323</u>	<u>\$ 317,310</u>	<u>\$ 130,802</u>	<u>\$ 2,431,447</u>
Opening net book amount as at January 1	\$ 926,088	\$ 108,924	\$ 1,035,012	\$ 896,116	\$ 50,207	\$ 948,323	\$ 317,310	\$ 130,802	\$ 2,431,447
Additions	131,333	64,691	196,024	46,298	14,881	61,179	37,611	227,386	522,200
Reclassifications	( 2,999)	2,999	-	( 40,417)	40,417	-	100	8,094	8,194
Depreciation charge	-	-	-	( 25,065)	( 19,689)	( 44,754)	( 87,715)	( 143,452)	( 275,921)
Closing net book amount as at December 31	<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>
<u>At December 31</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>

- 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 capitalisation for the years ended December 31, 2022 and 2021.
- C. The Company has no property, plant and equipment pledged to others.

(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, etc.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 6,429	\$ 32,841
Transportation equipment	<u>29,467</u>	<u>47,072</u>
	<u>\$ 35,896</u>	<u>\$ 79,913</u>
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 22,396	\$ 21,347
Transportation equipment	<u>28,062</u>	<u>28,280</u>
	<u>\$ 50,998</u>	<u>\$ 49,627</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$14,973 and \$60,320, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,070	\$ 1,550
Expense on short-term lease contracts	65,063	51,001
Expense on leases of low-value assets	4,673	3,671
Gain on lease modification	61	88

- F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$121,944 and \$106,979, 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, 2022 and 2021, the Company recognized rent income in the amount of \$14,387 and \$17,148, 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, 2022</u>	<u>December 31, 2021</u>
2022	\$ -	\$ 10,612
2023	8,666	3,202
2024	966	207
2025	572	171
2026	<u>86</u>	<u>86</u>
	<u>\$ 10,290</u>	<u>\$ 14,278</u>

(10) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wages, salaries and bonus payable	\$ 4,071,633	\$ 6,196,956
Employees' compensation and remuneration for directors and supervisors	940,836	1,813,289
Marketing payable	399,198	242,046
Shipping and freight-in payable	364,659	636,934
Royalties payable	76,258	77,264
Others	<u>339,092</u>	<u>205,825</u>
	<u>\$ 6,191,706</u>	<u>\$ 9,172,314</u>

(11) Provisions

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

	<u>2022</u>	<u>2021</u>
At January 1	\$ 725,193	\$ 776,454
Additional provisions	1,090,803	917,021
Reversal of unused provisions	( 729,628)	( 880,414)
Used during the period	<u>( 268,103)</u>	<u>( 87,868)</u>
At December 31	<u>\$ 818,265</u>	<u>\$ 725,193</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) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Unsecured borrowings	Borrowing period is from February 13, 2020 to February 13, 2025; principal is repayable monthly from February 15, 2023 in installments.	0.30%	None	\$ 115,000
Borrowing for purchasing materials	Borrowing period is from February 13, 2020 to February 13, 2025; principal is repayable monthly from February 15, 2023 in installments.	0.30%	None	<u>85,000</u>
				<u>\$ 200,000</u>

The Company's unsecured and material purchase borrowings that matured on February 15, 2023 had been paid off in advance on October 27, 2022.

(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 next year, the Company will make contributions to cover the deficit by next March.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 588,601)	(\$ 812,095)
Fair value of plan assets	<u>126,508</u>	<u>217,051</u>
Net defined benefit liability	<u>(\$ 462,093)</u>	<u>(\$ 595,044)</u>

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

	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	<u>142,495</u>	<u>( 117,002)</u>	<u>25,493</u>
	<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	<u>16,991</u>	<u>-</u>	<u>16,991</u>
	<u>69,945</u>	<u>17,395</u>	<u>82,340</u>
Pension fund contribution	-	25,048	25,048
Paid pension	<u>17,429</u>	<u>( 17,429)</u>	<u>-</u>
At December 31	<u>(\$ 588,601)</u>	<u>\$ 126,508</u>	<u>(\$ 462,093)</u>
	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 835,719)	\$ 229,574	(\$ 606,145)
Current service cost	( 4,183)	-	( 4,183)
Interest (expense) income	( 2,900)	804	( 2,096)
Interest (expense) income	<u>109</u>	<u>-</u>	<u>109</u>
	<u>( 842,693)</u>	<u>230,378</u>	<u>( 612,315)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,270	3,270
Change in demographic assumptions	( 5,502)	-	( 5,502)
Change in financial assumptions	32,219	-	32,219
Experience adjustments	<u>( 16,453)</u>	<u>-</u>	<u>( 16,453)</u>
	<u>10,264</u>	<u>3,270</u>	<u>13,534</u>
Pension fund contribution	-	3,737	3,737
Paid pension	<u>20,334</u>	<u>( 20,334)</u>	<u>-</u>
At December 31	<u>(\$ 812,095)</u>	<u>\$ 217,051</u>	<u>(\$ 595,044)</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, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.35%</u>	<u>0.70%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

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:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ <u>14,400</u> )	\$ <u>14,953</u>	\$ <u>14,673</u>	(\$ <u>14,207</u> )
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ <u>22,337</u> )	\$ <u>23,253</u>	\$ <u>22,667</u>	(\$ <u>21,900</u> )

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, 2023 amount to \$10,405.

(f) As of December 31, 2022, the weighted average duration of that retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	23,533
1-2 year(s)		23,429
2-5 years		106,486
Over 5 years		<u>515,553</u>
	<u>\$</u>	<u>669,001</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 contributes 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, 2022 and 2021 were \$112,048 and \$92,091, respectively.

(14) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Group’s share-based payment arrangements were 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
Treasury stock transferred to employees	2021.11.18	2,295,000 shares	2021.11.25-2021.12.3	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. The fair value of stock options granted on November 18, 2021 (grant date) is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Price volatility</u>	<u>Option life</u>	<u>Dividends</u>	<u>Interest rate</u>	<u>Fair value per unit</u>
Treasury stock transferred to employees	2021.11.18	\$105.59	\$ 93.64	43.83%	0.04 years	-	0.34%	\$ 12.3026

Note: Expected price volatility rate was estimated based on the daily historical volatility record of the Company during the latest three months prior to grant date.

C. The fees incurred for share-based payment transactions are as follows:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Equity delivery	\$ -	\$ 28,234

(15) Share capital

A. As of December 31, 2022, 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>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	634,983,886	635,688,886
Retired stock	-	( 3,000,000)
Treasury stock transferred to employees	<u>705,000</u>	<u>2,295,000</u>
Balance at December 31	<u><u>635,688,886</u></u>	<u><u>634,983,886</u></u>

B. Treasury shares

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

Name of company holding the shares	Reason for reacquisition	<u>December 31, 2021</u>	
		<u>Number of shares</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	705,000	\$ 66,016

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(16) Capital surplus

- A. 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.
- B. The shareholders at their meeting on July 2, 2021 resolved to distribute dividends by capital surplus. Please refer to Note 6(17).

