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**ASROCK INC.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
WITH REVIEW REPORT OF INDEPENDENT AUDITORS  
FOR THE NINE-MONTH PERIODS ENDED  
SEPTEMBER 30, 2021 AND 2020**

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*The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.*

## **Review Report of Independent Accountants Translated from Chinese**

To ASROCK INC.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of ASROCK INC.(the "Company") and its subsidiaries (collectively the "Group") as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020, and changes in equity and cash flows for the nine-month periods ended September 30, 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As explained in Note 4.(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of \$61,350 thousand and \$66,870 thousand, constituting 0.47 % and 0.55 % of the consolidated total assets, and total liabilities of \$585 thousand and \$1,051 thousand, constituting 0.01% and 0.02% of the consolidated total liabilities as of September 30, 2021 and 2020, respectively; and total comprehensive income of \$(716) thousand, \$(2,440) thousand, \$(662) thousand and \$(2,243) thousand, constituting (0.17)%, (0.15)%, (0.14)% and (0.22)% of the consolidated total comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively. The information related to above subsidiaries in Note 13 was also not reviewed by independent accountants.

## Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries and the information been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of September 30, 2021 and 2020, and their consolidated financial performance and cash flows for three-month and nine-month periods ended September 30, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Yang, Chih-Huei

Yu, Chien-Ju

Ernst & Young, Taiwan

November 4, 2021

### Notice to Readers

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

*Accordingly, the accompanying consolidated financial statements and report of independent accountants 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, Ernst & Young 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.*

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
ASROCK INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
September 30, 2021, December 31, 2020 and September 30, 2020  
(September 30, 2021 and 2020 are unaudited)  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of					
		September 30,2021	%	December 31, 2020	%	September 30,2020	%
<b>Current assets</b>							
Cash and cash equivalents	4,6(1)	\$1,744,141	13	\$2,763,147	23	\$2,978,797	24
Financial assets measured at amortized cost - current	4,6(2),6(11)	679,522	5	662,409	6	441,293	4
Accounts receivable, net	4,6(3),6(11)	1,453,903	11	1,632,537	14	2,166,501	18
Accounts receivable - related parties, net	4,6(3),6(11),7	39,468	-	16,629	-	23,252	-
Inventories, net	4,6(4)	7,767,495	59	5,830,442	50	5,824,347	47
Other current assets	7	249,728	3	204,325	2	220,209	2
<b>Total current assets</b>		<b>11,934,257</b>	<b>91</b>	<b>11,109,489</b>	<b>95</b>	<b>11,654,399</b>	<b>95</b>
<b>Non-current assets</b>							
Financial assets measured at amortized cost - non-current	4,6(2),6(11),8	705,843	5	157,552	2	174,361	1
Property, plant and equipment	4,6(5)	238,286	2	240,208	2	246,090	2
Right-of-use assets	4,6(12)	68,197	1	78,416	-	84,007	1
Intangible assets	4,6(6),7	7,448	-	6,775	-	3,489	-
Deferred tax assets	4,5,6(16)	101,384	1	99,849	1	87,728	1
Guarantee deposits paid		23,215	-	18,652	-	17,861	-
Other non-current assets		-	-	4,870	-	1,194	-
<b>Total non-current assets</b>		<b>1,144,373</b>	<b>9</b>	<b>606,322</b>	<b>5</b>	<b>614,730</b>	<b>5</b>
<b>Total assets</b>		<b>\$13,078,630</b>	<b>100</b>	<b>\$11,715,811</b>	<b>100</b>	<b>\$12,269,129</b>	<b>100</b>

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
ASROCK INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
September 30, 2021, December 31, 2020 and September 30, 2020  
(September 30, 2021 and 2020 are unaudited)  
(Expressed in Thousands of New Taiwan Dollars)

Liability and Equity	Notes	As of					
		September 30,2021	%	December 31, 2020	%	September 30,2020	%
<b>Current liabilities</b>							
Accounts payable		\$3,248,498	25	\$2,695,143	23	\$3,706,753	30
Accounts payable - related parties	7	51,819	-	34,447	1	51,401	1
Other payables	7	978,201	8	1,073,475	9	1,007,867	8
Current tax liabilities	4,5,6(16)	392,202	3	270,345	2	165,342	1
Lease liabilities - current	4,6(12),6(14)	29,773	-	38,123	-	38,963	-
Other current liabilities	7	266,539	3	214,134	2	195,989	2
<b>Total current liabilities</b>		<u>4,967,032</u>	<u>39</u>	<u>4,325,667</u>	<u>37</u>	<u>5,166,315</u>	<u>42</u>
<b>Non-current liabilities</b>							
Deferred tax liabilities	4,5,6(16)	1,446	-	2,222	-	4,094	-
Lease liabilities - non-current	4,6(12),6(14)	38,851	-	40,816	1	45,556	1
Net defined benefit liabilities	4,5,6(7)	38,523	-	37,854	-	30,264	-
Other non-current liabilities		-	-	816	-	-	-
<b>Total non-current liabilities</b>		<u>78,820</u>	<u>-</u>	<u>81,708</u>	<u>1</u>	<u>79,914</u>	<u>1</u>
<b>Total liabilities</b>		<u>5,045,852</u>	<u>39</u>	<u>4,407,375</u>	<u>38</u>	<u>5,246,229</u>	<u>43</u>
<b>Equity attributable to owners of the parent company</b>							
<b>Share capital</b>							
Ordinary share	6(8)	1,206,424	9	1,206,424	10	1,206,424	10
<b>Capital surplus</b>	6(8),6(9),6(18)	3,332,888	25	3,134,705	27	3,134,180	25
<b>Retained earnings</b>							
Legal reserve	6(8)	1,345,085	10	1,209,419	10	1,209,419	10
Special reserve	6(8)	472,656	4	279,336	3	279,336	2
Unappropriated retained earnings	6(8),6(9)	1,950,325	15	1,544,081	13	1,193,063	10
Total retained earnings		3,768,066	29	3,032,836	26	2,681,818	22
<b>Other equity interest</b>	4	(743,329)	(6)	(472,657)	(4)	(395,988)	(3)
Non-controlling interests	6(8),6(18)	468,729	4	407,128	3	396,466	3
<b>Total equity</b>		<u>8,032,778</u>	<u>61</u>	<u>7,308,436</u>	<u>62</u>	<u>7,022,900</u>	<u>57</u>
<b>Total liabilities and equity</b>		<u>\$13,078,630</u>	<u>100</u>	<u>\$11,715,811</u>	<u>100</u>	<u>\$12,269,129</u>	<u>100</u>

