

Stock Code: 3515



ASRock Incorporation
2023 Annual Report

Published on April, 2024

The website designated by the Financial Supervisory Commission for reporting:

<http://mops.twse.com.tw>

I. Contact Information of Spokesperson:

Spokesperson/Title : Chien-Hung, Chen/ Vice President & CFO
Tel : (02)2896-5588
E-mail : Edward9_Chen@asrock.com.tw
Deputy Spokesperson/Title : Hui-Ju, Li/ Accounting Manager
Tel : (02)2896-5588
E-mail : Ivanka_Lee@asrock.com.tw

II. Contact information of ASRock and its Subsidiaries:

Headquarter: 2F., No.37, Sec. 2, Jhongyang S. Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)

Tel: (02)2896-5588

Subsidiaries and plants: None.

III. Institution for stock transfer:

Name: Registrar & Transfer Agency Department of KGI Securities Co. LTD

Address: 5F., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Website: <http://www.kgiworld.com.tw>

Tel: (02)2389-2999

IV. Names of financial statement auditors in the latest year:

Names of Auditors: CPA, Chien-Ju, Yu; Hsuan-Hsuan, Wang

CPA Firm: Ernst & Young, Taiwan

Address: 9F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Website: <http://www.ey.com/>

Tel: (02)2757-8888

V. Overseas Listings and Access to the Listing Information: None

VI. Website: <http://www.asrock.com>

ASROCK INCORPORATION

Table of Content

	<u>Page</u>
Chapter I. Report to Shareholders.....	1
Chapter II. Company Profile	3
I. Date of establishment.....	3
II. Company history.....	3
Chapter III. Corporate Governance	5
I. Organizational structure.....	5
II. Background information of Directors, President, Vice Presidents, Assistant Managers, and the heads of various departments and branches	8
III. Corporate governance	27
IV. Information in public fees of the Certified Public Accountant Association	60
V. Changes in CPA	60
VI. Where the company’s chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed.....	61
VII. In the latest year until the date as of annual report issuance, the fact regarding transfer or pledge stock equity by the Company’s directors and managerial officers and key shareholders holding over 10% in shareholding.....	62
VIII. The interrelationship among the key shareholders holding over 10% in shareholding..	63
IX. Investments jointly held by the Company, the Company’s directors, managers, and enterprises directly or indirectly controlled by the Company. calculate shareholding in aggregate of the above parties	64
Chapter IV. Funding Status	65
I. Share capital and shares.....	65
II. Issuance of corporate bond (including foreign bond).....	70
III. Preferred stock	70
IV. Issuance of global depositary receipts	70
V. Employee stock option.....	70
VI. Employee restricted stocks	71
VII. STATUS of new shares issuance in connection with mergers and acquisitions.	74
VIII. Financing plans and implementation.	74
Chapter V. Business Performance.....	75
I. Content of business.....	75
II. Markets, production and marketing in summary	83
III. Profile of employees in the last two years and as of the date of publication of the annual report.....	88
IV. Environmental spending	88

V.	Employee relation:.....	88
VI.	ICT security management.....	90
VII.	Important contract.....	92
Chapter VI.	Financial Status.....	93
I.	Information of condensed balance sheet and consolidated profit & loss statement for the latest 5 years.....	93
II.	Financial analysis for the latest 5 years	97
III.	The Audit Committee’s audit report as shown through the financial statements in the latest year.....	100
IV.	Financial statements for the latest year.....	101
V.	Auditor’s responsibilities for the audit of the consolidated financial statements in the latest year	101
VI.	In the Company and its affiliated enterprises, in the latest year until the date as of Annual Report issuance, developed an insolvency and the impact upon the Company’s financial conditions.....	101
Chapter VII.	Financial Status and Performance Review Analysis and Risks.....	102
I.	Financial status	102
II.	Financial performance	103
III.	Cash flow	103
IV.	The impact of the significant capital expenditure over the past year upon the financial performance	104
V.	The outward investment policies over the past year, the key reasons leading to the profit or loss, the corrective plans, and the investment plan in one year ahead	104
VI.	Risk assessment	105
VII.	Other important disclosures	109
Chapter VIII.	Special Disclosure.....	110
I.	Relevant information of affiliated enterprises	110
II.	Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary	112
III.	Holding or disposal of the company’s shares by its subsidiaries during the latest financial year, up to the publication date of this annual report.....	112
IV.	Other supplementary information.....	112
V.	Occurrences of events defined under Subparagraph 2, Paragraph 2, Article 36 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders’ equity or security prices.....	112

Chapter I. Report to Shareholders

Ladies and gentlemen, Dear Shareholders:

Dear shareholders, it is indeed a great pleasure to have your presence in this regular session of the 2024 Shareholders Meeting. With the impact from the geopolitics, rising inflation and sharp interest rate hikes in 2023, the global PC market was severely affected. According to a research report by Gartner, global PC shipments has declined by 14.8% in 2023, with double-digit declines for two consecutive years. Many unfavorable factors have also caused companies to be conservative and cautious about capital expenditures and inventory restocking, thus demand for industrial computers and servers has been significantly affected. The sharp decline in the global PC market and conservative demand have had a significant impact on the Company. Through diversified product/market strategies, we have achieved double-digit growth in revenue. However, due to inventory allowances and the decline in the proportion of commercial products, the gross profit margin and net profit declined, posing challenges for returning to full operations with profit growth momentum. The Company's performance was not satisfactory.

Financial and business performance

The Company's consolidated revenue of NT\$18.99 billion in 2023, which was an increase of 10.9% from NT\$17.12 billion in the same period of 2022. Affected by the inventory and the product line, the gross profit margin in 2023 dropped to 20.2%, which is a 1.4% decrease from the gross profit margin of 21.6% in 2022. In 2023, the consolidated net income after tax is NT\$0.92 billion, a decrease of 14% from the NT\$1.07 billion in 2022. The Consolidated Financial Information is shown in the table below:

Unit: NT\$ 100 million

Item	2023 (consolidated)		2022 (consolidated)	
	Amount	%	Amount	%
Operating revenues	189.9	100.0%	171.2	100.0%
Gross profit	38.3	20.2%	37.0	21.6%
Operating expenses	26.8	14.1%	25.2	14.7%
Operating income	11.5	6.1%	11.9	6.9%
Pre-tax profit	12.2	6.4%	14.3	8.4%
Net income after tax (Owner of the parent company)	9.2	4.9%	10.7	6.2%
Earnings per share after taxation (NT\$)	7.54		8.69	

Note: No financial forecast was disclosed in 2023. Budget attainment is Not applicable here.

Gravity of technological development and operation

The advancement of AI technology has become an indispensable focus of technology development in the IT industry where new hardware and applications are being actively developed regardless of market demand for consumer PCs or commercial applications. With the booming cloud applications and edge computing, it is expected to significantly improve users' work efficiency. The Company focuses on the technology and plans to launch a series of new products.

Moreover, the Company has been steadily and successfully developing several new consumer products focusing on e-sports in recent years. We will continue to anchor on this operational focus, actively develop new products, and provide consumers with a full range of professional e-sports products, ensuring the distinctive and innovative brand value are deeply rooted in consumers for all fields.

The prospect

The diversified development on products/ brands/ markets is the focus of the Company's long-term operation and development and it looks to develop commercial and consumer products with steady growth. In addition new growth drivers the developments can reduce operational fluctuations caused by specific product lines. Although the global economy in 2024 is still negatively affected by high interest rates and geopolitical policies, the PC market, after two consecutive years of adjustments with rising AI demand, is expected to regain growth in both the consumer and commercial markets. The Company will maintain a cautious but optimistic attitude and actively achieve growth in value for shareholders.

May I wish you all

Good health and good luck

ASRock Incorporation

Chairman Hsu-Tien, Tung

Chapter II. Company Profile

I. Date of establishment: May 10, 2002

II. Company history

- May 2002 ASRock was founded, and the office was set up in the An-Tai Tower, Tanshui Hongshulin, with a paid-in capital of NT\$200,000,000 and a core business in selling the ASROCK computer motherboard.
- Dec 2002 ASRock was profitable in the first year of its establishment, with a net profit after tax exceeding NT\$50,000,000.
- Jun 2003 NT\$42,000,000 of new shares were issued through stock dividends, and the paid-in share capital after the capital increase was NT\$242,000,000.
- Jul 2004 NT\$147,000,000 of new shares were issued through stock dividends and employee bonus, and the paid-in share capital after the capital increase was NT\$389,000,000.
- Aug 2004 ASRock moved to Lide Building, 2F, No. 11, Lane 120, Lide Road.
- Dec 2004 New shares of NT\$40,000,000 were issued through seasoned equity offering, and the paid-in capital after the increase was NT\$429,000,000.
- Jul 2005 NT\$156,700,000 of new shares were issued through stock dividends and employee bonus, and the paid-in share capital after the capital increase was NT\$585,700,000.
- Dec 2005 Established a schedule for listing in the TWSE for equity dispersion.
- May 2006 The stock public offering was approved by the Securities and Futures Bureau of the Financial Supervisory Commission.
- Jul 2006 NT\$157,390,000 of new shares were issued through stock dividends and employee bonus, and the paid-in share capital after the capital increase was NT\$743,090,000.
- Sep 2006 ASRock was approved and listed as an emerging stock by Taipei Exchange.
- Oct 2006 ASRock moved to Jang Dah Plaza, 2F, No. 37, Section 2, Zhongyang S. Rd.
- Jul 2007 ASRock was approved to be listed on the TWSE by the FSC.
- Aug 2007 NT\$165,118,000 of new shares were issued through stock dividends, and the paid-in share capital after the capital increase was NT\$908,208,000.
- Nov 2007 New shares of NT\$114,430,000 were issued through seasoned equity offering, and the paid-in capital after the increase was NT\$1,022,638,000.
- Nov 2007 ASRock was listed on the TWSE.
- Aug 2008 NT\$77,632,000 of new shares were issued through stock dividends, and the paid-in share capital after the capital increase was NT\$1,100,270,000.
- Apr 2009 The treasury shares were canceled, and the capital was reduced by NT\$9,080,000. After the capital reduction, the paid-in share capital was NT\$1,091,190,000.
- Aug 2009 NT\$59,226,000 of new shares were issued through stock dividends, and the paid-in share capital after the capital increase was NT\$1,150,416,000.

Sep 2017 Issued new restricted employees shares of NT\$57,040,000, and the paid-in share capital after capital increase was NT\$1,207,456,000.

Year 2019 Canceled expired restricted employee shares, reduced capital by NT\$984,000, and the paid-in share capital after the capital reduction was NT\$1,206,472,000.

Jul 2020 Canceled expired restricted employee shares, reduced capital by NT\$48,000, and the paid-in share capital after the capital reduction was NT\$1,206,424,000.

Nov 2021 Issued new restricted employees shares of NT\$22,830,000, and the paid-in share capital after capital increase was NT\$1,229,254,000.

Dec 2022 Canceled expired restricted employee shares, reduced capital by NT\$9,324,000, and the paid-in share capital after the capital reduction was NT\$1,219,930,000.

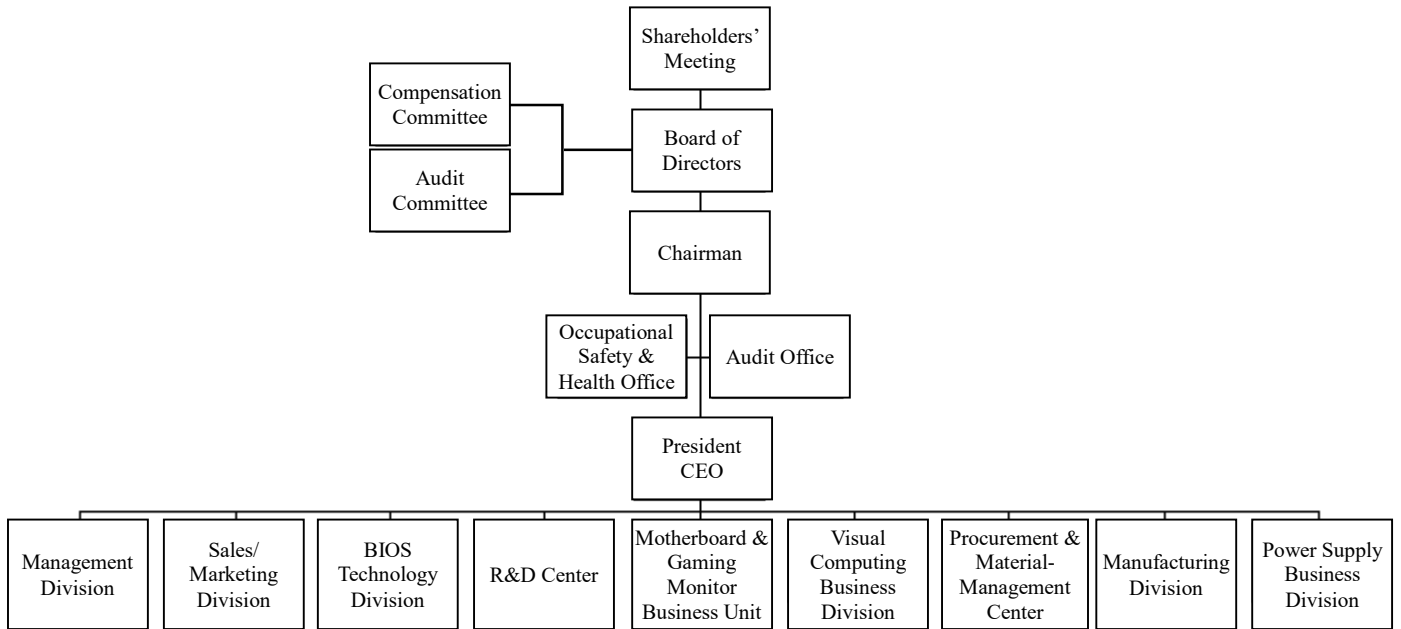
Year 2023 Canceled expired restricted employee shares, reduced capital by NT\$3,522,000, and the paid-in share capital after the capital reduction was NT\$1,216,408,000.

Mar 2024 Canceled expired restricted employee shares, reduced capital by NT\$51,000, and the paid-in share capital after the capital reduction was NT\$1,216,357,000.

Chapter III. Corporate Governance

I. Organizational structure:

(I) Organization chart:



(II) Business affairs operated by the key departments

Department	Business affairs
Audit Office	<ol style="list-style-type: none">1. Establishment, follow-up, and revision of internal audit policies2. Research, audit, and revision of internal control policies
Occupational Safety & Health Office	<ol style="list-style-type: none">1. Establish safety & health management plan and emergency plan for employees2. Supervise on the implementation, management and review of safety & health management plan
Management Division	<ol style="list-style-type: none">1. Establishment and implementation of HR planning and personnel management system2. Establishment and implementation of administrative and general affairs systems3. Financial planning, fund management and administration4. Budgeting and planning5. Accounting operations, closing and establishment, implementation of tax systems6. Establishment and implementation of MIS and ERP systems with integration of the Company's computerized management
Sales/Marketing Division	<ol style="list-style-type: none">1. Planning and coordinating the development of new products2. Developing sales strategies and promoting production and sales coordination3. Sales execution and collection management, analysis and statistics4. Global sales development and business information collection, and analyzation
BIOS Division	<ol style="list-style-type: none">1. Software research, design and development plan for new products and technologies2. Software technical support for product development3. Software quality testing for product development phases
R&D Center	<ol style="list-style-type: none">1. Research, design and development plan for new products and technologies2. Technical support for product development3. Quality testing for product development phases
Motherboard & Gaming Monitor Business Unit	<ol style="list-style-type: none">1. Development planning, project management and tracking for motherboard and gaming monitor2. Sales, product marketing planning, campaign planning and execution3. Strategic competitive market research and analysis
Visual Computing Business Division	<ol style="list-style-type: none">1. Research, sales planning, design, and development planning for computer graphics card2. Development, research, design, and sales planning for blockchain-related products

Department	Business affairs
	3. Research and development planning for cryptocurrency
Procurement & Material-Management Center	1. Negotiation and procurement of raw materials 2. Provide high-quality, low-cost raw materials and material procurement that meet market demands
Manufacturing Division	Overall planning and management of manufacturing, quality assurance, and engineering units
Power Supply Business Division	1. Power supplies and new product line planning and development 2. Monitor project implementation, schedule, and collect and analyze competitive intelligence 3. Develop retail marketing plan & sales plan 4. Conduct global market sales forecast

II. Background information of Directors, President, Vice Presidents, Assistant Managers, and the heads of various departments and branches

(I) Profiles of directors

1. Name of director, work experience (educational background), amount and nature of shareholdings

March 31, 2024; Unit: shares

Title	Nationality and registry	Name	Gender / age	On-board date	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors			Remark (Note 6)
							Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
Director	Republic of China	Asus Investment Co., Ltd.		August 20, 2021	3 years	December 20, 2006	57,217,754	47.04	57,217,754	47.04	-	-	-	-	-	-	-	-	-	-
Chairman	Republic of China	Hsu-Tien, Tung	Male Age 60-69	August 20, 2021	Not applicable	Not applicable	-	-	-	-	-	-	-	-	Bachelor degree in Electrical Engineering, National Taiwan University Assistant Vice President, ASUSTeK Computer Inc.	Note 1	-	-	-	-
Director	Republic of China	Asus Investment Co., Ltd. Institutional Representative: Tzu-Hsien, Tung	Male Age 60-69	August 20, 2021	Not applicable	Not applicable	-	-	-	-	-	-	-	-	Master degree in Computer and Communication Engineering, National Taipei University of Technology Honorary Ph.D in Engineering, National Taipei University of Technology Vice Chairman, ASUSTeK Computer Inc. Chairman, Kinsus Interconnect Technology Corp. Chairman, Pegavision Corporation	Note 2	-	-	-	-
Director	Republic of China	Asus Investment Co., Ltd. Institutional Representative: Kuang-Chin, Cheng	Male Age 50-59	August 20, 2021	Not applicable	Not applicable	-	-	-	-	244	0.00	-	-	Master degree in Computer Science and Information Engineering, Tamkang University Bachelor in electrical and computer engineering, Tamkang University Assistant Vice President, ASUSTeK Computer Inc. Vice President, R&D Department, Pegatron Corporation Special Assistant to CEO, CEO Office, Pegatron Corporation	Note 3	-	-	-	-
Director	Republic of China	Asus Investment Co., Ltd. Institutional Representative: Lung-Lun, Hsu	Male Age 50-59	August 20, 2021	Not applicable	Not applicable	-	-	1,658,250	1.36	229,534	0.19	-	-	Bachelor degree in Electrical Engineering, National Taiwan University Master degree in Electrical Engineering, National Taiwan University Section Head, R&D Dept., ASUSTeK Computer Inc.	Note 4	-	-	-	-

Title	Nationality and registry	Name	Gender / age	On-board date	Term	Date first elected	Shares at election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors			Remark (Note 6)
							Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
Independent Director	Republic of China	Ai, Wei	Male Age 70-79	August 20, 2021	3 years	June 16, 2009	-	-	-	-	-	-	-	-	Ph.D. in East Asian Studies, National Cheng-Chi University Master degree in Fletcher School of Law and Diplomacy, Tufts University Bachelor degree in Economics, National Cheng-Chi University Director/Associate Professor, Graduate Institute of East Asian Studies, National Cheng-Chi University Chief Secretary, Secretariat of National Cheng-Chi University Government shareholder's representative, Hua Nan Financial Holdings Co., Ltd. Associate Professor, Department of Public Finance, National Cheng-Chi University Vice Convener of Economy Group, Institute of International Relations, National Cheng-Chi University Visiting Scholar, Stanford University	Note 5	-	-	-	-
Independent Director	Republic of China	Chin-Jung, Wu	Male Age 70-79	August 20, 2021	3 years	June 22, 2011	-	-	-	-	-	-	-	-	Master degree in Industrial Educations, National Taiwan Normal University Bachelor degree in Chemical Engineering, National Taiwan University Senior Advisor, iSuppli President, Taiwan of Dataquest Manager, IGEE Technology Inc. Factory Manager, KUNG-JIM Chemical Co., Ltd. Lecturer, Hungkuang University	President, Explore Microelectronics Inc.	-	-	-	-
Independent Director	Republic of China	Ming, Ouhyoung	Male Age 60-69	August 20, 2021	3 years	June 12, 2019	-	-	-	-	-	-	-	-	Chair/Director, Department of Computer Science & Information Engineering, National Taiwan University Associate Dean, College of Electrical Engineering and Computer Science, National Taiwan University Research Fellow, MTS, AT&T Bell Laboratory N.J. USA	-	-	-	-	-

Note 1: Directors and Senior Vice President, Pegatron Corporation, Executive Director, Pegatron Corporation (Chongqing)

Note 2: Chairman and Chief Strategy Officer, Pegatron Corporation, Chairman, Kinsus Holding, Chairman, Lumens Digital Optics Inc., Chairman, Asus Investment Co., Ltd., Chairman, Asuspower Investment Co., Ltd., Chairman, Asustek Investment Co., Ltd., Chairman, Ri-Kuan Metal Corporation, Chairman, BeautyTech Platform Corporation, Chairman, FacialBeau International Corporation, Chairman, Fisfisa Media, Director, Kinsus Interconnect Technology Corp., Director, Pegavision Corporation, Director, Huayong Investment Ltd., Director,

Asfly Travel Service Ltd., Director, Huawei Investment Co., Ltd., Director, Pega International Limited, Director, Casetek Holdings Limited (Cayman), Director, Pegatron Holding Ltd., Director, Unihan Holding Ltd., Director, Magnificent Brightness Limited, Director, Casetek Holdings Ltd., Director, Protek Global Holdings Ltd., Director, Digitek Global Holdings Ltd., Director, Kinsus Corp. (USA), Director, Pegatron Holland Holding BV, Director, Powtek Holdings Limited, Director, Cotek Holdings Limited, Director, Grand Upright Technology Limited, Director, Aslink Precision Co., Ltd., Director, Q Place Creative Inc., Independent Director, PChome Online Inc., Director, The Alliance Cultural Foundation, Director, Hanguang Education Foundation, Executive Director, Taipei Computer Association, Director, Lung Yingtai Cultural Foundation, Director, Andrew T. Huang Medical Education Promotion Foundation, Director, Fair Winds Foundation, Director, Bridge Across The Strait Foundation, Chairman, Monte Jade Science & Technology Association of Taiwan, Director, FullFoods Foundation, Director, Bulareyaung Dance Company, Director, Cloud Gate Foundation, Director, Lovely Taiwan Foundation, Vice Chairman, New Frontier Foundation, Vice Chairman, Taiwan Climate Partnership, Director, The Liu Kuo-sung Foundation, Director, Institute for Biotechnology and Medicine Industry, Chairman, Taiwan Contact Lenses Industry Development Association, Director, Koo Foundation Sun Yat-Sen Cancer Center, Director, CHENG HSIN GENERAL HOSPITAL

Note 3: President and CEO, Pegatron Corporation, President and CEO, AzureWave Technologies, Inc., Director, AzureWave Technologies, Inc., Director, Kinsus Interconnect Technology Corp, Director, Taipei Computer Association, Director, Taiwan Contact Lenses Industry Development Association

Note 4: President, ASRock Inc., Chairman and Chief Strategy Officer, ASRock Rack Incorporation, Chairman, ASJade Technology Incorporation, Chairman, ASJade Technology Japan Inc., Director of Soaring Asia Limited, ASIAROCK TECHNOLOGY LTD., LEADER INSIGHT HOLDINGS LTD., FIRSTPLACE INTERNATIONAL LTD., CALROCK HOLDINGS, LLC and ASRock America Inc.

Note 5: Supervisor, Research Center of Cross-Straits Political and Economic Affairs, College of International Affairs, National Cheng-Chi University, Vice Chairman, Bridge Across the Strait Foundation

Note 6: Where the chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase the number of independent directors and no more than half of the directors are employees or managers).

2. Major shareholders of corporate shareholders

December 31, 2023

Corporate shareholder name	Major shareholders of corporate shareholders	Proportion of shareholding (%)
Asus Investment Co., Ltd.	Pegatron Corporation	100

3. Major shareholder(s) where the major shareholder of the juristic is a juristic person

July 10, 2023

Name of corporate shareholder	Major shareholders of corporate shareholders	Proportion of shareholding (%)
Pegatron Corporation	ASUSTeK Computer Inc. (Representative: Chung-Tang, Shih)	16.83
	Tzu-Hsien, Tung	3.55
	HSBC managed Silchester International Investors International Value Equity Trust	3.04
	Yuanta Taiwan High Dividend Fund Account	2.77
	Chung-Tang, Shih	2.52
	Shih-Chang, Hsu	2.11
	HSBC managed Morgan Stanley & Co. International Ltd investment account	2.09
	Labor Pension Fund (The New Fund)	1.76
	Cathay United Bank in Custody for Infinity No. 1 Company Investment Account	1.45
	Fubon Life Assurance Co., Ltd.	1.35

4. Disclosure of professional qualification of the directors and independence of directors

Qualification Name	Professional qualification and experience	Compliance of independence	Number of positions as an Independent Director in other public listed companies
Chairman Hsu-Tien, Tung	<ol style="list-style-type: none"> Former Assistant Vice President, ASUSTeK Computer Inc. Chairman, ASRock Inc. Possesses the required work experience in business and IT industries, and there are no circumstances specified in any subparagraph of Article 30 of the Company Act. 	Not applicable to non-independent directors	-
Director Tzu-Hsien, Tung	<ol style="list-style-type: none"> Former Vice Chairman, ASUSTeK Computer Inc. Chairman and CEO, Pegatron Corporation Possesses the required work experience in business and IT industries, and there are no circumstances specified in any subparagraph of Article 30 of the Company Act. 	Not applicable to non-independent directors	-

Qualification Name	Professional qualification and experience	Compliance of independence	Number of positions as an Independent Director in other public listed companies
Director Kuang-Chin, Cheng	<ol style="list-style-type: none"> Former Assistant Vice President, ASUSTeK Computer Inc. President and CEO, Pegatron Corporation, President and CEO, AzureWave Technologies, Inc. Possesses the required work experience in business and IT industries, and there are no circumstances specified in any subparagraph of Article 30 of the Company Act. 	Not applicable to non-independent directors	-
Director Lung-Lun, Hsu	<ol style="list-style-type: none"> Former Section Head, R&D Dept., ASUSTeK Computer Inc. President, ASRock Inc. Possesses the required work experience in business and IT industries, and there are no circumstances specified in any subparagraph of Article 30 of the Company Act. 	Not applicable to non-independent directors	-
Independent Director Ai, Wei	<ol style="list-style-type: none"> Former Director/ Graduate Institute of East Asian Studies, National Cheng-Chi University Adjunct associate professor, Graduate Institute of East Asian Studies, National Cheng-Chi University Possess academic experience and there are no circumstances specified in any subparagraph of Article 30 of the Company Act. Audit committee member with extensive background in accounting or finance. 	Meets the requirements of independence (Note)	-
Independent Director Chin-Jung, Wu	<ol style="list-style-type: none"> Former Senior Advisor, iSuppli President, Explore Microelectronics Inc. Possesses the required work experience in business and IT industries, and there are no circumstances specified in any subparagraph of Article 30 of the Company Act. Audit committee member with extensive background in accounting or finance. 	Meets the requirements of independence (Note)	-
Independent Director Ming, Ouhyoung	<ol style="list-style-type: none"> Former Professor, Graduate Institute of Networking and Multimedia, National Taiwan University Adjunct Professor, Graduate Institute of Networking and Multimedia and Department of Computer Science and Information Engineering, National Taiwan University Possess academic experience and there are no circumstances specified in any subparagraph of Article 30 of the Company Act. 	Meets the requirements of independence (Note)	-

Note: This includes, but is not limited to, (1) neither the person, their spouse, or their relatives within the second degree of kinship is a director, supervisor, or employee of the Company or the affiliates of the Company; (2) the person, their spouse, or their relatives within the second degree of kinship (or using the name of another person) does not hold shares in the Company; (3) not being a director, supervisor or employee of a company with a specific relationship with the Company (as stipulated in Article 3, Paragraph 1, Paragraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); (4) no remuneration received in the last two years for providing business, legal, financial, or accounting services to the Company or the Company's affiliates.