(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 Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The appropriation of earnings for 2021 and 2020 had been resolved by stockholders on June 14, 2022 and July 2, 2022 and June 12, 2021. Details are summarized below:

	Years ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,334,879		\$ 435,427	
Cash dividends	7,619,807	\$ 12.00	3,178,444	\$ 5.00

Note: Cash dividends for 2020 had included allocating dividends, total amount of \$635,688, through capital reserves of \$1/per share.

E. As of the reporting date of the parent company only financial statements, the appropriation of retained earnings for 2022 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, 2022	December 31, 2021
Revenue from contracts with customers	\$ <u>100,712,224</u>	\$ <u>121,741,896</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines and segments:

<u>Product Types</u>	Year ended December 31, 2022		
	<u>Global brand business group</u>	<u>Other business group</u>	<u>Total</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>\$ 81,311,178</u>	<u>\$ 19,401,046</u>	<u>\$ 100,712,896</u>

<u>Product Types</u>	Year ended December 31, 2021		
	<u>Global brand business group</u>	<u>Other business group</u>	<u>Total</u>
Computer parts	\$ 88,146,083	\$ -	\$ 88,146,083
Networking communication products	-	20,131,424	20,131,424
Others	13,315,256	149,133	13,464,389
	<u>\$ 101,461,339</u>	<u>\$ 20,280,557</u>	<u>\$ 121,741,896</u>

B. Contract liabilities

The Company has recognized unearned receipts as revenue-related contract liabilities amounting to \$1,040,938, \$1,051,029 and \$3,847,245 as of December 31, 2022 and 2021 and January 1, 2021, respectively.

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>2022</u>	<u>2021</u>
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Unearned receipts	<u>\$ 1,051,029</u>	<u>\$ 3,847,245</u>

(19) Interest income

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 48,684	\$ 29,153
Interest income from financial assets measured at amortized cost	2,726	3,231
Interest income from financial assets at fair value through profit or loss	1,738	2,087
Other interest income	<u>3,897</u>	<u>2,387</u>
	<u>\$ 57,045</u>	<u>\$ 36,858</u>

(20) Other income

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rent income	\$ 14,387	\$ 17,148
Other income, others	<u>887,234</u>	<u>1,027,541</u>
	<u>\$ 901,621</u>	<u>\$ 1,044,689</u>

(21) Other gains and losses

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Foreign exchange gains	\$ 1,488,382	\$ 244,533
Gains (losses) on financial assets at fair value through profit or loss	10,356	( 12,338)
Gains on disposal of property, plant and equipment	8,651	-
Gains arising from lease modification	61	88
Other losses	<u>( 1,723)</u>	<u>-</u>
	<u>\$ 1,505,727</u>	<u>\$ 232,283</u>

(22) Finance costs

	Year ended December 31	
	2022	2021
Interest expense		
Interest from borrowings	\$ 1,206	\$ 600
Interest from lease liabilities	1,070	1,550
Financial expense, others	14	18
	<u>\$ 2,290</u>	<u>\$ 2,168</u>

(23) Expenses by nature

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 86,278,247	\$ 92,535,009
Employee benefit expense	2,632,250	8,522,183
Export expense	1,402,593	1,654,309
Warranty cost of after-sale service	1,090,803	917,021
Marketing service charge	833,187	470,350
Loss on decline in market value	756,447	93,686
Depreciation and amortisation	414,625	378,476
Transportation expenses	399,525	414,546
Expected credit losses	63,015	6,683
Other costs and expenses	2,611,633	2,046,269
	<u>\$ 96,482,325</u>	<u>\$ 107,038,532</u>

(24) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 2,091,375	\$ 8,001,940
Labor and health insurance fees	271,292	232,796
Pension costs	86,485	98,261
Directors' remuneration	51,752	52,602
Other personnel expenses	131,346	136,584
	<u>\$ 2,632,250</u>	<u>\$ 8,522,183</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, 2022 and 2021, employees' compensation was accrued at \$894,836 and \$1,766,530, 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 0.51% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$894,836 and \$46,000, and the employees' compensation will be distributed in the form of cash. Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2021 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:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profits for the period	\$ 1,338,449	\$ 2,904,928
Tax on undistributed surplus earnings	195,193	59,786
Prior year income tax overestimation	( 95,119)	( 84,896)
Total current tax	<u>1,438,523</u>	<u>2,879,818</u>
Deferred tax:		
Origination and reversal of temporary differences	( 30,483)	( 365,005)
Income tax expense	<u>\$ 1,469,006</u>	<u>\$ 2,514,813</u>

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Remeasurement of defined benefit obligations	<u>\$ 16,468</u>	<u>\$ 2,707</u>

B. Reconciliation between income tax expense and accounting profit:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 1,601,505	\$ 3,170,555
Expenses disallowed by tax regulation	( 22,378)	( 250,822)
Effect from investment tax credits	( 149,720)	( 146,852)
Changes in assessment of realisation of deferred tax assets	( 60,475)	( 232,958)
Prior year income tax overestimation	( 95,119)	( 84,896)
Tax on undistributed surplus earnings	<u>195,193</u>	<u>59,786</u>
Income tax expense	<u>\$ 1,469,006</u>	<u>\$ 2,514,813</u>

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

	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	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	<u>55,612</u>	<u>4,762</u>	<u>-</u>	<u>60,374</u>
	<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)
	<u>\$ 847,135</u>	<u>( 30,483)</u>	<u>(\$ 16,468)</u>	<u>\$ 806,184</u>
	Year ended December 31, 2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets</u>				
Provision for warranty expense	\$ 155,291	(\$ 10,252)	\$ -	\$ 145,039
Loss on inventory	42,135	18,737	-	60,872
Pension expense	48,529	2,701	-	51,230
Unrealized profit on intercompany sales	187,781	295,767	-	483,548
Unrealized exchange loss	-	21,350	-	21,350
Remeasurement of defined benefit obligations	32,191	-	( 2,707)	29,484
Others	<u>54,868</u>	<u>744</u>	<u>-</u>	<u>55,612</u>
	<u>520,795</u>	<u>329,047</u>	<u>( 2,707)</u>	<u>847,135</u>
<u>Deferred tax liabilities</u>				
Unrealized exchange profit	( 35,958)	35,958	-	-
	<u>\$ 484,837</u>	<u>\$ 365,005</u>	<u>(\$ 2,707)</u>	<u>\$ 847,135</u>

D. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary difference unrecognized as deferred tax liabilities were \$745,523 and \$651,864, respectively.