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

## ASROCK INC. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month and nine-month periods ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting Items	Notes	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
		2021	%	2020	%	2021	%	2020	%
<b>Operating revenues</b>	4,5,6(10),7	\$4,071,509	100	\$5,199,482	100	\$14,125,612	100	\$13,513,231	100
<b>Operating costs</b>	6(4),6(6),6(7),6(12), 6(13),7	(2,931,223)	(72)	(3,995,837)	(77)	(10,168,298)	(72)	(10,669,779)	(79)
<b>Gross profit</b>		<u>1,140,286</u>	<u>28</u>	<u>1,203,645</u>	<u>23</u>	<u>3,957,314</u>	<u>28</u>	<u>2,843,452</u>	<u>21</u>
<b>Operating expenses</b>	6(6),6(7),6(9) 6(12),6(13),7								
Sales and marketing expenses		(210,272)	(5)	(158,966)	(3)	(567,031)	(4)	(464,166)	(3)
General and administrative expenses		(93,091)	(2)	(88,725)	(1)	(301,122)	(2)	(238,335)	(2)
Research and development expenses		(319,951)	(7)	(302,219)	(6)	(892,069)	(6)	(779,077)	(6)
Expected credit gains (losses)	6(11)	806	-	4,752	-	(28)	-	(8,247)	-
Total operating expenses		<u>(622,508)</u>	<u>(14)</u>	<u>(545,158)</u>	<u>(10)</u>	<u>(1,760,250)</u>	<u>(12)</u>	<u>(1,489,825)</u>	<u>(11)</u>
<b>Net operating income</b>		<u>517,778</u>	<u>14</u>	<u>658,487</u>	<u>13</u>	<u>2,197,064</u>	<u>16</u>	<u>1,353,627</u>	<u>10</u>
<b>Non-operating income and expenses</b>	6(14)								
Interest income		3,322	-	2,624	-	9,788	-	17,786	-
Other income		5,918	-	10,621	-	37,528	-	18,882	-
Other gains and losses		5,008	1	(21,232)	-	(44,131)	-	(30,700)	-
Finance costs		(180)	-	(80)	-	(626)	-	(625)	-
Total non-operating income and expenses		<u>14,068</u>	<u>1</u>	<u>(8,067)</u>	<u>-</u>	<u>2,559</u>	<u>-</u>	<u>5,343</u>	<u>-</u>
<b>Profit from continuing operations before tax</b>		<u>531,846</u>	<u>15</u>	<u>650,420</u>	<u>13</u>	<u>2,199,623</u>	<u>16</u>	<u>1,358,970</u>	<u>10</u>
<b>Income tax expenses</b>	4,5,6(16)	<u>(101,244)</u>	<u>(2)</u>	<u>(117,403)</u>	<u>(3)</u>	<u>(440,652)</u>	<u>(3)</u>	<u>(219,751)</u>	<u>(2)</u>
<b>Profit from continuing operations</b>		<u>430,602</u>	<u>13</u>	<u>533,017</u>	<u>10</u>	<u>1,758,971</u>	<u>13</u>	<u>1,139,219</u>	<u>8</u>
<b>Other comprehensive income</b>	4,6(15)								
<b>Items that may be reclassified subsequently to profit or loss</b>									
Exchange differences on translation of foreign financial statements		(1,437)	1	(73,369)	(1)	(85,085)	(1)	(116,652)	-
<b>Other comprehensive income, net of tax</b>		<u>(1,437)</u>	<u>1</u>	<u>(73,369)</u>	<u>(1)</u>	<u>(85,085)</u>	<u>(1)</u>	<u>(116,652)</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>\$429,165</u>	<u>14</u>	<u>\$459,648</u>	<u>9</u>	<u>\$1,673,886</u>	<u>12</u>	<u>\$1,022,567</u>	<u>8</u>
<b>Profit attributable to:</b>									
Owners of the parent company		\$405,125		\$487,559		\$1,700,369		\$1,006,183	
Non-controlling interests		25,477		45,458		58,602		133,036	
		<u>\$430,602</u>		<u>\$533,017</u>		<u>\$1,758,971</u>		<u>\$1,139,219</u>	
<b>Comprehensive income attributable to:</b>									
Owners of the parent company		\$403,688		\$414,190		\$1,615,284		\$889,531	
Non-controlling interests		25,477		45,458		58,602		133,036	
		<u>\$429,165</u>		<u>\$459,648</u>		<u>\$1,673,886</u>		<u>\$1,022,567</u>	
<b>Earnings per share(NT\$):</b>	6(17)								
Earnings per share - basic									
Profit from continuing operations		<u>\$3.36</u>		<u>\$4.04</u>		<u>\$14.09</u>		<u>\$8.34</u>	
Earnings per share - diluted									
Profit from continuing operations		<u>\$3.33</u>		<u>\$4.03</u>		<u>\$13.97</u>		<u>\$8.30</u>	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
ASROCK INC. AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the nine-month periods ended September 30, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent company										
	Retained earnings					Total other equity interest					
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Deferred compensation cost	Treasury stock	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2020	\$1,206,472	\$3,129,659	\$1,149,884	\$186,407	\$822,460	\$(279,336)	\$(18,202)	\$-	\$6,197,344	\$257,123	\$6,454,467
Appropriation and distribution of 2019 retained earnings											
Legal reserve appropriated	-	-	59,535	-	(59,535)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	92,929	(92,929)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(482,570)	-	-	-	(482,570)	-	(482,570)
Profit for the nine-month period ended September 30, 2020	-	-	-	-	1,006,183	-	-	-	1,006,183	133,036	1,139,219
Other comprehensive income, net of tax for the nine-month period ended September 30, 2020	-	-	-	-	-	(116,652)	-	-	(116,652)	-	(116,652)
Total comprehensive income for the nine-month period ended September 30, 2020	-	-	-	-	1,006,183	(116,652)	-	-	889,531	133,036	1,022,567
Treasury stock acquired	-	-	-	-	-	-	-	(48)	(48)	-	(48)
Treasury stock cancelled	(48)	-	-	-	-	-	-	48	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	127	-	-	(27)	-	-	-	100	(100)	-
Changes in subsidiaries' ownership	-	(544)	-	-	-	-	-	-	(544)	544	-
Share-based payment transaction	-	4,938	-	-	(519)	-	18,202	-	22,621	1,336	23,957
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	4,527	4,527
Balance as of September 30, 2020	<u>\$1,206,424</u>	<u>\$3,134,180</u>	<u>\$1,209,419</u>	<u>\$279,336</u>	<u>\$1,193,063</u>	<u>\$(395,988)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$6,626,434</u>	<u>\$396,466</u>	<u>\$7,022,900</u>
Balance as of January 1, 2021	\$1,206,424	\$3,134,705	\$1,209,419	\$279,336	\$1,544,081	\$(472,657)	\$-	\$-	\$6,901,308	\$407,128	\$7,308,436
Appropriation and distribution of 2020 retained earnings											
Legal reserve appropriated	-	-	135,666	-	(135,666)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	193,320	(193,320)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(965,139)	-	-	-	(965,139)	-	(965,139)
Profit for the nine-month period ended September 30, 2021	-	-	-	-	1,700,369	-	-	-	1,700,369	58,602	1,758,971
Other comprehensive income, net of tax for the nine-month period ended September 30, 2021	-	-	-	-	-	(85,085)	-	-	(85,085)	-	(85,085)
Total comprehensive income for the nine-month period ended September 30, 2021	-	-	-	-	1,700,369	(85,085)	-	-	1,615,284	58,602	1,673,886
Changes in subsidiaries' ownership	-	2,673	-	-	-	-	-	-	2,673	(2,673)	-
Share-based payment transaction	-	195,510	-	-	-	-	(185,587)	-	9,923	2,037	11,960
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	3,635	3,635
Balance as of September 30, 2021	<u>\$1,206,424</u>	<u>\$3,332,888</u>	<u>\$1,345,085</u>	<u>\$472,656</u>	<u>\$1,950,325</u>	<u>\$(557,742)</u>	<u>\$(185,587)</u>	<u>\$-</u>	<u>\$7,564,049</u>	<u>\$468,729</u>	<u>\$8,032,778</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
ASROCK INC. AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the nine-month periods ended September 30, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30,	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$2,199,623	\$1,358,970
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation expense	61,981	53,041
Amortization expense	5,900	3,758
Expected credit losses and gains	28	8,247
Interest expenses	626	625
Interest income	(9,788)	(17,786)
Compensation cost arising from employee stock options	11,960	23,957
Gain on disposal of property, plant and equipment	(20)	-
Property, plant and equipment charged to expenses	-	78
Changes in operating assets and liabilities:		
Decrease (Increase) in accounts receivable, net	178,914	(602,138)
(Increase) Decrease in accounts receivable-related parties	(22,839)	25,546
Increase in inventories, net	(1,935,327)	(832,636)
(Increase) Decrease in other current assets	(35,069)	55,309
Increase in accounts payable	553,355	1,258,781
Increase (Decrease) in accounts payable-related parties	17,372	(37,761)
(Decrease) Increase in other payables	(95,274)	164,572
Increase (Decrease) in other current liabilities	52,405	(1,014)
Increase in net defined benefit liabilities	669	683
Decrease in other non-current liabilities	(816)	-
Cash generated from operations	<u>983,700</u>	<u>1,462,232</u>
Income taxes paid	<u>(330,412)</u>	<u>(197,605)</u>
Net cash provided by operating activities	<u>653,288</u>	<u>1,264,627</u>
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	(565,960)	-
Proceed from disposal of financial assets measured at amortized cost	-	305,164
Acquisition of property, plant and equipment	(30,650)	(27,022)
Proceed from disposal of property, plant and equipment	20	-
Increase in guarantee deposits paid	(4,563)	(5,111)
Acquisition of intangible assets	(6,573)	(4,255)
Decrease in other non-current assets	1,046	5,241
Interest received	8,134	18,617
Net cash (used in) provided by investing activities	<u>(598,546)</u>	<u>292,634</u>
Cash flows from financing activities:		
Cash payments for the principal portion of the lease liability	(31,546)	(25,789)
Cash dividends	(965,139)	(482,570)
Treasury stock acquired	-	(48)
Changes in non-controlling interests	3,635	4,527
Net cash used in financing activities	<u>(993,050)</u>	<u>(503,880)</u>
Effect of exchange rate fluctuations on cash held	<u>(80,698)</u>	<u>(110,735)</u>
Net (decrease) increase in cash and cash equivalents	(1,019,006)	942,646
Cash and cash equivalents, beginning of period	2,763,147	2,036,151
Cash and cash equivalents, end of period	<u>\$1,744,141</u>	<u>\$2,978,797</u>

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



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
ASROCK INC. AND SUBSIDIARIES  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
For the nine-month periods ended September 30, 2021 and 2020  
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

ASROCK INC. (the Company) was approved to establish on May 10, 2002, and began its main business activities. The current main business is the sales of motherboards and related product development and design. The Company’s first public offering was approved by the Securities and Futures Bureau in May 2006 and its common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in November, 2007. The Company’s registered office and the main business location are at 2F., No. 37, Sec. 2, Jhongyang S. Rd., Beitou Dist., Taipei City 11270, Taiwan (R.O.C.). Pegatron Corporation is the ultimate controller of the group to which the company belongs.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the nine-month periods ended September 30, 2021 and 2020 were authorized for issue by the Company’s board of directors on November 4, 2021.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2020. The remaining new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

- (a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

*Amendment to IFRS 1*

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

*Amendment to IFRS 9 Financial Instruments*

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

*Amendment to Illustrative Examples Accompanying IFRS 16 Leases*

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

*Amendment to IAS 41*

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022. The standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a) and (c), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

#### 4. Summary of significant accounting policies

##### (1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended September 30, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 *Interim Financial Reporting* as endorsed and became effective by the FSC.

##### (2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

##### (3) Basis of consolidation

###### Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. recognizes any surplus or deficit in profit or loss; and
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%)			Note
			Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020	
ASROCK INC. (The Company)	ASIAROCK TECHNOLOGY LIMITED	Investment holding	100%	100%	100%	
The Company	LEADER INSIGHT HOLDINGS LIMITED	Investment holding	100%	100%	100%	Note 1
The Company	ASROCK RACK INCORPORATION	Manufacture and sale of computer and peripheral	59.67%	62.05%	62.05%	Note 4
The Company	ASRock Industrial Computer Corporation	Manufacture and sale of computer and peripheral	65.83%	66.96%	66.58%	Note 2, 3
The Company	SOARING ASIA LIMITED	International trade	100%	100%	100%	Note 1
ASIAROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	Data storage and sale of electronic material and international trade	100%	100%	100%	
ASIAROCK TECHNOLOGY LIMITED	CALROCK HOLDINGS, LLC	Rent office building	100%	100%	100%	Note 1
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	Investment holding	100%	100%	100%	Note 1
FIRSTPLACE INTERNATIONAL LTD.	ASRock America, Inc.	Data storage and sale of electronic material and international trade	100%	100%	100%	

Note 1: The financial statements of certain insignificant subsidiaries were not reviewed by independent accountants as of September 30, 2021 and 2020.

Note 2: The financial statements of certain insignificant subsidiaries were reviewed by independent accountants as of September 30, 2021 and 2020. However, its pre-tax net profit is significant, so it is included in the scope of review.