5. Board member diversification

ASRock advocates and respects the policy of diversity of directors. We believe that the policy of diversity will help improve the overall performance to strengthen corporate governance and promote the development of the composition and structure of the board of directors. The board member takes into consideration various diversified dimensions such as basic makeup (i.e., gender, age, nationality, race, etc.), industry experience, and professional knowledge and skills.

Implementation of board diversity policy at ASRock

Diversity core item	Basic composition							Professional knowledge/skills								
	Nationality	Gender	Current positions in our company	Age			Tenure of independent director		Operational judgment competency	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership ability	Decision making ability
				Age 50-59	Age 60-69	Age 70-79	Under 3 years	3-9 years								
Name																
Hsu-Tien, Tung	Republic of China	Male		✓					✓	✓	✓	✓	✓	✓	✓	✓
Tzu-Hsien, Tung	Republic of China	Male		✓					✓	✓	✓	✓	✓	✓	✓	✓
Kuang-Chin, Cheng	Republic of China	Male	✓						✓	✓	✓	✓	✓	✓	✓	✓
Lung-Lun, Hsu	Republic of China	Male	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓
Ai, Wei	Republic of China	Male			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Chin-Jung, Wu	Republic of China	Male			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Ming, Ouhyoung	Republic of China	Male		✓			✓		✓		✓	✓	✓	✓	✓	✓

Management goals of diversity:

Management goals	Implementation status
Less than half of the directors are in the management team of the Company	Achieved
At least one member of the Board of Directors should have professional background in finance, accounting or relevant industry experience	Achieved

- (1) The 7 directors (including 3 independent directors) of the 7th Board of Directors of the Company are equipped with operational judgment competency, leadership and decision making ability, business management ability, international market perspective and other capabilities with industry knowledge and professional capabilities; among them, Chairman Hsu-Tien, Tung, Director Tzu-Hsien, Tung, Director Kuang-Chin, Cheng, Director Lung-Lun, Hsu and Independent Director Chin-Jung, Wu have experience in the

IT industry; and Independent Director Ai, Wei and Independent Director Ming, Ouhyoung have hands on teaching experience.

- (2) All board members have Taiwan ROC nationality with 14% of the directors being employees of the Company and 43% being independent directors. The distribution consists of 2 Directors aged 50-59, 3 Directors aged 60-69, and 2 Directors aged 70-79. The terms of the 3 Independent Directors are between 3-13 years.
- (3) The Company will continue to revise the diversity policy in a timely manner according to the operation of the Board of Directors, the type of operation and the development needs, to ensure the members of the Board of Directors have the knowledge, skills and qualities necessary to perform their duties.

6. Independence of Board of Directors

- (1) Chairman Hsu-Tien, Tung, Director Tzu-Hsien, Tung, Director Kuang-Chin, Cheng and Director Lung-Lun, Hsu are employees of the Company or its affiliates and directors of the Company's affiliates. Director Lung-Lun, Hsu and his spouse and children and director Kuang-Chin, Cheng's spouse and children hold shares of the Company, and all directors have no spouse or familial within the second degree of kinship, and there is no violation to Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.
- (2) There are 3 independent directors of the Company which represented more than one third of total director seats. None of the independent directors hold shares of the Company or its affiliates to maintain independence.

7. Pursuit of study for Directors:

Title	Name	Training date	Organizer	Course name	Training hours
Chairman	Hsu-Tien, Tung	September 21, 2023	Corporate Governance Association in Taiwan	Global Carbon Pricing & Trading	3
		November 14, 2023	Corporate Governance Association in Taiwan	Looking at Climate Change and Cross-Strait Relations - through the Lens of Legal Compliance	3
Director	Asus Investment Co., Ltd. Institutional Representative: Tzu-Hsien, Tung	April 28, 2023	Corporate Governance Association in Taiwan	Investment overview in Thailand, Malaysia, India and Vietnam	3
		September 21, 2023	Corporate Governance Association in Taiwan	Global Carbon Pricing & Trading	3
		October 20, 2023	Corporate Governance Association in Taiwan	International Carbon Management Trend	3
		November 14, 2023	Corporate Governance Association in Taiwan	Looking at Climate Change and Cross-Strait Relations - through the Lens of Legal Compliance	3

Title	Name	Training date	Organizer	Course name	Training hours
Director	Asus Investment Co., Ltd. Institutional Representative: Kuang-Chin, Cheng	September 21, 2023	Corporate Governance Association in Taiwan	Global Carbon Pricing & Trading	3
		November 3, 2023	Institute of Financial Law and Crime Prevention	2023 5th Corporate Governance Practice Seminar	3
		November 14, 2023	Corporate Governance Association in Taiwan	Looking at Climate Change and Cross-Strait Relations - through the Lens of Legal Compliance	3
Director	Asus Investment Co., Ltd. Institutional Representative: Lung-Lun, Hsu	November 16, 2023	Accounting Research and Development Foundation	2023 ESG Summit - Green Finance and Sustainability Transformation	3
		November 16, 2023	Accounting Research and Development Foundation	2023 ESG Summit - Carbon Assessment and Carbon Management	3
Independent Director	Ai, Wei	May 26, 2023	Corporate Governance Association in Taiwan	The mission and power exercise regulation of the board of directors and functional committees	3
		May 30, 2023	Corporate Governance Association in Taiwan	The Emerging Risk: Climate Change	3
Independent Director	Chin-Jung, Wu	June 9, 2023	Securities & Futures Institute	Circular economic benefits and their business models	3
		July 14, 2023	Securities & Futures Institute	On Corporate Governance Blueprint 3.0 and Directors' Responsibilities	3
Independent Director	Ming, Ouhyoung	August 4, 2023	Corporate Governance Association in Taiwan	Roles and Responsibilities of the Board of Directors/Senior Management in ESG Governance	3
		August 11, 2023	Corporate Governance Association in Taiwan	The Role of Directors and the Compliance with the Challenge of Management Rights under Corporate Governance 3.0	3

(II) President, Vice Presidents, Assistant Managers, and the heads of various departments and branches

March 31, 2024; Unit: shares

Title	Nationality	Name	Gender	On-board date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 1)
					Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
President	Republic of China	Lung-Lun, Hsu	Male	May 10, 2002	1,658,250	1.36	229,534	0.19	-	-	Bachelor degree in Electrical Engineering, National Taiwan University Master degree in Electrical Engineering, National Taiwan University Section Head, R&D Dept., ASUSTeK Computer Inc.	Chairman & CSO, ASRock Rack Incorporation Chairman, ASJade Technology Incorporation Chairman, ASJade Technology Japan Inc. Director of Soaring Asia Limited., ASIAROCK TECHNOLOGY LTD., LEADER INSIGHT HOLDINGS LTD., FIRSTPLACE INTERNATIONAL LTD., Calrock Holdings, LLC	-	-	-	-
CEO	Republic of China	Chien-Hsin, Chou	Male	May 10, 2002	965,131	0.79	259,985	0.21	-	-	Department of Computer Science, National Yang Ming Chiao Tung University Department of Computer Science and Information Engineering, National Taiwan University Section Head, R&D Dept., ASUSTeK Computer Inc.	Director, ASRock Rack Incorporation Director, ASRock Industrial Computer Corporation Director, ASJade Technology Incorporation	-	-	-	-
Senior Vice President	Republic of China	Yu-Huang, Chen	Male	May 10, 2002	811,720	0.67	500,000	0.41	-	-	Bachelor degree in Electrical Engineering, National Taiwan University Master degree in	Director, ASRock Industrial Computer Corporation	-	-	-	-

Title	Nationality	Name	Gender	On-board date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 1)
					Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
											Electrical Engineering, National Taiwan University Section Head, R&D Dept., ASUSTeK Computer Inc.					
Senior Vice President	Republic of China	Sung-Chien, Chen	Male	December 1, 2011	212,030	0.17	-	-	-	-	Bachelor degree in Electrical Engineering, National Taiwan University Director of BIOS Technology Division, ASRock	Vice President, ASRock Rack Incorporation Director, ASRock Rack Incorporation Director, ASRock Industrial Computer Corporation Director, ASJade Technology Incorporation	-	-	-	-
Vice President	Republic of China	Cheng-Yang, Li	Male	October 25, 2021	8,500	0.01	-	-	-	-	Tamkang University Department of Physics	None	-	-	-	-
Vice President	Republic of China	Wen- Kang, Fan	Male	March 1, 2022	15,750	0.01	-	-	-	-	Bachelor degree in Electrical Engineering, National Taiwan University Master degree in Electrical Engineering, National Taiwan University Deputy Section Head, R&D Dept., ASUSTeK Computer Inc.	None	-	-	-	-
Vice President	Republic of China	An-Lun, Sun	Male	March 1, 2022	-	-	-	-	-	-	Department of Electrical Engineering, St. John's University	None	-	-	-	-
Vice President	Republic of China	En-Li, Chen	Male	March 1, 2022	4,750	0.00	-	-	-	-	Bachelor degree in Electrical Engineering,	None	-	-	-	-

Title	Nationality	Name	Gender	On-board date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 1)
					Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
											National Taiwan University Master in Animal Science and Technology, National Taiwan University Ablerex Electronics Co., Ltd R&D Section Head					
Vice President	Republic of China	Hsu-Hung, Hsiao	Male	March 1, 2022	-	-	-	-	-	-	Taipei Tech Electronic Engineering (5-year program) Department of Biomedical Engineering, Chung Yuan Christian University Senior Engineer, Power System Department, Lite-On Technology Senior Engineer, Consumer Electronics Department, MSI	None	-	-	-	-
Vice President & CFO	Republic of China	Chien-Hung, Chen	Male	May 4, 2017	27,300	0.02	-	-	-	-	Department of Finance, National Sun Yat-sen University Deputy Manager, Pegatron Corporation	Supervisor, ASRock Rack Incorporation Supervisor, ASRock Industrial Computer Corporation Supervisor, ASJade Technology Incorporation	-	-	-	-

Title	Nationality	Name	Gender	On-board date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 1)
					Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding			Title	Name	Relation	
Accounting Senior Manager	Republic of China	Hui-Ju, Li	Female	September 2, 2016	17,250	0.01	-	-	-	-	Department of Accounting, Chung Yuan Christian University Audit Department Supervisor, Ernst & Young, Taiwan	Supervisor, ASRock Rack Incorporation Supervisor, ASRock Industrial Computer Corporation	-	-	-	-

Note 1: Where the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase the number of independent directors and no more than half of the directors are employees or managers).

(III) Remuneration payment to Directors, the President, and Vice President in the latest year

1. Remuneration for directors (including independent directors)

December 31, 2023; Unit: NTD thousand

Title	Name (Note 1)	Remuneration to Directors								The sum of A, B, C and D as a percentage of after-tax profit	Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit	Remuneration received from the invested companies other than the subsidiaries and the parent company		
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Fees for services rendered (D)			Salaries, bonuses, special allowances etc. (E)		Pension (F)		Remuneration to employees (G)							
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company		All companies shown in the financial report				The Company	All companies shown in the financial report
Chairman	Hsu-Tien, Tung																					
Director	Asus Investment Inc. Representative: Tzu-Hsien, Tung	-	-	-	-	5,553	5,571	-	-	0.60%	0.57%	7,851	7,851	108	108	3,864	-	3,864	-	1.89%	1.78%	None
Director	Asus Investment Inc. Representative: Kuang-Chin, Cheng																					
Director and President	Asus Investment Inc. Representative: Lung-Lun, Hsu																					
Independent Director	Ai, Wei																					
Independent Director	Chin-Jung, Wu	-	-	-	-	3,332	3,332	-	-	0.36%	0.34%	-	-	-	-	-	-	-	-	0.36%	0.34%	None
Independent Director	Ming, Ouhyoung																					
<p>1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the linkage to the remuneration amount according to the responsibilities, risks, time, and other factors: the Company's remuneration policy, standards and packages for payment of remuneration are in accordance with the provisions of the Company's Articles of Association. In addition, the Company's Articles of Association stipulate that no more than 1% of the annual profit should be provided as the director's remuneration, and the payment of the director's remuneration will be submitted to the audit committee and the board for resolution after remuneration committee review.</p> <p>2. Other than those disposed in the Table above, remuneration received by directors in the recent year for services provided to a company as mentioned in the financial statement (e.g. serving as a consultant to all non-employees of the parent company/companies in the financial report/reinvested enterprises, etc.): 0.</p>																						

* The amount is based on the proposed amount, not the actual amount issued.

Note 1: Tzu-Hsien, Tung, Kuang-Chin, Cheng and Lung-Lun, Hsu are the legal representatives of Asus Investment Inc.

Table of salaries scale

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	Total of the aforementioned 4 items (A+B+C+D)		Total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report
< NTD1,000,000	—	—	—	—
NTD1,000,000 - NTD2,000,000 (exclusive)	Representative of Asus Investment Inc.: Tzu-Hsien, Tung Representative of Asus Investment Inc.: Kuang-Chin, Cheng Representative of Asus Investment Inc.: Lung-Lun, Hsu Ai, Wei Chin-Jung, Wu Ming, Ouhyoung	Representative of Asus Investment Inc.: Tzu-Hsien, Tung Representative of Asus Investment Inc.: Kuang-Chin, Cheng Representative of Asus Investment Inc.: Lung-Lun, Hsu Ai, Wei Chin-Jung, Wu Ming, Ouhyoung	Representative of Asus Investment Inc.: Tzu-Hsien, Tung Representative of Asus Investment Inc.: Kuang-Chin, Cheng Ai, Wei Chin-Jung, Wu Ming, Ouhyoung	Representative of Asus Investment Inc.: Tzu-Hsien, Tung Representative of Asus Investment Inc.: Kuang-Chin, Cheng Ai, Wei Chin-Jung, Wu Ming, Ouhyoung
NTD2,000,000 - NTD3,500,000 (exclusive)	Hsu-Tien, Tung (Chairman)	Hsu-Tien, Tung (Chairman)	Hsu-Tien, Tung (Chairman)	Hsu-Tien, Tung (Chairman)
NTD3,500,000 - NTD5,000,000 (exclusive)	—	—	—	—
NTD5,000,000 - NTD10,000,000 (exclusive)	—	—	—	—
NTD10,000,000 - NTD15,000,000 (exclusive)	—	—	Representative of Asus Investment Inc.: Lung-Lun, Hsu	Representative of Asus Investment Inc.: Lung-Lun, Hsu
NTD15,000,000 - NTD30,000,000 (exclusive)	—	—	—	—
NTD30,000,000 - NTD50,000,000 (exclusive)	—	—	—	—
NTD50,000,000 - NTD100,000,000 (exclusive)	—	—	—	—
> NTD100,000,000	—	—	—	—
Total	7 persons	7 persons	7 persons	7 persons

Note: The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

2. President's and Vice Presidents' remuneration

December 31, 2023; Unit: NTD thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances(C)		Remuneration to employees (D)				The sum of A, B, C and D as a percentage of after-tax profit (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company		All companies shown in the financial report		The Company	All companies shown in the financial report	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
President	Lung-Lun, Hsu	23,033	26,276	884	992	26,102	28,386	19,487	-	19,510	-	7.56%	7.69%	None
CEO	Chien-Hsin, Chou													
Senior Vice President	Yu-Huang, Chen													
Senior Vice President	Sung-Chien, Chen													
Vice President	Cheng-Yang, Li													
Vice President	An-Lun, Sun													
Vice President	En-Li, Chen													
Vice President	Wen- Kang, Fan													
Vice President	Hsu-Hung, Hsiao													
Vice President & CFO	Chien-Hung, Chen													

* The amount is based on the proposed amount, not the actual amount issued.

Table of salaries scale

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company	All companies shown in the financial report (E)
< NTD1,000,000	Sung-Chien, Chen	-
NTD1,000,000 - NTD2,000,000 (exclusive)	-	-
NTD2,000,000 - NTD3,500,000 (exclusive)	-	-
NTD3,500,000 - NTD5,000,000 (exclusive)	-	-
NTD5,000,000 - NTD10,000,000 (exclusive)	Cheng-Yang, Li; An-Lun, Sun; En-Li, Chen; Wen-Kang, Fan; Hsu-Hung, Hsiao; Chien-Hung, Chen	Sung-Chien, Chen; Cheng-Yang, Li; An-Lun, Sun; En-Li, Chen; Wen-Kang, Fan; Hsu-Hung, Hsiao; Chien-Hung, Chen
NTD10,000,000 - NTD15,000,000 (exclusive)	Lung-Lun, Hsu; Chien-Hsin, Chou; Yu-Huang, Chen	Lung-Lun, Hsu; Chien-Hsin, Chou; Yu-Huang, Chen
NTD15,000,000 - NTD30,000,000 (exclusive)	-	-
NTD30,000,000 - NTD50,000,000 (exclusive)	-	-
NTD50,000,000 - NTD100,000,000 (exclusive)	-	-
Over 100,000,000 thousand (inclusive)	-	-
Total	10 persons	10 persons

* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

3. Name of the managers received remuneration and the distribution of remuneration

December 31, 2023; Unit: NTD thousand

	Title	Name	Stock dividends amount	Cash dividends amount	Total	As a percentage of net profit after tax (%)
Manager	President	Lung-Lun, Hsu	-	20,110	20,110	2.19%
	CEO	Chien-Hsin, Chou				
	Senior Vice President	Yu-Huang, Chen				
	Senior Vice President	Sung-Chien, Chen				
	Vice President	Cheng-Yang, Li				
	Vice President	An-Lun, Sun				
	Vice President	En-Li, Chen				
	Vice President	Wen-Kang, Fan				
	Vice President	Hsu-Hung, Hsiao				
	Vice President & CFO	Chien-Hung, Chen				
	Accounting Senior Manager	Hui-Ju, Li				

* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

4. If any of the following applies to the Company, it shall disclose the remuneration paid to each individual director and supervisor:
- (1) A Company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years shall disclose the remuneration paid to individual directors and supervisors. This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits: None.
 - (2) A Company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors: None.
 - (3) A Company that has had an average ratio of share pledging by director supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director supervisor having a ratio of pledged shares in excess of 50 percent for each such month: None.
 - (4) If the total amount of remuneration received by all of the directors and supervisors in their capacity as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT\$15 million, the Company shall disclose the remuneration paid to that individual director or supervisor: None.
 - (5) A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked within the lowest two tiers in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation: None.
 - (6) TWSE/TPEX listed financial holding companies where annual salary of full time, non managerial staff average less NT\$500,000 in the most recent year shall disclose director and supervisor remuneration on an individual basis: None.
 - (7) A TWSE or TPEX listed company had an increase of 10 percent or more in net profit after tax for the most recent fiscal year, but the average annual salary of its full-time non-management employees did not increase relative to the preceding

fiscal year: None.

- (8) A TWSE or TPEX listed company had a decline in after-tax net income reaching 10 percent and exceeding NT\$5 million for the most recent fiscal year, along with an increase in its average remuneration per director (not including the remuneration of those who are also employees) reaching 10 percent or more and exceeding NT\$100,000: None.

5. If any of the following applies to the Company, it shall disclose the remuneration paid to its top five management personnel:

- (1) A Company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years shall disclose the remuneration paid to its top five management personnel. This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits: None.
- (2) A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked within the lowest two tiers in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation: None.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Total remuneration, as a percentage of net income paid by this company during the past 2 fiscal years to directors, presidents, and vice presidents:

Year (Note 1)	Total remuneration, as a percentage of net income paid by this company to directors, presidents, and vice presidents	
	The Company	All companies shown in the financial report
2022	7.38%	6.65%
2023	8.53%	8.60%

Note 1: Refers to annual earning

2. Policies, standards, and packages for payment of remuneration, the procedures for determining remuneration and its linkage to business performance:

Article 24 of the Company's Articles of Association stipulates that when there is profit in the annual closing, the employee's remuneration shall not be less than 5%, and the director's remuneration shall not be higher than 1%. The remuneration of directors and managers is determined based on their performance evaluation. The director assessment items include understanding of the company's goals and missions, recognition of the role and responsibility of directors, involvement in corporate operations, internal relationship maintenance and communication, director expertise and continuing education and internal control; Managerial officers performance assessment items include financial indicators (such as the company's revenue/net profit growth and achievement rate), and non-financial indicators (such as new product/patent development, new business development, major deficiencies/improvements).

III. Corporate governance

(I) Facts about performance by the Board of Directors

In the most recent year (2023), the board of directors convened seven meetings (A). The participation facts of the directors are enumerated below:

Title	Name	Actual attendance (B)	Proxy attendance	Percentage of actual attendance (%) [B/A]	Remark
Chairman	Hsu-Tien, Tung	7	0	100.00%	
Director	Asus Investment Co., Ltd. Representative: Tzu-Hsien, Tung	7	0	100.00%	
Director	Asus Investment Co., Ltd. Representative: Kuang-Chin, Cheng	7	0	100.00%	
Director	Asus Investment Co., Ltd. Representative: Lung-Lun, Hsu	7	0	100.00%	
Independent Director	Ai, Wei	7	0	100.00%	
Independent Director	Chin-Jung, Wu	7	0	100.00%	
Independent Director	Ming, Ouhyoung	7	0	100.00%	

Other remarks:

- I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:
 - (I) Issues required under Article 14-3 of the Securities and Exchange Act, please refer to pages 58 to 60 of the Annual Report for important resolutions of the Board of Directors.
 - (II) Other than the aforementioned issues, the issue objected by an independent director or where an independent director maintain a qualified opinion with record or documented declaration in a decision resolved by the Board of Directors: None.
- II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.
- III. TWSE/TPEX listed companies are required to disclose the cycle, duration, scope, method and content of board self-evaluations performed:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluation performed once a year	January 1, 2023 - December 31, 2023	Evaluation on the board's and each functional committee's performance.	Board member internal self-evaluation	<ol style="list-style-type: none"> 1. Level of participation in the Company's operations 2. Improvement of the quality of the Board of Directors' decision-making 3. Composition and structure of the Board of Directors 4. Election and ongoing education of directors

				5. Internal Control
Evaluation performed once a year	January 1, 2023 - December 31, 2023	Evaluation on the board's and each functional committee's performance.	Board member self-evaluation	<ol style="list-style-type: none"> 1. Director's awareness toward the Company's goals and missions 2. Director's awareness to duties 3. Level of participation in the Company's operations 4. Management and communication of internal relations 5. Professionalism and ongoing education of directors 6. Internal Control
Evaluation performed once a year	January 1, 2023 - December 31, 2023	Functional committees	Board member internal self-evaluation	<ol style="list-style-type: none"> 1. Level of participation in the Company's operations 2. Responsibilities and duties of Functional Committee 3. Improvement of the quality of decisions made by functional committees 4. Composition of functional committees and selection of members 5. Internal Control

The relevant evaluation has been carried out at the beginning of 2024, and the results were reported to the board of directors on January 31, 2024.

IV. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years: The Company has formulated the rules for the Board of Directors in accordance with the regulations, and the relevant functions and operations of the board are carried out in accordance with these rules and relevant laws and regulations where the internal audit/financial executive attends the regular board meeting to report on the internal audit/financial status, and issues relevant reports to the directors.

(II) The operation of the Auditing Committee

In the most recent year (2023), the Company's Audit Committee convened a total of five meetings (A) where the facts of participation by the independent directors are enumerated below:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance (%) (B/A)	Remark
Independent Director	Ai, Wei	5	0	100.00%	
Independent Director	Chin-Jung, Wu	5	0	100.00%	
Independent Director	Ming, Ouhyoung	5	0	100.00%	

Other remarks:

- I. The audit committee's review matters and key annual work focal points
- (I) The audit committee's review matters primarily include:
1. The institution or amendment to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the "Act").
 2. Internal control system's effectiveness evaluation.
 3. The institution or amendment to the procedures for the acquisition or disposal of assets, derivative trade, loaning of funds, guarantee and endorsement in favor of a third party, and other aspects of materiality with significant financial and business effect pursuant of in accordance to Article 36-1 of the Securities and Exchange Act.
 4. Matters involving the directors' own stake relation.
 5. Critical asset or derivative product trading.
 6. Critical capital lending, endorsement, or guarantee.
 7. Offering, issuance or acquiring equity securities through private placement.
 8. The Auditing CPA's appointment, dismissal or remuneration.
 9. The appointment and dismissal of a chief financial officer, chief accounting officer, or chief internal auditor.
 10. The annual financial report signed or stamped by the Chairman, President and accounting supervisor and the second quarter financial report which must be reviewed and certified by CPA.
 11. Other major matters stipulated by the Company or the competent authority.
- (II) The audit committee's key annual work focal points:
1. Audit the Company's financial statements
Where the Board of Directors works out and submits the Company's business report, financial statements for 2023; those financial statements have been duly audited and certified by Certified Public Accountants of Ernst & Young Taiwan who, in turn, duly issued audit report. We have reviewed the aforementioned reports have been audited by the audit committee to ensure that they do not contain any discrepancies.
 2. Evaluation on internal control system's effectiveness
The audit committee evaluates the effectiveness of the design and implementation of the company's internal control system, and reviews the company's audit department and CPA. The audit committee believes that the company's internal control system is effective and the Company has adopted necessary control mechanisms to monitor and correct any violations.
 3. The appointed auditing CPAs
The Audit Committee regularly evaluates the professionalism, independence, and reasonableness of the remuneration of the CPA at the end of each fiscal year.

To ensure the auditing CPA office's independence, the audit committee references the Accountants Act Article 47 and Accountants Occupational Ethics Guideline Journal article 10's "righteous, fair objectivity and independent" content to formulate the independent evaluation sheet, by which to evaluate the CPAs' independence, professionalism and competency, and to evaluate whether or not they are related mutually to the company as related parties, or with business or financial gain relations and other related items.

The Audit Committee refers to the audit quality indicators (AQIs) through 5 aspects coupled with 13 indicators to evaluate the independence and suitability of certified public accountants.

The audit results of the 2023 CPA were approved by the Audit Committee and the Board of Directors on March 6, 2024. Accountants Chien-Ju, Yu and Hsuan-Hsuan, Wang of Ernst & Young met the Company's independence and suitability assessment standards.

II. Where any one among those enumerated below exists as the performance by the Audit Committee, the convention date, term, contents of agenda, outcome of the decision resolved in the Audit Committee as well as the Company's opinions toward the Audit Committee's opinions should be expressly remarked:

(I) Issues required under Article 14-5 of the Securities and Exchange Act. (Note)

(II) Except the aforementioned issue, other issue not yet resolved in the Audit Committee but has been duly resolved by two-thirds majority of the total number of director seats: None.

III. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.