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<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			
— Employees' compensation	<u>-</u>	<u>10,848</u>	
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>

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 13,337,960	634,755	\$ <u>21.01</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
— Employees' compensation	<u>-</u>	<u>12,624</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 13,337,960</u>	<u>647,379</u>	<u>\$ 20.60</u>

(27) Supplemental cash flow information

Investing activities with partial cash payments

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Purchase of property, plant and equipment	\$ 388,784	\$ 522,200
Add: Opening balance of payable on equipment	2,208	10,333
Less: Ending balance of payable on equipment	<u>(6,321)</u>	<u>(2,208)</u>
Cash paid during the year	<u>\$ 384,671</u>	<u>\$ 530,325</u>

(28) Changes in liabilities from financing activities

	2022			
	<u>Long-term borrowings</u>	<u>Lease liability</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 200,000	\$ 80,572	\$ 1,907	\$ 282,479
Changes in cash flow from financing activities	( 200,000 )	( 51,188 )	89,059	( 162,129 )
Payment of interest expense on lease liabilities(Note)	-	( 1,070 )	-	( 1,070 )
Changes in other non-cash items	-	7,990	-	7,900
At December 31	<u>\$ -</u>	<u>\$ 36,304</u>	<u>\$ 90,966</u>	<u>\$ 127,270</u>
	2021			
	<u>Long-term borrowings</u>	<u>Lease liability</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 200,000	\$ 74,436	\$ 45,697	\$ 320,133
Changes in cash flow from financing activities	-	( 50,757 )	( 43,790 )	( 3,272,991 )
Payment of interest expense on lease liabilities(Note)	-	( 1,550 )	-	( 1,550 )
Changes in other non-cash items	-	58,443	-	3,236,887
At December 31	<u>\$ 200,000</u>	<u>\$ 80,572</u>	<u>\$ 1,907</u>	<u>\$ 282,479</u>

Note: Listed under cash flows from operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Gigabyte Technology Pty. Ltd. (G.B.T.-AU)	The Company's subsidiary
Giga-Byte Technology B.V. (G.B.T.-NL)	"
Giga-Byte Technology (India) Private Limited (G.B.T.-India)	"
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)	"
G-Style Co., Ltd. (G-Style)	"
Giga-Byte Communications Inc.	"
BYTE International Co., Ltd. (BYTE International)	"
G.B.T., Inc. (G.B.T.-USA)	"

Names of related parties	Relationship with the Company
GIGAIPC CO., LTD. (GIGAIPC)	"
G.B.T. LBN Inc. (G.B.T.-LBN)	The Company's indirect subsidiary
Selita Precision Co., Ltd. (Selita Precision)	"
Ningbo Giga-Byte International Trade Co., Ltd. (Ningbo Giga-Byte International Trade)	"
Ningbo BestYield Tech. Services Co., Ltd. (Ningbo BestYield)	"
Ningbo Zhongjia Technology Co. Ltd. (Ningbo Zhongjia)	"
Ningbo Gigabyte Technology Co., Ltd. (Ningbo Gigabyte)	"
Dongguan Gigabyte Electronics Co., Ltd. (Dongguan Gigabyte)	"
Cloudmatrix Co., Ltd.	"

(2) Significant related party transactions

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Sales of goods:		
G.B.T.-USA	\$ 20,516,808	\$ 23,903,620
Ningbo Zhongjia	15,858,612	21,427,573
Subsidiaries	5,814,920	7,052,153
Indirect subsidiaries	<u>113,433</u>	<u>101,171</u>
	<u>\$ 42,303,773</u>	<u>\$ 52,484,517</u>

The sales prices to related parties were based on the agreed contracts. Credit terms to related parties were within 30~120 days after receipt of goods or 60 days for monthly billings. Credit terms to third parties were up to 120 days after receipt of goods purchases.

B. Purchases

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Purchases of goods:		
Dongguan Gigabyte	\$ 684,125	\$ 823,486
Ningbo Gigabyte	660,982	610,242
Subsidiaries	41,471	14,604
Indirect subsidiary	<u>19</u>	<u>-</u>
	<u>\$ 1,386,597</u>	<u>\$ 1,448,332</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 60 days after receipt of goods that would be available to third parties. The payment term for third parties is 30 days after receipt of goods or 60~90 days for monthly billings.

C. Warranty expense

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Ningbo BestYield	\$ 370,956	\$ 367,922
G.B.T.-USA	318,289	91,355
G.B.T.-NL	69,076	59,303
Subsidiaries	84,812	59,298
Indirect subsidiaries	<u>6,084</u>	<u>9,514</u>
	<u>\$ 849,217</u>	<u>\$ 587,392</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”)

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
G.B.T.-AU	\$ 225,547	\$ 108,025
G.B.T.-NL	149,776	162,538
G.B.T.-Japan	35,770	38,190
Subsidiaries	<u>90,696</u>	<u>68,223</u>
	<u>\$ 501,789</u>	<u>\$ 376,976</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”)

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
G.B.T.-NL	\$ 159,196	\$ 183,814
Indirect subsidiaries	<u>8,181</u>	<u>7,064</u>
	<u>\$ 167,377</u>	<u>\$ 190,878</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. Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
G.B.T.-USA	\$ 6,767,025	\$ 7,969,037
Ningbo Zhongjia	4,776,824	3,222,328
Subsidiaries	1,616,604	1,104,844
Indirect subsidiaries	<u>2,007,863</u>	<u>585,975</u>
	<u>\$ 15,168,316</u>	<u>\$ 12,882,184</u>

G. Other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
BYTE International Co., Ltd. (BYTE International)	\$ 7,023	\$ 1,167
G-Style Co., Ltd.	1,375	201,965
Subsidiaries	280	544
Indirect subsidiaries	<u>82</u>	<u>249</u>
	<u>\$ 8,760</u>	<u>\$ 203,925</u>

H. Accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Ningbo Gigabyte	\$ 2,963,771	\$ 1,873,743
Dongguan Gigabyte	2,357,807	2,430,588
Subsidiaries	16,505	5,506
Indirect subsidiaries	<u>523</u>	<u>-</u>
	<u>\$ 5,338,606</u>	<u>\$ 4,309,837</u>

I. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
G.B.T.-USA	\$ 75,886	\$ 16,134
G.B.T. -NL	61,227	60,224
Ningbo BestYield	54,883	36,854
G.B.T. -AU	30,826	19,109
Subsidiaries	19,890	19,213
Indirect subsidiaries	<u>-</u>	<u>5,895</u>
	<u>\$ 242,712</u>	<u>\$ 157,429</u>

J. Property transactions - Acquisition of investments accounted for using equity method

	<u>No. of shares</u>	<u>Objects</u>	<u>Years ended December 31</u>	
			<u>2022</u>	<u>2021</u>
			<u>Consideration</u>	<u>Consideration</u>
Giga Investment	74,000,000	Stock	\$ <u>                    -</u>	\$ <u>          730,481</u>

(3) Key management compensation

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 639,772	\$ 1,203,980
Post-retirement benefits	<u>1,444</u>	<u>1,490</u>
Total	\$ <u>641,216</u>	\$ <u>1,205,470</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Pledged assets - non-current (accounted for as "Financial assets at amortized cost - non-current")			
- Demand deposits	\$ 100,520	\$ 89,828	Repatriated offshore funds
- Time deposits	<u>61,380</u>	<u>61,250</u>	Guarantee for the customs duties
	\$ <u>161,900</u>	\$ <u>151,078</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In order to improve the Group's competitiveness and operational performance, the Company set the effective date on January 1, 2023 and divested the operations related to the networking communication business group to the Company's wholly-owned investee, Giga C.T., through surviving spin-off method. Giga C.T. shall issue 83,360 thousand shares (at \$10 (in dollars) per share) to the Company as consideration.