Note 3: ASRock Industrial Computer Corporation's paid \$300 thousand, \$246 thousand and \$266 thousand, respectively on January 13, March 23, and May 7, 2020. The purchase of 30 thousand shares, 20 thousand shares and 21 thousand shares of ASRock Industrial Computer Corporation from non-related parties increased the Company's original shareholding ratio from 67.38% to 67.46%, and then to 67.52% and 67.58%, respectively, and increased capital shares, which then increased capital surplus in the amount of \$69 thousand, \$5 thousand and \$3 thousand, respectively. Later, the employee stock option was processed on July 31, 2020, and the board of directors resolved to issue new shares, increasing the capital by \$6,848 thousand. Because the company did not subscribe according to the shareholding ratio, the original shareholding ratio of the Company after the capital increase was 67.58% reduced to 66.28%, and recognized capital reserve decreased by \$1,384 thousand. In addition, the Company paid \$1,295 thousand, \$1,302 thousand and \$452 thousand, respectively on September 30, December 7, and December 21, 2020. The purchase of 105 thousand shares, 103 thousand shares and 36 thousand shares of ASRock Industrial Computer Corporation from non-related parties increased the Company's original shareholding ratio from 66.28% to 66.58%, and then to 66.86% and 66.96%, respectively, and increased capital shares, which then increased capital surplus in the amount of \$124 thousand, \$155 thousand and \$53 thousand, respectively. Furthermore, the employee stock option plan was adopted on June 11, 2021, and the board of directors resolved to issue new shares, increasing the capital by \$6,132 thousand. Because the Company did not subscribe the shares according to the shareholding ratio, the shareholding ratio of the Company was reduced from 66.96% to 65.83% after the capital increase and the capital reserve decreased in the amount of \$6,644 thousand.

Note 4: ASROCK RACK INCORPORATION purchased 2 thousand shares and 9 thousand shares of the company from non-related parties at \$40 thousand and \$172 thousand on March 25, 2020 and April 15, 2020, respectively. Shares, resulting in the Company's original shareholding ratio increased from 62.02% to 62.03%, and then increased to 62.05%, and the capital reserve was reduced by \$20 thousand and \$54 thousand, and the recognized retained earnings due to insufficient capital reserve decreased by \$27 thousand. In addition, the board of directors resolved to cancel 191 thousand shares of the Company's treasury shares on April 22, 2021, which increased the Company's shareholding ratio from 62.05% to 62.43%, and the capital reserve was increased by \$2,383 thousand. Later the board of directors resolved to issue employee stock option to raise capital on July 14, 2021. Because the Company did not subscribe the shares according to the shareholding ratio, the Company's ownership was reduced from 62.43% to 59.66%, and the capital reserve increased by \$1,461 thousand. Furthermore, stock dividends were issued on August 24, 2021, which increased the capital. The shareholding ratio of the Company increased from 59.66% to 59.67%, and the capital reserve increased by \$67 thousand.



The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of September 30, 2021 and 2020, the related assets of the subsidiaries which were unreviewed by auditors amount to \$61,350 thousand and \$66,870 thousand, respectively, and the related liabilities amount to \$585 thousand and \$1,051 thousand, respectively. The comprehensive income of these subsidiaries amounted to \$(716) thousand, \$(2,440) thousand, \$(662) thousand and \$(2,243) thousand, for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- A. When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation.
- B. When the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint arrangement control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within six months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

## A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

### Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

#### Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

#### B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

### C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

## D. Financial liabilities and equity

### Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

### Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

### Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.



## E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### (9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

### (10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on a weighted average cost basis.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

In addition, the company's great-grandson company-ASRock America, Inc.'s commodity inventory is calculated based on the actual purchase cost, using the first-in first-out method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

#### (11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5~39 years
Machinery and equipment	2~5 years
Office equipment	3~5 years
Lease improvement	Shorter of the lease period or the useful life
Other equipment	2~7 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

## (12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset
- (b) the right to direct the use of the identified asset

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

### Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- (c) amounts expected to be payable by the lessee under residual value guarantees
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability
- (b) any lease payments made at or before the commencement date, less any lease incentives received
- (c) any initial direct costs incurred by the lessee
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

### (13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

#### Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- i) The technical feasibility of completing the intangible asset so that it will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

#### Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 3 years).

#### (14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

## (15) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

## (16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

## (17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

### Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is high-end machinery and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts to the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. These accounts receivable usually have a short period and do not have a significant financial component.

#### Rendering of services

The Group provides services of product development. These services are separately priced or negotiated, and are recognized as revenue when the performance obligations are met.

#### (18) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs



Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

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

#### (19) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

## (20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

##### 5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(c) Revenue recognition – sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(e) Accounts receivables—estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(f) Inventories

Due to the rapid changes in technology and product demand, the Group assessed the inventory at the end of the reporting period due to normal wear and tear, obsolescence, or changes in market sales prices, and reduced inventory costs to net realizable value. The Group estimates the loss of obsolete inventories based on the product life cycle, historical experience, and subsequent inventory removal. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Cash on hand	\$1,332	\$1,362	\$1,337
Cash in banks	1,078,038	965,042	577,261
Time deposits	344,427	1,654,260	2,400,199
Cash equivalents – Bonds with repurchase agreements	320,344	142,483	-
Total	<u>\$1,744,141</u>	<u>\$2,763,147</u>	<u>\$2,978,797</u>

Cash and cash equivalents were not pledged. The pledged time deposits have been transferred to financial assets measured at amortized cost.

(2) Financial assets measured at amortized cost

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Time deposit – Current	\$679,522	\$662,409	\$441,293
Time deposit – Non-current	\$705,843	\$157,552	\$174,361

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6(11) for more details on loss allowance and Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(3) Account receivable and account receivable- related parties

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Account receivable (total carrying amount)	\$1,475,586	\$1,654,500	\$2,200,711
Less: loss allowance	(21,683)	(21,963)	(34,210)
Subtotal	1,453,903	1,632,537	2,166,501
Accounts receivable-related parties (total carrying amount)	39,468	16,629	23,252
Less: loss allowance	-	-	-
Subtotal	39,468	16,629	23,252
Total	\$1,493,371	\$1,649,166	\$2,189,753

Account receivables were not pledged.

Account receivables are generally on 30-90 day terms. The total carrying amount as of September 30, 2021, December 31, 2020 and September 30, 2020 were \$1,515,054 thousand, \$1,671,129 thousand and \$2,223,963 thousand, respectively. Please refer to Note 6 for more details on loss allowance of accounts receivable for the nine-month periods ended September 30, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(4) Inventories

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Raw materials	\$5,591,956	\$2,750,488	\$2,840,864
Work in process	478,468	367,957	568,654
Finished goods	404,298	330,056	395,746
Merchandise	1,292,773	2,381,941	2,019,083
Total	\$7,767,495	\$5,830,442	\$5,824,347

For the three-month periods ended September 30, 2021 and 2020, the Group recognized \$2,931,223 thousand and \$3,995,837 thousand, respectively, in operating cost, including the reversal of inventories of \$6,934 thousand and \$12,294 thousand, respectively. The benefit of falling prices is the sale of inventory commodities that have been listed as sluggish and falling prices.

For the nine-month periods ended September 30, 2021 and 2020, the Group recognized \$10,168,298 thousand and \$10,669,779 thousand, respectively, in operating cost, including the reversal of inventories of \$30,692 thousand and the write-down of inventories of \$9,183 thousand, respectively. The benefit of falling prices in the current period is the sale of inventory commodities that have been listed as sluggish and falling prices.

No inventories were pledged.

#### (5) Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Leasehold improvement	Other	Total
Cost:							
As of January 1, 2021	\$39,907	\$155,853	\$98,604	\$11,019	\$28,055	\$50,039	\$383,477
Addition	-	-	15,310	179	3,070	12,091	30,650
Disposals	-	-	(3,458)	(401)	(4,780)	(2,013)	(10,652)
Reclassifications	-	-	3,824	-	-	(2,761)	1,063
Effect of movement in exchange rate	(896)	(3,503)	(347)	(162)	(59)	(110)	(5,077)
As of September 30, 2021	<u>\$39,011</u>	<u>\$152,350</u>	<u>\$113,933</u>	<u>\$10,635</u>	<u>\$26,286</u>	<u>\$57,246</u>	<u>\$399,461</u>
As of January 1, 2020	\$41,985	\$163,487	\$134,545	\$12,657	\$23,308	\$8,511	\$384,493
Addition	-	478	12,375	-	4,895	9,274	27,022
Disposals	-	-	(3,623)	(1,240)	(1,516)	(1,084)	(7,463)
Reclassifications	-	-	(49,156)	(22)	-	32,718	(16,460)
Effect of movement in exchange rate	(1,211)	(4,729)	(465)	(219)	(80)	(119)	(6,823)
As of September 30, 2020	<u>\$40,774</u>	<u>\$159,236</u>	<u>\$93,676</u>	<u>\$11,176</u>	<u>\$26,607</u>	<u>\$49,300</u>	<u>\$380,769</u>
Depreciation and impairment loss:							
As of January 1, 2021	\$-	\$47,154	\$38,615	\$9,924	\$13,463	\$34,113	\$143,269
Depreciation	-	4,222	14,444	444	3,683	8,363	31,156
Disposals	-	-	(3,458)	(401)	(4,780)	(2,013)	(10,652)
Reclassifications	-	-	-	-	-	(1,035)	(1,035)
Effect of movement in exchange rate	-	(1,092)	(214)	(161)	(41)	(55)	(1,563)
As of September 30, 2021	<u>\$-</u>	<u>\$50,284</u>	<u>\$49,387</u>	<u>\$9,806</u>	<u>\$12,325</u>	<u>\$39,373</u>	<u>\$161,175</u>

	Land	Buildings	Machinery equipment	Office equipment	Leasehold improvement	Other	Total
As of January 1, 2020	\$-	\$43,610	\$63,072	\$10,727	\$10,558	\$4,683	\$132,650
Depreciation	-	4,464	13,427	625	3,187	6,119	27,822
Disposals	-	-	(3,623)	(1,240)	(1,516)	(1,084)	(7,463)
Reclassifications	-	-	(37,812)	(11)	-	21,441	(16,382)
Effect of movement in exchange rate	-	(1,370)	(252)	(216)	(47)	(63)	(1,948)
As of September 30, 2020	\$-	\$46,704	\$34,812	\$9,885	\$12,182	\$31,096	\$134,679
Net carrying amount as of:							
September 30, 2021	\$39,011	\$102,066	\$64,546	\$829	\$13,961	\$17,873	\$238,286
December 31, 2020	\$39,907	\$108,699	\$59,989	\$1,095	\$14,592	\$15,926	\$240,208
September 30, 2020	\$40,774	\$112,532	\$58,864	\$1,291	\$14,425	\$18,204	\$246,090

No property, plant and equipment were pledged.