IV. Facts of communications by and between independent directors and Internal Audit Head as well as Certified Public Accountant(s) (should include issues regarding the Company's finance, financial conditions, facts in business operation and such key issues, the method of communications and the outcome thereof):

(I) The Company's internal audit head regularly report the audit results with the audit committee, and report to the audit committee immediately in case of special circumstances. In 2023, there was no such situation. The audit committee of the Company has good communication with the Internal Auditor Head. Summary of communication sessions between independent directors and the chief internal auditors:

Meeting date	Communication matter with chief internal auditors
March 7, 2023	2022 Declaration of Internal Control System
April 27, 2023	Internal audit report
August 3, 2023	Internal audit report
November 2, 2023	Internal audit report

(II) The CPA of the company attends the Audit Committee meeting to report the annual financial statement audit or review results and other communication matters required by relevant laws and regulations every year. If there are special circumstances, they will also report to the Audit Committee immediately. In 2023, there was no such situation. The Audit Committee of the company communicated well with the CPA. Summary of the communication frequencies between independent directors and CPAs:

Meeting date	Communicate with the CPA
March 7, 2023	2022 Consolidated and parent company only financial report review results and internal control review report

Note: Issues required under Article 14-5 of the Securities and Exchange Act

Date	Significant decisions resolved	Independent Directors' opinions	Acts taken by the Company in response to Independent Directors' opinions	Resolution
March 7, 2023 (First shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved 2022 business report and financial statements. 2. Approved the 2022 evaluation report for the independence of external auditor. 3. Approved the enactment to ASRock's "Pre-concurrence of Non-assurance Services". 4. Approved the compensation for ASRock's external auditor of year 2023. 5. Approved the change of CPA due to the internal job rotation of the accounting firm. 6. Approved ASRock's Internal Control System Statement of year 2022. 7. Approved the appropriated remuneration of employees and directors of year 2022. 8. Approved earnings distribution of year 2022. 9. Approved the cancellation of restricted employee shares which were bought back by the Company. 	None	None	The issue was resolved exactly as proposed by all present independent directors in full
April 27, 2023 (Second shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved 2023 Q1 Consolidated Financial Report. 2. Approved ASRock's manager bonus review proposal. 	None	None	The issue was resolved exactly as proposed by all present independent directors in full
May 25, 2023 (Third shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved the amendment to ASRock's "Accounting System". 	None	None	The issue was resolved exactly as proposed by all present independent directors in full
August 3, 2023 (Fourth shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved 2023 Q2 Consolidated Financial Report. 2. Approved the appropriated remuneration of employees and directors. 3. Approved ASRock's managerial officers salary adjustment proposal of year 2023. 4. Approved the extension of credit line with Mega International Commercial Bank Co., Ltd.. 5. Approved the extension of credit line with Taipei Fubon Bank. 6. Approved the cancellation of restricted employee shares which were bought back by the Company. 	None	None	The issue was resolved exactly as proposed by all present independent directors in full
November 2, 2023 (Fifth shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved 2023 Q3 Consolidated Financial Report. 2. Approved ASRock's manager bonus review proposal. 3. Approved the plan of internal auditing in year 2024. 4. Approved the amendment to ASRock's "Internal Control System". 5. Approved the budget of year 2024. 6. Approved the cancellation of restricted employee shares which were bought back by the Company. 	None	None	The issue was resolved exactly as proposed by all present independent directors in full

(III) The operation of the Remuneration Committee

1. Responsibility and authority of the Remuneration Committee:

(1) Composition of the committee:

The members of the Remuneration Committee shall be appointed by the Board by resolution of those who meet the qualifications stipulated by laws and regulations with the number no less than three. At least one independent director shall participate, and one of them shall be the convener.

(2) Duties of the Remuneration Committee:

The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the Board of Directors. However, recommendations in connection with remuneration for supervisors may be submitted for deliberation by the Board of Directors only to the extent that the Board of Directors is authorized expressly by the company's articles of incorporation or by a resolution of the Shareholders Meeting to handle supervisor remuneration:

- A. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
- B. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

The Committee shall perform the abovementioned duties based on the following principles:

- A. With respect to the performance assessment and remuneration of directors, supervisors and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
- B. No suggestions are made to guide directors and officers to engage in acts that may exceed the Company's risk appetite to pursue own salary and remuneration.
- C. The specificity of the industry and the nature of the Company's business shall

be considered when determining the proportion of profit sharing for short-term performance and the changes in the payment time of part of the salary and remuneration of directors and executives.

2. Information on the members of the Remuneration Committee

Identity	Qualification	Professional qualification and experience and the compliance of independence	Number of other public companies where the members are also the members of the remuneration committee of these companies.
	Name		
Independent Director (Convener)	Ai, Wei	Please refer to pages 8 to 9 of Disclosure of professional qualification of the directors and independence of directors.	–
Independent Director	Chin-Jung, Wu		–
Independent Director	Ming, Ouhyoung		–

3. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee has three Committee members in total.
- (2) Tenure of Committee members in the current session: August 20, 2021 ~ August 19, 2024.

In 2023, the Remuneration Committee convened five meetings (A). The qualifications and participation facts of the Committee members are enumerated below:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance (%) (B/A)	Remark
Convener	Ai, Wei	5	0	100.00%	
Independent Director	Chin-Jung, Wu	5	0	100.00%	
Independent Director	Ming, Ouhyoung	5	0	100.00%	

Other remarks:

- I. Where the Board of Directors does not adopt or amend the proposal(s) posed by the Remuneration Committee: The Company shall expressly elaborate on the date, term while the Board of Directors meeting was convened, contents of the issues, outcome of decisions resolved in the Board of Directors and the Company's response to the opinions posed by the Remuneration Committee (For instance, if the salary pay resolved by the Board of Directors is higher than that proposed by the Remuneration Committee, the Company should elaborate on the fact of differential gap and the cause thereof): None.
- II. Where a decision resolved in the Remuneration Committee is found in contravention of rules or in qualified opinion as verified with records or documented declaration, the Company shall

expressly elaborate on the date, terms of the meeting convened by the Remuneration Committee, contents of agenda, opinions of all members and acts taken in response to such opinions: None.

Note: Important matters of the Remuneration Committee in the most recent year are as follows

Date	Significant decisions resolved	Remuneration committee opinion	The Company's response to opinions of the members	Resolution
January 11, 2023 (First shareholders' meeting in 2023)	1. Approved ASRock's manager bonus review proposal.	None	None	The issue has been approved with the entire committee members present voting in favor.
March 7, 2022 (Second shareholders' meeting in 2023)	1. Approved the appropriated remuneration of the employees and directors of year 2022.	None	None	The issue has been approved with the entire committee members present voting in favor.
April 27, 2023 (Third shareholders' meeting in 2023)	1. Approved ASRock's manager bonus review proposal.	None	None	The issue has been approved with the entire committee members present voting in favor.
August 3, 2023 (Fourth shareholders' meeting in 2023)	1. Approved the appropriated remuneration of employees and directors. 2. Approved ASRock's managerial officers salary adjustment proposal of year 2023.	None	None	The issue has been approved with the entire committee members present voting in favor.
November 2, 2023 (Fifth shareholders' meeting in 2023)	1. Approved ASRock's manager bonus review proposal.	None	None	The issue has been approved with the entire committee members present voting in favor.

(IV) Performance in corporate governance and the differential gap between corporate governance and Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the cause thereof:

Assessment items	Actual governance			Non-implementation and its reason(s)
	Yes	No	Summary description	
I. Has the Company based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?	V		The Company has formulated the Corporate Governance Best-Practice Principles and disclosed it on the Market Observation Post System (MOPS) and the Company’s website.	None
II. Shareholding structure and shareholders’ equity				
(I) Has the Company established the internal procedures to handle shareholders’ suggestions, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		(I) The Company has established the internal procedures regulated to handle shareholders’ suggestions, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly.	None
(II) Has the Company possessed of a list of major shareholders and a list of ultimate owners of these major shareholders?	V		(II) At present, most of the major shareholders of the Company are owned by the management team or their relatives. The Company keeps track of the list of major shareholders at any time to ensure the stability of managerial control.	None
(III) Has the Company established and implemented the risk control and firewall mechanisms with the related parties?	V		(III) Management rights and responsibilities are clearly separated. In addition to having a subsidiary for supervisory operations, auditors also regularly supervise the implementation.	None
(IV) Has the Company established internal policies that forbid insiders from trading based on non-disclosed information?	V		(IV) The Company has established the “Rules for Prevention of Insider Trading” to prohibit insider trading, which is disclosed on the Company’s website. The education and promotion of the course “Prevention of Insider Trading” was arranged for directors on November 2, 2023, and new employees were given education and training on April 10, July 18 and October 23, 2023. The content of the course includes the confidentiality of	None

Assessment items	Actual governance		Non-implementation and its reason(s)
	Yes	No	
			important information, the cause for the insider trading, the identification process and case sharing.
<p>III. The constitution and obligations of the Board of Directors</p> <p>(I) Does the Board of Directors formulated and implemented diversity policies, specific management objectives?</p> <p>(II) Does the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</p> <p>(III) Has the Company established a method to evaluate board performance and evaluate board performance every year? Are the performance evaluation results reported to the board and used as a reference for the remuneration and nomination for re-election of directors?</p> <p>(IV) Has the Company assessed the independence of CPA periodically?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>(I) In accordance with Article 20 of the Corporate Governance Best-Practice Principles, the Company has formulated a diversity policy where the directors of the Company have professional backgrounds and skills. For the implementation of diversity of board members by individual directors, please refer to “Diversity and Independence of the Board of Directors” in this report.</p> <p>(II) The Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, will have other functional committee set up in accordance to future demand.</p> <p>(III) The Company has established a “Self-Evaluation or Peer Evaluation of the Board of Directors” to evaluate board performance every year and the results will reported to the board.</p> <p>(IV) The Audit Committee of the Company evaluates the independence and suitability of the CPA at least once a year (the latest evaluation result was on March 6, 2024) through the following matters, and reports the evaluation results to the Board of Directors:</p> <p>(1) Accountant’s Independence Statement.</p>	<p>None</p> <p>It will be formulated according to future needs.</p> <p>None</p> <p>None</p>

Assessment items	Actual governance			Non-implementation and its reason(s)
	Yes	No	Summary description	
			<p>(2) The Company has assessed the independence of CPA in terms of financial interests, financing and guarantees, business relationships, family and personal relationships, employment relationships, gifts and special offers, rotation of CPA and non-audit engagements.</p> <p>(3) The Company refers to the audit quality indicators (AQIs) through five 5 aspects coupled with 13 indicators to evaluate the independence and suitability of certified public accountants.</p>	
IV. Does a public company equip an appropriate number of governance personnel and assign the governance officer to take charge of company's governance affairs (including, without limitation, providing directors and supervisors with the data required for business operations, assistance for the legal compliance of directors and supervisors, handling affairs related to holding a board meeting or a general meeting of shareholders and producing minutes for board meetings and general meetings of shareholders)?	V		<p>With respect to the resolution made by the board on April 29, 2020, Chien-Hung, Chen was appointed the concurrent government officer of this Company to protect the rights and interests of shareholders and optimize board competence. Current Vice President & CFO, Chien-Hung, Chen, commands public listed companies in finance and related management work experience for over three years. The duty of the governance officer is to handle the affairs related to holding the board meeting or the general meeting of shareholders, producing the minutes for board meetings and general meetings of shareholders, providing directors and independent directors with the data required for business operations, assisting directors and independent directors in maintaining legal compliance.</p> <p>The governance officer will take continuous training in accordance with the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers". Please refer to Note 1 for the 2023 training continuous training status.</p>	None
V. Has the Company established a	V		The Company has established a stakeholders page on the	None

Assessment items	Actual governance			Non-implementation and its reason(s)
	Yes	No	Summary description	
communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?			Company's website with a Honest2_Box@asrock.com.tw mailbox, a contact window and contact information provided to stakeholders in case of complaints where dedicated personnel will respond to issues and concerns from stakeholders. For issues or concerns from relevant stakeholders and communication channels, please refer to the Company's CSR and website.	
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		Currently, this Company commissioned a professional stock service agent to handle shareholders affairs.	None
VII. Disclosure of information (I) Has the Company setup a website to disclose information regarding the Company's finance, business and corporate governance? (II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)? (III) Has the Company announced its annual financial report within two months after the end of a fiscal year, and announced in advance the financial statements of Q1, Q2 and Q3 as well as status of monthly operations?	V V V		(I) The Company's website has an investor service page to disclose information related to financial business and corporate governance. (II) There is a dedicated person to collect the disclosure information, implements the spokesperson system, and place the content Earnings Conference on the Company's website. (III) The Company has announced the first, second, third quarter and annual financial reports before the required time period and announced the operation status of each month within the required time period in accordance to the regulations.	None None None
VIII. Are there any other important information (including but not limited to the interests of	V		1. Employees' rights, warm concern toward employees please see "Employee Relations" of this annual report.	None

Assessment items	Actual governance			Non-implementation and its reason(s)
	Yes	No	Summary description	
employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?			<p>2. The Company's website has an Investor Service link where both Shareholders' Meeting information and financial information are provided in both Chinese and English to improve operational transparency.</p> <p>3. In 2023, the directors have completed the training in accordance with the hours specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".</p> <p>4. The Company maintains good relationships and smooth communication channels with investors, suppliers, customers and other stakeholders.</p> <p>5. The Company has stipulated rules in the Articles of Association to purchase liability insurance for the directors where the important content such as the amount of insurance and the scope of insurance will be submitted to the board and announced on MOPS.</p>	
<p>IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures and Corporate: The Company has strengthened the disclosure of relevant information on the company's website and the annual report, and actively planned the information upload and reporting schedule; other matters that the company has not improved will be gradually improved according to the company's plan to comply with the corporate governance.</p>				

Note 1: Continuous training for corporate governance officer in 2023

Training date	Organizer	Course name	Training hours
May 5, 2023	Corporate Governance Association in Taiwan	Corporate Governance Trends and Corporate Sustainable Development	3
September 21, 2023	Taiwan Academy of Banking and Finance	Operational management model transformation under emerging technology	3
November 22, 2023	Taiwan Institute of Directors	Decisions at the crossroads	3
December 4, 2023	Taiwan Project Management Association	Risk management perspective on digital transformation and information security	3

(V) Implementation of the promotion of sustainable development and the deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Promotion items	Performance			Non-implementation and its reason(s)
	Yes	No	Summary description	
I. If the Company set up a full time (or part-time) unit to promote the sustainable development governance framework with the Board of Directors authorizing the top management to handle and supervising?	V		The Company has established a dedicated unit to promote corporate social responsibility. So far, we have not found any major economic, environmental and social issues arising from operating activities that require the senior management to handle and report to under the authorization of the Board of Directors.	Without difference
II. If the Company assessed the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality principles and established risk management policies or strategies? (Note 1)		V	The Company has not yet formulated policies or strategies relevant risk management.	Under discussion
III. Environmental issues				
(I) If the Company had an appropriate environmental management system established in accordance with its industrial characteristics?	V		(I) The Company focuses on the design of motherboards, which is indoor office operation, and takes the implementation of green product design as the main focus. The main internal environmental policy is to continuously reduce greenhouse gas emissions, improve energy efficiency, avoid wasting water resource, and reduce the output of waste. At present, all wastes are recycled and reused by licensed waste removal vendors.	Without difference
(II) If the company committed to enhancing the power efficiency and using renewable materials with lower impact on the environmental?	V		(II) The Company promotes various energy saving measures, selects equipment with energy-saving design, and promotes energy conservation policies to all employees to improve energy efficiency. Our products strengthen green procurement and green	Without difference

Promotion items	Performance			Non-implementation and its reason(s)																											
	Yes	No	Summary description																												
(III) If the Company assessed the present and future potential risks and opportunities of climate change on the Company and take measures?	V		<p>management during the design stage, so that both product services and outsourcing manufacturers can comply with the international environmental trend. Some products also use recycled materials with low environmental impact to fulfill our commitment to environmental protection.</p> <p>(III) The Company conducts business and risk analysis on climate change, formulates relevant strategies based on the analysis results, and evaluates the financial impact to reduce the impact on climate change and locate new business opportunities.</p> <p>The detailed description of the Company's climate change risk and opportunity analysis has been disclosed in the Company's Sustainability Report. (https://www.asrock.com/general/CSR.tw.asp?cat=CSRReport)</p>	Without difference																											
(IV) If the Company monitored the amount of the GHG emissions, water consumption, and total waste in the last two years? If the Company established policies for GHG reduction, water conservation, and waste management?	V		<p>(IV)</p> <p>1. GHG emission</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Unit</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Scope No. II (electric power)</td> <td>Ton CO₂e</td> <td>1,196.28</td> <td>1,086.50</td> <td>1,074.22</td> <td>1,567.14</td> </tr> <tr> <td>Revenue (NT\$1 million)</td> <td>9,171</td> <td>12,578</td> <td>14,535</td> <td>12,754</td> </tr> <tr> <td>Ton CO₂e/NT\$1 million</td> <td>0.130</td> <td>0.086</td> <td>0.074</td> <td>0.123</td> </tr> <tr> <td>Difference</td> <td>Base year</td> <td>-33.8%</td> <td>-43.1%</td> <td>-5.4%</td> </tr> </tbody> </table> <p>The Company mainly engages in the design and development of motherboards where the energy consumption mainly comes from purchased electricity. In the past two years, the main emission source of greenhouse gases has been purchased electricity (scope II), accounting for more than 99% of the total emissions. The rest are</p>	Item	Unit	2019	2020	2021	2022	Scope No. II (electric power)	Ton CO ₂ e	1,196.28	1,086.50	1,074.22	1,567.14	Revenue (NT\$1 million)	9,171	12,578	14,535	12,754	Ton CO ₂ e/NT\$1 million	0.130	0.086	0.074	0.123	Difference	Base year	-33.8%	-43.1%	-5.4%	Without difference
Item	Unit	2019	2020	2021	2022																										
Scope No. II (electric power)	Ton CO ₂ e	1,196.28	1,086.50	1,074.22	1,567.14																										
	Revenue (NT\$1 million)	9,171	12,578	14,535	12,754																										
	Ton CO ₂ e/NT\$1 million	0.130	0.086	0.074	0.123																										
	Difference	Base year	-33.8%	-43.1%	-5.4%																										

Promotion items	Performance			Non-implementation and its reason(s)																		
	Yes	No	Summary description																			
			<p>fugitive emission sources (refrigerant, septic tanks, fire extinguishers). As there is no production process, there are no process emission sources.</p> <p>(Scope No. I)</p> <p>To fulfill our responsibility to protect the earth and respond to global climate change, the Company's carbon reduction goal is to "reduce greenhouse gas emission intensity (tons of CO2e/per million NTD in revenue) by 25% in 2030 compared to 2019". To achieve the carbon reduction goal, we have implemented energy-saving plans from three major aspects: air-conditioning, lighting management and other electricity consumption. The greenhouse gas emission intensity of indirect energy emissions in 2022 was 0.123 metric tons/per million NTD in revenue, a decrease of 5.4% compared with 2019 where the greenhouse gas emission reduction goal for the current stage was achieved.</p> <p>The Company's power-saving plan is the control of office air-conditioning equipment and lighting equipment. It improves energy efficiency by using power-saving equipment (such as high-power LED power-saving lamps), and actively promotes the importance of energy saving to employees.</p> <p>2. Water consumption</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Unit</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>M³</td> <td>5,051</td> <td>3,669</td> <td>4,726</td> <td>4,775</td> </tr> <tr> <td>Number of employees</td> <td>Person</td> <td>295</td> <td>310</td> <td>315</td> <td>312</td> </tr> </tbody> </table>	Item	Unit	2019	2020	2021	2022	Water consumption	M ³	5,051	3,669	4,726	4,775	Number of employees	Person	295	310	315	312	
Item	Unit	2019	2020	2021	2022																	
Water consumption	M ³	5,051	3,669	4,726	4,775																	
Number of employees	Person	295	310	315	312																	

Promotion items	Performance					Non-implementation and its reason(s)																
	Yes	No	Summary description																			
			<table border="1"> <tr> <td>Water consumption intensity</td> <td>M³/person</td> <td>17.1</td> <td>11.8</td> <td>15.0</td> <td>15.3</td> </tr> </table> <p>The Company does not use a large amount of water in production, and the water resources are mainly used as general domestic water such as drinking and sanitary. The Company takes 2019 as the base year and sets the water saving target of reducing per capita water consumption by 3% every year. The main focus on the water-saving plan is to reduce the general domestic water consumption where water-saving slogans are posted in various facilities in the office building, and website announcements or emails are adopted to promote employees to participate in the water-saving measures. The per capita water consumption in 2022 was 15.3M³/person, a 10.5% decrease from 2019, achieving the water conservation goal of reducing per capita water consumption by 3% per year.</p> <p>3. Waste output</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Unit</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Recycled waste weight</td> <td>KG</td> <td>2604.43</td> <td>8,404.01</td> <td>3,550.93</td> <td>7,369.00</td> </tr> </tbody> </table> <p>The Company's major waste sources are general household waste and waste generated from research and development. General domestic waste is commissioned to the office management for disposal with ensured legal disposal method. The waste generated by research and development includes components such as motherboards, computer screens, and hard drives, which are outsourced to professional vendor so the resources can be recycled and reused.</p>	Water consumption intensity	M ³ /person	17.1	11.8	15.0	15.3	Item	Unit	2019	2020	2021	2022	Recycled waste weight	KG	2604.43	8,404.01	3,550.93	7,369.00	
Water consumption intensity	M ³ /person	17.1	11.8	15.0	15.3																	
Item	Unit	2019	2020	2021	2022																	
Recycled waste weight	KG	2604.43	8,404.01	3,550.93	7,369.00																	

Promotion items	Performance		Non-implementation and its reason(s)					
	Yes	No		Summary description				
<p>IV. Social issues</p> <p>(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p>	V		<p>(I) The Company supports and follows UN’s “Universal Declaration of Human Rights”, the “UN Global Compact”, and the International Labour Organization’s “Declaration on Fundamental Principles and Rights at Work” and other basic human rights principles and the local regulations of global operations to formulate human rights policies to protect employees, contracts and temporary staff, interns, etc. The Company’s relevant regulations on human rights, such as prevention of a potential sexual harassment, promotion practices are incorporated into rules and regulations or guidelines, and a specialized unit is responsible for implementation with regularly review and evaluation on the appropriateness of relevant systems. In 2023, human rights protection training was implemented for employees with a total of 14 employees. A “Sexual Harassment Prevention Seminar” was also held to strengthen the employees’ awareness of sexual harassment prevention, with a total of 290 participants.</p> <p>The human rights management policies and specific methods are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Methods</th> </tr> </thead> <tbody> <tr> <td>Provide a safe and healthy work environment</td> <td>Formulate sexual harassment prevention and measures and establish employee complaint procedures: sexual harassment complaint hot line and e-mail to protect employees’ rights and interests and ensure workplace safety.</td> </tr> </tbody> </table>	Item	Methods	Provide a safe and healthy work environment	Formulate sexual harassment prevention and measures and establish employee complaint procedures: sexual harassment complaint hot line and e-mail to protect employees’ rights and interests and ensure workplace safety.	Without difference
Item	Methods							
Provide a safe and healthy work environment	Formulate sexual harassment prevention and measures and establish employee complaint procedures: sexual harassment complaint hot line and e-mail to protect employees’ rights and interests and ensure workplace safety.							

Promotion items	Performance			Non-implementation and its reason(s)
	Yes	No	Summary description	
(II) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	V		Eliminate illegal discrimination to ensure equal job opportunities	The employee promotion, assessment, training, reward, and punishment systems are clearly established to ensure fair treatment.
			Prohibition of Child Labor	Newly hired employees should submit identity proving documents (including ID Card, driver's license, health insurance card, academic certificate, etc.) on the day of registration to verify that they have reached the age of 16 before being hired.
			Prohibition of Forced Labor	In accordance with the "Labor Standards Act", international norms, and "Human Rights Policy of ASRock Technology Co., Ltd.", we do not force or coerce any unwilling personnel to perform labor services.
			Assist employees to maintain physical and mental health and work-life balance	Provide a variety of recreational activities, such as mountaineering, company trip, and promote interpersonal interaction of colleagues through clubs to achieve a "work-life balance".
			(II) The Company has established employee-employer meetings, employee welfare committees, and employee complaint mailboxes according to laws and regulations. The Employee Welfare Committee plans and provides various benefits for employees, such as: travel subsidies, department meal subsidies, club subsidies, marriage subsidies, etc. In the vacation system, those who have worked in the	Without difference

Promotion items	Performance			Non-implementation and its reason(s)
	Yes	No	Summary description	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		<p>Company for a certain period of time will be given annual leave (for example, employees who have been employed for one year will be given annual leave of 7 days a year). Employees may apply for unpaid leave in case of raising child(en), serious injury or illness, etc., to ensure the needs of personal and family care are met.</p> <p>Ensure that men and women have equal pay for equal work and equal opportunities for promotion and maintain 20% and above female executive positions to promote sustainable and inclusive economic growth. At the end of 2023, female staff accounted for 39% of total staff, and female supervisors (above the deputy manager level) accounted for 29% of total supervisors.</p> <p>The Company's Articles of Incorporation stipulate that no less than 5% of the annual profit should be allocated as employee compensation, and there is a bonus and other reward system to share the operating results with all employees.</p> <p>(III) The Company provides a safe and healthy working environment with necessary health and first aid measures to eliminate hazards that may affect the health and safety of employees and reduce the risk of occupational accident. There was no major occupational accident in 2023. Specific implementation measures include hiring professional nursing personnel and conducting occupational safety and health education and training for new employees every year. Health inspections for all employees are carried out every two years, and individualized health management</p>	Without difference

Promotion items	Performance			Non-implementation and its reason(s)
	Yes	No	Summary description	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		measures are provided for high-risk cases based on the inspection results. Inspection of working environment is outsourced and performed every six months to ensure the safety of the working environment. In addition, the building management committee audits and inspects fire protection equipment every year and collaborates with the building management for fire escape drills. (IV) To improve the quality and skills of employees, the Company conducts orientation training when new employees arrive on the job, and conducts unscheduled general and professional training depending on the needs.	Without difference
(V) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers and procedures for grievances?		V	(V) The Company has not yet formulated relevant consumer protection policies and complaint procedures. However, the Company's technical support department is responsible for the product technical consulting and services.	Under discussion
(VI) Has the company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the company keep track on the implementation of such policies?	V		(VI) The Company will assess whether the supplier has a history of environmental and social impact before doing business with the suppliers. To protect the earth and reduce the damage to the ecosystem, the Company requires the raw materials suppliers to comply with ROHS and REACH specifications, and provide relevant inspection reports, which will be archived after inspection on the correctness of the documents by dedicated personnel. This is to ensure the supply chain complies with international environmental	Without difference

Promotion items	Performance			Non-implementation and its reason(s)
	Yes	No	Summary description	
			regulations.	
V. Did the company, following internationally recognized guidelines, prepare and publish reports such as its Sustainability Report to disclose non-financial information of the company? Did the company apply for assurance or guarantee of such reports to a third-party certification body?	V		The Company has prepared the “2022 Sustainability Report” in accordance with the internationally recognized guidelines (GRI Standards). This report has been verified by BSI according to the AA1000 Assurance Standard, the type 1 moderate assurance level, and is published on the Company’s website and Market Observation Post System (MOPS) website.	Without difference
VI. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the principles and their implementation: None.				
VII. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices: The Company has established a “ESG” section on the Company’s website to disclose the Sustainability policies, goals and other related information, website: https://www.asrock.com/general/CSR.tw.asp .				