## 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, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 272,783	\$ 1,131,758
Financial assets at amortized cost		
Cash and cash equivalents	11,021,033	14,145,435
Financial assets at amortized cost	161,900	770,594
Notes receivable	2,785	2,725
Accounts receivable (including related parties)	21,149,815	19,082,559
Other receivables	148,216	389,364
Other financial assets	257,500	257,500
Guarantee deposits paid	27,107	29,536
	<u>\$ 33,041,139</u>	<u>\$ 35,809,471</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Notes payable	\$ 11,441	\$ 18,966
Accounts payable (including related parties)	18,995,462	19,758,848
Other payables	6,191,706	9,172,314
Long-term borrowings	-	200,000
Guarantee deposits received	90,966	1,907
Lease liabilities	36,304	80,572
	<u>\$ 25,325,879</u>	<u>\$ 29,232,607</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.
- 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:

	<u>December 31, 2022</u>		
	<u>Foreign currency amount (In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(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

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 825,435	27.690	\$ 22,856,295
RMB:NTD	250,588	4.347	1,089,306
<u>Non-monetary items</u>			
USD:NTD	\$ 13,294	27.690	\$ 368,111
<u>Investments accounted for using equity method</u>			
USD:NTD	\$ 216,807	27,690	\$ 6,003,379
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 605,565	27.690	\$ 16,768,095
RMB:NTD	582,198	4.347	2,530,815

- 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, 2022 and 2021 amounted to \$1,488,382 and \$244,533, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	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	-

	Year ended December 31, 2021		
	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%	\$ 228,563	\$ -
RMB:NTD	1%	10,893	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 167,681	\$ -
RMB:NTD	1%	25,308	-

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, 2022 and 2021 would have increased/decreased by \$2,576 and \$11,169, 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 bond funds and fixed interest rate bond invested by the Company was held mainly for trading purposes, and the cash flow of which are affected by the market interest rate.
- ii. For fixed interest rate bond investments held by the Company classified as financial assets mandatorily measured at fair value through profit or loss, changing in market interest rates would affect their fair values. As at December 31, 2022 and 2021, if market interest rates had increased/decreased by 1 % with all other variables held constant, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$152 and \$149, respectively.
- iii. As December 31, 2022 and 2021, if the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, pre-tax profit for the year ended December 31, 2022 and 2021 would have increased/decreased 0 and \$200, respectively. The main factor is that floating-rate borrowings result in the change of interest expense.

(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, the credit risk is relatively low.
- iii. The corporate bonds and financial bonds invested by the Company have been evaluated to have a good credit rating, and it is expected that the counterparty will not default, so the credit risk is extremely low. 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 not expected to be recovered.
- 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 collaterals. The Company applies the modified approach using provision matrix 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; and
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

- ix. The Company used the forecast ability of macroeconomic growth by the International Monetary Fund to adjust historical and timely information to assess the default possibility of accounts receivable. As at December 31, 2022 and 2021, 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, 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
	<u>61 to 90 days past due</u>	<u>Over 90 days</u>	<u>Total</u>
Expected loss rate	64.45%	100%	
Total book value	\$ 21,339	\$ 37,650	\$ 6,077,974
Loss allowance	\$ 12,880	\$ 37,650	\$ 96,475
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31 to 60 days past due</u>
<u>December 31, 2021</u>			
Expected loss rate	1.87%	2.60%	13.43%
Total book value	\$ 5,303,812	\$ 871,873	\$ 29,982
Loss allowance	\$ 21,634	\$ 6,743	\$ 2,498
	<u>61 to 90 days past due</u>	<u>Over 90 days</u>	<u>Total</u>
Expected loss rate	49.07%	100%	
Total book value	\$ 3,034	\$ 25,621	\$ 6,234,322
Loss allowance	\$ 441	\$ 2,631	\$ 33,947

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

	<u>2022</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
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

	2021		
	Notes receivable	Accounts receivable	Total
At January 1	\$ -	\$ 32,896	\$ 32,896
Provision for impairment	-	6,683	6,683
Write-offs	-	( 5,632)	( 5,632)
At December 31	<u>\$ -</u>	<u>\$ 33,947</u>	<u>\$ 33,947</u>

Considering the credit insurance on accounts receivable, the above mentioning amounts were not recognized as allowance for uncollectible accounts amounting to \$108,262 and \$82,791 at December 31, 2022 and 2021, respectively.

For provisioned loss in 2022 and 2021, the impairment losses arising from customers' contracts amounted to \$63,015 and \$6,683, 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 interest bearing 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, other payables and guarantee deposits received, are equal to its book value and matured within one year. The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities as follows:

	December 31, 2022			
	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Lease liability	\$ 25,708	\$ 9,312	\$ 1,656	\$ 36,676
	December 31, 2021			
	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Lease liability	\$ 49,576	\$ 23,780	\$ 8,641	\$ 81,997
Long-term borrowings	607	92,273	108,968	201,848

- 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. 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, guarantee deposits paid, notes payable, accounts payable (including related parties), other payables, long-term borrowings, guarantee deposits received and lease liabilities) are approximate to their fair values.

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, 2022 and 2021 is as follows:

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

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 257,559	\$ -	\$ -	\$ 257,559
Debt instrument	<u>15,224</u>	<u>-</u>	<u>-</u>	<u>15,224</u>
	<u>\$ 272,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,783</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 1,116,854	\$ -	\$ -	\$ 1,116,854
Debt instrument	<u>14,904</u>	<u>-</u>	<u>-</u>	<u>14,904</u>
	<u>\$ 1,131,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,131,758</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 and corporate bonds</u>
Market quoted price	Closing price	Net asset value	Weighted average quoted 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 securitised 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, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- 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: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.
- 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 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 10.

### 14. OPERATING SEGMENTS

None.

GIGA-BYTE TECHNOLOGY CO., LTD.

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year		Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
					ended December 31, 2022	Balance at December 31, 2022							Item	Value			
0	Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	Other receivables - related parties	Y	\$ 486,574 (USD 17,000)	\$ 184,248 (USD 6,000)	\$ -	-	Short-term financing	\$ -	Turnover of operation	\$ -	None	\$ -	\$ 7,186,695	\$ 10,780,042	

Note 1: The description of the number column is as follows:

(1).Parent company number is 0.

(2).Subsidiaries are numbered in order by company, starting with the numeral 1.

Note 2: (1).For companies or firms that have business dealings with the Company, the amount of individual loans shall not exceed the amount of business dealings between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the two parties.

If a company or firm has a need for short-term financing, it shall specify the reasons for the loan of funds, and the amount of each loan shall not exceed 10% of the Company's most recent audited (reviewed) financial statements.