#### (6) Intangible assets

	For the nine-month periods ended September 30,	
	2021	2020
Other		
Cost:		
As of January 1	\$36,125	\$35,562
Addition-acquired separately	6,573	4,255
Disposal	(331)	(8,276)
Effect of movement in exchange rate	(39)	(84)
As of September 30	\$42,328	\$31,457
Amortization and impairment:		
As of January 1	\$29,350	\$32,570
Amortization	5,900	3,758
Disposal	(331)	(8,276)
Effect of movement in exchange rate	(39)	(84)
As of September 30	\$34,880	\$27,968
	As of	
	Sep. 30, 2021	Dec. 31, 2020
Net carrying amount as at:	\$7,448	\$6,775
	Sep. 30, 2020	
	\$3,489	



Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2021	2020	2021	2020
Manufacturing expense	\$-	\$-	\$-	\$20
Sales and marketing expenses	\$165	\$183	\$548	\$435
General and administrative expenses	\$110	\$260	\$437	\$487
Research and development expenses	\$1,606	\$980	\$4,915	\$2,816

(7) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month and the nine-month periods ended September 30, 2021 and 2020, were \$7,936 thousand, \$24,416 thousand, \$7,030 thousand and \$20,982 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month and the nine-month periods ended September 30, 2021 and 2020, were \$263 thousand, \$789 thousand, \$266 thousand and \$797 thousand, respectively.

(8) Equities

A. Ordinary share

The Company's authorized capital were both \$1,500,000 thousand as of September 30, 2021, December 31, 2020 and September 30, 2020 (Both reserve \$40,000 thousand of shares for employee stock options). The Company's issued capital were both \$1,206,424 thousand as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively, each at a par value of \$10. The Company issued both 120,642,429 common shares as of September 30, 2021, December 31, 2020 and September 30, 2020. Each share has one voting right and a right to receive dividends.

## B. Capital surplus

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Additional paid-in capital	\$3,127,994	\$3,127,994	\$3,127,994
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired disposed of	335	335	127
Increase (decrease) through changes in ownership interests in subsidiaries	9,104	6,376	6,059
Restricted stock to employees	195,455	-	-
Total	<u>\$3,332,888</u>	<u>\$3,134,705</u>	<u>\$3,134,180</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

## C. Treasury stock

On January 3, 2020, the treasury stocks in the amount of \$48 thousand in 5 thousand shares were repurchased due to the expiration of restricted employee awards by the resolution of the board of directors on April 29, 2020. The base date for a capital reduction was set on May 29, 2020. The statutory change of registration procedure has been completed.

## D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount as legal reserve;
- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, dividend distribution appropriateness and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and the Company held a general meeting of shareholders on June 12, 2019 and passed a resolution to amend the company's articles of association, stating that if all or part of the dividends and bonuses are distributed in cash, the Board of Directors is authorized to make such distribution upon obtaining agreement from more than half of the directors present with more than two-thirds of the directors attending the meeting and report it to the shareholders' meeting; the proposal to distribute share dividends must be submitted to the shareholders' meeting for resolution of distribution. The Company's Articles of Incorporation further provide that at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

Details of the 2020 and 2019 earnings distribution and dividends per shares as approved by the shareholders' meeting on August 20, 2021 and May 29, 2020, respectively, are as follows:

	Appropriation of earnings		Dividend per share (\$)	
	2020	2019	2020	2019
Legal reserve	\$135,666	\$59,535		
Special reserve	193,320	92,929		
Common stock - cash dividend	965,139	482,570	\$8.00	\$4.00

Please refer to Note 6(13) for details on employees' compensation and remuneration to directors and supervisors.

#### E. Non-controlling interests

	For the nine-month periods ended September 30,	
	2021	2020
Beginning balance	\$407,128	\$257,123
Profit attributable to non-controlling interests	58,602	133,036
Acquisition of additional interest in subsidiaries	-	(100)
Changes in subsidiaries' ownership	(2,673)	544
Changes in non-controlling interests (including share-based payment)	5,672	5,863
Ending balance	\$468,729	\$396,466

#### (9) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

##### (a) Restricted stock plan for employee of the parent entity

The parent company issued 2,300 thousand shares of restricted stock awards, which was resolved at the shareholders' meeting held on August 20, 2021. The grantees are limited to full-time employees of the parent company who meet specific requirements. The Company has already filed with the Securities and Futures Bureau of the FSC for approval of the issuance and was approved. The record date for the capital increase was set on October 28, 2021, which was resolved at the board meeting held on September 14, 2021.

Employees who have been granted the above-mentioned restricted stock awards can subscribe to the shares for \$10 with vesting conditions as follows:

I. The company's performance

1. If EPS in the previous year is better than \$10, the overall weight will be 100%.
2. If EPS in the previous year is between \$7.5 and \$10, the overall weight will be 50%.
3. If EPS in the previous year is below \$7.5, the overall weight will be 0%.

II. Personal performance

1. If the mid-year assessment is better than A (include A), the personal weight will be 100%.
2. If the mid-year assessment is between B+ to A (excluding A), the personal will be weight 80%.
3. If the mid-year assessment is between B to B+ (excluding B+), the personal will be weight 60%
4. If the mid-year assessment is C, the personal weight will be 0%

III. Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for one year from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 40% of the vested shares multiplied by overall weight and personal weight.

IV. Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for two years from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 30% of the vested shares multiplied by overall weight and personal weight.

V. Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for three years from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 30% of the vested shares multiplied by overall weight and personal weight.

The vested new restricted stock awards shall be entrusted and may not be sold, pledged, transferred, gifted to others, created lien or otherwise disposed of in any other manner before the vested conditions are met. According to the parent company's new share issuance measures for restricted stock awards, after the new shares with restricted stock awards are issued, except for the restricted stock awards that are delivered to a trust and those that do not meet the vested conditions under the parent company's issuance measures, the rights of the other restricted stock are the same as the common shares issued by the company.

The detailed information of the above restricted stock awards are as follows:

Vested period	Restricted stock to employee			
	1 years	2 years	3 years	Total
Original number of shares	920,000	690,000	690,000	2,300,000
Operating performance				
issue ratio	99.72%	94.92%	90.86%	
Estimated turnover rate	9.45%	16.03%	20.00%	
Qualified rate of performance	76.92%	76.92%	76.92%	
Vested shares	638,996	423,029	385,790	1,447,815
Embedded value	\$145	\$145	\$145	
Labor cost	\$86,264	\$57,109	\$52,082	\$195,455

The new shares issued by the parent company that restrict the rights of employees cannot be transferred within three years of the vesting period, but they still have the right to vote and distribute dividends. If an employee who has been allocated the restricted employee rights new shares resigns during the vesting period, he must return the restricted employee rights stock and the dividends already obtained.

(b) Share-based payment plan for employees of the subsidiary

(1) ASROCK RACK INCORPORATION

The board of directors of ASROCK RACK INCORPORATION resolved to issue 1,490 thousand shares of restricted stock awards on February 27, 2019. The grantees are limited to full-time employees of ASROCK RACK INCORPORATION who meet specific requirements. The company issued 1,490 thousand shares on March 4, 2019 to raise capital. The stock price on the grant date was \$5.53 per share.

Employees who have been granted the above-mentioned restricted stock awards and have continued to serve in the company for three years from the grant date, and have not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during their employment, can receive 50% of the vested shares. Upon maturity of the fourth year, if the employee has not violated any laws, articles of incorporation, business ethics and code of conduct and other relevant regulations and agreements during the fourth year, such employee will be entitled to the remaining 50% of the vested shares. The employee shall deliver the restricted stock awards that have been subscribed to a trust, and such shares shall not be sold, pledged, transferred, gifted to others, created lien, or otherwise dispose of in any other manner before the vested conditions are met. According to the parent company's new share issuance measures for restricted stock awards, after the new shares with restricted stock awards are issued, except for the restricted stock awards that are delivered to a trust and those that do not meet the vested conditions under the parent company's issuance measures, the rights of the other restricted stock are the same as the common shares issued by the company.