Note 1: The principle of materiality refers to those who have a significant impact on the Company’s investors and other stakeholders in relation to environmental, social and corporate governance issues.

(VI) Implementation of Climate-Related Information

1. Implementation of Climate-Related Information

Item	Performance
<p>1. Describe the Board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>1. The President of ASRock, as the highest governance body, oversees the identification of climate change risks and opportunities, and tracks key implementation performance results. The sustainable development promotion team is responsible for the planning and implementation of climate change policy promotion and risk opportunity identification with the President as the team leader. The team members include managers of the Management Division, Finance Division, Procurement & Material-Management Center, Sales/Marketing Division, R&D Division and other units.</p> <p>2. The identified climate risks and opportunities are as follows:</p> <p>(1) Transition risk/financial impact Policies and regulations (short term) - regulatory carbon inventory requirements: increase in internal personnel costs and external inventory costs Market (medium term) – Changes in consumer preferences: If consumers' demand cannot be met, revenue will be reduced. Market (medium term) - Rising raw material costs: increase in energy and water usage costs Market (long term) - Suppliers unable to meet regulatory requirements (such as carbon emissions), resulting in supply chain disruption: reduced output leads to reduced operating income Technology (long-term) - Demand for low-carbon products and services: increase in R&D and management personnel costs</p> <p>(2) Physical risk/financial impact Immediate risk - typhoon/flood/drought: reduced or interrupted production capacity and interrupted supply chain, resulting in financial losses and decrease in revenue Chronic risk - Rising average temperatures: frequent occurrence of extreme weather, leading to increased operating costs Chronic risk – Rising sea level: higher premiums and difficulty in insuring assets in “high-risk” areas</p> <p>(3) Opportunity/Financial Impact Resource efficiency (short term) – Material recycling and waste treatment and utilization: recycling materials to reduce operating costs Resilience (medium term) - Strengthening the resilience of diversified supply chains: ensuring supply chain resilience to reduce variable costs Energy sources (medium term) – Strategies in low-carbon energy: purchasing at lower prices to reduce operating costs</p>

Item	Performance			
	Products and services (long-term) - Consumers replacing old products with low-energy-consuming products, driving demand for new products: increasing orders and increasing operating income			
3. Describe the financial impact of extreme weather events and transformative actions.	3. The degree of financial impact of various extreme weather events and transformative actions depends on the degree of climate change faced by each operation site/material supplier/factory and the intensity of customer or government requirements. Overall, the Company needs to invest additional resources to respond to climate change and low-carbon transformation.			
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4. Climate-related risk identification is conducted and managed by the sustainable development promotion team to facilitate comprehensive planning of response measures. The identification is conducted at least once a year and the results are reported to the president.			
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5. The scenarios, parameter assumptions and analysis results of the transition risk and physical risk analysis are described below.			
		Climate scenario	Parameter assumptions	Analysis results and financial impact
	Transition risk	IEA APS (2023~ 2030)	Assuming that all countries' current carbon reduction policies are achieved, global carbon emissions in 2030 will be close to the 2020 level.	The Company estimates that annual growth in operating income will be greater than the increase in carbon emissions. If the carbon reduction target reaches the carbon reduction level of government regulations in the APS scenario, it will save the fees to the government in 2030.
		IEA NZE (2023~ 2050)	Achieve net zero emissions by 2050	ASRock's carbon emissions mainly include emissions in the manufacturing process of various materials. We will continue to require/find diversified suppliers that meet the regulations and evaluate the application of low-carbon energy (green electricity) and other methods to achieve net-zero emissions.
	Physical risk	SSP 1-1.9 (2081~ 2100)	Global annual average temperature change between +1.0 to +1.8°C	1. Rising temperatures: frequent occurrence of extreme weather, leading to increased operating costs.
			Rising in global sea level between 0.28 to 0.55m.	2. Rising sea level: Assets in high-risk areas may experience flooding damage.
		SSP 5-8.5 (2081~ 2100)	Global annual average temperature change between +3.3 to +5.7°C	3. Typhoon/flood/drought: The production capacity of OEMs or material suppliers may be reduced or interrupted, resulting in a decrease in revenue. Thus, an emergency response mechanism needs to be established.
			Rising in global sea level between 0.63 to 1.01m.	

Item	Performance
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	6. In response to transition risks, the Company has developed various low-carbon transformation plans including the R&D of green products, the establishment of energy conservation and carbon reduction goals and the promotion of carbon reduction measures. As for preventing physical risks, each factory has been required to establish a natural disaster response mechanism. Climate-related indicators and goals include a 25% reduction in greenhouse gas emission intensity in 2030 (tons of CO ₂ e/per million NTD in revenue) compared to 2019, and a 25% reduction in electricity consumption intensity in 2030 (MWh/per million NTD in revenue).
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. The Company has not yet implemented internal carbon pricing.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. The Company's carbon reduction goal is to "reduce greenhouse gas emission intensity (tons of CO ₂ e/per million NTD in revenue) by 25% in 2030 compared to 2019" where the carbon reduction goal will be achieved in Taiwan headquarter. The intensity of 2022 greenhouse gas emission was 0.123 per unit (tons of CO ₂ e/per million NTD in revenue), a decrease of 5.4% compared to 2019 where the greenhouse gas emission reduction goal for the current stage was achieved.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1).	9. The Company has disclosed the 2022 greenhouse gas inventory status in the Sustainability Report but has not conducted the greenhouse gas assurance. For details on the 2023 greenhouse gas inventory, please refer to the 2023 Sustainability Report.

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

ASRock is engaged in the design and development of motherboards and other products, and the electricity consumption mainly comes from purchased electricity. In the past two years, the main emission source of greenhouse gases has been purchased electricity (scope II). As there is no production process, there are no process emission sources (scope I). The greenhouse gas inventory focuses on the Taiwan headquarter, and the relevant information is detailed below.

Item	Unit	2019	2020	2021	2022
Scope No. II (electric power)	Ton CO ₂ e	1,196.28	1,086.50	1,089.20	1,567.14
	Revenue (NT\$1 million)	9,171	12,578	14,535	12,754

	Ton CO ₂ e/NT\$1 million	0.130	0.086	0.075	0.123
	Difference	Base year	-33.8%	-42.3%	-5.4%

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

The Company has not yet conducted a greenhouse gas inventory and assurance.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

The Company's carbon reduction goal is to "reduce greenhouse gas emission intensity (tons of CO₂e/per million NT\$ in revenue) by 25% in 2030 compared to 2019". To achieve the carbon reduction goal, we have implemented energy-saving plans from three major aspects: air-conditioning, lighting management and other electricity consumption. The greenhouse gas emission intensity of indirect energy emissions in 2022 was 0.123 metric tons/per million NTD in revenue, a decrease of 5.4% compared to 2019 where the greenhouse gas emission reduction goal for the current stage was achieved.

(VII) Performance in ethical corporate management inconsistency with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”

Assessment items	Actual governance		Non-implementation and its reason(s)	
	Yes	No		Summary description
I. Business Integrity Policy and action plans				
(I) Has the Company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?	V		(I) The Company’s “Ethical Corporate Management Best Practice Principles” was approved by the Board of Directors, which clearly stipulates that directors, managers and employees must implement the ethical corporate management policy and actively prevent unethical behavior.	None
(II) Has the Company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?”	V		(II) The Company has assessed the business activities with high unethical risk within the business scope and strengthened relevant preventive measures.	None
(III) Has the Company established in the preventive programs the operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct, and implemented and periodically review them?	V		(III) The Company’s “Procedures for Ethical Management and Guidelines for Conduct” regulates various operating procedures, behavior guidelines, and disciplinary and complaint systems for violations. The Company’s dedicated unit reviews every year whether these requirements can effectively control business activities with a higher risk of unethical conduct.	None

II. Proper enforcement of business integrity			
(I) Does the Company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	V	(I) The Company requires suppliers and other contractors to abide by the same ethical standards as all employees in the company. The Company commit not to engage in any illegal business activities or accept bribes.	None
(II) Has the Company established a dedicated (concurrent) unit to implement ethical corporate management under BOD and report regularly (at least once a year) to BOD the status of implementation and supervision of ethical management policy and preventive programs of unethical behavior?	V	(II) The Company implements the Ethical Corporate Management Best Practice Policies, and the implementation status in 2023: <ol style="list-style-type: none"> 1. Formulation method The Company has approved the resolution of the board of directors to formulate the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct” and “Codes of Ethical Conduct”, it is agreed that the corporate governance unit under the Board of Directors is responsible for the formulation and implementation of Ethical Corporate Management Best Practice Policies and prevention plan, and the unit will report its implementation to the Board of Directors on November 2, 2023. 2. Orientation training: The content of the training includes measures to prevent unethical behavior, recusal due to conflicts of interest and other related courses. A total of 14 new employees participated in the course for a total of 1.5 hours. 3. Periodic inspection The Company has the corresponding internal control to effectively control the operation activities of all operating offices and is independently audited by the auditing unit to ensure the overall operation, joint management, and prevent unethical behavior. In 2023, no deficiency discovered in an audit related to ethical corporate management best practice was found. 4. Whistle-blowing system The Company has a reporting mailbox and a hotline. If anyone inside or outside the company finds any 	None

Assessment items	Actual governance			Non-implementation and its reason(s)
	Yes	No	Summary description	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		<p>unethical behavior, they can report anonymously or not to the company at any time. In 2023, no report was received.</p> <p>(III) The Company has developed policies to prevent conflicts of interest and provided adequate channel for communication, and substantiated the policies.</p>	None
(IV) Has the Company established an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?	V		(IV) The Company has established an effective accounting system and an internal control system for high risk unethical behavior to inspect at any time where internal auditors should check the compliance of the internal control system from time to time, and prepare an audit report to the Board of Directors.	None
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		(V) The Company trains new employees with courses related to ethical corporate management which includes measures to prevent unethical behavior, and recusal due to conflicts of interest.	None

Assessment items	Actual governance			Non-implementation and its reason(s)
	Yes	No	Summary description	
III. The operations of the Company's Report System				
(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?	V		(I) The Company has formulated the "Procedures for Handling Reported Cases" to be handled by designated personnel.	None
(II) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms?	V		(II) The "Procedures for Handling Reported Cases" defines the relevant procedures and follow-up measures to be taken after the investigation is completed, as well as the confidentiality mechanism.	None
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		(III) The Company will provide protection from unfair treatment or retaliation for those who report violations of ethical corporate management regulations and participate in investigations.	None
IV. Enhanced information disclosure				
(I) Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		(I) The Company has the contents of Ethical Corporate Management Guiding Principles and its implementation disclosed on the website and MOPS.	None
V. Where a Company has worked Ethical Corporate Management Guiding Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies", please expressly elaborate on the differential gap between the substantial performance and the Practice Principle: None.				
VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity).				

(VIII) Other significant information that helpful to better awareness of performance in corporate governance: The Company's website and Market Observation Post System (MOPS).

(IX) Other significant information that helpful to better awareness of performance in corporate governance: None.

(X) Hands-on performance in the internal control system:

1. Declaration of Internal Control System: please refer to Page 113.
2. Review report issued by the commissioned Certified Public Accountant(s) in the review of the internal control system: None.

(XI) In the latest year until the date as of Annual Report issuance, the Company and inside personnel having been penalized for violation of the requirements in the internal control system, the major defects and corrective action completed: None.

(XII) In the latest year until the date as of Annual Report issuance, the Board and Shareholders' Meeting had resolved significant decisions

1. Major resolutions and its implementation status of the 2023 Annual General Shareholders Meeting (May 25, 2023):

- (1) The issue to acknowledge the business report and financial statements in 2022.
Implementation status: Approved by the voting of shareholders present.
- (2) The issue to acknowledge the 2022 Proposal for Distribution of Earnings. (Dividends per share: NT\$8)
Implementation status: June 20, 2023 is set as the ex-dividend day, June 28, 2023 is the base date for dividend distribution, and July 25, 2023 is the date of cash dividend distribution.

2. In the latest year until the date as of Annual Report issuance, the Board had resolved significant decisions:

Date	Significant decisions resolved	Independent Directors' opinions	Response to Independent Directors' opinions
January 11, 2023 (First shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved ASRock's manager bonus review proposal. 2. Approved the amendment to ASRock's "Rules of Procedure of the Board of Directors Meetings". 	None	None
March 7, 2023 (Second shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved 2022 business report and financial statements. 2. Approved the 2022 evaluation report for the independence of external auditor. 3. Approved the pre-approved non-assurance service policy. 4. Approved the compensation for ASRock's external auditor of year 2023. 5. Approved the proposal to change the Company's CPA. 6. Approved ASRock's Declaration of Internal Control System of year 2022. 7. Approved the appropriated remuneration of employees and directors of year 2022. 8. Approved earnings distribution of year 2022. 9. Approved the cancellation of the restricted employee shares purchased by the Company. 10. Approved the scheduling of 2023 Annual Shareholders' Meeting and related matters. 	None	None

Date	Significant decisions resolved	Independent Directors' opinions	Response to Independent Directors' opinions
April 27, 2023 (Third shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved 2023 Q1 Consolidated Financial Report. 2. Approved ASRock's manager bonus review proposal. 3. Approved the record date of cash dividend distribution. 	None	None
May 25, 2023 (Fourth shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved the amendment to ASRock's "Accounting System". 	None	None
August 3, 2023 (Fifth shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved 2023 Q2 Consolidated Financial Report. 2. Approved the appropriated remuneration of employees and directors. 3. Approved ASRock's managerial officers salary adjustment proposal of year 2023. 4. Approved the renewal for credit line with Mega International Commercial Bank Co., Ltd.. 5. Approved the renewal for credit line with Taipei Fubon Bank. 6. Approved the cancellation of the restricted employee shares purchased by the Company. 7. Approved the amendment to ASRock's "Corporate Governance Best Practice Principles". 	None	None
August 29, 2023 (Sixth shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Plans to participate in the establishment of Zhuhe Investment Co., Ltd. (tentative) engaging in commercial property investment. 	None	None
November 2, 2023 (Seventh shareholders' meeting in 2023)	<ol style="list-style-type: none"> 1. Approved 2023 Q3 Consolidated Financial Report. 2. Approved ASRock's manager bonus review proposal. 3. Approved the plan of internal auditing in year 2024. 4. Approved the amendment to ASRock's "Internal Control System". 5. Approved the budget of year 2024. 6. Approved the cancellation of the restricted employee shares purchased by the Company. 	None	None
January 31, 2024 (First shareholders' meeting in 2024)	<ol style="list-style-type: none"> 1. Approved ASRock's manager bonus review proposal. 	None	None
March 6, 2024 (Second shareholders' meeting in 2024)	<ol style="list-style-type: none"> 1. Approved 2023 business report and financial statements. 2. Approved the 2023 evaluation report for the independence of external auditor. 3. Approved the non-assurance services to be provided by from Ernst & Young Global Limited and its affiliates in 2024. 4. Approved the compensation for ASRock's external auditor of year 2024. 5. Approved ASRock's Declaration of Internal Control System of year 2024. 6. Approved the appropriated remuneration of employees and directors of year 2023. 7. Approved earnings distribution of year 2023. 8. Approved the cancellation of the restricted employee shares purchased by the Company. 9. Approved the amendment to ASRock's "Parliamentary Procedure for the Shareholders Meeting". 10. Approved the amendment to ASRock's "Procedures 	None	None

Date	Significant decisions resolved	Independent Directors' opinions	Response to Independent Directors' opinions
	for Acquisition and Disposal of Assets". 11. Approved the amendment to ASRock's "Rules of Procedure of the Board of Directors Meetings". 12. Approved the issuance of the 2024 restricted employee shares. 13. Approved the Election of Directors. 14. Approved the list of nominated candidates for Board of Directors. 15. Approved the proposal of release the prohibition on directors from participation in competitive business. 16. Approved the scheduling of 2024 Annual Shareholders' Meeting and related matters.		

(XIII) In the latest year until the date as of Annual Report issuance, Audit Committee or Directors passed significant decisions with different opinions as backed with records or declarations, the major contents: None.

(XIV) In the latest year until the date as of Annual Report issuance, the assembled information of discharge or resignation by the Company for the Company's Chairman, president, accounting officer, financial officer, internal audit officer, governance officer and research & development officer: Such fact is nonexistent in the Company: None.

IV. Information in public fees of the Certified Public Accountant Association

Unit: NTD thousand

CPA firm	Name of CPA	CPA auditing period	Audit remuneration	Non-audit remuneration	Total	Remark
Ernst & Young, Taiwan	Chien-Ju, Yu	Year 2023	2,580	355	2,935	Non-audit public expense: tax compliance audit and cancellation of restricted employee shares
	Hsuan-Hsuan, Wang					

V. Changes in CPA

(I) Former CPA:

Date of change	Approved by Board of Directors on March 7, 2023		
Reasons and explanation of changes	The current engagement partner CPA Chih-Hui, Yang and Chien-Ju, Yu from Ernst & Young, Taiwan will be replaced by CPA Chien-Ju, Yu and Hsuan-Hsuan, Wang starting from the first quarter of 2023 due to internal job adjustment of the CPA firm.		
State whether the appointment is terminated or rejected by the consignor or CPAs	Participants	CPA	Client
	Appointment terminated automatically	Not applicable	Not applicable
	Appointment rejected (discontinued)	Not applicable	Not applicable
The opinions other than unmodified opinion issued in the last two years and the reasons for the said opinions	None		

Is there any disagreement in opinion with the issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Other
	None	V	
	Description		
Supplementary disclosure (Disclosures specified in Article 10.6.1.4~7 of the standards)	None		

(II) Current CPA:

CPA firm	Ernst & Young, Taiwan
Name of CPA	Chien-Ju, Yu; Hsuan-Hsuan, Wang
Date of engagement	Approved by Board of Directors on March 7, 2023
Prior to the formal engagement, any inquiry or consultation on the accounting treatment or accounting principles for specific transactions, and the type of audit opinion that might be rendered on the financial report	None
Written opinions from the successor CPAs that are different from the former CPA's opinions	None

(III) The reply letters on Item 1 and 2-3, Subparagraph 6, Article 10 of Regulations Governing the Preparation of Financial Reports from the previous CPA: None.

VI. Where the company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

VII. In the latest year until the date as of annual report issuance, the fact regarding transfer or pledge stock equity by the Company's directors and managerial officers and key shareholders holding over 10% in shareholding

(I) Information on Net Change in Shareholding and Net Change in Share Pledged by Directors, Supervisors, Department Heads, and Shareholders of 10% Shareholding or More

Unit: shares

Title	Name	2023		2024/01/01-2024/03/31	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Director (Shareholders over 10% in shareholding)	Asus Investment Co., Ltd.	-	-	-	-
President	Lung-Lun, Hsu	4,500	-	-	-
CEO	Chien-Hsin, Chou	4,500	-	(8,000)	-
Senior Vice President	Yu-Huang, Chen	4,500	-	-	-
Senior Vice President	Sung-Chien, Chen	-	-	-	-
Vice President	Cheng-Yang, Li	(11,500)	-	-	-
Vice President	Wen-Kang, Fan	(4,250)	-	-	-
Vice President	An-Lun, Sun	-	-	-	-
Vice President	En-Li, Chen	3,750	-	-	-
Vice President	Hsu-Hung, Hsiao	-	-	-	-
Vice President & CFO	Chien-Hung, Chen	(15,700)	-	(3,000)	-
Accounting Manager	Hui-Ju, Li	2,250	-	-	-

(II) Stock trade or pledge and with related party: None.

VIII. The interrelationship among the key shareholders holding over 10% in shareholding

March 31, 2024

Name	Shares held in own name		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the Civil Code, and the name and affiliation.		Remark
	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Name	Relation	
Asus Investment Co., Ltd. Representative: Tzu-Hsien, Tung	57,217,754	47.04%	-	-	-	-	-	-	
Huaxu Investment Co., Ltd. Representative: Tzu-Hsien, Tung	7,453,405	6.13%	-	-	-	-	-	-	
Honghong Investment Co., Ltd. Representative: Feng-Chang, Kang	6,476,897	5.32%	-	-	-	-	-	-	
Huayu Investment Co., Ltd. Representative: Tzu-Hsien, Tung	2,791,000	2.29%	-	-	-	-	-	-	
Tsai-Teng, Wu	1,678,880	1.38%	1,000,000	0.82%	-	-	Li-Hua, Chang	Spouse	
Lung-Lun, Hsu	1,658,250	1.36%	229,534	0.19%	-	-	-	-	
Li-Hua, Chang	1,000,000	0.82%	1,678,880	1.38%	-	-	Tsai-Teng, Wu	Spouse	
Chien-Hsin, Chou	965,131	0.79%	-	-	-	-	-	-	
Labor Pension Fund	947,000	0.78%	-	-	-	-	-	-	
Nomura Taiwan Small Cap Fund	855,000	0.70%	-	-	-	-	-	-	

IX. Investments jointly held by the Company, the Company's directors, managers, and enterprises directly or indirectly controlled by the Company. calculate shareholding in aggregate of the above parties:

December 31, 2023; Unit: shares

Investees (Note)	Ownership by the Company		Direct/indirect ownership by directors and management		Total ownership	
	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding	Quantity	Ratio of shareholding
ASIAROCK TECHNOLOGY LTD.	40,000,000	100.00%	-	-	40,000,000	100.00%
LEADER INSIGHT HOLDINGS LTD.	2,100,000	100.00%	-	-	2,100,000	100.00%
ASRock Europe B.V.	-	-	200,000	100.00%	200,000	100.00%
FIRSTPLACE INTERNATIONAL LTD.	-	-	2,050,000	100.00%	2,050,000	100.00%
CALROCK HOLDINGS, LLC	-	-	2,000,000	100.00%	2,000,000	100.00%
ASRock America, Inc.	-	-	2,000,000	100.00%	2,000,000	100.00%
ASRock Rack Incorporation	34,595,984	57.27%	-	-	34,595,984	57.27%
ASRock Industrial Computer Corporation	37,281,196	60.10%	-	-	37,281,196	60.10%
ASJade Technology Incorporation	17,325,000	82.50%	-	-	17,325,000	82.50%
Soaring Asia Limited	150,000	100.00%	-	-	150,000	100.00%
ASJade Technology Japan Inc.	-	-	500	82.50%	500	82.50%

Note: Investment in equity method by the Company.

Chapter IV. Funding Status

I. Share capital and shares

(I) Sources of share capital

1. Share category

March 31, 2024; Unit: thousand shares

Share category	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Ordinary shares	121,636	28,364	150,000	Note

Note: The Company stock is listed in the TWSE.

2. Sources of share capital

March 31, 2024; Unit: thousand shares; NT\$ thousand

Year / month	Price of issuance	Authorized capital		Paid-up capital		Remark		
		Quantity	Amount	Quantity	Amount	Sources of share capital	Paid in properties other than cash	Other
July 2020	10	150,000	1,500,000	120,642	1,206,424	Capital decrease from the restricted employee share 48	None	Note 1
November 2021	10	150,000	1,500,000	122,925	1,229,254	Capital increase from the restricted employee shares 22,830	None	Note 2
December 2022	10	150,000	1,500,000	121,993	1,219,930	Capital decrease from the restricted employee share 9,324	None	Note 3
March 2023	10	150,000	1,500,000	121,989	1,219,894	Capital decrease from the restricted employee share 36	None	Note 4
September 2023	10	150,000	1,500,000	121,980	1,219,804	Capital decrease from the restricted employee share 90	None	Note 5
November 2023	10	150,000	1,500,000	121,641	1,216,408	Capital decrease from the restricted employee share 3,396	None	Note 6
March 2024	10	150,000	1,500,000	121,636	1,216,357	Capital decrease from the restricted employee share 51	None	Note 7

Note 1: Official Letter Ching-Shou-Shang-Tzu No. 10901102300 was approved on July 1, 2020.

Note 2: Official Letter Ching-Shou-Shang-Tzu No. 11001209770 was approved on November 26, 2021.

Note 3: Official Letter Ching-Shou-Shang-Tzu No. 11101228860 was approved on December 9, 2022.

Note 4: Official Letter Ching-Shou-Shang-Tzu No. 11230051990 was approved on March 25, 2023.

Note 5: Official Letter Ching-Shou-Shang-Tzu No. 11230170490 was approved on September 7, 2023.

Note 6: Official Letter Ching-Shou-Shang-Tzu No. 11230226090 was approved on November 30, 2023.

Note 7: Official Letter Ching-Shou-Shang-Tzu No. 11330057260 was approved on April 26, 2024.

3. Information on self-registration system: None

(II) Shareholders structure

March 31, 2024

Shareholders structure	Government institutions	Financial institutions	Other juridical person	Domestic natural persons	Foreign institutions & natural persons	Total
Quantities						
Number of shareholders (person)	-	5	74	10,943	190	11,212
Number of shareholding (share)	-	424,000	79,927,581	28,220,238	13,063,910	121,635,729
Ratio of shareholding (%)	-	0.35	65.71	23.20	10.74	100.00

(III) Shareholding distribution status

March 31, 2024

Class of shareholding	Number of shareholders (person)	Number of shareholding (share)	Ratio of shareholding (%)
1 to 999	4,301	551,312	0.45%
1,000 to 5,000	6,169	9,860,298	8.11%
5,001 to 10,000	358	2,771,535	2.28%
10,001 to 15,000	113	1,444,095	1.19%
15,001 to 20,000	58	1,037,927	0.85%
20,001 to 30,000	42	1,077,532	0.89%
30,001 to 40,000	28	998,951	0.82%
40,001 to 50,000	17	779,664	0.64%
50,001 to 100,000	50	3,700,578	3.04%
100,001 to 200,000	30	4,093,165	3.37%
200,001 to 400,000	22	6,276,694	5.16%
400,001 to 600,000	9	4,237,741	3.48%
600,001 to 800,000	4	2,951,200	2.43%
800,001 to 1,000,000	5	4,578,851	3.76%
> 1,000,001	6	77,276,186	63.53%
Total	11,212	121,635,729	100.00%

(IV) List of major shareholders:

March 31, 2024

Name	Shares held in own name	
	Quantity	Ratio of shareholding
Asus Investment Co., Ltd.	57,217,754	47.04%
Huaxu Investment Co., Ltd.	7,453,405	6.13%
Honghong Investment Co., Ltd.	6,476,897	5.32%
Huayu Investment Co., Ltd.	2,791,000	2.29%
Tsai-Teng, Wu	1,678,880	1.38%
Lung-Lun, Hsu	1,658,250	1.36%
Li-Hua, Chang	1,000,000	0.82%
Chien-Hsin, Chou	965,131	0.79%
Labor Pension Fund	947,000	0.78%
Nomura Taiwan Small Cap Fund	855,000	0.70%

(V) Market price per share, net worth, dividend and relevant data over the past two years

Unit: NT\$

Item		Year			
		2022 (2023 distribution)	2023 (2024 distribution)	2024/01/01- 2024/03/31	
Market price per share	Highest	289.50	299.50	311.50	
	Lowest	82.10	127.50	226.00	
	Average	146.19	190.56	251.13	
Net worth per share	Before dividend distribution	67.15	66.78	-	
	After dividend distribution	59.15	59.88	-	
Earnings per share	Weighted average outstanding shares (thousand shares)	122,648	121,883	-	
	Earnings per share	8.69	7.54	-	
Dividends per share	Cash dividends		8.00	6.90	-
	Stock dividends	From earnings	-	Note 1	-
		From capital reserves	-	Note 1	-
	Cumulative undistributed dividends (NT\$ thousand)		-	-	-
Analysis of investment returns	P/E ratio (Note 2)		16.82	25.27	-
	Price to dividends ratio (Note 3)		18.27	27.62	-
	Cash dividend yield (Note 4)		5.47%	3.62%	-

Note 1: For Year 2023, the data of distribution of the annual earning had not yet passed the shareholders' regular meeting.