The amount of loans to individual companies or firms shall be approved by the Board of Directors on an ad hoc basis and shall not exceed 40% of the net worth of the borrower.

(2).If the Company engages in capital lending with a foreign company that directly or indirectly holds 100% of the voting shares, the amount of individual loans shall not exceed the amount of business transactions between the Company and the company or firm from which the capital is lent.

If a company or firm has a need for short-term financing, the amount of individual loans shall not exceed 20% of the net value of the most recent audited (reviewed) financial report of the enterprise from which the funds were loaned.

Note 3: (1).The total amount of funds lent by the Company shall not exceed 30% of the Company's latest audited net financial report, except that the total amount of funds lent by the Company to others for short-term financing between the Company and its subsidiaries shall not exceed 20% of the Company's latest audited net financial report.

(2).The total amount of funds lent by the Company to foreign companies directly or indirectly holding 100% of the voting shares shall not exceed 40% of the latest audited net financial report of the company from which the funds were lent, provided that the total amount of funds lent by the Company to others for the purpose of short-term financing between companies or firms shall not exceed 30% of the latest audited net financial report of the company from which the funds were lent.

Note 4: 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 \$30.708 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)  
Year ended December 31, 2022

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, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Giga-Byte Technology Co., Ltd.	Beneficiary certificates – AB FCP I-AMER INC-A2 USD (LUX LISTING) Income Fund LP	"	"	65,232	\$ 62,764	-	\$ 56,388	
	PIMCO INVESTMENT GRADE CREDIT FUND (IRE LISTING)	"	"	85,388	60,469	-	53,307	
	MSIM GLOBAL FIXED INC OPP-A (LUX LISTING) Income Fund LP	"	"	27,337	31,567	-	29,457	
	PIMCO GLOBE INVESTMENT GRADE CREDIT FUND	"	"	67,249	29,272	-	29,882	
	PIMCO TOTAL RETURN BOND FUND	"	"	32,092	29,272	-	25,879	
	AXA IM FIIS-US CORP BD-F	"	"	6,921	29,272	-	27,673	
	BNPP ISSUANCE B.V. FRN ECLEAR DUE 19APR2023 DTD 19APR2022 CNY REGS	"	"	8,000,000	36,048	-	34,973	
	Government bond – Indonesia Government International Bond 4.125%	"	"	500,000	16,298	-	15,224	
					294,962		<u>\$ 272,783</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		( 22,179)			
					<u>\$ 272,783</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	\$ 55,308	-	<u>\$ 76,262</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		20,954			
					<u>\$ 76,262</u>			
	Emerging stocks - Lianyou Metals Co., Ltd.	"	Financial assets at fair value through profit or loss-current	355,000	\$ 20,000	1.71%	<u>\$ 30,282</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		10,282			
					<u>\$ 30,282</u>			
Unlisted stocks - Castec International Crop. etc.	Unlisted stocks - Castec International Crop. etc.	None	Financial assets at fair value through profit or loss-current	Omitted	\$ 113,213	-	<u>\$ 77,508</u>	
			Valuation adjustment of financial assets at fair value through profit or loss		(\$ 35,705)			
					<u>\$ 77,508</u>			

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Giga Investments Corp.	Unlisted stocks -Taiwan Truewin Technology Co., Ltd. etc.	"	Financial assets at fair value through other comprehensive income— Non current	800,000	\$ 36,324	2.64%	<u>\$ 71,160</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		34,836			
					<u>\$ 71,160</u>			
	Listed stocks - Walsin Technology Corporation etc.	"	Financial assets at fair value through other comprehensive income— Non current	Omitted	\$ 936,387	1.37%~ 9.43%	<u>\$ 1,549,422</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		613,035			
					<u>\$ 1,549,422</u>			
Giga Investment Corp.	Unlisted stocks - Northstar Motors Co., Ltd.	None	Financial assets at fair value through other comprehensive income— Non current	Omitted	\$ 64,798	3.25%~ 13.93%	<u>\$ 60,513</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		(4,285)			
					<u>\$ 60,513</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		(17,907)			
					<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	24,566	6.25%	<u>\$ 24,566</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		-			
					<u>\$ 24,566</u>			
Selita Precision Co., Ltd.	Unlisted stocks - P.R.C.E. Ltd.	None	Financial assets at fair value through other comprehensive income— Non current	122,996	1,184	16.38%	<u>\$ 1,182</u>	
			Valuation adjustment of financial assets at fair value through other comprehensive income		(2)			
					<u>\$ 1,182</u>			

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, 2022

Table 3

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	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	May 1, 2022	\$ 519,709 (USD 17,881)	Paid in full	Wallace Development 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	None

Note 1: Based on exchange rates as of May 31, 2022.

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, 2022

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
							Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	Parent-subsiary	(Sales)	\$ 20,516,808	(20%)	45 days upon receipt of goods	The price was based on the contract price	Normal	\$ 6,767,025	32%	
	G-Style Co., Ltd.	"	"	3,089,787	(3%)	60 days upon receipt of goods	"	"	447,068	2%	
	Giga-Byte Technology B.V.	"	"	1,583,263	(2%)	30 days upon receipt of goods	"	"	896,791	4%	
	Gigaipc Co., Ltd.	"	"	1,141,177	(1%)	60 days after billing	"	"	272,581	1%	
	Ningbo Zhongjia Technology Co., Ltd.	Parent-indirect subsidiary	"	15,858,612	(16%)	90 days upon receipt of goods	"	"	4,776,824	23%	
	Dongguan Gigabyte Electronics Co.,Ltd.	"	Purchases	684,125	1%	60 days upon receipt of goods	"	"	( 2,357,807)	(12%)	
	Ningbo Gigabyte Technology Co., Ltd.	"	"	660,982	1%	30 days upon receipt of goods	"	"	( 2,963,771)	(9%)	
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	(Sales)	2,689,904	(86%)	60 days upon receipt of goods	The price was based on the contract price	Normal	232,641	92%	

GIGA-BYTE TECHNOLOGY CO., LTD.  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	Parent-subsidiary	\$ 6,767,025	2.78	\$ -	-	\$ 2,763,775	\$ -
	G-Style Co., Ltd.	"	447,068	4.48	-	-	228,759	-
	Gigaipc Co., Ltd.	"	272,581	5.66	-	-	213,195	-
	Giga-Byte Technology B.V.	"	896,791	3.38	-	-	896,791	-
	Ningbo Zhongjia Technology Co., Ltd.	Parent-indirect subsidiary	4,776,824	3.97	-	-	4,776,824	-
	Dongguan Gigabyte Electronics Co., Ltd.	"	833,587	4.73	-	-	833,587	-
	Ningbo Gigabyte Technology Co., Ltd.	"	1,156,604	2.87	-	-	1,156,604	-
G-Style Co., Ltd.	G.B.T. Inc.	Sister companies	232,641	7.08	-	-	227,318	-
Ningbo Gigabyte Technology Co., Ltd.	Giga-Byte Technology Co., Ltd.	Parent-indirect subsidiary	RMB 672,739 thousand	4.01	-	-	RMB 672,739 thousand	-
Dongguan Gigabyte Electronics Co., Ltd.	Giga-Byte Technology Co., Ltd.	"	RMB 534,753 thousand	4.55	-	-	RMB 292,112 thousand	-