The detailed information of the above restricted stock awards are as follows:

Vested period	Restricted stock to employee				
	1 years	2 years	3 years	4 years	Total
Original number of shares	-	-	745,000	745,000	1,490,000
Estimated turnover rate	-	-	36.08%	43.53%	
Vested shares after considering the turnover rate	-	-	476,204	420,702	896,906
Embedded value	-	-	\$5.53	\$5.53	
Labor cost	\$1,474	\$1,461	\$1,449	\$575	\$4,959

On May 29, 2020, ASROCK RACK INCORPORATION issued employee share options with a total number of 1,500 thousand units. Each unit entitles an optionee to subscribe for one share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The options will be granted to employees meeting certain conditions set by the company. The options will mature in 18 months. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 1 year from the grant date. The share option exercise price is \$22 per share. After the option is issued, if the total number of issued common shares of the company changes, the subscription price will not be adjusted.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (\$)
2020.05.29	1,500	22

The following table lists the inputs to the model used for the plan granted for the year ended December 31, 2020:

	For the year ended December 31, 2020
Expected volatility (%)	30.95
Risk-free interest rate (%)	0.2763
Expected option life (Years)	1.5
Weighted average share price (\$)	11.72
Option pricing model	Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	For the nine-month periods ended September 30,			
	2021		2020	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (\$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (\$)
Outstanding as of January 1	1,500	\$22	-	\$-
Granted	-	-	1,500	22
Forfeited	-	-	-	-
Exercised	1,450	22	-	-
Outstanding as of September 30	<u>50</u>	<u>22</u>	<u>1,500</u>	<u>22</u>
Exercisable as of September 30	<u>50</u>	<u>22</u>	<u>-</u>	

For share options granted during the period, weighted average fair value of those options at the measurement date (\$)

	<u>\$-</u>	<u>\$0.11</u>
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The information on the outstanding share options as of September 30, 2021, is as follows:

	Exercise price	Weighted average remaining contractual life (Years)
As of September 30, 2021		
Share options outstanding at the end of the period	\$22	0.16



(2) ASRock Industrial Computer Corporation

On January 15, 2019 and April 20, 2021, ASRock Industrial Computer Corporation issued employee share options with a total number of 1,500 thousand and 2,200 thousand units, respectively. Each unit entitles an optionee to subscribe for one share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The options will be granted to employees meeting certain conditions set by the company. The options will mature in 30 months and 42 months. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 1 year from the grant date. The share option exercise price is \$10 and \$14.5 per share. After the option is issued, if the total number of issued common shares of the company changes, the subscription price will not be adjusted.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (\$)
2019.1.15	1,500	10
2021.4.20	2,200	14.5

The following table lists the inputs to the model used for the plan granted on January 15, 2019 and April 20, 2021:

	As of	
	January 15, 2019	April 20, 2021
Expected volatility (%)	31.74	29.61~31.19
Risk-free interest rate (%)	0.5741	0.1185~0.2523
Expected option life (Years)	2.5	1.5~3.5
Weighted average share price (\$)	8.1	12.49
Option pricing model	Binomial option pricing model	

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

As of January 15, 2019

	For the nine-month periods ended September 30,			
	2021		2020	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (\$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (\$)
Outstanding as of January 1	750	\$10	1,500	\$10
Granted	-	-	-	-
Exercised	(613)	10	(750)	10
Forfeited	(137)	-	-	-
Outstanding as of September 30	-	10	750	10
Exercisable as of September 30	-		750	

For share options granted during the period, weighted average fair value of those options at the measurement date (\$)

	\$-	\$-
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The information on the outstanding share options as of September 30, 2021 and 2020, is as follows:

	Exercise price	Weighted average remaining contractual life (Years)
As of September 30, 2021		
Share options outstanding at the end of the period	-	-
As of September 30, 2020		
Share options outstanding at the end of the period	\$10	0.75

As of April 20, 2021

	<u>For the nine-month period ended September 30, 2021</u>	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (\$)
Outstanding as of January 1	-	\$-
Granted	2,200	14.5
Exercised	-	
Outstanding as of September 30	<u>2,200</u>	14.5
Exercisable as of September 30	<u>-</u>	
For share options granted during the period, weighted average fair value of those options at the measurement date (\$)		<u>\$1.29</u>

The information on the outstanding share options as of September 30, 2021, is as follows:

	<u>Exercise price</u>	<u>Weighted average remaining contractual life (Years)</u>
As of September 30, 2021		
Share options outstanding at the end of the period	\$14.5	3.05

(c) Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred for the nine-month period ended September 30, 2021.

(d) The expense recognized for employee services received during the three-month and nine-month periods ended September 30, 2021 and 2020, is shown in the following table:

	<u>For the three-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	2021	2020	2021	2020
Expense arising from share-based payment transaction (All of arising from equity-settled share-based payment transaction)	<u>\$10,747</u>	<u>\$3,412</u>	<u>\$11,960</u>	<u>\$23,957</u>

(10) Operating revenues

A. Disaggregation of revenue

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2021	2020	2021	2020
Revenue from customers				
Sale of goods	\$4,043,170	\$5,177,540	\$14,064,484	\$13,462,392
Revenue arising from rendering services	28,339	21,942	61,128	50,839
Total	<u>\$4,071,509</u>	<u>\$5,199,482</u>	<u>\$14,125,612</u>	<u>\$13,513,231</u>

B. The Group's revenue from contracts with customers is recognized at certain points in time.

(11) Expected credit losses (gains)

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2021	2020	2021	2020
Operating expenses – expected credit losses (gains)				
Accounts receivables	<u>\$(806)</u>	<u>\$(4,752)</u>	<u>\$28</u>	<u>\$8,247</u>

Please refer to Note 12 for more details on credit risk.

The credit risk for the Group's financial assets measured at amortized cost are assessed as low. Since the transaction objects of the company are all financial institutions such as banks with good credit, all of them are calculated based on the expected credit loss rate of 0% and the allowance loss amount is \$0.

The Group measures the loss allowance of its Trade receivables (including notes receivables and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of September 30, 2021, December 31, 2020 and September 30, 2020 are as follows:

The Group considers the grouping of Trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

As of September 30, 2021

	Not yet due	Overdue					Total
		Under 30 days	31~60 days	61~90 days	91~120 days	Over 121 days	
Gross carrying amount	\$1,290,475	\$120,052	\$10,932	\$13,279	\$20,221	\$60,095	\$1,515,054
Loss ratio	1.43%	0.97%	0.63%	0.15%	1.64%	2.79%	
Lifetime expected credit losses	18,425	1,162	69	19	333	1,675	21,683
Net carrying amount	\$1,272,050	\$118,890	\$10,863	\$13,260	\$19,888	\$58,420	\$1,493,371

As of December 31, 2020

	Not yet due	Overdue					Total
		Under 30 days	31~60 days	61~90 days	91~120 days	Over 121 days	
Gross carrying amount	\$1,416,483	\$110,151	\$101,276	\$31,514	\$9,624	\$2,081	\$1,671,129
Loss ratio	1.32%	1.33%	0.00%	0.00%	2.55%	77.68%	
Lifetime expected credit losses	18,630	1,468	2	1	245	1,617	21,963
Net carrying amount	\$1,397,853	\$108,683	\$101,274	\$31,513	\$9,379	\$464	\$1,649,166

As of September 30, 2020

	Not yet due	Overdue					Total
		Under 30 days	31~60 days	61~90 days	91~120 days	Over 121 days	
Gross carrying amount	\$1,779,429	\$365,255	\$36,599	\$10,489	\$28,595	\$3,596	\$2,223,963
Loss ratio	1.58%	0.95%	1.27%	0.38%	1.51%	46.72%	
Lifetime expected credit losses	28,132	3,461	466	40	431	1,680	34,210
Net carrying amount	\$1,751,297	\$361,794	\$36,133	\$10,449	\$28,164	\$1,916	\$2,189,753

The movement in the provision for impairment of Trade receivables during the nine-month periods ended September 30, 2021 and 2020 is as follows:

	Accounts receivables
As of January 1, 2021	\$21,963
Addition/(reversal) for the current period	28
Effect of exchange rate	(308)
As of September 30, 2021	<u>\$21,683</u>
As of January 1, 2020	\$26,584
Addition/(reversal) for the current period	8,247
Effect of exchange rate	(621)
As of September 30, 2020	<u>\$34,210</u>

(12) Leases

Group as a lessee

The Group leases various properties, including real estate such as land and buildings, and parking space. The lease terms range from 1 to 5 years. The Group is not subject to any special restrictions.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Buildings	\$68,197	\$78,416	\$84,007

During the nine-month periods ended September 30, 2021 and 2020, the Group's additions to right-of-use assets amounting to \$20,378 and \$52,683 thousand, respectively.

(b) Lease liabilities

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Lease liabilities	\$68,624	\$78,939	\$84,519
Current	\$29,773	\$38,123	\$38,963
Non-current	\$38,851	\$40,816	\$45,556

Please refer to Note 6 (14) for the interest on lease liabilities recognized during the three-month and nine-month periods ended September 30, 2021 and 2020 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2021	2020	2021	2020
Buildings	\$10,545	\$7,527	\$30,825	\$25,219

C. Income and costs relating to leasing activities

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2021	2020	2021	2020
The expenses relating to variable lease payments not included in the measurement of lease liabilities	\$4,184	\$4,640	\$11,335	\$10,577

D. Cash outflow relating to leasing activities

During the nine-month periods ended September 30, 2021 and 2020, the Group's total cash outflows for leases amounting to \$42,881 thousand and \$36,366 thousand, respectively.

(13) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the three-month periods ended September 30,					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$-	\$325,668	\$325,668	\$-	\$327,895	\$327,895
Labor and health insurance	-	19,046	19,046	-	14,137	14,137
Pension	-	8,199	8,199	-	7,296	7,296
Other employee benefits expense	-	12,199	12,199	-	11,992	11,992
Depreciation expense	2,067	19,130	21,197	2,411	14,690	17,101
Amortization expense	-	1,881	1,881	-	1,423	1,423

	For the nine-month periods ended September 30,					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$-	\$969,783	\$969,783	\$-	\$826,945	\$826,945
Labor and health insurance	-	54,351	54,351	-	42,111	42,111
Pension	-	25,205	25,205	-	21,779	21,779
Other employee benefits expense	-	35,705	35,705	-	33,196	33,196
Depreciation expense	6,640	55,341	61,981	7,082	45,959	53,041
Amortization expense	-	5,900	5,900	20	3,738	3,758

According to the Articles of Incorporation, 5% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. If the Board of Directors subsequently modifies the estimates significantly, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period. Estimated employee remuneration and directors' remuneration are recognized as expenses in the current year. If there is a significant change in the amount determined by the board meeting resolution in the following year, it will be treated according to the changes in accounting estimates and the profit and loss of the following year will be adjusted. Information on the board meeting resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the nine-month period ended September 30, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2021 to be 7.610% of profit of the current year and 0.761% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the three-month period ended September 30, 2021 amounted to \$40,213 thousand and \$4,021 thousand. Employees' compensation and remuneration to directors for the nine-month period ended September 30, 2021 amounted to \$169,571 thousand and \$16,957 thousand, respectively and recognized as salaries expense. Based on profit of the nine-month period ended September 30, 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2020 to be 7.610% of profit of the current year and 0.761% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the three-month period ended September 30, 2020 amounted to \$44,964 thousand and \$4,497 thousand. Employees' compensation and remuneration to directors for the nine-month period ended September 30, 2020 amounted to \$92,218 thousand and \$9,222 thousand, respectively and recognized as salaries expense.