Note 2: P/E ratio = Average closing price per share for the year / earnings per share.

Note 3: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

Note 4: Cash dividend yield = Cash dividend per share / average closing price per share for the current year.

(VI) The Company's dividend policy and fact of implementation thereof.

1. The dividend policy as covered under the Company's Articles of Incorporation

The dividend policy as covered under the Company's Articles of Incorporation clauses:

Article 24-1: If the Company has a net income of the year after account settlement, appropriate for the covering of loss carried forward (including the adjustment of the amount in undistributed earnings), and 10% for legal reserve as required by law. If the amount of legal reserve is equivalent to the total paid-in capital, no further appropriation for legal reserve will be necessary. It will be followed by the appropriation or reversal of special reserve. If there is still a balance, it will be pooled up the undistributed earnings at the beginning of the period (including the adjustment of the amount in undistributed earnings). The Board shall plan for the distribution of earnings. If the stock dividend and bonus are paid in cash in whole or in part, the Board shall be authorized to make a decision in a session attended by more than 2/3 of the Directors and a simple majority of the Directors in session and reported to the General Meeting of Shareholders. If a dividend is paid in stock in part, it will be necessary to present to the General Meeting of Shareholders for resolution.

Article 24-2: The Company runs its operation in an unpredictable environment and is at the stage of growth of its life span. In consideration of long-term financial planning and meeting the needs of cash inflows of the shareholders, cash dividend paid for each year shall not fall below 10% of the total dividend in cash and in stock.

2. The Company shall pay a stock dividend with reference to the profit status of the year for dividend stability as the principle. The Company adopts a balanced dividend policy. The stock dividend payable to shareholders shall not fall below 10% of the distributable income of the year.

3. Dividend distribution proposed by the Board of Directors

(1) The 2023 earning distribution proposal was approved by the board of directors on March 6, 2024, as shown in the table below:

Unit: NT\$	
Summary	Amount
Undistributed earnings at the beginning of the period	\$1,104,176,458
less: Changes in the remeasurement of the defined benefit plan	(2,227,278)
Add: Labor cost of employee restricted shares	7,410,900
Net income in 2023	919,040,557
Retained earnings	2,028,400,637
Less: Appropriation of legal reserve	(92,422,418)
Less: Appropriation of special reserve	(939,892)
Items for distribution:	
Shareholder dividend - cash (NT\$6.9/share)	(839,286,531)
Undistributed earnings at the end of the period (Carry forward to next year)	1,095,751,796

Note: The 2023 earning distribution proposal has not yet been approved by the

shareholders' meeting. The distribution of cash dividends has been approved by the board of directors and has yet to be paid.

(VII) Impact of stock dividend distribution on the Company's business performance and earning per share: None.

(VIII) Remuneration to the employees and Directors

1. If the Company has earnings of the year after account closing, appropriate for the remuneration to the employees and the Directors specified as follows. If there is loss carried forward, the Company shall appropriate its earnings for covering loss carried forward.

(1) Numeration to the employees in cash or stock shall not be less than 5%. If payment is made in stock, employees of subsidiaries meeting specific conditions shall also be entitled to the payment. The Board shall set forth the condition for entitlement.

(2) No more than 1% as remuneration to the Directors.

Earnings as previously mentioned, shall be the earnings before taxation and deduction of remuneration to the employees and the Directors.

The remuneration to the employees and the Directors shall be reported to the General Meeting of Shareholders.

2. The grounds to estimate the remuneration to employees and directors: In case of a differential gap between remuneration to employees in amount of actual distribution to be distributed in stocks and the previously estimated amount: None.

3. Remuneration to be distributed as resolved in the board of directors in 2023:

(1) The amount of remuneration to employee and Directors distributed in cash or stock: employees' cash remuneration is NT\$88,849,855 and Directors' remuneration is NT\$8,884,986.

(2) The percentage of amount of remuneration to employees to be distributed in stocks to the aggregate total of the net profit after tax as shown through the individual financial statements or respective financial statements and the aggregate total of remuneration to employees: The Company does not propose to distribute bonus to employees in stocks.

4. Report on remuneration to employees and Directors in 2022:

(1) Report on remuneration to employees and Directors in 2022:

Remuneration to employees: NT\$95,786,773

Remuneration to Directors: NT\$9,578,677

(2) If there is a discrepancy between the above amount and the recognized employee remuneration and Director's remuneration, the amount of discrepancy, reasons and handling shall be stated: No discrepancy.

(IX) Repurchase of Company stock: In the most recent year and as of the publication date of the annual report, the Company has not repurchased the company's shares.

II. Issuance of corporate bond (including foreign bond): None.

III. Preferred stock: None.

IV. Issuance of global depositary receipts: None.

V. Employee stock option: None.

VI. Employee restricted stocks:

- (I) The processing of employee restricted stocks have not fully met the vesting conditions as of the date of publication of the annual report and the impact on shareholders' rights and interests:

March 31, 2024

Type of employee restricted stocks	2021 employee restricted stocks
Dates of effective registration and the total number of shares	September 7, 2021; 2,300,000 shares
Issuance date	October 28, 2021
The number of employee restricted stocks issued	2,283,000 shares
The number of employee restricted stocks still available for issuance	0 shares
Price of issuance	NT\$10
Ratio of employee restricted stocks to total issued shares	1.88%
Vesting condition for employee restricted stocks	<p>(I) The Company's overall performance:</p> <p>(1) If EPS in the previous year is higher than NT\$10, the overall weight will be 100%.</p> <p>(2) If EPS in the previous year is between NT\$7.5 and NT\$10, the overall weight will be 50%.</p> <p>(3) If EPS in the previous year is below NT\$7.5, the overall weight will be 0%.</p> <p>(II) Personal performance:</p> <p>(1) If the mid-year assessment is higher than A (include A), the personal weight will be 100%.</p> <p>(2) If the mid-year assessment is between B+ to A (excluding A), the personal will be weight 80%.</p> <p>(3) If the mid-year assessment is between B to B+ (excluding B+), the personal will be weight 60%.</p> <p>(4) If the mid-year assessment is C, the personal weight will be 0%.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>

Limitations to the rights of employee restricted stocks	(I) Before fulfilling the vesting conditions, the restricted shares under the custody shall not be sold, pledged, transferred, and gave as gifts to others or any other means of disposal. (II) Voting rights: To be conducted by the Trust in accordance with the relevant laws and regulations.
Custody of employee restricted stocks	A total of 2,283,000 shares were delivered to the Trust.
Procedures for non-compliance of the conditions	The Company can buy back and cancel all restricted stocks from any employee whom received restricted stocks but fail to comply with the conditions.
Number of employee restricted stocks bought back or canceled	1,289,700 shares (Note)
Number of employee restricted stocks free from custody	0 shares
Number of employee restricted stocks under custody	993,300 shares
Ratio of the number of employee restricted stocks under custody to total issued shares	0.82 %
Impact on shareholders' equity	<p>1. Potential expense: With the resolution of 2021 Annual General Meeting of Shareholders, the maximum number of employee restricted stocks issued by the Company's is 2,300,000 shares where each share is issued at NT\$10. The Company measures the fair value of the stock on the issue date and recognizes the related expenses by years during the vested period. The estimated expenseable amount is NT\$46,856 thousand. According to the vested conditions, the expensed amounts from 2021 to 2023 are NT\$6,912 thousands, NT\$23,144 thousands, and NT\$16,402 thousands, respectively. The estimated expense amount in 2024 is NT\$398 thousand.</p> <p>2. The dilution of EPS, and any other impact on shareholders' equity: Based on the number of 121,635,729 shares issued and outstanding by the Company as of the end of February, the possible reductions in earnings per share after expensed from 2021 to 2024 are approximately NT\$0.06, NT\$0.19 NT\$0.13 and NT\$0.003 respectively. Dilution of EPS is not significant, so there is no significant impact on shareholders' equity.</p>

Note: The number of shares purchased from employees has been announced.

(II) Names of managers who have acquired new restricted employee shares and the names of the top ten employees who have acquired shares up to the date of publication of the annual report:

March 31, 2024; Unit: shares; %; NTD

	Title	Name	Number of new restricted employee shares	Ratio of new restricted employee shares to total issued shares	Lifted restricted rights				Restricted rights not lifted			
					Number of shares released	Price of issuance	Issuance amount	Ratio of lifted restricted shares to total issued shares	Number of restricted shares not lifted	Price of issuance	Issuance amount	Ratio of restricted shares not lifted to total issued shares
Manager	President	Lung-Lun, Hsu	257,000	0.21%	38,550	10	385,500	0.03%	77,100	10	771,000	0.06%
	CEO	Chien-Hsin, Chou										
	Senior Vice President	Yu-Huang, Chen										
	Senior Vice President	Sung-Chien, Chen										
	Vice President	Cheng-Yang, Li										
	Vice President	Wen-Kang, Fan										
	Vice President	An-Lun, Sun										
	Vice President	En-Li, Chen										
	Vice President	Hsu-Hung, Hsiao										
	Vice President & CFO	Chien-Hung, Chen										
	Accounting Senior Manager	Hui-Ju, Li										

	Title	Name	Number of new restricted employee shares	Ratio of new restricted employee shares to total issued shares	Lifted restricted rights				Restricted rights not lifted			
					Number of shares released	Price of issuance	Issuance amount	Ratio of lifted restricted shares to total issued shares	Number of restricted shares not lifted	Price of issuance	Issuance amount	Ratio of restricted shares not lifted to total issued shares
Employee	Executive Assistant to President	Chung-Kai, Liao	217,000	0.18%	32,550	10	325,500	0.03%	65,100	10	651,000	0.05%
	Section head	Ju-Ting, Li										
	Section head	Chia-Yu, Hsiao										
	Section head	Li-Chi, Kuo										
	Section head	Fan-Chieh, Hsu										
	Section head	Yao-Ching, Wang										
	Senior manager	Ko-Chih, Tsui										
	Section head	Jen-Chien, Wang										
	Deputy section head	Yen-Yeh, Chen										
	Senior manager	Cheng-Wei, Chen										

VII. Status of new shares issuance in connection with mergers and acquisitions: None.

VIII. Financing plans and implementation: None.

Chapter V. Business Performance

I. Content of business

(I) Scope of business operation

1. Major contents of the business operation undertaken:

- (1) CC01110 Computer and Peripheral Equipment Manufacturing
- (2) F113050 Wholesale of Computers and Clerical Machinery Equipment
- (3) F118010 Wholesale of Computer Software
- (4) F213030 Retail Sale of Computers and Clerical Machinery Equipment
- (5) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- (6) I301010 Information Software Services
- (7) ZZ99999 All business items that are not prohibited or restricted law, except those that are subject to special approval

2. Proportion of sales of key products

Unit: NTD thousand

Year	2023	
	Revenue	Ratio (%)
Key products		
Computer peripheral products	18,074,793	95.17%
Other	917,052	4.83%
Total	18,991,845	100.00%

3. Current products:

- (1) Sales of PC motherboards.
- (2) Sales of spare parts for PC motherboards.
- (3) Sales of AI acceleration and graphics card.
- (4) Sales of multi-display card system supporting blockchain and deep learning applications.
- (5) Sales of Barebone and commercial mini PC and mini home theater system.
- (6) Sales of gaming monitor.
- (7) Sales of industrial PC motherboards and barebones.
- (8) Sales of robust Edge AIoT platform and industrial IoT controllers.
- (9) Sales of server equipment motherboards and assembled computers.

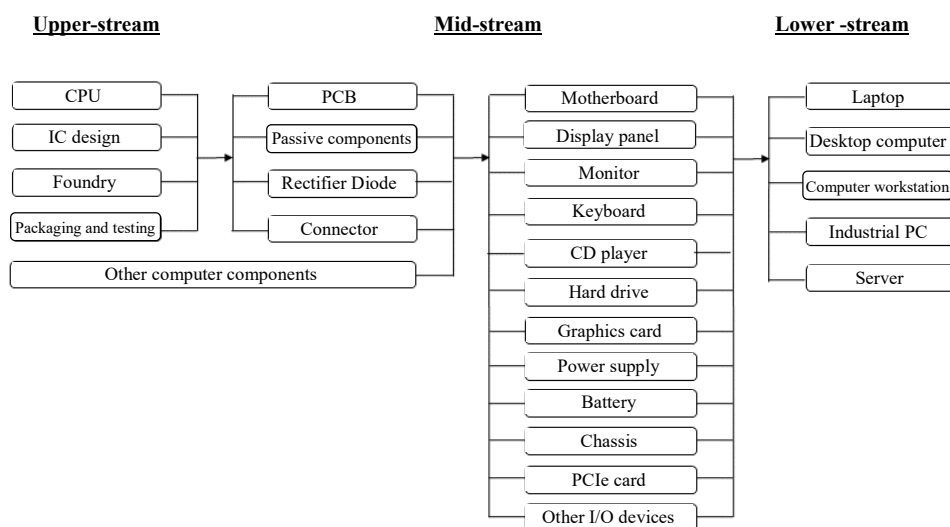
4. New products under development

- (1) Develop motherboards that support 3nm Intel Arrow Lake.
- (2) Develop motherboards that support the next-gen 800 series from the AMD AM5 platform.
- (3) Develop graphics card with 3nm process technology based on AMD RDNA4 architecture.
- (4) Develop a double-layer AI/graphics card capable of high-density multi-card deployment.
- (5) Develop a Small Form Factor that supports AM5 processor.
- (6) Develop motherboards that support AMD’s DDR5+PCIE Gen5 workstation platform Storm Peak.
- (7) Develop motherboards equipped with 5Gbps LAN and USB4.0 connectors.
- (8) Develop tools that simplify the installation process of AI application software.
- (9) Develop LCD gaming monitors with OLED panels and higher refresh rate.
- (10) Develop robust Edge AIoT platform, industrial IoT controllers, industrial computer systems and motherboards that support next-gen processors from Intel, AMD and NVIDIA.
- (11) Develop server platforms or motherboards with the latest cooling technologies equipped with the latest 4th/5th gen ARM CPU (Emerald Rapids) Intel Xeon scalable processors or the latest AMD EPYC processor technology.

(II) Industrial overview:

1. Progress and development of the industry
2. Association among the upper-, mid- and lower streams

Industrial linkage table



3. Product development trends

- (1) In anticipation that the PC market will face long-term growth stagnation, Intel has revised its strategy of replacing new generation chipsets and processors every year to every two years, and

making the platforms compatible between generations of processors to reduce the huge cost of product development every year. Intel is expected to launch a new Arrow Lake platform in the third quarter of 2024, adopting designs using multiple ICs (chiplets) with different functions and processes packaged on the same PCB.

- (2) AMD will also launch a new chipset supporting the AM5 platform in the third quarter of 2024, providing higher-speed IO (USB4.0) to enhance the competitiveness of the AM5 platform.
- (3) Microsoft proposes that the NPU performance of AI PCs must reach 40 TOPS (Tera Operations Per Second) while AMD and Intel also aim to gradually improve the NPU performance in processors.
- (4) For graphics cards, both Intel and AMD plan to launch new display chips by the end of 2024.
- (5) In response to edge computing, a robust edge AIoT platform is launched for real-time edge AI computing and motion control with several industrial-grade I/O and expansion capabilities. The robust design to adapt to harsh industrial environments is paired with an application-ready platform to accelerate application deployment and digital transformation.
- (6) It fulfills the needs of high data computing and transmission, low power consumption and low latency for 5G, edge computing, and generative AI applications. It also takes into account the cost considerations of upgrading the infrastructure for a cost-effective server solution.
- (7) Various rack mount servers provide I/O optimization, support PCIE Gen4/Gen5 and NVMe with powerful performance and flexible configuration and expansion capabilities to meet customers' different workloads.
- (8) As the power consumption of CPUs, GPUs, and various computing and storage chips continues to increase, the development and introduction of immersion cooling technology become more critical in face of heat dissipation problems.

4. Product competition

- (1) Intel released the 13th Gen Core Non-K Series CPUs and the corresponding B760 motherboard in the first quarter of 2023 and released the 14th Gen Core K Series CPUs in the fourth quarter of 2023 with further improvement on the specifications of Z790 motherboard. Although the CPU performance improvement is not as good as consumers expected, the price range is distributed from entry level to high-end products.
- (2) Intel also launched the Xeon® W-3400/W-2400 Series Processor and W790 motherboard in the first quarter of 2023, targeting professionals such as workstations and content creators. The highest-end CPU has a powerful 56 cores/112 threads, paired with DDR5 ECC RDIMM 8-channel memory, creating a market viral discussion.
- (3) AMD released the next-gen AM5 platform in the third quarter of 2022. However, due to the high overall production cost, it did not bring about the expected replacement demand. Although AMD has responded with multiple CPU price cuts, the cost of motherboards remains high, thus the overall sales of the AM5 platform remains unsatisfactory. At the end of the first quarter of 2023, AMD released the entry-level A620 chipset motherboard, which lowered the entry barrier for the AM5

platform. Coupled with the gradual decline in DDR5 memory prices, AMD AM5 platform shipments began to grow steadily.

- (4) To prevent Intel W790 platform to be the market leader, AMD launched Ryzen™ Threadripper™ 7000 Series Processors and WRX90 and TRX50 motherboards for workstations and content creators in the fourth quarter of 2023. With a CPU with up to 96 cores/192 threads and 8-channel DDR5 memory, it has become Intel’s strong rival in the high-end professional market.
- (5) Generative AI has become the hottest topic in the market in 2023, and Intel and AMD have begun to focus on the AI computing power of the CPU (TOPS; Tera Operations Per Second).
- (6) In response to the changes in work and lifestyle after the epidemic, the deployment and AI application of 5G hardware have gradually matured, prompting continuous data center upgrades. To stand out in a competitive environment, the product must provide customers with the best customization equipped with the latest processors from Intel/AMD or ARM CPU, complying with OCP specifications and meeting high-performance computing workloads.

(III) Technological research and development:

1. R&D expenses invested in each of the last five years

Unit: NTD thousand

Year	2019	2020	2021	2022	2023
R&D expenses	821,495	1,039,961	1,263,855	1,260,277	1,323,891
Operating revenue - net	13,415,090	17,911,584	19,762,672	17,120,919	18,991,845
R&D expenses ratio (%)	6.12	5.81	6.40	7.36	6.97

2. Successfully developed technologies or products

ASRock Group is a professional motherboard manufacturer, dedicated to the development of high added value motherboards with reasonable price. Since the launch to the market, it has been continuously praised by consumers all over the world and has successfully established the brand awareness of ASRock, ASRock Rack and ASRock Industrial. The following are the technologies or products successfully developed by ASRock in recent years:

Year	Successfully developed technologies or products
2019	ASRock launched a new generation of Z390 Refresh series motherboards to appeal to the high-end consumers with its powerful one-piece large heat sink and stunning RGB lighting effects.
	ASRock launched the new series of Steel Legend motherboards, with durable materials and affordable prices for the mid-level consumer market.
	ASRock launched the world’s first AMD water-cooled motherboard “X570 AQUA” with a global limited edition of 999 boards at a price of \$999.
2020	ASRock collaborated with the well-known keyboard and mouse manufacturer “Razer” to launch the co-branded X570/B550 Taichi Razer Edition motherboard, which is the first motherboard to support the perfect lighting effects of Razer Synapse.

Year	Successfully developed technologies or products
	ASRock reorganized and resized the existing products and launched the “PG Velocita” gaming product line for the high-end gaming motherboard market with exceptional network speed, immersive sound experience, creative RGB appearance, overclocking performance, and many other features.
	The “ASRock Graphics Card Holder” can be securely connected to the motherboard and the chassis to provide support to heavy high-end graphics cards and prevent displacement and deformation.
	“High-speed gaming USB port” can prevent users from suffering low performance and increased latency due to low bandwidth when operating a keyboard and mouse with a high polling rate, and fully utilize the performance of the high-end keyboard and mouse.
	By letting the “NIC directly controlled by the processor”, it allows the network signals to be directly connected to the CPU, reducing latency, and improving transmission performance.
	ASRock introduced the industry’s smallest Intel 11th Gen and AMD RYZEN 4000 series mini-PC with dual storage support.
	It is the first in the industry to launch a full series of industrial motherboards supporting Intel’s 10th generation Comet Lake, providing customers with the best choice for platform upgrades.
2021	ASRock launched a new “PG Riptide” product line for the e-sports sub-brand “Phantom Gaming”, with the essential specifications such as keyboard and mouse, network, sound effects, etc., to appeal to player with affordable prices, focusing on entry-level and mid-level gaming market.
	The overclocking product line “OC Formula” was re-introduced to the market, and the launch of the Z590 OC Formula has attracted the attention of overclocking players around the world and won several overclocking competitions.
	The M.2 SSD heatsink with anti-drop screw design is developed for the motherboard, which can effectively prevent users from losing the heatsink screws due to careless installation.
	The DDR5 socket and the PCIE Gen5 x16 socket with steel armor are developed with additional designed metal pins to firmly connect to the PCB, strengthen the rigidity of the socket, and prevent the SMT parts with lower strength from falling off due to collision.
2022	ASRock introduced the robust Edge AIoT platform for workload consolidation and the industry’s smallest Intel Elkhart Lake series mini PC.
	2022 is the 20th anniversary of ASRock, and we launched the new “Carrara Marble” special edition motherboards Z790 Taichi Carrara and X670E Taichi Carrara. Carrara marble symbolizes ASRock’s twenty years of hard work and dedication to achieve a beautiful union of form and function.
	ASRock’s exclusive “Auto Driver Install” ADI function allows users to not install drivers through CDs. As long as the operating system is installed and connected to the Internet, ADI can automatically download and install all necessary drivers, greatly improving operation convenience.
	Developed the Z790 Taichi motherboard with the highest number of phase power for the DIY market. Up to 24+1+2-phase power design provides the motherboard unparalleled overclocking performance and stability. Developed the first “LiveMixer” series of motherboards aimed at professionals such as live broadcasters and content creators. The LiveMixer series motherboards have up to 23 USB ports and dual PCIe x4 expansion interfaces, which can be installed with various livestream capture cards, sound equipment, video cameras, headsets and microphones, etc., fulfilling the needs of the professionals.

Year	Successfully developed technologies or products
	Developed various motherboards with “eDP” display output connectors, allowing players to connect to monitors with eDP inside the case through a simple eDP cable that simultaneously supplies power and transmits signals. The side panel of the computer case is no longer just a transparent side panel. When fixing the eDP screen to the side panel, users can freely define the display content or use it as a secondary screen, creating more possibilities and convenience.
	Co-developed the “Sonic The Hedgehog” motherboard with Japan’s SEGA exclusively, targeting both anime and nostalgia markets, and created enthusiastic response from the market.
	Developed a product line of gaming monitors for the gaming sub-brand “Phantom Gaming”, featuring an exclusive integrated Wi-Fi antenna embedded in the stand, creating engaging discussion in the online community.
	Launched a robust Edge AIoT platform and industrial IoT controller for IIoT vertical market applications and developed industrial computer systems and motherboards equipped with Intel’s new 12th Gen CPUs.
2023	Taichi has always been ASRock’s benchmark product for high-end motherboards. The “Taichi Lite” series was newly launched at Computex 2023. It removed the fancy appearance and RGB decoration and retained Taichi’s original powerful performance design intention which received a positive response from the market as soon as it was launched.
	Developed a new “M.2 tool-free heatsink”, which allows users to install M.2 SSD and heatsink without tools. It has both rigidity and heat dissipation performance, making assembly more convenient for DIY enthusiasts.
	Developed innovative motherboards with upgraded memory limit, allowing Intel 600/700 series and AMD AM5 DDR5 motherboards to support a maximum single memory capacity of 64GB and a total maximum limit of 256GB with more scalability and performance.
	Developed software and firmware technology and became the first motherboard manufacturer to support Microsoft Windows 11’s built-in RGB lighting control software “Dynamic Lighting”.
	Developed the Challenger series gaming monitors to meet both office and entry-level gaming use and expanded product lines for different market levels.
	Developed a robust edge AIoT platform and industrial IoT controller equipped with Intel’s 13th Gen CPUs and NVIDIA Jetson Orin NX. Upgraded and launched industrial motherboards and barebone Mini PC that support Intel Core Ultra, 13th Gen CPUs and AMD Ryzen™ 8040/7000 series.

Year	Award for successfully developed technology or product
2019	With its excellent specifications and well-designed appearance, Z390 Phantom Gaming X has won a total of 10 international awards from many media around the world, including TechPowerUP Innovation and Editors’ Choice Award.
	The X570 AQUA has won international awards such as the TOM’s HARDWARE Editor’s Choice Award, ChipHell’s Recommendation Award in China, and HKEPC’s Editor’s Choice in Hong Kong.
	The X570 Taichi has won 14 international awards, including the Recommended Award from TweakTown in Australia and the TechPowerUP Editor’s Choice and Highly Recommended Awards.
	athena A1 has won the COMPUTEX d&i 2019 Award.
2020	Products including X570/B550/Z490 PG Velocita have won 15 international media awards, including the international media TechPowerUP Recommendation Award, TOM’s HARDWARE Editor’s Choice Award and the 2020 Best Product.

Year	Award for successfully developed technology or product
	The X570 Taichi Razer Edition has won the well-known Australian media TweakTown Editors' Choice Award.
	The 4X4 BOX-4000 series mini PC has won TechPowerUP's Editors' Choice Award.
2021	Z590 OC Formula has won 4 international media awards including TechPowerUP's Innovation Award and TweakTown's Editors' Choice Award.
	The high-end Z590 series motherboards have won a total of 20 awards from world-renowned media such as HKEPC Editors' Choice Award, Guru3D Recommended Award, and Funky Kit Editors' Choice Award.
	The NUC 1100 BOX series mini PC has won the TechPowerUP Highly Recommended Award.
2022	The flagship-class water-cooling "Z690 AQUA OC" won the Best Choice Award (BC Award), the official award of COMPUTEX TAIPEI and the Asian leading professional technology exhibition.
	ASRock's 20th anniversary motherboard "Z790 Taichi Carrara" won the "Innovation Design" from world-renowned HKEPC.
	NUC BOX-1260P Mini PC won the recognition of the American Tweak Town's "Best Feature Award", TechPowerup's "Highly Recommended" and the French Cowcotland's "COWCOT D'ARGENT Silver Award".
2023	"Z790 LiveMixer" designed for live broadcasters won the Best Choice Award (BC Award), the official award of COMPUTEX TAIPEI.
	"Z790 Nova WiFi", built for Intel 14th Gen Core processors, won the "Best of 2023 Awards" and "Editors' Choice" awards from the international media TOM's HARDWARE.
	The "Taichi Lite" series won the "Editor's Choice" award from international media TOM's HARDWARE.
	4X4 BOX-7735U Mini PC won the Editors' Choice award from American TweakTown and Techpowerup. 4X4 BOX-7840U won the Editors' Choice award and Recommendation Award from Techpowerup and TweakTown. NUCS BOX-1360P won the Recommendation Award from the American TweakTown.
	Acquired and applied new patents such as "Tray and Servo Device" and "Multi-node Server System" to server products for improved competitiveness.