GIGA-BYTE TECHNOLOGY CO., LTD.  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

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	\$ 1,583,263	Note 6	1%
	"	"	Accounts receivable	896,791	"	1%
	"	"	Service charge	159,196	Note 3	-
	"	"	Marketing service charge	149,776	"	-
	G.B.T., Inc	Parent company to subsidiary	Sales	20,516,808	Note 7	19%
	"	"	Accounts receivable	6,767,025	"	11%
	Gigabyte Technology Pty. Ltd.	"	Marketing service charge	318,289	Note 3	-
	G-Style Co., Ltd.	Parent company to subsidiary	Sales	3,089,787	Note 5	3%
	"	"	Accounts receivable	447,068	"	1%
	Gigaipc Co., Ltd.	Parent company to subsidiary	Sales	1,141,177	Note 2	1%
	"	"	Accounts receivable	272,581	"	-
	Ningbo Zhongjia Technology Co., Ltd.	Parent company to indirect subsidiary	Sales	15,858,612	Note 1	15%
	"	"	Accounts receivable	4,776,824	"	8%
	Ningbo Gigabyte Technology Co., Ltd.	Parent company to indirect subsidiary	Purchases	660,982	Note 6	1%
	"	"	Accounts payable	2,963,771	"	5%
	"	"	Accounts receivable	1,156,604	Note 2	2%
	Dongguan Gigabyte Electronics Co.,Ltd.	Parent company to indirect subsidiary	Purchases	684,125	Note 5	1%
	"	"	Accounts payable	2,357,807	"	4%
	"	"	Accounts receivable	833,587	Note 2	1%
	Ningbo BestYield Tech. Services Co.,Ltd.	Parent company to indirect subsidiary	After-sale service fees	370,956	Note 3	-
	Gigabyte Technology Pty. Ltd.	"	Marketing service charge	225,547	Note 2	-
Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH	Subsidiary to subsidiary	Marketing service charge	138,970	Note 4	-
G-Style Co., Ltd.	G.B.T., Inc	"	Sales	2,689,904	Note 5	3%
	"	"	Accounts receivable	232,641	"	-

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 upon receipt of goods.

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.

## GIGA-BYTE TECHNOLOGY CO., LTD.

## Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	\$ 4,720,532	\$ 4,720,532	146,071,692	100.00	\$ 7,082,011	\$ 432,000	\$ 693,628	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	3,554,493	( 41,849)	( 41,849)	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	( 21,576)	( 53,205)	( 23,089)	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	21,450	( 505)	( 505)	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	421,072	42,224	42,224	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	MyelinTek Inc.	Taiwan	Software service	70,000	70,000	299,999,995	40.00	57,948	( 12,624)	( 5,050)	Investee accounted for using equity method
Giga-Byte Technology Co., Ltd.	GIGAIPC Co., Ltd.	Taiwan	Sales of computer information products	117,838	197,838	12,000,000	100.00	229,170	182,314	181,814	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga Computing Technology Co., Ltd.	Taiwan	Sales of computer information products	1,000	-	100,000	100.00	700	( 300)	( 300)	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	154,139	32,343	31,045	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	27,452	3,751	3,751	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Nippon Giga-Byte Corp.	Japan	Marketing of computer information products	3,495	3,495	1,000	100.00	12,429	1,256	1,256	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	383,948	( 816)	( 816)	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	58,618	3,000	3,000	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	16,837	9,343	9,343	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	5,850	1,238	1,238	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	157,733	294,349	415,115	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	1,461	455	455	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	37,120	4,265	4,265	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
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	\$ 3,111	\$ 224	\$ -	The Company's indirect subsidiary
Freedom International Group Ltd.	Charleston Investments Limited	Cayman Islands	Holding company	1,844,922	1,844,922	57,032,142	100.00	2,657,673	( 17,832)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. LBN Inc.	Malaysia	Sales of computer information products	-	414,766	-	-	-	-	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	458,239	109,459	184,916	77.36	1,098,825	294,349	-	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	3,373,239	54,336	-	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	-	( 34,164)	-	Subsidiary's investee company accounted for under the equity method
Freedom International Group Ltd.	Aorus Pte. Ltd.	Singapore	Marketing of computer information products	60,757	60,757	3,073,000	100.00	12,467	( 2,818)	-	The Company's indirect subsidiary
G.B.T. Inc.	Gigabyte Canada Inc.	Canada	Marketing of computer information products	22	-	1,000	100.00	168	147	-	The Company's indirect subsidiary
Giga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	515,950	399,950	56,890,000	100.00	595,359	( 13,293)	-	The Company's indirect subsidiary
Giga Investments Corp.	Giga-Trend International Management Group Ltd.	Taiwan	Venture capital management and consulting company	-	17,904	-	-	-	6	-	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	306,334	( 102,184)	-	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	35,930	2,035	-	The Company's indirect subsidiary
Giga Investments Corp.	Cloudmatrix Co., Ltd.	Taiwan	E-commerce platform	30,200	-	3,000,000	100.00	20,922	( 9,278)	-	The Company's indirect subsidiary
Giga Investments Corp.	Wellysun Inc.	Taiwan	Electronic parts and components manufacturing	392,000	392,000	11,200,000	24.67	397,440	23,422	-	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	-	1,250,000	25.00	12,438	( 246)	-	Subsidiary's investee company accounted for under the equity method
Giga-Trend International Investment Group Ltd.	Wellysun Inc.	Taiwan	Electronic parts and components manufacturing	51,480	51,480	1,716,000	3.78	60,894	23,422	-	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	46,119	17,833	-	The Company's indirect subsidiary

GIGA-BYTE TECHNOLOGY CO., LTD.  
Information on investments in Mainland China  
Year ended December 31, 2022

Table 8

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, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	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	\$ 179,185	100.00	\$ 179,185	\$ 1,929,396	\$ -	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	( 103,242)	100.00	( 103,242)	722,250	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	181,923	Note 2	165,515	-	-	165,515	29,032	100.00	29,032	246,143	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,853	Note 3	-	-	-	-	( 31,470)	100.00	( 31,470)	441,483	-	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	122,211	100.00	122,211	3,198,046	-	The Company's indirect subsidiary
Shenzhen BestYield Tech. Services Co., Ltd.	Maintenance of computer information products	15,841	Note 3	-	-	-	-	3	100.00	3	14,680	-	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	( 781)	96.41	( 753)	( 2,228)	-	The Company's indirect subsidiary
Zaozhuang Bestyield Resources Recycling Co., Ltd.	Recycling and selling of renewable resources	5,507	Note 3	-	-	-	-	32	100.00	32	8,206	-	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, 2022	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	\$ 21,566,952	
Senyun Precision Optical Co., Ltd.	4,539	9,974	190,650	