A resolution was passed at the board meeting held on February 24, 2021 to distribute \$129,435 thousand and \$12,944 thousand in cash as employees' compensation and remuneration to directors of 2020, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2020.

A resolution was passed at the board meeting held on March 12, 2020 to distribute \$49,731 thousand and \$4,973 thousand in cash as employees' compensation and remuneration to directors of 2019, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2019.

(14) Non-operating income and expenses

A. Interest income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Interest income				
Financial assets measured at amortized cost	\$3,322	\$2,624	\$9,788	\$17,786

B. Other income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Other income - others	\$5,918	\$10,621	\$37,528	\$18,882

C. Other gains and losses

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Foreign exchange gains (losses), net	\$6,088	\$(20,058)	\$(40,551)	\$(27,081)
Other losses - others	(1,080)	(1,174)	(3,600)	(3,619)
Gains on proceed from disposal of property, plant and equipment	-	-	20	-
Total	\$5,008	\$(21,232)	\$(44,131)	\$(30,700)

D. Finance costs

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Interest on lease liabilities	\$180	\$80	\$626	\$625

(15) Components of other comprehensive income

For the three-month period ended September 30, 2021

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive	Other comprehensive income, net of tax
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$(1,437)	\$-	\$-	\$(1,437)

For the three-month period ended September 30, 2020

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive	Other comprehensive income, net of tax
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$(73,369)	\$-	\$-	\$(73,369)

For the nine-month period ended September 30, 2021

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive	Other comprehensive income, net of tax
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$(85,085)	\$-	\$-	\$(85,085)

For the nine-month period ended September 30, 2020

	Income tax			
	Reclassification adjustments	Other comprehensive income, before tax	relating to components of other comprehensive income, net of tax	Other comprehensive income, net of tax
Arising during the period	during the period	tax	comprehensive	tax
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$(116,652)	\$-	\$(116,652)	\$-
				\$(116,652)

(16) Income tax

The major components of income tax expense (income) for the three-month and nine-month periods ended September 30, 2021 and 2020 are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Current income tax expense:				
Current income tax charge	\$95,092	\$128,299	\$442,725	\$228,193
Adjustments in respect of current income tax of prior periods	-	24	-	(10,918)
Deferred tax expense (income):				
Deferred tax expense relating to origination and reversal of temporary differences	2,174	(12,002)	(2,506)	(16,891)
Deferred tax expense relating to origination and reversal of tax loss and tax credit	4,107	-	-	17,964
Exchange differences	(129)	1,082	433	1,403
Total income tax expense	\$101,244	\$117,403	\$440,652	\$219,751

## The assessment of income tax returns

As of September 30, 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2019	None
Subsidiary – ASIAROCK TECHNOLOGY LIMITED	None	Exempt from income tax accordance with local regulations
Subsidiary – LEADER INSIGHT HOLDINGDS LIMITED	None	Exempt from income tax accordance with local regulations
Subsidiary – ASROCK RACK INCORPORATION	Assessed and approved up to 2018	None
Subsidiary – ASRock Industrial Computer Corporation	Assessed and approved up to 2018	None
Subsidiary – SOARING ASIA LIMITED	None	Exemption from income tax accordance with local regulations
Sub-subsidiary – ASRock Europe B.V.	Assessed and approved up to 2019	None
Sub-subsidiary – CALROCK HOLDINGS, LLC	Assessed and approved up to 2019	None
Sub-subsidiary – FIRSTPLACE INTERNATIONAL LIMITED	None	Exempt from income tax accordance with local regulations
Great-subsidiary – ASRock America, Inc.	Assessed and approved up to 2019	None

### (17) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
<b>A. Basic earnings per share</b>				
Profit attributable to ordinary equity holders of the Company (in thousand \$)	\$405,125	\$487,559	\$1,700,369	\$1,006,183
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	120,642	120,642	120,642	120,642
Basic earnings per share (\$)	\$3.36	\$4.04	\$14.09	\$8.34
<b>B. Diluted earnings per share</b>				
Profit attributable to ordinary equity holders of the Company (in thousand \$)	\$405,125	\$487,559	\$1,700,369	\$1,006,183
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	120,642	120,642	120,642	120,642
Effect of dilution:				
Employee compensation — stock (in thousands)	1,053	255	1,053	523
Weighted average number of ordinary shares outstanding after dilution (in thousands)	121,695	120,897	121,695	121,165
Diluted earnings per share (\$)	\$3.33	\$4.03	\$13.97	\$8.30

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(18) Changes in parent's interest in subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

ASRock Industrial Computer Corporation issued new shares on July 31, 2020 and June 11, 2021, however the Company did not purchase any of the new shares, consequently the ownership interest in ASRock Industrial Computer Corporation was reduced to 66.28% and 65.83%, respectively. The related interest in ASRock Industrial Computer Corporation reduced, including changes in non-controlling interests, is as follows:

	As of	
	July. 31, 2020	June. 11, 2021
Additional cash received from the issuance of new shares	\$-	\$-
Increase (decrease) to non-controlling interests	(1,384)	(6,644)
Difference recognized in capital surplus within equity	<u>\$(1,384)</u>	<u>\$(6,644)</u>

ASROCK RACK INCORPORATION issued new shares on July 14, 2021, however the Company did not purchase any of new shares, consequently its ownership interest in ASROCK RACK INCORPORATION was reduced to 59.66%. The related interest in ASROCK RACK INCORPORATION reduced, including changes in non-controlling interest, is as follows:

	As of
	July. 14, 2021
Additional cash received from the issuance of new shares	\$-
Increase (decrease) to non-controlling interests	1,461
Difference recognized in capital surplus within equity	<u>\$1,461</u>

#### Buying back treasury shares by the subsidiary

ASROCK RACK INCORPORATION recovered 191 thousand shares of treasury shares from non-controlling interests and cancelled them on April 22, 2021. As a result, the Company's ownership of ASROCK RACK INCORPORATION increased to 62.43%. The additional equity interest acquired including changes in non-controlling equity is as follows:

	As of
	Apr. 22, 2021
Cash consideration paid to non-controlling shareholders	\$-
Increase (decrease) to non-controlling interests	2,383
Difference recognized in capital surplus within equity	<u>\$2,383</u>

#### Acquisition of additional interest in a subsidiary

On March 25, and April 15, 2020, the Company acquired additional 2 thousand and 9 thousand voting shares of ASROCK RACK INCORPORATION, increasing its ownership to 62.03% and 62.05%, respectively. A cash consideration of \$40 thousand and \$172 thousand, respectively, was paid to the non-controlling interest shareholders. The following is a schedule of additional interest acquired in ASROCK RACK INCORPORATION including changes in non-controlling interests and adjustments to accumulated other comprehensive income:

	As of	
	Mar. 25, 2020	Apr. 15, 2020
Additional cash received from the issuance of new shares	\$(40)	\$(172)
Increase (decrease) to non-controlling interests	20	91
Difference recognized in capital surplus within equity	(20)	(54)
Difference recognized in retained earning within equity	-	(27)
Total	\$(20)	\$(81)

On January 13, March 23, May 7, September 30, December 7 and December 21, 2020, the Group acquired additional 30 thousand, 20 thousand, 21 thousand, 105 thousand, 103 thousand and 36 thousand voting shares of ASRock Industrial Computer Corporation, increasing its ownership to 67.46%, 67.52%, 67.58%, 66.58%, 66.86% and 66.96% respectively. A cash consideration of \$300 thousand, \$246 thousand, \$266 thousand, \$1,295 thousand, \$1,302 thousand and \$452 thousand, respectively, was paid to the non-controlling interest shareholders. The following is a schedule of additional interest acquired in ASRock Industrial Computer Corporation including changes in non-controlling interests and adjustments to accumulated other comprehensive income:

	As of		
	Jan. 13, 2020	Mar. 23, 2020	May. 7, 2020
Additional cash received from the issuance of new shares	\$(300)	\$(246)	\$(266)
Increase (decrease) to non-controlling interests	369	251	269
Difference recognized in capital surplus within equity	\$69	\$5	\$3

	As of		
	Sep. 30, 2020	Dec. 7, 2020	Dec. 21, 2020
Additional cash received from the issuance of new shares	\$(1,295)	\$(1,302)	\$(452)
Increase (decrease) to non-controlling interests	1,419	1,457	505
Difference recognized in capital surplus within equity	\$124	\$155	\$53

#### Subsidiary issued stock dividend

ASROCK RACK INCORPORATION issued stock dividends on August 24, 2021, increasing the Company's ownership to 59.67%. The additional equity interest acquired including changes in non-controlling equity is as follows:

	As of
	<u>Aug. 24, 2021</u>
Additional cash received from the issuance of new shares	\$-
Increase (decrease) to non-controlling interests	67
Difference recognized in capital surplus within equity	<u>\$67</u>

## 7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

### Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
PEGATRON Corporation	Parent company of the group
AS FLY TRAVEL SERVICE CO.,	Substantive related party
Cotek Electronics (Suzhou) Co., Ltd.	Substantive related party
Piotek Computer (Suzhou) Corporation	Substantive related party

### Significant transactions with the related parties

#### (a) Sales

	<u>For the three-month periods</u>		<u>For the nine-month periods</u>	
	<u>ended September 30,</u>	<u>ended September 30,</u>	<u>ended September 30,</u>	<u>ended September 30,</u>
	2021	2020	2021	2020
Parent company	\$10,829	\$13,925	\$16,427	\$65,055
Other related parties	-	228	313	289
Total	<u>\$10,829</u>	<u>\$14,153</u>	<u>\$16,740</u>	<u>\$65,344</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period for related parties sales was O/A 90 days. The collection period for non-related parties sales were TT or 30~90 days from FOB shipping point. The outstanding balance at September 30, 2021 and 2020 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed. In addition, for the three-month and nine-month periods ended September 30, 2021 and 2020, the amount of sales to related parties has eliminated amounts paid for outsourcing. The elimination amounted to, \$27,575 thousand, \$57,529 thousand, \$6,742 thousand and \$51,482 thousand, respectively.