(IV) Long- and short-term business development programs

1. Short-term business development programs:

- (1) Market insight & active development: Through forum interaction with users, global sales feedback, distribution and dealer exchange, subsidiary internal R&D opinions, various suppliers industry exchanges, offline player exchange meetings, distribution meetings, a fundamental understanding of users' preferences for PC assembly specifications can be obtained and used for developing best well-balanced PC products that suit market needs.
- (2) Maintain a strong and robust supply chain: oversee supply trends of various components, actively look for alternative manufacturers, pay attention to and evaluate the material prices, and make optimal purchasing decisions.
- (3) The core team of sales and business management cooperates from the development end to the sales end, from the Taipei headquarters to the local sales team, to accurately oversee the global distribution and customer demands.

- (4) Co-existing distribution marketing and product marketing. Incorporate product development to overall distribution strategy with social media publicity and B2C events to increase brand awareness and product visibility.
- (5) Launch product information for the target audience, and publish build content on social media such as Instagram, Facebook, Twitter, YouTube, Discord, Bilibili, and TikTok to interact with customers in real time and build a strong fan base.
- (6) While upgrading the existing gaming monitors, we expanded new models diversify the product line and continue to sell gaming monitors through global distributors. We match the monitors with gaming motherboards and graphics cards to establish our exclusive Phantom Gaming brand.
- (7) Continue to plan and develop IPC's global customers by leading in R&D innovation and product release, and providing edge computing and AIoT applications with robust edge AIoT platform systems, Mini PCs, motherboards and various vertical market solutions to satisfy the application needs for new generation platform.
- (8) For server terminal customers, adopt ODM/JDM as a collaboration strategy to provide the best replacement solution in response to customer growth and the introduction of Intel/AMD dual platforms.
- (9) Build data centers for cloud customers to increase demand for infrastructure. Provide customers with the best solutions in response to the needs of remote office and 5G transformation.

2. Long-term business development programs

- (1) Diversify and market product brands, such as the "Steel Legend" series that emphasizes durability; the "Phantom Gaming" series for e-sports; the high-end all-round "Taichi" series; and the "AQUA" series for gamers looking for water-cooling. Subdivide different product lines for different consumer groups, increase brand dependence from product segmentation to penetrate into the various global consumer markets.
- (2) Collaborate with peripheral hardware manufacturers to create and market co-branding products, and provide consumers with a full range of professional e-sports brand products.
- (3) Pay attention to the other consumer electronic product trends in the PC industry, transfer the experience of the graphics card product line to extend the brand effect of the original stable sales distribution and marketing. Market the global supplier and customer base, strengthen the relationships, increase the mutual trust and mutual dependence of the supply chain, and oversee the real-time and credible market information.
- (4) Work closely with SI Customer to develop the most suitable product. Expand to vast B2B market with the support of speedy technical support and RMA resources.

- (5) Develop global partners for a robust Edge AIoT platform, plan for Industry 4.0 business opportunities, provide open and secure platforms and intermediary software and hardware integration value-added services, and work with partners to create a smart world to meet customer applications in the IIoT vertical market, such as business, smart retail, factory automation, self-driving cars, smart cities, robots, gaming and entertainment, security monitoring and other fields.
- (6) In response to the acceleration of 5G and AI, we focus on edge computing architecture with emphasizes on low latency, including the data center equipment requirements for autonomous driving, industrial networking, and specific commercial applications. We plan to effectively enter the low-power edge computing application market.

II. Markets, production and marketing in summary

(I) Market analyses

1. Sales (distribution) regions of key products (services)

Unit: NTD thousand

Year Region		2022		2023	
		Amount	Ratio (%)	Amount	Ratio (%)
Domestic		218,852	1.28	332,286	1.75
Export	North America	6,861,991	40.08	7,109,648	37.44
	Europe	4,177,525	24.40	5,655,892	29.78
	Asia	5,686,873	33.21	5,735,403	30.20
	Others	175,678	1.03	158,616	0.84
	Subtotal	16,902,067	98.72	18,659,559	98.25
Total		17,120,919	100.00	18,991,845	100.00

2. Market share

The Company's motherboards are sold in the assembled computer market and have always had a certain market share and excellent reputation in the global market. In Japan, South Korea, Europe and the US and other regions, Taichi, Phantom Gaming, Steel Legend and other series have been well received, and have become the best-selling products on the leading online PC store Newegg.com. In addition, through in-depth collaboration with SI assembly companies, we have tailored for customer needs to expand the B2B motherboard market and have a stable market share in Japan and the United States.

3. Future market supply, demand and growth

The mining boom has ended and after a one-year of cooling down, prices and supply for graphics cards have returned to normal, allowing DIY users to purchase graphics cards at reasonable prices, driving the mid to high-end users to switch. 2023 is the year when generative AI took off. It is expected that starting from 2024, generative AI will move from the cloud to the local machine. Thus, the AI performance of CPU and graphics cards will be

a major focus of the market, and it is expected to drive the sales of motherboards and graphics cards. The 5G network has entered the growth stage of rapid development including development of artificial intelligence, deep learning, cloud computing, big data analysis and other technologies which has resulted in the continuous creation and accumulation of various data. In the long term, large cloud service providers will continue to expand, and the rapidly growing workloads such as AI/ML and demand for cloud and edge deployments will continue to drive market growth. In addition, the demand for cloud data centers and generative AI servers for satellite applications cannot be underestimated. The Company continues to pay close attention to market trends and provide solutions that best meet market demand based on the different users in various fields of industrial computers and servers.

4. Competitive advantage

(1) Excellent management team

The management team has rich experience and with streamlined organization, short and flexible decision-making time to accurately foresee the market trend and make the best response.

(2) Economies of scale

Economies of scale has given the Company a cost advantage in the products with better bargaining power for raw materials, as well as a advantage in procurement abilities by maintaining good and close cooperative relations with various suppliers. The key components have substitute materials with flexible stocking to reduce the risk of material shortage on production.

(3) Strong and fast R&D capability

The R&D team has decades of experience in motherboards, leading the industry in enhancing value-added design and reducing costs while maintaining high quality. In addition, young and new members brought new perspectives and R&D ideas to the company.

(4) Well recognized product quality

The Company's products have been well-received with great sales and market share result since they were introduced in the market in many countries. The brand identity is strong, and the repair rate is low, which is deeply trusted by global distributors.

(5) Significant brand recognition

With the increase in the global market share, the brand awareness of the products has also grown significantly. Therefore, products other than motherboards (such as graphics cards, mini PCs, and gaming monitors) can be more easily marketed and developed.

(6) Complete outsourced production

The Company adopts a complete outsourced manufacturing method and there are factories locally and globally to maintain flexibility without being impacted by U.S. tariff sanctions.

5. Advantages and disadvantages of development and countermeasures

(1) Advantages

- A. Low-cost assembled computers are still growing in developing countries.
- B. The brand value has been established, and the price and performance are recognized by customers, which is advantageous for expanding to other markets in the future.
- C. Instead of adopting price cuts with competitors, adopting high-end niche product strategies strengthens profit structures.
- D. Complete outsourced production has no capital expenditure.
- E. Respond quickly to market demands to seize market opportunities.

(2) Disadvantages

- A. Compared with its competitors, the Company lacks peripherals under the same brand such as keyboards, mouse, memory, cases, and radiators. It is at a disadvantage due to the purchase behavior of players who like to buy “complete sets” of the same brand.
- B. Difficulties in growth are faced in the Chinese market due to the tax system in favor of local brands.
- C. Motherboard product development has more “non-functional features” , such as: RGB and heat dissipation design, resulting in higher design costs and longer development time.

(3) Countermeasures

- A. Collaborate with peripheral manufacturers in different industries to create a complete product line.
- B. Create exclusive products for the Chinese market, cater to consumer needs, create viral discussion and continue to build brand image.
- C. Emphasizes the Industrial Design (ID) aspects, readjusts, and optimizes the product development schedule.
- D. Improve the distribution, inventory and working capital to reduce operational risks.

(II) Manufacturing process and key purposes of our principal products

1. Key purposes of our principal products

Key products	Key purposes
PC motherboard Mini PC Graphics card Gaming Monitor	<p>The main components of the motherboard are PCB, CHIPSETS, IC chips with different functions, power supply lines, passive components (resistors, capacitors, inductors, and connectors, etc.) where corresponding softwares are developed to provide support for various components in the DIY market such as CPU, memory, graphics cards, and peripherals such as printers, external hard drives, and monitors. It is the core components of the PC system as the basic architecture for various PC components.</p> <p>The Mini PC is composed of a customized motherboard and a chassis developed by ASRock with a size less than 2 liters. It is used by commercial customers who require moderate performance and simple applications without taking too much space and expansion requirement.</p> <p>The main components of the graphics card are similar to the motherboard, but the core processor of the graphics card, GPU, is different from the CPU. It uses many parallel processing units and powerful floating-point operations to provide the computer with real-time rendering of 3D animations which can be used to accelerate operations in image and video editing, CAD/CAM and other engineering design software. It has now been applied to AI and deep learning which is the key component for medium and high-end computers.</p> <p>Gaming LCD monitors are mainly consisted of several major components such as Open cells, backlight modules, Scalar Control Boards and structural parts. There are differences in size or flat/curved surfaces. For displays, there are combinations of different resolutions and refresh rates. With the maturity of LCD panel technology and the introduction of the latest OLED display technology, gaming monitors provide players with a more diverse gaming visual experience.</p>
Industrial motherboard Robust Edge AIoT Platform	<p>The Company launched a robust edge AIoT platform and industrial IoT controller for the edge AIoT vertical market to provide a highly stable and reliable hardware platform that can adapt to extreme industrial environments and integrate edge AI computing workloads. We also developed intermediary software to provide efficient and smarter solutions to various vertical application markets with software and hardware integration. At the same time, we provide industrial computer and motherboards equipped with new generation platforms to meet related vertical market applications such as smart retail, industrial automation, robotics, gaming entertainment, and video surveillance.</p>
Server motherboard	<p>The system is used as high-performance computing server, cloud</p>

Key products	Key purposes
Assembled Computer	server, edge server, 5G MCE (Multi-access Edge Computing) server, distributed server for media streaming, etc. It provides the best hardware architecture construction solutions for the rise of cloud streaming games and the demand of 5G telecom in recent years, as well as the basic hardware infrastructure of the future Metaverse. In response to the popular generative AI which relies on large-scale language models and expanding demand for AI applications, in terms of, the Company provides AI server-related hardware manufacturing services that include high-performance servers, storage devices, and edge computing-related products, covering Intel, AMD and other platform architectures as well as NVIDIA Grace Hopper Superchip's giant-scale HPC-AI server.

2. The manufacturing process of key products

The products designed and developed by the Company are currently all outsourced to professional foundries to manufacture.

(III) Supply status of major raw materials

The Company focuses on the design, development, and sales of PC motherboards where all products are manufactured by professional foundries, and the main raw materials are procured by subsidiaries.

(IV) List of major purchase and sale customers

- Suppliers accounting for at least 10% of annual consolidated net procurement in any of the last two years, the procurement amounts, percentage of total net revenue, and the reasons for increase or decrease.

Unit: NTD thousand

Item	2022				2023			
	Name	Amount	%	Relation with issuer	Name	Amount	%	Relation with issuer
1	Company X	1,536,184	15.05	None	Company Y	2,123,413	17.06	None
2	Company Y	1,268,377	12.43	None	Company X	1,592,577	12.79	None
3	Other	7,403,358	72.52	—	Other	8,731,106	70.15	—
	Net purchase	10,207,919	100.00		Net purchase	12,447,096	100.00	
Reasons for increase or decrease: Due to business demands.								

- Customers accounting for at least 10% of annual consolidated net revenue in any of the most recent two years, the net revenue, percentage of total net revenue, and the reason for increase or decrease: None.

(V) Production value in the last two years: Not applicable.

(VI) Sales in the last two years

Unit: PCS, NTD thousand

Sales volume and value Key products	Year	2022				2023			
		Domestic		Export		Domestic		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Computer peripheral products		23,432	76,527	7,208,292	16,278,967	15,165	104,111	7,758,690	17,970,682
Other		-	142,325	-	623,100	-	228,175	-	688,877
Total		23,432	218,852	7,208,292	16,902,067	15,165	332,286	7,758,690	18,659,559

III. Profile of employees in the last two years and as of the date of publication of the annual report

Year		2022	2023	2024/01/01-2024/03/31
Number of employees	Indirect employee	786	805	815
	Direct employee	15	15	15
	Total	801	820	830
Average age		36.54	38.17	37.59
Average years of service		5.75	6.33	6.13
Academic qualification	Ph.D.	-	0.12%	0.12%
	Master	40.33%	41.10%	40.97%
	Bachelor's degree	56.55%	55.61%	55.66%
	High school	3.12%	3.17%	3.25%
	Below high school	-	-	-

Note: The above information is the personnel information of ASRock Inc., including the information of subsidiaries and branches.

IV. Environmental spending

For the last two years and up to the date of publication of the annual report, the total amount of losses (including compensation), penalties incurred by the Company due to environmental pollution, disclosure of future countermeasures (including improvement measures) and possible expenditures (Including the estimated amount of possible losses, penalties and compensation if no countermeasures are taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.):

As of the publication date of the annual report, the Company has not incurred any major punishment or loss due to environmental pollution. With the direction of future product development, it is expected that there will be no major environmental pollution in the future.

V. Employee relation:

(I) List the Company's fringe benefits for employees for higher education, training programs, retirement system and the enforcement the condition, accords reached by and between the labor

and management sides, facts regarding the efforts and measures to safeguard employees' interests

1. Employee Welfare Measures and Implementation Status

The Company's welfare measures can be divided into the welfare measures provided by the Company and the welfare measures provided by the employee welfare committee. The employee welfare is beneficial and has been approved by the employees:

- (1) Welfare measures provided by the Company: labor and national health insurance, group insurance, travel insurance, employee health exam, meal allowance, year-end bonus, employee stock options, etc.
- (2) Welfare measures provided by the Employee Welfare Committee: domestic travel, department meal subsidies, birthday gifts, holiday bonuses, year-end dinner lottery, and various subsidies (in the event of a marriage or celebration, or monetary condolences in the event of funeral services)

2. Employee continuous education and training

To improve the quality and skills of employees, the Company conducts orientation training when new employees arrive on the job, and conducts unscheduled general and professional training depending on the needs. In addition, the Company subsidizes the tuition fees for employees to learn foreign languages.

3. Retirement system and implementation

The Company have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units.

The Company contributes monthly based on employees' monthly salaries and wages at a percentage regulated by law to the retirement fund deposited with Bank of Taiwan. All regular employees who have served a certain number of years can apply for retirement in accordance with the regulations. The Company pays pensions in one lump sum (Old Plan) based their years of service.

The company has implemented the new labor retirement system since July 1, 2005, in accordance with the Labor Pension Act. Under the New Scheme, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. Employees can voluntarily contribute within 6% of their salaries. Under the New Scheme, workers aged 60 or over whose seniority exceeds fifteen years may choose to receive either monthly pension

payments or a lump-sum pension payment. Workers whose seniority is less than fifteen years shall claim for a lump-sum pension payment. Seniority referred to in preceding paragraph shall be calculated based upon the period in which the contributions to the pension have been made. If the seniority of an employee is interrupted, both his/her seniority before and after the interruption shall be combined in calculation, and seniority before the Labor Pension Act shall be retained. If employees continue to work until they meet the retirement qualifications of the Labor Standards Act, they can apply for retirement in accordance with the regulations, and the Company will calculate the retirement benefits for the retained seniority according to their seniority unit (the provisions of the Labor Standards Act).

4. Employee agreement: The Company has a harmonious employee-employer relationship without labor disputes and losses.
5. Implementation of various employee rights protection measures

In addition to formulating work rules according to laws and regulations to regulate various working conditions and protect the rights and interests of employees, the Company has also established employee-employer meetings, employee welfare committees, and employee complaint mailboxes, etc. according to laws and regulations. All rights and interests of employees can be dealt with fairly and reasonably through the above channels; so far, the Company has never had any incidents that harm the rights and interests of employees.

- (II) Describing any losses suffered by the company in the most recent 2 fiscal years and up to the prospectus publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VI. ICT security management

- (I) Describe the ICT security risk management framework, the ICT security policy, specific management plan and the resources invested in the ICT security management, etc.:

1. ICT security risk management framework

- (1) The IT unit is responsible for the research, establishment and evaluation of ICT security plans and technical specifications.
- (2) The relevant units are responsible for the use, management and protection of data.
- (3) ICT security operations are audited by the Audit Office.
- (4) All employees and third-party suppliers must comply with the Company's ICT security requirements.

2. ICT security policy

The Company continues to implement ICT security management and improve ICT security standards to ensure the security of company information, systems and equipment and protect the Company rights and sustainable operations. ICT security policies including organizations, asset management, personnel security, equipment security, network security, application security, disaster recovery management, etc. are formulated with key points of management and control as the guiding principle of ICT security management.

3. ICT security management plan

- (1) Establish a firewall system to prevent illegal intrusion, destruction, or theft of information to ensure information security.
- (2) Introduced the IMPERVA security system to block DDOS and other attacks to prevent paralyzed system.
- (3) Introduced AWS WAF security to block large-scale request attacks to prevent paralyzed network traffic.
- (4) Establish spam filtering systems to prevent phishing or unusual email attacks.
- (5) Antivirus software is installed on all computers with regular updates and scanning to provide a safe working environment for employees.
- (6) Regularly deploy and install vulnerability patches to update the operating system to prevent hacker or virus attacks.
- (7) Regularly scan system hosts for vulnerabilities and patch vulnerabilities to enhance system robustness.
- (8) Regularly perform backup and store backup data offsite.
- (9) The data access authorization shall be set by the IT unit only after the approval of the responsible supervisor.
- (10) Perform HR system recovery drill to ensure the correctness and effectiveness of backup data.
- (11) Perform disaster recovery drills to ensure that IT personnel are capable to deal with emergencies.
- (12) The access authorization will be adjusted according to the job requirements when an employee arrives, transfers, or leaves,
- (13) Perform regular computer software inspection according to the operation requirements.

- (II) List the losses, possible impacts, and countermeasures from major ICT security incidents in the most recent year and up to the date of publication of the annual report. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In the most recent year and up to the date of publication of the annual report, the Company has

not had any major ICT security incidents, which adversely affected the business and operations of the Company.

VII. Important contract

Supply/sales contracts, technologies cooperation contracts, construction contracts, long-term loan agreements, and all other important contracts which are likely to impact the investors' rights, whether they are currently effective or have expired in the most recent fiscal year:

Contract nature	Company name	Participants	Contract start and end dates	Main contents	Restrictive clauses
Comprehensive credit	ASRock Incorporation	Taipei Fubon Bank	October 25, 2023 - October 25, 2024	Short-term loan and pre-settlement risk limit	None
Comprehensive credit	ASRock Incorporation	Mega International Commercial Bank Co., Ltd.	July 12, 2023 - July 11, 2024	Short-term loan and authorized guarantee	None
Comprehensive credit	ASIROCK TECHNOLOGY LTD.	Mega International Commercial Bank Co., Ltd.	July 12, 2023 - July 11, 2024	Short-term loan	None
Comprehensive credit	ASRock Rack Incorporation	Taipei Fubon Bank	October 25, 2023 - October 25, 2024	Short-term loan and pre-settlement risk limit	None
Comprehensive credit	ASRock Rack Incorporation	Mega International Commercial Bank Co., Ltd.	July 3, 2023 – July 2, 2024	Short-term loan and authorized guarantee	None
Comprehensive credit	ASRock Industrial Computer Corporation	Mega International Commercial Bank Co., Ltd.	May 29, 2023 - May 28, 2024	Short-term loan and authorized guarantee	None

Chapter VI. Financial Status

I. Information of condensed balance sheet and consolidated profit & loss statement for the latest 5 years

(I) Consolidated condensed balance sheet

Unit: NTD thousand

Item	Year	Financial information for the latest 5 years				
		2019	2020	2021	2022	2023
Current assets		9,706,137	11,226,039	15,422,807	13,993,593	13,552,525
Property, plant and equipment		251,843	240,208	241,976	461,869	351,146
Right-of-use assets		56,717	78,416	90,600	71,384	141,144
Intangible assets		2,992	6,775	5,775	7,411	24,930
Other assets		248,483	164,373	132,792	233,557	305,579
Total assets		10,266,172	11,715,811	15,893,950	14,767,814	14,375,324
Current liabilities	Before dividend distribution	3,747,151	4,325,667	7,013,600	5,813,692	5,380,375
	After dividend distribution	4,229,721	5,290,806	8,611,631	6,789,627	6,219,661
Non-current liabilities		64,554	81,708	91,506	60,195	111,825
Total liabilities	Before dividend distribution	3,811,705	4,407,375	7,105,106	5,873,887	5,492,200
	After dividend distribution	4,294,275	5,372,514	8,703,137	6,849,822	6,331,486
Equity attributable to owners of the parent company		6,197,344	6,901,308	8,271,140	8,192,335	8,122,904
Share capital		1,206,472	1,206,424	1,229,254	1,219,930	1,216,408
Capital surplus		3,129,659	3,134,705	3,332,351	3,252,907	3,187,635
Retained earnings	Before dividend distribution	2,158,751	3,032,836	4,446,127	3,937,304	3,885,594
	After dividend distribution	1,676,181	2,067,697	2,848,096	2,961,369	3,046,308
Other equity interest		(297,538)	(472,657)	(736,592)	(217,794)	(166,682)
Treasury stock		-	-	-	(12)	(51)
Non-controlling interests		257,123	407,128	517,704	701,592	760,220
Total equity	Before dividend distribution	6,454,467	7,308,436	8,788,844	8,893,927	8,883,124
	After dividend distribution	5,971,897	6,343,297	7,190,813	7,917,992	8,043,838

Note: The IFRS No. 16 has been adopted since January 1, 2019, and the comparative period has not been restated according to the transitional provisions of the standard.

(II) Consolidated statement of comprehensive income

Unit: NTD thousand

Item	Year	Financial information for the latest 5 years				
		2019	2020	2021	2022	2023
Operating revenues		13,415,090	17,911,584	19,762,672	17,120,919	18,991,845
Gross profit		2,439,333	3,852,021	5,564,025	3,700,557	3,829,518
Operating income (loss)		766,812	1,858,076	3,058,193	1,185,050	1,147,171
Non-operating income and expenses		18,105	(2,293)	1,773	245,638	70,734
Pre-tax profit		784,917	1,855,783	3,059,966	1,430,688	1,217,905
Profit from continuing operations		650,059	1,508,583	2,459,938	1,226,800	977,554
Profit (loss) from discontinued operations		-	-	-	-	-
Profit (loss)		650,059	1,508,583	2,459,938	1,226,800	977,554
Other comprehensive income (after tax)		(95,416)	(199,212)	(111,731)	427,240	(3,167)
Total comprehensive income		554,643	1,309,371	2,348,207	1,654,040	974,387
Profit (loss) attributable to owners of the parent company		597,477	1,363,092	2,381,060	1,066,244	919,041
Profit (loss) attributable to non-controlling interests		52,582	145,491	78,878	160,556	58,513
Total comprehensive income attributable to owners of the parent company		502,061	1,163,880	2,269,329	1,493,484	915,874
Total comprehensive income attributable to non-controlling interests		52,582	145,491	78,878	160,556	58,513
Earnings per share - basic (Note)		4.95	11.30	19.67	8.69	7.54
Earnings per share - diluted (Note)		4.92	11.22	19.53	8.65	7.52

Note: Calculated based on the weighted average number of shares outstanding in each year.

(III) Individual condensed balance sheet

Unit: NTD thousand

Item	Year	Financial information for the latest 5 years				
		2019	2020	2021	2022	2023
Current assets		3,921,460	5,475,329	5,872,496	5,819,135	6,620,266
Property, plant and equipment		26,757	21,405	32,300	244,897	165,147
Right-of-use assets		23,537	30,671	30,010	22,877	45,993
Intangible assets		646	570	1,544	2,305	12,030
Other assets		4,224,128	4,390,593	4,683,124	5,157,061	5,316,349
Total assets		8,196,528	9,918,568	10,619,474	11,246,275	12,159,785
Current liabilities	Before dividend distribution	1,937,410	2,961,947	2,291,483	3,023,836	3,983,481
	After dividend distribution	2,419,980	3,927,086	3,889,514	3,999,771	4,822,767
Non-current liabilities		61,774	55,313	56,851	30,104	53,400
Total liabilities	Before dividend distribution	1,999,184	3,017,260	2,348,334	3,053,940	4,036,881
	After dividend distribution	2,481,754	3,982,399	3,946,365	4,029,875	4,876,167
Share capital		1,206,472	1,206,424	1,229,254	1,219,930	1,216,408
Capital surplus		3,129,659	3,134,705	3,332,351	3,252,907	3,187,635
Retained earnings	Before dividend distribution	2,158,751	3,032,836	4,446,127	3,937,304	3,885,594
	After dividend distribution	1,676,181	2,067,697	2,848,096	2,961,369	3,046,308
Other equity interest		(297,538)	(472,657)	(736,592)	(217,794)	(166,682)
Treasury stock		-	-	-	(12)	(51)
Total equity	Before dividend distribution	6,197,344	6,901,308	8,271,140	8,192,335	8,122,904
	After dividend distribution	5,714,774	5,936,169	6,673,109	7,216,400	7,283,618

Note: The IFRS No. 16 has been adopted since January 1, 2019, and the comparative period has not been restated according to the transitional provisions of the standard.

(IV) Individual condensed statement of comprehensive income

Unit: NTD thousand

Item	Year	Financial information for the latest 5 years				
		2019	2020	2021	2022	2023
Operating revenues		9,171,372	12,577,723	14,535,253	12,753,815	14,344,522
Gross profit (Note 1)		1,293,076	2,052,978	3,739,055	1,800,303	1,939,724
Operating income (loss)		506,293	1,099,038	2,457,599	737,795	881,280
Non-operating income and expenses		178,862	459,439	407,515	415,536	188,526
Pre-tax profit		685,155	1,558,477	2,865,114	1,153,331	1,069,806
Profit from continuing operations		597,477	1,363,092	2,381,060	1,066,244	919,041
Profit (loss) from discontinued operations		-	-	-	-	-
Profit (loss)		597,477	1,363,092	2,381,060	1,066,244	919,041
Other comprehensive income (after tax)		(95,416)	(199,212)	(111,731)	427,240	(3,167)
Total comprehensive income		502,061	1,163,880	2,269,329	1,493,484	915,874
Earnings per share - basic (Note 2)		4.95	11.30	19.67	8.69	7.54
Earnings per share - diluted (Note 2)		4.92	11.22	19.53	8.65	7.52

Note 1: The amount of operating gross profit includes the subsidiary company's (un)realized operating gross profit.

Note 2: Calculated based on the weighted average number of shares outstanding in each year.