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, 2022

Table 9

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, 2022	Others
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate		
Ningbo Zhongjia Technology Co., Ltd.	\$ 15,858,612	16	\$ -	-	\$ 4,776,824	23	\$ -	-	\$ -	\$ -	-	\$ -	-
Ningbo Gigabyte Technology Co., Ltd.	18,399	-	-	-	1,156,604	5	-	-	-	-	-	-	-
"	( 660,982)	( 1)	-	-	( 2,963,771)	( 16)	-	-	-	-	-	-	-
Dongguan Gigabyte Electronics Co.,	8,072	-	-	-	833,587	4	-	-	-	-	-	-	-
"	( 684,125)	( 1)	-	-	( 2,357,807)	( 12)	-	-	-	-	-	-	-
Ningbo BestYield Tech. Services Co.,Ltd.	77,001	-	-	-	15,892	-	-	-	-	-	-	-	- After-sales service costs paid at \$370,956

GIGA-BYTE TECHNOLOGY CO., LTD.  
Major Shareholders Information  
December 31, 2022

Table 10

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, 2022  
(Expressed in thousands of New Taiwan Dollars)

Statement 1

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Cash on hand and revolving funds		\$ 2,347	
Check deposits		500	
Demand deposits			
— NTD		982,176	
— USD	USD 215,311 thousand, conversion rate at 30.708	6,611,779	
— RMB	RMB 145,148 thousand, conversion rate at 4.408	639,811	
— Other foreign currencies		151,239	
Time deposits			
— NTD	Annual interest rate is 1.00%~1.10%	2,600,000	
— USD	Annual interest rate is 4.83%	<u>33,181</u>	
		<u>\$ 11,021,033</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan Dollars)

Statement 2

<u>Customers</u>	<u>Amount</u>	<u>Note</u>
<u>Non-related parties</u>		
BB Company	\$ 493,032	
CC Company	443,585	
FF Company	322,498	
Others	<u>4,818,859</u>	None of the balances of each remaining item is greater than 5% of this account balance.
	6,077,974	
Less: Allowance for bad uncollectible accounts	( <u>96,475</u> )	
	<u>\$ 5,981,499</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan Dollars)

Statement 3

<u>Items</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realisable value</u>	
Raw materials	\$ 9,364,346	\$ 9,070,604	
Work in progress	940,721	934,317	
Finished goods and merchandise	<u>6,695,126</u>	<u>7,483,553</u>	
	17,000,193	<u>\$ 17,488,474</u>	
Less: Allowance for valuation loss on inventories	( <u>1,060,807</u> )		
	<u>\$ 15,939,386</u>		

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**GIGA-BYTE TECHNOLOGY CO., LTD.**  
**CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**  
**YEAR ENDED DECEMBER 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

Statement 4

Investee	Balance at January 1, 2022		Additions (Note 1)		Deductions (Note 2)		Other adjustments (Note 3)	Balance at December 31, 2022			Market value or net equity value		Collateral	Note
	Shares	Amount	Shares	Amount	Share	Amount	Amount	Shares	(%)	Amount	Unit	Total		
G.B.T. Technology Trading GmbH	-	\$ 368,461	-	\$ -	-	(\$ 815)	\$ 16,302	-	100%	\$ 383,948	\$ -	\$ 383,948	None	
G.B.T. Inc.	54,116	( 268,836)	-	415,116	-	-	11,453	54,116	100%	157,733	2,915	157,733	"	
GBT Tech. Co. Ltd	800,000	23,801	-	3,751	-	-	( 100)	800,000	100%	27,452	34	27,452	"	
Giga-Byte Technology B.V.	8,500	111,488	-	31,045	-	-	11,606	8,500	100%	154,139	18,134	154,139	"	
Gigabyte Technology Pty. Ltd.	2,400,000	53,636	-	3,000	-	-	1,982	2,400,000	100%	58,618	24	58,618	"	
Gigabyte Technology (India) Private Limited	4,600,000	7,827	-	9,344	-	-	( 334)	4,600,000	100%	16,837	4	16,837	"	
Freedom International Group Ltd.	146,071,692	6,160,727	-	693,627	-	-	227,657	146,071,692	100%	7,082,011	48	7,082,011	"	
Nippon Giga-Byte Corp.	1,000	11,443	-	1,256	-	-	( 270)	1,000	100%	12,429	12,429	12,429	"	
Gigabyte Technology ESPANA S.L.U.	5,000	4,379	-	1,237	-	-	234	5,000	100%	5,850	1,170	5,850	"	
Gigabyte Information Technology Commerce Limited Company	8,000	1,368	-	454	-	-	( 361)	8,000	100%	1,461	183	1,461	"	
G-Style Co., Ltd.	12,000,000	1,513	-	-	-	( 23,089)	-	12,000,000	100%	( 21,576)	( 2)	( 21,576)	"	
Giga-Byte Communication Inc.	2,145,831	21,955	-	-	-	( 505)	-	2,145,831	99.86%	21,450	10	21,450	"	
BYTE International Co., Ltd.	31,000,000	398,503	-	42,224	-	( 24,409)	4,754	31,000,000	100%	421,072	14	421,072	"	
Giga Investment Corp.	297,756,500	4,535,930	-	-	-	( 101,359)	( 880,078)	297,756,500	100%	3,554,493	12	3,554,493	"	
Gigabyte Technology LLC	168,000	31,347	-	4,265	-	-	1,508	168,000	100%	37,120	221	37,120	"	
GIGAIPC CO., LTD.	20,000,000	226,919	-	181,814	( 8,000,000)	( 179,563)	-	12,000,000	100%	229,170	19	229,170	"	
Giga Computing Technology Co., Ltd.	-	-	100,000	1,000	-	( 300)	-	100,000	100%	700	7	700	"	
Myelin Tek Inc.	299,999,995	62,998	-	-	-	( 5,050)	-	299,999,995	40%	57,948	-	57,948	"	
		11,753,459		1,388,133		( 335,090)	( 605,647)			12,200,855		<u>\$12,200,855</u>		
Add: reversal of other liabilities (named other non-current liabilities in table)		268,836		21,576		( 268,836)	-			21,576				
		<u>\$ 12,022,295</u>		<u>\$ 1,409,709</u>		<u>(\$ 603,926)</u>	<u>(\$ 605,647)</u>			<u>\$ 12,222,431</u>				

Note 1: Current additions include recognition of investment income of \$1,387,133 and additional investment of \$1,000.

Note 2: Current deductions include recognition of investment loss of \$71,608, reduction payments for investments \$80,000 and appropriated retained earnings of \$183,482.

Note 3: Other adjustments include exchange differences on translation of foreign operations amounting to \$274,435, unrealised gain on financial assets at fair value through other comprehensive income of (\$881,281), and recognition of changes in net equity of associates accounted for using equity method of \$1,199.