(b) Purchases

	For the three-month periods		For the nine-month periods	
	ended September 30,		ended September 30,	
	2021	2020	2021	2020
Parent company	\$11,168	\$-	\$20,465	\$351
Other related parties	8,833	1,160	40,634	1,292
Total	<u>\$20,001</u>	<u>\$1,160</u>	<u>\$61,099</u>	<u>\$1,643</u>

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 30~90 days. In addition, for the three-month and nine-month periods ended September 30, 2021 and 2020, the amount of purchases to related parties has eliminated amounts paid for outsourcing. The elimination amounted to, \$32,118 thousand, \$86,969 thousand, \$51,804 thousand and \$187,990 thousand, respectively.

(c) Accounts receivable - related parties

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Parent company			
PEGATRON Corporation	\$39,468	\$16,044	\$23,028
Other related parties	-	585	224
Deducted: Allowance for bad debt	-	-	-
Net balance	<u>\$39,468</u>	<u>\$16,629</u>	<u>\$23,252</u>

(d) Temporary payments (accounted for under “Other current assets”)

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Other related parties	<u>\$-</u>	<u>\$-</u>	<u>\$33</u>

(e) Prepayments (accounted for under “Other current assets”)

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Parent company	<u>\$3,038</u>	<u>\$2,149</u>	<u>\$2,306</u>

(f) Accounts payable - related parties

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Parent company			
PEGATRON Corporation	\$36,604	\$30,196	\$50,141
Other related parties			
Piotek Computer (Suzhou) Corporation	15,215	4,251	1,260
Total	<u>\$51,819</u>	<u>\$34,447</u>	<u>\$51,401</u>

(g) Other receivables (accounted for under “other current assets”)

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Parent company	<u>\$-</u>	<u>\$-</u>	<u>\$205</u>

(h) Other payables

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Parent company	\$67,593	\$58,280	\$91,602
Other related parties	-	-	2
Total	<u>\$67,593</u>	<u>\$58,280</u>	<u>\$91,604</u>

(i) Other current liabilities

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Parent company	<u>\$61</u>	<u>\$66</u>	<u>\$1,213</u>

(j) Operating costs and expenses

	For the three-month periods		For the nine-month periods	
	ended September 30,	ended September 30,	ended September 30,	ended September 30,
	2021	2020	2021	2020
Parent company	\$57,491	\$72,867	\$121,379	\$202,185
Other related parties	1	262	2	2,820
Total	<u>\$57,492</u>	<u>\$73,129</u>	<u>\$121,381</u>	<u>\$205,005</u>

(k) Property transaction

Asset Name	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Parent company				
Computer software	\$-	\$-	\$2,831	\$2,831

(l) Key management personnel compensation

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$32,453	\$49,834	\$77,867	\$49,834
Post-employment benefits	162	461	486	461
Share-based payment	1,704	3,906	1,714	3,907
Total	\$34,319	\$54,201	\$80,067	\$54,202

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	Carrying amount			Secured liabilities
	As of			
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020	
Financial assets measured at amortized cost- non current	\$393	\$402	\$411	Tariffs and lease guarantees

9. Significant contingencies and unrecognized contractual commitments

(1) Reversible Connections Inc. ("Reversible") filed a patent infringement lawsuit against ASRock America, Inc., a subsidiary of the company, in 2017, claiming that ASRock America, Inc. infringed its '825 patent on several products sold in the United States. The company denied these allegations and defended the case strongly. A lawyer has been appointed to cooperate with the court in the trial. The company's operations, finances, and business remained normal and were not affected by the case.

(2) Elite Gaming Technology, LLC filed a patent infringement lawsuit against the Company, ASROCK RACK INCORPORATION and ASRock Industrial Computer Corporation, subsidiaries of the Company, in 2020, claiming that the Company, ASROCK RACK INCORPORATION and ASRock Industrial Computer Corporation used certain patents owned by Elite Gaming without licensing on several products sold in the United States. The Company denied these allegations and defended the case strongly. A lawyer has been appointed to cooperate with the court in the trial. The Company's operations, finances, and business remained normal and were not affected by the case.

(3) As of September 30, 2021, the company and its subsidiaries recorded customs duties of \$11,300 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Financial instruments

(1) Categories of financial instruments

Financial assets

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	\$1,742,809	\$2,761,785	\$2,977,460
Financial assets measured at amortized cost	1,385,365	819,961	615,654
Trade receivables	1,493,371	1,649,166	2,189,753
Other receivables	44,874	52,035	59,857
Total	<u>\$4,666,419</u>	<u>\$5,282,947</u>	<u>\$5,842,724</u>

## Financial liabilities

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Financial assets measured at amortized cost:			
Accounts payables	\$3,300,317	\$2,729,590	\$3,758,154
Lease liabilities	68,624	78,939	84,519
Other payables	978,201	1,073,475	1,007,867
Total	<u>\$4,347,142</u>	<u>\$3,882,004</u>	<u>\$4,850,540</u>

### (2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

### (3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

## Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the nine-month periods ended September 30, 2021 and 2020 is decreased/increased by \$(10,110) thousand and \$15,197 thousand, respectively, the equity is decreased/increased by \$37,661 thousand and \$39,635 thousand, respectively.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash in banks and time deposit at variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit for the nine-month periods ended September 30, 2021 and 2020 to increase /decrease by \$5,563 thousand and \$8,971 thousand, respectively.

#### (4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss.

The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of September 30, 2021, December 31, 2020 and September 30, 2020, amounts receivables from top ten customers represent 47.92% and 44.84% and 51.61% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. The Group measures the loss allowance of its trade receivables at an amount equal to lifetime expected credit losses, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery. (the issuer or the debtor is in financial difficulties or bankruptcy)

When the credit risk on debt instrument investment has increased, the Group will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

#### (5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of September 30, 2021					
Accounts payables	\$3,300,317	\$-	\$-	\$-	\$3,300,317
Lease liabilities	30,238	28,979	9,897	403	69,517
Other payables	978,201	-	-	-	978,201
As of December 31, 2020					
Accounts payables	\$2,729,590	\$-	\$-	\$-	\$2,729,590
Lease liabilities	38,835	31,176	7,327	2,832	80,170
Other payables	1,073,475	-	-	-	1,073,475
As of September 30, 2020					
Accounts payables	\$3,758,154	\$-	\$-	\$-	\$3,758,154
Lease liabilities	39,800	35,072	7,421	3,681	85,974
Other payables	1,007,867	-	-	-	1,007,867

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended September 30, 2021:

	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	\$78,939	\$78,939
Cash flows	(31,546)	(31,546)
Non-cash change	21,328	21,328
Foreign exchange movement	(97)	(97)
As of September 30, 2021	\$68,624	\$68,624

Reconciliation of liabilities for the nine-month periods ended September 30, 2020:

	Lease liabilities	Total liabilities from financing activities
As of January 1, 2020	\$57,173	\$57,173
Cash flows	(25,789)	(25,789)
Non-cash change	53,308	53,308
Foreign exchange movement	(173)	(173)
As of September 30, 2020	\$84,519	\$84,519



(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(8) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of September 30, 2021		
	Foreign currencies	Foreign exchange	
	(thousands)	rate	NTD (thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$93,306	27.8560	\$2,599,132
<u>Financial liabilities</u>			
Monetary items:			
USD	129,598	27.8560	3,610,082

As of December 31, 2020			
	Foreign currencies	Foreign exchange	
	(thousands)	rate	NTD (thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$150,597	28.4965	\$4,291,488
<u>Financial liabilities</u>			
Monetary items:			
USD	111,598	28.4965	3,180,144
As of September 30, 2020			
	Foreign currencies	Foreign exchange	
	(thousands)	rate	NTD (thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$180,544	29.115	\$5,256,548
<u>Financial liabilities</u>			
Monetary items:			
USD	128,348	29.115	3,736,860

Since there were various functional currencies used within the subsidiaries of the Group, the Group was unable to disclose foreign exchange (losses) gains towards each foreign currency with significant impact. The realized and unrealized foreign exchange gains (losses) were \$6,088 thousand, \$(40,551) thousand, \$(20,058) thousand and \$(27,081) thousand for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.

#### (9) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

- A. Financing provided to others: None.
- B. Endorsement/Guarantee provided to others: Please refer to Attachment 1.
- C. Securities held at the end of the period: None.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20 percent of the capital stock: None.
- E. Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20 percent of the capital stock: None.
- F. Disposal of individual real estate with amount exceeding the lower of \$300 million or 20 percent of the capital stock: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of \$100 million or 20 percent of the capital stock: Please refer to Attachment 2.
- H. Receivables from related parties with amounts exceeding the lower of \$100 million or 20 percent of capital stock: Please refer to Attachment 3.
- I. Financial instruments and derivative transactions: None.
- J. Others - Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between term: Please refer to Attachment 4.

(2) Information on investees

Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: Please refer to Attachment 5.

(3) Investment in Mainland china:

None.

(4) Information of major shareholder:

Name of major shareholder	Shares Number of shares held (shares)	Shareholding ratio (%)
ASUS INVESTMENT CO., LTD.	57,217,754	47.42%
ASUSTEK INVESTMENT CO., LTD.	7,453,405	6.17%
HONG HUNG INVESTMENT LIMITED	6,526,897	5.41%

#### 14. Segment information

The main business of the Group is to research and development, design and sales of products such as motherboards. The main operating decision makers monitors the overall operation results of the group to formulate decisions on resources allocation and performance evaluate the overall performance, so the group is a single operating unit.

## ATTACHMENT 1

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(Unit : thousands of NTD)

No (Note1)	Endorsements/Guarantees Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amounts of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed(Note4)	Endorsement Provided by Parent Company to Subsidiaries	Endorsement Provided by Subsidiaries to parent company	Endorsement Provided to entities in China
		Name	Nature of Relationship (Note2)										
0	ASROCK INC.	ASIAROCK TECHNOLOGY LIMITED	(2)	\$5,294,835	\$855,975	\$835,680	\$557,120	-	11.05%	\$5,294,835	Y	N	N

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

- (1) The Company is coded "0".
- (2) The subsidiaries are coded starting from "1" in the order.