(V) CPA auditing status

Names of CPA in the latest 5 years and their audit opinions

Year	CPA firm	Name of CPA	Auditing opinion
2019	Ernst & Young, Taiwan	Chih-Hui, Yang; Chien-Ju, Yu	Unqualified - with emphasis of matters
2020	Ernst & Young, Taiwan	Chih-Hui, Yang; Chien-Ju, Yu	Unqualified opinion
2021	Ernst & Young, Taiwan	Chih-Hui, Yang; Chien-Ju, Yu	Unqualified opinion
2022	Ernst & Young, Taiwan	Chih-Hui, Yang; Chien-Ju, Yu	Unqualified opinion
2023	Ernst & Young, Taiwan	Chien-Ju, Yu; Hsuan-Hsuan, Wang	Unqualified opinion

Note :The financial data of the latest 5 years having been duly testified and audited by the Certified Public Accountants.

II. Financial analysis for the latest 5 years

(I) Financial analysis (consolidated)

Item	Year	2019	2020	2021	2022	2023
Financial structure	Debt to assets ratio (%)	37.13	37.62	44.70	39.77	38.21
	Ratio of long-term capital to property, plant and equipment (%)	2,486.43	2,907.07	3,455.98	1,786.77	2,345.10
Solvency	Current ratio	259.03	259.52	219.90	240.70	251.89
	Quick ratio	123.10	121.91	78.33	99.83	130.38
	Interest coverage ratio	302.25	1,909.81	3,718.07	109.52	216.94
Operating ability	Accounts receivable turnover (times)	8.21	10.96	11.15	9.70	10.60
	Average collection days	44	33	33	38	34
	Inventory turnover (times)	2.21	2.60	1.83	1.51	2.11
	Accounts payable turnover (times)	4.68	5.34	3.95	3.60	4.88
	Average days in sales	165	140	200	241	173
	Property, plant and equipment turnover (times)	52.15	72.80	81.97	48.65	46.72
	Total assets turnover (times)	1.37	1.63	1.43	1.12	1.30
Profitability	Return on assets (%)	6.11	12.41	17.25	7.02	6.34
	Return on shareholders' equity (%)	9.71	20.81	31.39	12.95	11.27
	Percentage of net profit before tax to the paid-in capital (%)	65.06	153.83	248.93	117.28	100.12
	Net profit rate	4.45	7.61	12.05	6.23	4.84
	Earnings per share (NT\$)	4.95	11.30	19.67	8.69	7.54
Cash flow	Cash flow ratio (%)	35.93	31.26	14.60	19.62	49.00
	Cash flow adequacy ratio (%)	50.80	43.36	28.12	32.91	78.19
	Cash reinvestment ratio (%)	13.58	11.90	0.67	-5.29	17.56
Leverage	Business operation leverage	3.18	2.07	1.82	3.12	3.34
	Financial leverage	1.00	1.00	1.00	1.01	1.00

Reasons for the changes in the financial ratios over the latest two years: (Only those with a change above 20% shall be described)

1. Financial structure: The decrease in net property, plant and equipment was resulted by the increase in the ratio of long-term capital to property, plant and equipment.
2. Solvency: The increase in the quick ratio was resulted by the decrease in inventories and current liabilities. The increase in interest coverage ratio was resulted by the decrease in interest expenses.
3. Operating ability: The increase in inventory turnover and the decrease in average days of sales were resulted by the increase in the cost of goods sold and the decrease in average inventory. The increase in the accounts payable turnover was resulted by the increase in cost of goods sold and the decrease in average accounts payable.
4. Profitability: The decrease in net profit rate was resulted by the increase in net sales and the decrease in net profit attributed to the owners of the parent company.
5. Cash flow: The increase in cash flow ratio was resulted by the increase in net cash flow from operating activities. The increase in cash flow adequacy ratio and cash reinvestment ratio were resulted by the increase in net cash flow from operating activities and the decrease in cash dividends.

Note 1: The calculation method of the above ratio is listed on page 99.

(II) financial analysis (individual)

Item	Year	2019	2020	2021	2022	2023
Financial structure	Debt to assets ratio (%)	24.39	30.42	22.11	27.16	33.20
	Ratio of long-term capital to property, plant and equipment (%)	23,392.45	32,499.98	25,783.25	3,357.51	4,950.92
Solvency	Current ratio	202.41	184.86	256.27	192.44	166.19
	Quick ratio	160.00	136.88	159.05	154.83	130.55
	Interest coverage ratio	757.24	4,996.12	12,192.97	111.61	309.75
Operating ability	Accounts receivable turnover (times)	5.62	6.58	7.79	5.86	5.55
	Average collection days	65	55	47	62	66
	Inventory turnover (times)	9.29	9.87	7.85	8.58	10.06
	Accounts payable turnover (times)	6.79	5.88	7.71	12.97	6.20
	Average days in sales	39	37	46	43	36
	Property, plant and equipment turnover (times)	318.90	522.31	541.30	92.02	69.97
	Total assets turnover (times)	1.16	1.39	1.42	1.17	1.23
Profitability	Return on assets (%)	7.53	15.05	23.19	9.83	7.88
	Return on shareholders' equity (%)	9.71	20.81	31.39	12.95	11.27
	Percentage of net profit before tax to the paid-in capital (%)	56.79	129.18	233.08	94.54	87.95
	Net profit rate	6.51	10.84	16.38	8.36	6.41
	Earnings per share (NT\$)	4.95	11.30	19.67	8.69	7.54
Cash flow	Cash flow ratio (%)	46.41	40.62	39.88	36.44	56.65
	Cash flow adequacy ratio (%)	104.92	51.45	51.42	65.43	115.30
	Cash reinvestment ratio (%)	6.68	10.45	-0.62	-6.09	15.77
Leverage	Business operation leverage	2.53	1.92	1.51	2.84	2.08
	Financial leverage	1.00	1.00	1.00	1.01	1.00

Reasons for the changes in the financial ratios over the latest two years: (Only those with a change above 20% shall be described)

1. Financial structure: The increase in the ratio of liabilities to assets was resulted by the increase in accounts payable; the increase in ratio of long-term capital to property, plant and equipment was resulted by the decrease in the net amount of property, plant and equipment.
2. Solvency: The increase in the interest coverage ratio was resulted by the decrease in interest expenses.
3. Operating ability: the decrease in the accounts payable turnover was resulted by the increase in average accounts payable; the decrease in the property, plant and equipment turnover was resulted by the increase in average net property, plant and equipment.
4. Profitability: The decrease in net profit margin was resulted by the increase in net sales and the decrease in net profit after tax.
5. Cash flow: The increase in cash flow ratio was resulted by the increase in net cash flow from operating activities. The increase in cash flow adequacy ratio and cash reinvestment ratio were resulted by the increase in net cash flow from operating activities and the decrease in cash dividends.
6. Leverage: The decrease in operating leverage was resulted by the increase in variable operating costs and expenses and operating profits.

Note 1: The calculation method of the above ratio is listed on page 99.

1. Financial structure

- (1) Debt to assets ratio = total liabilities / total assets
- (2) Ratio of long-term capital to property, plant and equipment = (Total equities + non-current liabilities) / net property, plant and equipment

2. Solvency

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets – inventories - prepaid expense) / current liabilities
- (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period

3. Operating ability

- (1) Accounts receivable turnover (including account receivable and notes receivable incurred as a result of business operation) = net sales / average accounts receivable (Including account receivable and notes receivable incurred as a result of business operation)
- (2) Average collection days = 365 / accounts receivable turnover
- (3) Inventory turnover = cost of goods sold / average inventory amount
- (4) Accounts payable turnover (including accounts payable and the notes payable incurred by business operation) = cost of goods sold / average accounts payable (including accounts payable and the notes payable incurred by business operation)
- (5) Average days in sales = 365 / inventory turnover
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment
- (7) Total assets turnover = net sales / average total assets

4. Profitability

- (1) Return on assets = (after tax net profit + interest expenses x (1 - tax rate)) / average total assets
- (2) Return on shareholders' equity = after tax net profit / average total equity
- (3) Profit ratio = net income / net sales
- (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividend) / weighted average stock shares issued

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
- (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

- (1) Operation leverage = (net operating revenues - variable operating costs and expenses) / operating profit
- (2) Financial leverage = operating profit / (operating profit - interest expenses)

III. The Audit Committee's audit report as shown through the financial statements in the latest year

Audit Committee's Audit Report

This is to approve

The Board has prepared the Business Report, Financial Statements (including separate and consolidated financial statements), and the proposal for earning distribution for 2022. The financial statements have been audited by Chien-Ju, Yu and Hsuan-Hsuan, Wang, CPAs of Ernst & Young, with the issuance of Auditor's Report. We have reviewed the aforementioned Business Report, Financial Statements, and Earning Distribution Proposal, confirming the requirements. We hereby present this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

ASRock General Meeting of Shareholders

Convener of Auditing Committee: Ai, Wei

March 6, 2024

IV. Financial statements for the latest year

Please see page 114-232

V. Auditor's responsibilities for the audit of the consolidated financial statements in the latest year

Please see page 233-343

VI. In the Company and its affiliated enterprises, in the latest year until the date as of Annual Report issuance, developed an insolvency and the impact upon the Company's financial conditions: None.

Chapter VII. Financial Status and Performance Review Analysis and Risks

I. Financial status

Financial status comparative analyses – Consolidated Report

Unit: NTD thousand

Item	2022	2023	Difference	
	Amount	Amount	Increase (decrease)	%
Current assets	\$13,993,593	\$13,552,525	(\$441,068)	(3.15%)
Investments accounted for using equity method	-	-	-	-
Property, plant and equipment	461,869	351,146	(110,723)	(23.97%)
Right-of-use assets	71,384	141,144	69,760	97.72%
Other assets	240,968	330,509	89,541	37.16%
Total assets	14,767,814	14,375,324	(392,490)	(2.66%)
Current liabilities	5,813,692	5,380,375	(433,317)	(7.45%)
Non-current liabilities	60,195	111,825	(51,630)	(85.77%)
Total liabilities	5,873,887	5,492,200	(381,687)	(6.50%)
Share capital	1,219,930	1,216,408	(3,522)	(0.29%)
Capital surplus	3,252,907	3,187,635	(65,272)	(2.01%)
Retained earnings	3,937,304	3,885,594	(51,710)	(1.31%)
Other equity interest	(217,794)	(166,682)	51,112	(23.47%)
Treasury stock	(12)	(51)	(39)	325.00%
Non-controlling interests	701,592	760,220	58,628	8.36%
Total equity	8,893,927	8,883,124	(10,803)	(0.12%)

Analysis of changes in assets, liabilities and equity over 20% and NT\$10,000,000:

- (1) Property, plant and equipment: Resulted by the periodic amortization and depreciation expenses.
- (2) Right-of-use assets: Resulted by the lease of office floors in the current period.
- (3) Other assets: Resulted by the increase in deferred income assets in the current period.
- (4) Non-current liabilities: Resulted by the increase in lease liabilities due to the lease of office in the current period.
- (5) Other equity: Resulted by the decrease in the deferred compensation cost.

II. Financial performance

Financial performance comparative analysis – Consolidated Report

Unit: NTD thousand

Item	2022	2023	Difference	
	Amount	Amount	Increase (decrease)	%
Operating revenue - net	\$17,120,919	\$18,991,845	\$1,870,926	10.93%
Operating costs	13,420,362	15,162,327	1,741,965	12.98%
Gross profit	3,700,557	3,829,518	128,961	3.48%
Operating expenses	2,515,507	2,682,347	166,840	6.63%
Operating income	1,185,050	1,147,171	(37,879)	(3.20%)
Non-operating income and expenses	245,638	70,734	(174,904)	(71.20%)
Pre-tax profit	1,430,688	1,217,905	(212,783)	(14.87%)
Income tax expenses (profit)	203,888	240,351	36,463	17.88%
Profit	1,226,800	977,554	(249,246)	(20.32%)
Other comprehensive income in the current period (Net profit after taxation)	427,240	(3,167)	(430,407)	(100.74%)
Total comprehensive income	1,654,040	974,387	(679,653)	(41.09%)
Analysis of changes in the increase or decrease ratio: (changes over 20% and NT\$10,000,000)				
(1) Non-operating income and expenses: The change in other profits and losses in the two periods was resulted by the impact of foreign currency exchange gains and losses.				
(2) Other comprehensive income in the current period: The increase in exchange profit resulting from translating the financial statements of a foreign operation was resulted by the exchange rate fluctuations.				

III. Cash flow

(I) Liquidity analysis for the recent 2 years - Consolidated Report

Item	Year	2022	2023	Increase (decrease) ratio (%)
	Cash flow ratio (%)		19.62	49.00
Cash flow adequacy ratio (%)		32.91	78.19	45.28
Cash reinvestment ratio (%)		-5.29	17.56	22.85
Analysis of the change in the increase or decrease ratio: The increase in cash flow ratio was resulted by the increase in net cash flow from operating activities and the decrease in current liabilities. The increase in cash flow adequacy ratio and cash reinvestment ratio were resulted by the increase in net cash flow from operating activities and the decrease in cash dividends.				

(II) Improvement plan for insufficient liquidity: There is no cash shortage.

(III) Analysis on the cash liquidity for the coming year

Unit: NTD thousand

Opening cash balance ^①	Net cash flow anticipated from operating activities year-round ^②	Anticipated year-round cash outflow ^③	Expected cash surplus (deficit) ①+②-③	Strategies of cash deficits	
				Investment plans	Wealth management plans
3,046,270	2,636,297	729,584	4,952,983	-	-
<p>1. Analysis on the cash flow change in the current year:</p> <p>(1) Operating activities: The profit is expected to be stable so operating activities are net cash inflows.</p> <p>(2) Investment activities: There are no predetermined investment plans.</p> <p>(3) Estimated annual cash outflow: Distribution of cash dividends, employee remuneration and remuneration of directors and supervisors are to be performed so financing activities are net cash outflow.</p> <p>2. Strategies of cash deficits: Not applicable.</p>					

IV. The impact of the significant capital expenditure over the past year upon the financial performance: None.

V. The outward investment policies over the past year, the key reasons leading to the profit or loss, the corrective plans, and the investment plan in one year ahead: None.

(I) Reinvestment policy

In line with core capabilities to strengthen the vertical integration.

(II) The outward investment policies over the past year or the key reasons leading to the profit or loss and the improvement plan

Unit: NTD thousand

Investee	Ratio of shareholding	Recognition of investment gains and losses of the investee in the recent year	Main reason for profit or loss	Improvement plan
ASIAROCK TECHNOLOGY LTD.	100.00 %	(17,231)	Recognized as losses from foreign investee	-
LEADER INSIGHT HOLDINGS LTD.	100.00 %	133,187	Recognized as profit from foreign investee	-
ASRock Rack Incorporation	57.27 %	2,107	Decreased profit due to decrease in sales	-
ASRock Industrial Computer Corporation	60.10 %	104,851	Decreased profit due to decrease in sales	-

Investee	Ratio of shareholding	Recognition of investment gains and losses of the investee in the recent year	Main reason for profit or loss	Improvement plan
ASJade Technology Incorporation	82.50 %	(54,699)	The Company was still in the development stage at the beginning of its establishment that resulted in a loss in the current period.	-
Soaring Asia Limited	100.00%	4	Recognized as profit from foreign investee	-

(III) Investment plans in the coming fiscal year

There are no major investment plans for the coming fiscal year.

VI. Risk assessment

(I) The impact incurred by change in interest rate, exchange rate, inflation upon the Company's profit or loss and the future countermeasures

1. The impact of changes in interest rates in the latest year and up to the date of publication of the annual report on the Company's profit or loss and future countermeasures

The company's operating turnover is based on its own capital so changes in interest rates have no significant impact on its operations, in addition, the company's short-term investments are mostly time deposits and repurchase agreements, the investment income accounts for a low proportion of the company's net profit after tax and has no significant impact on the company's operations. Thus, from the above, changes in interest rates have no significant impact on the Company's profit or loss.

2. The impact of changes in exchange rates in the latest year and up to the date of publication of the annual report on the Company's profit or loss and future countermeasures

The Company's products are mostly exported with the payment and purchase of goods mostly denominated in US dollars. Thus, exchange rate fluctuations will have an impact on the company's overall profit. To reduce the impact of change in exchange rate on the overall profit, the Company opens foreign currency deposit accounts to manage the buy and sell of foreign currency and repay the foreign purchases from the foreign sales income to reduce the impact of change in exchange rate on profit or loss with additional natural hedging.

The consolidated exchange loss of the Company in 2023 was NT\$83,971,000, accounting for 0.4% of the current net operating income, indicating that the Company's strategy in response to exchange rate changes is appropriate.

3. The impact on inflation of the company's profit or loss in the latest year and as of the

publication date of the annual report and future countermeasures

The Company's products are mostly exported that regional inflation has no significant material impact on the profit or loss unless there are global raw material price adjustments. If there is an global raw material price adjustment, it will be reflected in the production cost or product selling price.

(II) The major causes for engaging in high-risk, high-leverage investment, lending of funds to others, endorsements/guarantees and derivative financial instruments, the profits or losses and the future countermeasures

1. The Company did not engage in high-risk, high-leveraging, and derivatives transactions.
2. The Company has established the "Procedures for Acquisition and Disposal of Assets" and "Procedures for Loans and Making of Endorsement & Guarantee" for transactions such as investment, capital lending, endorsement/guarantees and derivative financial products, which have been approved by the shareholders' meeting. All transactions are handled in accordance with relevant regulations.

(III) The future research & development plans and the expenses anticipated to be invested into research & development

1. Future research & development programs
 - (1) Develop motherboards that support 3nm Intel Arrow Lake.
 - (2) Develop motherboards that support the next-gen 800 series from the AMD AM5 platform.
 - (3) Develop graphics card with 3nm process technology based on AMD RDNA4 architecture.
 - (4) Develop a double-layer AI/graphics card capable of high-density multi-card deployment.
 - (5) Develop a Small Form Factor that supports AM5 processor.
 - (6) Develop motherboards that support AMD's DDR5+PCIE Gen5 workstation platform Storm Peak.
 - (7) Develop motherboards equipped with 5Gbps LAN and USB4.0 connectors.
 - (8) Develop tools that simplify the installation process of AI application software.
 - (9) Develop LCD gaming monitors with OLED panels and higher refresh rate.
 - (10) Develop robust Edge AIoT platform, industrial IoT controllers, industrial computer systems and motherboards that support next-gen processors from Intel, AMD and NVIDIA.

(11) Develop server platforms or motherboards with the latest cooling technologies equipped with the latest 4th/5th gen ARM CPU (Emerald Rapids) Intel Xeon scalable processors or the latest AMD EPYC processor technology.

2. Expenses anticipated to be invested into research & development

The company will continue to invest in the R&D of various motherboards and improve the performance to meet the market demand. It is estimated that the R&D expenditures invested in 2024 will be approximately NT\$1.1 billion.

(IV) The possible impacts by government policies and laws at home and abroad upon the Company's financial conditions and the Company's countermeasures

In addition to the day-to-day operations, which are handled in accordance with relevant domestic and international laws and regulations, the Company pays attention to the development trends of domestic and foreign policies and changes in laws and regulations to understand and respond to market changes. As a result, changes in domestic and foreign policies and laws in recent years have not significantly affected the finance of the Company.

(V) The impacts generated by change in science and technology (including ICT security risk) and change in industries upon the Company's financial conditions and the Company's countermeasures

The Company is a professional motherboard R&D and design firm, dedicated to the development of practical, high value-added, low-priced motherboards. In addition to a number of patent rights, the products have won high praise from media and consumers around the world which shows the Company's R&D technology and its ability to respond to market changes. The Company will keep closely eye on the trends of the IT market to respond to the changes of related industries. Thus, technological changes and industrial changes will not have a significant impact on the Company's finance.

In response to the risk of information security threats, the Company formulates information security and reporting procedures, establishes a complete network and computer security protection system, protects information equipment and data security and ensures smooth operation of the Company to enhances its operational efficiency and competitiveness. In addition, to establish the information security awareness of all employees, information security is promoted from time to time every year to establish employees' information security awareness and reduce the Company's information security risks.

(VI) The impacts created by a change in corporate image upon the management over crisis, and the Company's countermeasures

The Company's philosophy is based on the principle of stability and integrity to build a good corporate image; it plans to enter the capital market to attract more outstanding talents, strengthen the management team, and then return the business results to the shareholders and fulfill the

social responsibility. Thus, there was no incident that would jeopardize the corporate image. The Company will fulfill its corporate social responsibilities while pursuing the maximum shareholder interests.

- (VII) The benefits anticipated from the merger/acquisition (M&A) efforts, the potential risks and the Company's countermeasures

The Company has no plans to acquire other companies in the recent years and as of the date of publication of the annual report. If there were plans to conduct mergers and acquisitions in the future, it will uphold a prudent evaluation to ensure the rights and interests of the company's shareholders and employees are protected.

- (VIII) The risks anticipated from the expansion of the plant buildings and the Company's countermeasures

No incident has been reported in the previous fiscal year and by the date of report publication and there is no plans to expand the factory

- (IX) The risks anticipated from the centralized input or output undertakings and the Company's countermeasures

The purchased finished motherboard by the Company are from the subsidiary ASIAROCK presenting a vendor concentration risk, but the subsidiary is 100% owned by the Company without the risk of supply interruption. The company also maintains good relations with other suppliers to reduce the vendor concentration risk. As in customer concentration risk, the overseas subsidiaries of the Company's major customers and their sales targets are well-known international distributors located in countries around the world presenting no customer concentration risk.

- (X) The impacts and risks anticipated from the massive transfer of shareholding by directors or key shareholders who hold more than 10% in shareholding and the Company's countermeasures

In the 2023 and 2024 and as of the publication date of the annual report, the Company has no directors or substantial shareholders holding more than 10% of the shares, whose shareholdings are transferred or otherwise changes hands with more than half of the shares held resulting in changes in the managerial control.

- (XI) The impacts and risks anticipated from the change in the managerial powers and the Company's countermeasures

The Company's equity is largely concentrated in the directors and employees. As of the publication date of this annual report, all directors hold 47.04% of the total issued shares of the Company. In addition, the directors and employees have a strong sense of responsibility to the company, and have been dedicated to the company. The employees believe in the Company's development direction, resulting a steady good operating performance in recent years. In the

future, the management team will uphold the stable business philosophy and good management ethics to create growth in the operations and profits to win the recognition from all shareholders. Thus, the Company will not have a major quantity of shares transferred or otherwise changes hands, resulting in changes in the managerial control, which will impact the company and create risks.

(XII) Litigious and non-litigious matters

1. Any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date: None.
2. Any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, president, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date: None.
3. Any event set forth under Article 157 of the Securities and Exchange Act that involves a company director, supervisor, its general manager, or any major shareholder with a stake of more than 10 percent, provided the event occurred in the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date: None.

(XIII) Other critical risks and response measures: None.

VII. Other important disclosures: None.

Chapter VIII. Special Disclosure

I. Relevant information of affiliated enterprises

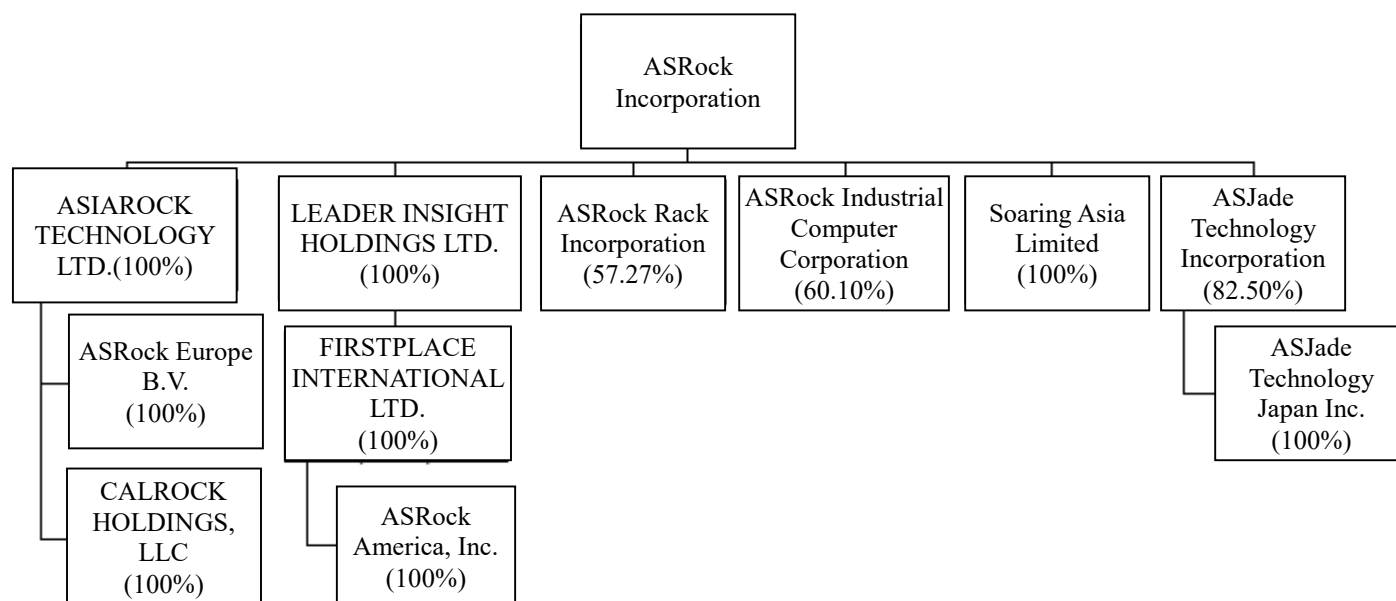
(I) Consolidated business reports teaming up with affiliated enterprises

1. Summary of affiliated enterprises

(1) Affiliates enterprises organization chart:

Organization chart of ASRock Incorporation

December 31, 2023



(2) Fundamental particulars of affiliated enterprises

December 31, 2023; Unit: NTD thousand

Name	Establishment date	Location	Paid-in shares capital	Business scope
ASIAROCK TECHNOLOGY LTD.	July 25, 2002	British Virgin Islands	1,229,000	Investment holding.
LEADER INSIGHT HOLDINGS LTD.	September 6, 2002	British Virgin Islands	64,523	Investment holding.
ASRock Europe B.V.	September 6, 2002	The Netherlands	7,952	Data storage and electronic material sales, international trade, etc.
ASRock America, Inc.	November 14, 2002	U.S.A.	61,450	Data storage and electronic material sales, international trade, etc.
FIRSTPLACE INTERNATIONAL LTD.	January 2, 2003	British Virgin Islands	62,986	Investment holding.
CALROCK HOLDINGS, LLC	January 29, 2003	U.S.A.	61,450	Renting office building.
ASRock Rack Incorporation	January 29, 2013	Taiwan	604,117	Manufacture and sales of computers and peripheral equipment.
ASRock Industrial Computer Corporation	July 4, 2018	Taiwan	620,296	Manufacture and sales of computers and peripheral equipment.
Soaring Asia Limited	November 5, 2018	Hong Kong	592	International trade.
ASJade Technology Incorporation	November 15, 2021	Taiwan	210,000	Service of computer software.
ASJade Technology Japan Inc.	October 16, 2023	Japan	1,087	Service of computer software.