GIGA-BYTE TECHNOLOGY CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan Dollars)

Statement 5

Items	Balance as of January 1, 2022	Additions	Deductions	Transferred	Balance as of December 31, 2022	Guaranteed or pledged as collateral
<u>Cost</u>						
Land	\$ 1,231,036	\$ -	\$ -	\$ -	\$ 1,231,036	None
Buildings and structures	1,682,699	32,948	( 21,332)	-	1,694,315	"
Machinery and equipment	996,537	201,399	( 45,234)	11,639	1,164,341	"
Other facilities	1,009,836	154,437	( 215,116)	11,190	960,347	"
	<u>4,920,108</u>	<u>\$ 388,784</u>	<u>(\$ 281,682)</u>	<u>\$ 22,829</u>	<u>5,050,039</u>	
<u>Accumulated depreciation</u>						
Buildings and structures	( 717,951)	( 38,419)	20,463	-	( 735,907)	
Machinery and equipment	( 729,231)	( 96,065)	42,472	301	( 782,523)	
Other facilities	( 787,006)	( 143,705)	212,767	( 10,671)	( 728,615)	
	<u>( 2,234,188)</u>	<u>(\$ 278,189)</u>	<u>\$ 275,702</u>	<u>( 10,370)</u>	<u>( 2,247,045)</u>	
	<u>\$ 2,685,920</u>				<u>\$ 2,802,994</u>	

GIGA-BYTE TECHNOLOGY CO., LTD.  
SUMMARY OF ACCOUNTS PAYABLE- NON-RELATED PARTIES  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan Dollars)

Statement 6

<u>Name of suppliers</u>	<u>Amount</u>	<u>Note</u>
Third parties		
AA Company	\$ 1,696,490	
BB Company	2,809,260	
CC Company	878,716	
Others	<u>8,272,390</u>	None of the balances of any supplier is greater than 5% of this account balance.
	<u>\$ 13,656,856</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.  
STATEMENT OF SALES REVENUE  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan Dollars)

Statement 7

<u>Items</u>	<u>Quantities</u>	<u>Amount</u>	<u>Note</u>
Computer components	13,785 thousand pieces	\$ 80,193,234	
Networking communication products	610 thousand pieces	19,678,725	
Others		<u>12,237,172</u>	None of the balances of any remaining item is greater than 5% of this account balance.
		112,109,131	
Less: sales returns and discounts		( <u>11,396,907</u> )	
		<u>\$ 100,712,224</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.  
STATEMENT OF OPERATING COSTS  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan Dollars)

Statement 8

Items	Amount
Opening balance of merchandise	\$ 1,105,873
Add: Purchases during the year	4,719,445
Less: Ending balance of merchandises	( 662,326)
Merchandises reclassified as expenses	( 24,915)
<b>Cost of purchasing and selling</b>	<b>5,138,077</b>
Raw materials at beginning of year	11,634,585
Add: Purchases in the year	76,356,992
Less: Raw materials at end of year	( 9,364,346)
Raw materials reclassified for sale	( 3,303,759)
Raw materials reclassified as expenses	( 568,915)
Direct raw materials used	74,754,557
Direct labour	257,667
Manufacturing expense	1,850,914
Manufacturing cost	76,863,138
Add: Opening balance of work in progress	2,099,320
Purchases during the year	23,972
Less: Ending balance of work in progress	( 940,721)
Work in progress reclassified for sale	( 53,168)
Work in progress reclassified as expenses	( 80,105)
Cost of finished goods	77,912,436
Add: Opening balance of finished goods	5,409,461
Purchases during the year	1,799,174
Less: Ending balance of finished goods	( 6,032,800)
Finished goods reclassified as expenses	( 419,524)
<b>Cost of goods manufactured and sold</b>	<b>78,668,747</b>
<b>Cost of raw materials sold</b>	<b>3,303,759</b>
<b>Cost of work in progress sold</b>	<b>53,168</b>
<b>Cost of goods sold</b>	<b>87,163,751</b>
Warranty cost of after-sale service	1,090,803
Inventory valuation gain	756,447
Operating costs	<b>\$ 89,011,001</b>

GIGA-BYTE TECHNOLOGY CO., LTD.  
STATEMENT OF SELLING EXPENSE  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan Dollars)

Statement 9

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Export expense		\$ 1,402,593	
Marketing service charge		833,187	
Advertising expense		338,670	
Wages and salaries		316,482	
Service charge		295,280	
Shipping expenses		226,135	
Other expenses		<u>892,514</u>	None of the balances of any remaining item is greater than 5% of this account balance.
		<u>\$ 4,304,861</u>	

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GIGA-BYTE TECHNOLOGY CO., LTD.  
LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION  
YEARS ENDED DECEMBER 31, 2022 AND 2021

Statement 10

Items	Years ended December 31					
	2022			2021		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ 613,405	\$ 1,477,970	\$ 2,091,375	\$ 671,571	\$ 7,330,369	\$ 8,001,940
Labour and health insurance fees	78,120	193,172	271,292	73,444	159,352	232,796
Pension costs	30,615	55,870	86,485	20,036	78,225	98,261
Directors' remuneration	-	51,752	51,752	-	52,602	52,602
Other employee benefit expense	34,341	97,005	131,346	34,204	102,380	136,584
Depreciation	117,336	211,851	329,187	112,248	213,300	325,548
Amortisation	1,701	83,737	85,438	2,362	50,556	52,918

Note 1: As of December 31, 2022 and 2021, the Company had 1,980 and 2,721 employees including 4 non-employee directors, respectively.

Note 2: The average employee benefit expense and the average employee salaries and wages of the Company were \$1,306 and \$3,117 as well as \$1,058 and \$2,945 for the years ended December 31, 2022 and 2021, respectively; The variation in the adjustments of the average employee salaries and wages was (64.07%) for the year ended December 31, 2022.

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

GIGA-BYTE TECHNOLOGY CO., LTD.  
LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION  
YEARS ENDED DECEMBER 31, 2022 AND 2021

Statement 10

- 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 accumulated losses, 3%~10% of the distributable profit should be distributed as employees' remuneration. The Company has established the management measures for appointment and salary of new employees. Employees' remuneration includes monthly salary and bonus. Salary is referenced from the peer industry, taking into consideration of employees' position, job grade, education, experience and performance. Salary will be adjusted annually based on the Consumer Price 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 and resolved by the Board of Directors. Managers' remuneration includes monthly salary and bonus. Remuneration paid to managers is referenced from the peer industry, and bonus is distributed based on the Company's operating performance. Annual salary adjustment of managers is assessed by the remuneration committee 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 accumulated losses, no more than 3% of the distributable profit should be distributed as directors' remuneration. The Company has established policies governing the remuneration to directors and managers, which is reviewed by the remuneration committee and resolved by the Board of Directors. Remuneration of non-independent directors is based on proportional weights that calculated by board attendance rate, degree of operating participation and personal performance. Independent directors' remuneration includes salary and board conference attendance fees, depending on the content of the job. Independent directors do not participate in the distribution of earnings.