Note 2 : The following code represents the relationship with the company:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : The amount of endorsements/guarantees for any single entity 100% holding company of shall not exceed 70% of net worth of endorser/guarantor.

Note 4 : The amount of endorsements/guarantees collateralized by properties shall not exceed 70% of net worth of endorser/guarantor.

Note 5 : If the original currency amount in the above is foreign currency, it is converted into New Taiwan Dollars in September 30, 2021 financial report exchange rate, and the spot exchange rate of September 30, 2021 is USD/NTD 27.8560.

## ATTACHMENT 2

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(Unit : thousands of NTD)

Purchases/Sales Company Name	Counter-Party	Relationship (Note4)	Transactions Details				Details of Non-arm's Length Transactions (Note1)		Notes and Accounts Receivable (Payable)		Remark (Note2)
			Purchases /(Sales)	Amount	Percentage of Total Purchases (Sales)	Terms	Unit Price	Terms	Balance	Percentage of Total Receivable (Payable)	
ASROCK INC.	ASRock Europe B.V.	1	(Sales)	\$(2,853,847)	(28.02%)	45 days	Same as other clients	Same as other clients	\$68,012	4.65%	
"	ASRock America, Inc.	1	(Sales)	(2,804,604)	(27.54%)	90 days	Same as other clients	Same as other clients	844,613	57.69%	
ASROCK TECHNOLOGY LIMITED	ASROCK INC.	2	(Sales)	(6,709,102)	(70.56%)	60 days	Same as other clients	Same as other clients	189,978	12.26%	
"	ASROCK RACK INCORPORATION	3	(Sales)	(1,704,282)	(17.92%)	60 days	Same as other clients	Same as other clients	289,041	18.66%	
"	ASRock Industrial Computer Corporation	3	(Sales)	(237,953)	(2.50%)	60 days	Same as other clients	Same as other clients	50,027	3.23%	
ASROCK RACK INCORPORATION	ASRock Europe B.V.	3	(Sales)	(122,228)	(5.00%)	60 days	Same as other clients	Same as other clients	25,681	6.66%	
"	ASRock America, Inc.	3	(Sales)	(232,730)	(9.52%)	90 days	Same as other clients	Same as other clients	91,246	23.68%	
ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	(Sales)	(137,192)	(15.53%)	60 days	Same as other clients	Same as other clients	31,254	39.88%	

Note 1: If the related party's transaction terms are different from the general transaction terms, the unit price and credit period column should state the difference and the reason.

Note 2: If there is any receipt (payment) in advance, the reason, contractual terms, amount, and differences from the general transaction type should be stated in the remarks column.

Note 3: The paid-in capital shall refer to the paid-in capital of the parent company. If securities issuers issued no-par value stocks or stocks with par value that are not TWD10 per share, the criteria shall be 10% of the amount attributable to parent company's equity.

Note 4: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty.)

- (1) Transactions from parent company to subsidiary is "1".
- (2) Transactions from subsidiary to parent company is "2".
- (3) Transactions between subsidiaries is "3".

## ATTACHMENT 3

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(Unit : thousands of NTD)

Company	Counter-Party	Relationship (Note3)	Ending Balance (Note1)	Turnover	Overdue Receivables		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Collection		
ASROCK INC.	ASRock America, Inc.	1	\$844,613	3.27	\$-	-	\$-	\$-
ASIAROCK TECHNOLOGY LIMITED	ASROCK INC.	2	189,978	7.00	-	-	-	-
"	ASROCK RACK INCORPORATION	3	289,041	5.55	-	-	-	-

Note 1: Please fill in separately according to accounts receivable, bills, other receivables... etc.

Note 2: The paid-in capital shall refer to the paid-in capital of the parent company. If securities issuers issued no-par value stocks or stocks with par value that are not TWD10 per share, the criteria shall be 10% of the amount attributable to parent company's equity.

Note 3: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty)

- (1) Transactions from parent company to subsidiary is "1".
- (2) Transactions from subsidiary to parent company is "2".
- (3) Transactions between subsidiaries is "3".

## ATTACHMENT 4

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(Unit : thousands of NTD)

No. (Note1)	Company	Counter-Party	Relationship (Note2)	Transaction Details			
				Account	Amount (Note4)	Terms	Percentage of consolidated total operating revenues or total assets(Note3)
0	ASROCK INC.	ASRock Europe B.V.	1	Sales	\$2,853,847	Same as other clients	20.20%
				Accounts receivable	68,012	45 days	0.52%
"	"	ASRock America, Inc.	1	Sales	2,804,604	Same as other clients	19.85%
				Accounts receivable	844,613	90 days	6.46%
1	ASIRAROCK TECHNOLOGY LIMITED	ASROCK INC.	2	Sales	6,709,102	Same as other clients	47.50%
				Accounts receivable	189,978	60 days	1.45%
"	"	ASROCK RACK INCORPORATION	3	Sales	1,704,282	Same as other clients	12.07%
				Accounts receivable	289,041	60 days	2.21%
"	"	ASRock Industrial Computer Corporation	3	Sales	237,953	Same as other clients	1.68%
				Accounts receivable	50,027	60 days	0.38%
2	ASROCK RACK INCORPORATION	ASRock Europe B.V.	3	Sales	122,228	Same as other clients	0.87%
				Accounts receivable	25,681	60 days	0.20%
"	"	ASRock America, Inc.	3	Sales	232,730	Same as other clients	1.65%
				Accounts receivable	91,246	90 days	0.70%
3	ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	Sales	137,192	Same as other clients	0.97%
				Accounts receivable	31,254	60 days	0.24%

Note 1: The Company and its subsidiaries are coded as follows:

- 1.The Company is coded "0".
- 2.Subsidiaries are coded consecutively starting from "1" in the order presented in the table above.

Note 2: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty.)

- (1) Transactions from parent company to subsidiary is "1".
- (2) Transactions from subsidiary to parent company is "2".
- (3) Transactions between subsidiaries is "3".

Note 3: The percentage is determined by the ratio of the transaction amount to the consolidated revenues or the total assets. Items on the balance sheet are calculated by the ending balance to total consolidated assets; items on the income statement are calculated by their midterm cumulative balance to the total consolidated income.

Note 4: The disclosure of significant intercompany transactions in this attachment is determined by the company based on the materiality.



## ATTACHMENT 5

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(Unit : thousands of NTD/dollar of USD)

Investor company (Note 2(1))	Investee company (Note 1, 2(1))	Location (Note 2(1))	Main business item (Note 2(1))	Initial Investment(Note 2(1))		Investment as of September 30, 2021(Note 2(1))			Investee company Net		Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value	Net income(loss) of investee company (Note2(2))	Investment income (loss) recognized (Note2(3))	
ASROCK INC.	ASROCK RACK INCORPORATION	Taiwan	Manufacture and sale of computers and peripheral	\$291,278	\$291,278	27,296,220 (Note 4)	59.67% (Note 4)	\$411,200	\$56,093	\$33,677	
"	ASIA ROCK TECHNOLOGY LIMITED	British Virgin Islands	Investment holding	1,320,886	1,320,886	40,000,000	100.00%	3,520,553 (Note 3)	48,662	60,354	
"	LEADER INSIGHT HOLDINGS LTD.	British Virgin Islands	Investment holding	71,559	71,559	2,100,000	100.00%	85,134	50,570	50,570	
"	ASRock Industrial Computer Corporation	Taiwan	Manufacture and sale of computers and peripheral	239,683	239,683	23,895,700	65.83%	367,646	108,101	71,914	
"	SOARING ASIA LIMITED	Hong Kong.	International trade	HKD 150,000	HKD 150,000	150,000	100.00%	HKD 537	-	-	
	Total									<u>216,515</u>	
ASIA ROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	Netherlands	Data storage and sales of electronic materials and international trade	USD 194,000	USD 194,000	200,000	100.00%	USD 23,526,608	USD 3,275,182	USD 3,275,182	
"	CALROCK HOLDINGS, LLC	USA	Rent office building	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	USD 2,161,475	(USD 32,290)	(USD 32,290)	
"	Orbweb Inc. (BVI)	British Virgin Islands	Computer equipment installation and peripheral equipment wholesale and service	USD 1,000,000	USD 1,000,000	4,000,000	27.59%	-	(USD 116,191)	-	
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	British Virgin Islands	Investment holding	USD 2,050,000	USD 2,050,000	2,050,000	100.00%	USD 3,054,665	USD 1,801,887	USD 1,801,887	
FIRSTPLACE INTERNATIONAL LTD.	ASRock America, Inc.	USA	Data storage and sales of electronic materials and international trade	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	USD 3,021,124	USD 1,801,880	USD 1,801,880	

Note 1: If a public offering company has a foreign holding company and uses consolidation as the main financial statement in accordance with local laws and regulations, the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

- (1) The "name of the investee company", "location", "main business item", "original investment amount" and "end-of-term shareholding situation" should be based on the company's reinvestment status and fill in the reinvestment situation of each invested company directly or indirectly controlled in order, and indicate the relationship between each invested company and the (public offering) company (if it is a subsidiary or a grandson company) in the remarks column.
- (2) In column B of "Invested Company Current Profit and Loss", the amount of current profit and loss of each invested company should be filled in.
- (3) In column B of "Investment Profits and Losses Recognized in the Current Period", only the amount of profit and loss of the subsidiaries recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method is required. When filling in the "recognition of the current profit and loss amount of each subsidiary for direct reinvestment", it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

Note 3: Book value = net equity \$3,681,003 thousand + deferred credit \$(160,450) thousand.

Note 4: The employee stock option was offered by ASROCK RACK INCORPORATION on July 14, 2021. Because the Company did not subscribe the shares according to the shareholding ratio, the ownership interest in the company was reduced from 62.43% to 59.66%. In addition, stock dividends were issued on August 24, 2021, which was resolved by the board of directors' meeting on August 18, 2021. The shareholding ratio of the Company increased from 59.66% to 59.67%.