- (3) A controlling and hierarchical relationship according to Article 369-3 of Company Act: None.
- (4) The business scope covered by the overall affiliated enterprise are: manufacture and sale of computers and peripheral equipment, data storage, processing equipment, and electronic materials.
- (5) Information and to data of directors and supervisors, presidents of affiliated enterprises:

December 31, 2023

Name of enterprise	Title	Name or the representative person	Shareholding	
			Quantity	Ratio of shareholding
ASIAROCK TECHNOLOGY LTD.	Director	ASRock Incorporation (Representative: Lung-Lun, Hsu)	40,000,000	100.00%
LEADER INSIGHT HOLDINGS LTD.	Director	ASRock Incorporation (Representative: Lung-Lun, Hsu)	2,100,000	100.00%
ASRock Europe B.V.	Director and President	ASIAROCK TECHNOLOGY LTD. (Representative: Ko-Chih, Tsui)	200,000	100.00%
ASRock America, Inc.	Director	FIRSTPLACE INTERNATIONAL LTD. (Representative: Lung-Lun, Hsu)	2,000,000	100.00%
FIRSTPLACE INTERNATIONAL LTD.	Director	LEADER INSIGHT HOLDINGS LTD. (Representative: Lung-Lun, Hsu)	2,050,000	100.00%
CALROCK HOLDINGS, LLC	Director	ASIAROCK TECHNOLOGY LTD. (Representative: Lung-Lun, Hsu)	2,000,000	100.00%
ASRock Rack Incorporation	Director and Chairman	ASRock Incorporation (Representative: Lung-Lun, Hsu)	34,595,984	57.27%
	Director and President	ASRock Incorporation (Representative: Wei-Hsu, Sha)		
	Director	ASRock Incorporation (Representative: Shih-Jen, Chen)		
	Director	ASRock Incorporation (Representative: Sung-Chien, Chen)		
	Director	ASRock Incorporation (Representative: Chien-Hsin, Chou)		
	Supervisor	Chien-Hung, Chen	248,094	0.41%
	Supervisor	Hui-Ju, Li	36,967	0.06%
ASRock Industrial Computer Corporation	Director and Chairman	ASRock Incorporation (Representative: Chun-Ying, Li)	37,281,196	60.10%
	Director and President	ASRock Incorporation (Representative: Ying-Chun, Tseng)		
	Director	ASRock Incorporation (Representative: Chien-Hsin, Chou)		
	Director	ASRock Incorporation (Representative: Sung-Chien, Chen)		
	Director	ASRock Incorporation (Representative: Yu-Kuang, Chen)		
	Supervisor	Chien-Hung, Chen	46,804	0.08%
	Supervisor	Hui-Ju, Li	23,402	0.04%
Soaring Asia Limited	Director	ASRock Incorporation (Representative: Lung-Lun, Hsu)	150,000	100.00%
ASJade Technology Incorporation	Director and Chairman	ASRock Incorporation (Representative: Lung-Lun, Hsu)	17,325,000	82.50%
	Director	ASRock Incorporation (Representative: Chien-Hsin, Chou)		
	Director	ASRock Incorporation (Representative: Sung-Chien, Chen)		
	Supervisor	Chien-Hung, Chen	-	-
ASJade Technology Japan Inc.	Director and Chairman	ASJade Technology Incorporation (Representative: Lung-Lun, Hsu)	500	100.00%

2. Business performances of affiliated enterprises:

December 31, 2023; Unit: NTD thousand

Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating revenues	Net operating income	Profit and/or loss this term (After tax net)	Earnings per share (NTD) (After tax)
ASIAROCK TECHNOLOGY LTD.	1,229,000	7,453,009	3,329,578	4,123,431	14,665,517	(7,924)	16,790	-
LEADER INSIGHT HOLDINGS LTD.	64,523	191,129	-	191,129	-	-	133,187	-
ASRock Europe B.V.	7,952	1,105,605	341,467	764,138	4,640,770	36,005	26,021	-
ASRock America, Inc.	61,450	2,309,670	2,119,637	190,033	5,124,647	163,013	133,173	-
FIRSTPLACE INTERNATIONAL LTD.	62,986	191,081	-	191,081	-	-	133,187	-
CALROCK HOLDINGS, LLC	61,450	64,718	578	64,140	-	-	(865)	-
ASRock Rack Incorporation	604,117	1,948,973	1,111,889	837,084	2,737,906	(7,780)	7,907	0.13
ASRock Industrial Computer Corporation	620,296	1,526,146	582,386	943,760	1,400,039	179,901	169,166	2.82
Soaring Asia Limited	592	595	-	595	-	-	4	-
ASJade Technology Incorporation	210,000	177,193	28,793	148,400	-	(72,009)	(66,301)	(3.16)
ASJade Technology Japan Inc.	1,087	1,087	3	1,084	-	-	(3)	-

(II) The Affiliate's consolidated financial statements: None.

(III) Affiliated enterprises report: None.

II. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary: None.

III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

IV. Other supplementary information: None.

V. Occurrences of events defined under Subparagraph 2, Paragraph 2, Article 36 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.

ASRock Incorporation
Declaration of Internal Control System

Date: March 6, 2024

Based on the findings of self-assessment, the Company states the following with regard to its internal control system in 2023:

- I. The Company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. The aim of the internal control system is to provide reasonable assurance to effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of financial reporting and compliance with of applicable laws, regulations and bylaws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanism and the Company takes corrective actions whenever a deficiency is identified.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control System by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five constituent elements of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
- IV. The Company has adopted the aforementioned judgment items for the internal control system to evaluate the effectiveness of the Company’s internal control system in both design and implementation.
- V. Based on the findings of the self-assessment mentioned in the preceding paragraph, the Company believes that, as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), as well as understanding the degree of achievement of its objectives concerning operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of financial reporting, and compliance with the applicable laws, regulations and bylaws, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
- VI. This Statement is an integral part of the Company’s Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the Board of Directors in their meeting held on March 6, 2024 with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

ASRock Incorporation

Chairman: Hsu-Tien, Tung

President: Lung-Lun, Hsu

Independent Auditor's Report

To ASRock Incorporation:

Opinion

We have audited the accompanying balance sheets of ASRock Incorporation (the "Company") as of December 31, 2023 and 2022, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we are convinced that we have acquired sufficient and appropriate audit evidence to serve as the basis of audit opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. Those matters are addressed in the context of our audit of the parent company only financial statements as a whole and in the forming of our opinion. We do not provide a separate opinion on those matters.

Investments accounted for using equity method - Inventory of Subsidiary

The net carrying value of inventory as of December 31, 2023 for the Company's investments accounted for using equity method - Inventory of Subsidiary was significant to the parent company only financial statements. The Group's main business, the sale of motherboard products, are affected by market demand and changes. The management measured allowance for inventory obsolescence valuation losses based on market demands. The valuation involved management's significant judgment, we have therefore determined valuation on inventory a key audit matter. The audit procedures we performed regarding inventories valuation included but not limited to, understanding the program of estimating the allowance for inventory valuation, testing the effectiveness of relevant control. For the raw material and products, we selected samples and checked related certificates, to confirm the correctness of net realizable value that management used. In addition, we obtained and reviewed the full-year purchase and sales details of raw materials and products. For raw materials that are not frequently used and products with low sales volume, we referred to industry information and management to discuss the reasonableness of allowance for inventory valuation and obsolescence losses. We also considered the appropriateness of disclosure of inventories in Notes V and VI of the Company's consolidated financial statements.

Revenue recognition

The main source of revenue was from the sales of motherboard. Due to diversified pricing strategy, the orders and implied item in contracts usually included quantity discount and warranty, therefore the Company should determine the performance obligation and the timing of revenue recognition. Consequently, we considered that revenue recognition from contracts with customers is key audit matter. For revenue recognition, we have conducted audit procedures including but not limited to evaluating the design and operating effectiveness of internal controls with respect to the revenue cycle, selecting representative samples to conduct test of transactions by inspecting contracts approved by both parties, identifying the performance obligation, evaluating whether the transaction price were appropriately allocated to all the performance obligations in the contract in proportion to the stand-alone selling prices of each performance obligation, and confirming the correctness of timing when a performance obligation is satisfied. We also considered the appropriation of operating revenue disclosure in Notes IV, V and VI of parent company only financial statements.

Other Matter - Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain invested associates accounted for using the equity method by the Company, which were audited by other independent auditors. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The investments accounted for using the equity method in these investee companies on December 31, 2023 and December 31, 2022 were \$255,269 thousand and \$862,918 thousand respectively, accounting for 2.10% and 7.67% of the total assets. For the years ended December 31, 2023 and 2022, the shares of profits and losses of subsidiaries, associates and joint ventures recognized using the equity method were \$132,322 thousand and (\$55,567) thousand respectively, accounting for 12.37% and (4.82)% of the profit before tax.

Responsibilities of Management and Those in Charge with Governance of the Financial Statements

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

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

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

Auditors' Responsibilities for auditing the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditors' report that summarizes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the auditing conducted in accordance with generally accepted auditing standards will always detect material misstatements. Misstatements can arise from fraud or

error. Misstatements are considered material, if individually or aggregately, they can reasonably be expected to influence the economic decisions of financial statement users.

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that material uncertainties or conditions exist, in the auditors' report we are required to draw the users' attention to note the related disclosures in the financial statements, or modify our opinion if such disclosures are inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and contents of the financial statements including any related disclosures, and whether the financial statements have represented related transactions and events in an appropriate manner.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

The engagement partners on the review resulting in this independent auditors' report are Chien-Ju, Yu and Hsuan-Hsuan, Wang.

Ernst & Young, Taiwan

March 6, 2024

Notice to Readers

The accompanying parent company only 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 audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the parent company only 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.

ASROCK INCORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022

Unit: thousands of NTD

Assets			December 31, 2023		December 31, 2022	
Code	Accounting items	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV and VI(I)	\$1,677,840	14	\$1,757,489	16
1136	Financial assets measured at amortized cost - current	IV, VI(III) and VI(XV)	970,000	8	90,000	1
1170	Accounts receivable, net	IV, V, VI(IV) and VI(XIV)	577,828	5	410,094	4
1180	Accounts receivable - related parties, net	IV, V, VI(IV), VI(XV) and VII	1,940,562	16	2,243,759	20
130x	Inventories, net	IV, V and VI(V)	1,389,644	12	1,097,109	10
1410	Prepayments	VII	30,347	-	40,139	-
1470	Other current assets	VII	34,045	-	180,545	1
11xx	Total current assets		<u>6,620,266</u>	<u>55</u>	<u>5,819,135</u>	<u>52</u>
	Non-current assets					
1517	Financial asset measured at fair value through other comprehensive income - non-current	IV and VI(II)	20,000	-	-	-
1550	Investments accounted for using equity method	IV and VI(VI)	5,163,315	43	5,040,294	45
1600	Property, plant and equipment	IV, VI(VII) and VII	165,147	1	244,897	2
1755	Right-of-use assets	IV and VI(XVI)	45,993	-	22,877	-
1780	Intangible assets	IV and VI(VIII)	12,030	-	2,305	-
1840	Deferred tax assets	IV, V and VI(XX)	111,899	1	99,793	1
1920	Guarantee deposits paid		17,155	-	16,974	-
1990	Other non-current assets		3,980	-	-	-
15xx	Total non-current assets		<u>5,539,519</u>	<u>45</u>	<u>5,427,140</u>	<u>48</u>
1xxx	Total assets		<u>\$12,159,785</u>	<u>100</u>	<u>\$11,246,275</u>	<u>100</u>

(The accompanying notes are an integral part of the parent company only financial statements)

ASROCK INCORPORATION
PARENT COMPANY ONLY BALANCE SHEETS (CONTINUED)
December 31, 2023 and 2022

Unit: thousands of NTD

Liabilities and equity			December 31, 2023		December 31, 2022	
Code	Accounting items	Note	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	VI(X)	\$-	-	\$625,000	6
2170	Accounts payable		64,644	1	56,228	-
2180	Accounts payable - related parties	VII	2,925,807	24	986,480	9
2200	Other payables	VI(IX) and VII	456,379	4	416,524	4
2230	Current tax liabilities	IV, V and VI(XX)	239,771	2	267,233	2
2280	Lease liabilities - current	IV, VI(XVI) and VI(XVIII)	18,449	-	9,998	-
2300	Other current liabilities	VII	278,431	2	662,373	6
21xx	Total current liabilities		<u>3,983,481</u>	<u>33</u>	<u>3,023,836</u>	<u>27</u>
	Non-current liabilities					
2570	Deferred tax liabilities	IV, V and VI(XX)	4,797	-	-	-
2580	Lease liabilities - non-current	IV, VI(XVI) and VI(XVIII)	27,997	-	13,057	-
2640	Net defined benefit liabilities - non-current	IV, V and VI(XI)	20,606	-	17,047	-
25xx	Total non-current liabilities		<u>53,400</u>	<u>-</u>	<u>30,104</u>	<u>-</u>
2xxx	Total liabilities		<u>4,036,881</u>	<u>33</u>	<u>3,053,940</u>	<u>27</u>
	Equity					
3100	Share capital					
3110	Ordinary share	VI(XII)	1,216,408	10	1,219,930	11
3200	Capital surplus	VI(XII) and VI(XIII)	3,187,635	26	3,252,907	29
3300	Retained earnings					
3310	Legal reserve	VI(XII)	1,691,849	14	1,582,928	14
3320	Special reserve	VI(XII)	165,345	1	581,757	5
3350	Unappropriated retained earnings	VI(XII) and VI(XIII)	2,028,400	17	1,772,619	16
	Total retained earnings		<u>3,885,594</u>	<u>32</u>	<u>3,937,304</u>	<u>35</u>
3400	Other equity interest	IV and VI(XIII)	(166,682)	(1)	(217,794)	(2)
3500	Treasury stock	IV and VI(XII)	(51)	-	(12)	-
3xxx	Total equity		<u>8,122,904</u>	<u>67</u>	<u>8,192,335</u>	<u>73</u>
	Total liabilities and equity		<u>\$12,159,785</u>	<u>100</u>	<u>\$11,246,275</u>	<u>100</u>

(The accompanying notes are an integral part of the parent company only financial statements)

ASROCK INCORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022

Unit: thousands of NTD

Code	Accounting items	Note	For the years ended December 31			
			2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	IV, V, VI(XIV) and VII	\$14,344,522	100	\$12,753,815	100
5000	Operating costs	VI(V) and VII	(12,509,349)	(87)	(10,658,798)	(84)
5900	Gross profit		1,835,173	13	2,095,017	16
5910	Unrealized sales profit		(298,998)	(2)	(403,549)	(3)
5920	Realized sales profit		403,549	2	108,835	1
5950	Net operating income		1,939,724	13	1,800,303	14
6000	Operating expenses	VI(VIII), VI(XI), VI(XIII), VI(XVI), VI(XVII) and VII				
6100	Sales and marketing expenses		(418,407)	(3)	(354,954)	(3)
6200	General and administrative expenses		(177,690)	(1)	(224,055)	(2)
6300	Research and development expenses		(459,170)	(3)	(486,227)	(4)
6450	Expected credit gains (losses)	VI(XV)	(3,177)	-	2,728	-
	Total operating expenses		(1,058,444)	(7)	(1,062,508)	(9)
6900	Net operating income		881,280	6	737,795	5
7000	Non-operating income and expenses	VI(VIII) and VII				
7100	Interest income		70,339	-	13,321	-
7010	Other income		19,267	-	66,779	1
7020	Other gains and losses		(65,834)	-	136,033	1
7050	Finance costs		(3,465)	-	(10,427)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	IV and VI(VI)	168,219	1	209,830	2
	Total non-operating income and expenses		188,526	1	415,536	4
7900	Profit before tax		1,069,806	7	1,153,331	9
7950	Income tax expenses	IV, V and VI(XX)	(150,765)	(1)	(87,087)	(1)
8000	Profit from continuing operations		919,041	6	1,066,244	8
8200	Net profit		919,041	6	1,066,244	8
8300	Other comprehensive income	IV, VI(IX) and VI(XIX)				
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurements of defined benefit plans		(2,784)	-	13,534	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		557	-	(2,707)	-
8360	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(940)	-	416,413	3
	Other comprehensive income (after tax)		(3,167)	-	427,240	3
8500	Total comprehensive income		\$915,874	6	\$1,493,484	11
	Earnings per share (NT\$)	VI(XXI)				
9750	Basic earnings per share					
9710	Profit from continuing operations		\$7.54		\$8.69	
9850	Diluted earnings per share	VI(XXI)				
9810	Profit from continuing operations		\$7.52		\$8.65	

(The accompanying notes are an integral part of the parent company only financial statements)

ASRock Incorporation
PARENT COMPANY ONLY STATEMENTS OF CHANGE IN STOCKHOLDERS' EQUITY
For the years ended December 31, 2023 and 2022

Unit: thousands of NTD

Code	Item	Share capital	Capital surplus	Retained earnings			Other equity interest		Treasury stock	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Deferred compensation cost		
		3100	3200	3310	3320	3350	3410	3491	3500	3XXX
A1	Balance as of January 1, 2022	\$1,229,254	\$3,332,351	\$1,345,085	\$472,656	\$2,628,386	\$(581,758)	\$(154,834)	\$-	\$8,271,140
	Appropriation and distribution of 2021 retained earnings									
B1	Legal reserve appropriated	-	-	237,843	-	(237,843)	-	-	-	-
B3	Special reserve appropriated	-	-	-	109,101	(109,101)	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(1,598,031)	-	-	-	(1,598,031)
D1	Net income for 2022	-	-	-	-	1,066,244	-	-	-	1,066,244
D3	Other comprehensive income for 2022	-	-	-	-	10,827	416,413	-	-	427,240
D5	Total comprehensive income for 2022	-	-	-	-	1,077,071	416,413	-	-	1,493,484
L3	Treasury stock cancelled	(9,324)	-	-	-	-	-	-	9,324	-
M7	Changes in subsidiaries' ownership	-	(2,218)	-	-	-	-	-	-	(2,218)
N1	Share-based payment transaction	-	(77,226)	-	-	12,137	-	102,385	(9,336)	27,960
Z1	Balance as of December 31, 2022	<u>\$1,219,930</u>	<u>\$3,252,907</u>	<u>\$1,582,928</u>	<u>\$581,757</u>	<u>\$1,772,619</u>	<u>\$(165,345)</u>	<u>\$(52,449)</u>	<u>\$(12)</u>	<u>\$8,192,335</u>
A1	Balance as of January 1, 2023	\$1,219,930	\$3,252,907	\$1,582,928	\$581,757	\$1,772,619	\$(165,345)	\$(52,449)	\$(12)	\$8,192,335
	Appropriation and distribution of 2022 retained earnings									
B1	Legal reserve appropriated	-	-	108,921	-	(108,921)	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(975,934)	-	-	-	(975,934)
B17	Special reserve reversed	-	-	-	(416,412)	416,412	-	-	-	-
D1	Net income for 2023	-	-	-	-	919,041	-	-	-	919,041
D3	Other comprehensive income for 2023	-	-	-	-	(2,227)	(940)	-	-	(3,167)
D5	Total comprehensive income for 2023	-	-	-	-	916,814	(940)	-	-	915,874
L3	Treasury stock cancelled	(3,522)	-	-	-	-	-	-	3,522	-
M7	Changes in subsidiaries' ownership	-	4,657	-	-	-	-	-	-	4,657
N1	Share-based payment transaction	-	(69,929)	-	-	7,410	-	52,052	(3,561)	(14,028)
Z1	Balance as of December 31, 2023	<u>\$1,216,408</u>	<u>\$3,187,635</u>	<u>\$1,691,849</u>	<u>\$165,345</u>	<u>\$2,028,400</u>	<u>\$(166,285)</u>	<u>\$(397)</u>	<u>\$(51)</u>	<u>\$8,122,904</u>

(The accompanying notes are an integral part of the parent company only financial statements)

ASROCK INCORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

Unit: thousands of NTD

Code	Item	For the years ended December 31	
		2023	2022
AAAA	Cash flows from operating activities:		
A10000	Profit before tax	\$1,069,806	\$1,153,331
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	104,521	52,444
A20200	Amortization expense	3,317	2,252
A20300	Expected credit losses (gains)	3,177	(2,728)
A20900	Interest expenses	3,465	10,427
A21200	Interest income	(70,339)	(13,321)
A21900	Compensation cost arising from employee stock options	(10,853)	37,015
A22400	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(168,219)	(209,830)
A22500	Loss on disposal and scrapping of property, plant and equipment	3,994	-
A22600	Property, plant and equipment reclassified to expenses	1	15
A23900	Unrealized sales profit	298,998	403,549
A24000	Realized sales profit	(403,549)	(108,835)
A30000	Changes in operating assets and liabilities:		
A31150	(Increase) decrease in accounts receivable	(170,911)	413,260
A31160	(Increase) decrease in account receivable-related parties	303,197	(1,364,626)
A31200	Decrease (increase) in inventories	(292,251)	97,301
A31230	Decrease in prepayments	9,792	799,782
A31240	Decrease (Increase) in other current assets	153,085	(127,335)
A32150	Increase (Decrease) in accounts payable	8,416	(16,159)
A32160	Increase in accounts payables-related parties	1,939,327	458,510
A32180	Increase (Decrease) in other payables	39,855	(274,649)
A32230	Increase (decrease) in other current liabilities	(383,942)	130,886
A32240	Increase (Decrease) in net defined benefit liabilities	775	(11,447)
A33000	Cash inflows from operations	2,441,662	1,429,842
A33500	Income taxes paid	(184,979)	(327,813)
AAAA	Net cash inflow from operation activities	2,256,683	1,102,029
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(20,000)	-
B00040	Acquisition of financial assets measured at amortized cost	(880,000)	-
B00050	Proceed from disposal of financial assets measured at amortized cost	-	770,000
B01800	Investments accounted for using equity method	-	(113,438)
B02700	Acquisition of property, plant and equipment	(9,308)	(55,282)
B02800	Disposal of property, plant and equipment	-	195
B03700	Increase in guarantee deposits paid	(181)	(2,977)
B04500	Acquisition of intangible assets	(13,042)	(3,013)
B06700	Increase in other non-current assets	(3,980)	-
B07500	Interest received	63,754	13,764
B07600	Dividends received	153,466	23,897
BBBB	Net cash flows used in investing activities	(709,291)	633,146
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term loans	-	625,000
C00200	Decrease in short-term loans	(625,000)	-
C04020	Repayment of lease principal	(20,257)	(16,692)
C04500	Cash dividends paid out	(975,934)	(1,598,031)
C05600	Interest paid	(2,675)	(10,208)
C09900	Other	(3,175)	(9,055)
CCCC	Net cash used in financing activities	(1,627,041)	(1,008,986)
EEEE	Net (decrease) increase in cash and cash equivalents	(79,649)	726,189
E00100	Cash and cash equivalents, beginning of the period	1,757,489	1,031,300
E00200	Cash and cash equivalents, end of the period	\$1,677,840	\$1,757,489

(The accompanying notes are an integral part of the parent company only financial statements)

ASRock Incorporation
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2023 and 2022
(Unless otherwise stated, all amounts are in NTD thousand)

I. Company History

ASRock Incorporation (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 Company to which the company belongs.

II. Date and Procedures for Approval of the Financial Report

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were authorized for issue by the Company's board of directors on March 6, 2023.

III. Application of New and Amended Standards and Interpretations

(I) Changes in accounting policies resulting from first-time applying for the International Financial Reporting Standards

The Company 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, 2023. The adoption of these new standards and amendments had no material impact on the Company.

(II) As of the release date of the financial report, the Company has not adopted the following newly issued, revised and amended standards or interpretations issued by the International Accounting Standards Board and endorsed by the FSC:

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Item	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
2	Lease Liability under Sale and Leaseback (Amendment to IFRS 16)	January 1, 2024
3	Non-current Liabilities in Contracts (Amendments to IAS 1)	January 1, 2024
4	Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

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

These amendments are to revise the classification of liabilities as current or non-current of paragraphs 69-76 of IAS 1 Presentation of Financial Statements.

2. Lease Liability under Sale and Leaseback (Amendment to IFRS 16)

This is in response to IFRS 16 “Leases” which adds an additional accounting treatment for seller-lessees in sale and leaseback transactions to improve the consistent application of the standard.

3. Non-current Liabilities in Contracts (Amendments to IAS 1)

The purpose of this amendment is to enhance the information provided by enterprises about long-term debt contracts. A description of the contractual covenants that apply to a liability for twelve months after the end of the reporting period does not affect the classification of that liability as current or non-current at the end of the reporting period.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

4. Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

In addition to clarifying supplier finance arrangements, it discloses relevant information on supplier finance arrangements in the amendments.

The above newly issued, revised, and amended standards and interpretations, which were issued by the International Accounting Standards Board and endorsed by the FSC and apply to the fiscal years starting on or after January 1, 2024, caused no material impact on the Company.

(III) As of the release date of the financial report, the Company has not adopted the following newly issued, revised and amended standards or interpretations issued by the International Accounting Standards Board but not yet approved by the FSC:

Item	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	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
2	IFRS 17, “Insurance Contracts”	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

1. 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 plan addresses 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 requires contributions of non-monetary assets to an associate or joint venture in exchange for an equity interest in the associate or joint venture shall eliminate Profits and losses

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

resulting from upstream transactions. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. The amendment restricts the preceding requirements of IAS 28 when the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 shall be recognized in full.

The amendment also revised IFRS 10 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.

2. 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 fulfillment 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.

After the issuance of the Standard in May 2017, its amendments were issued in 2020 and 2021. In addition to extending the effective date by 2 years (that is, from the original January 1, 2021 to January 1, 2023) and providing additional exemptions in the transitional provisions, the amendments also simplified some provisions to reduce the cost of adopting the Standard and amended some of the provisions to make some of the circumstances easier to interpret. IFRS 17 replaces an interim Standard (IFRS 4 Insurance Contracts)

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

3. Lack of Exchangeability (Amendments to IAS 21)

The amendments are to specify the exchangeability and lack of exchangeability between currencies and how to determine a spot exchange rate and add additional requirements for disclosure when there is lack of exchangeability between currencies. The amendments apply to fiscal years starting on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (1) and (3), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore,

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared basis on a historical cost, except for financial instruments at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (NTD) unless otherwise stated.

(III) Foreign currency transactions

The Company's parent company only financial statements are presented in NTD, which is also the Company's functional currency.

Foreign currency transactions are initially recorded at their respective functional currency rates of exchange prevailing at the date of the transaction. Monetary items denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the end of each 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 shall be recognized in profit or loss in the period in which they arise except for the following:

1. 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.
2. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

3. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are 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.

(IV) Translation of financial statements in foreign currency

Each foreign operation within the Company determines its own functional currency and that functional currency shall be used to measure its financial statements. The assets and liabilities of foreign operations are translated into NTD 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 translation are recognized in other comprehensive income, and the cumulative exchange differences that were previously recognized as a separate component of other comprehensive income and accumulated in equity are reclassified from equity to profit or loss upon the disposal of the foreign operation. The partial disposals are accounted for as disposals when the partial disposal involves the loss of control, significant influence or joint control of a subsidiary 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 adjusted with investments accounted for using equity method. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

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

(V) Classification standard of current and non-current assets and liabilities

In case of any of the following circumstances, it shall be classified as current assets, and the other assets rather than current assets shall be classified as non-current assets:

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

Any of the following shall be classified as current liabilities, and the other liabilities rather than current liabilities shall be classified as non-current liabilities:

1. The Company expects to settle the liability in its normal operating cycle.
2. The Company holds the liability primarily for the purpose of trading.
3. The liability is due to be settled within twelve months after the reporting period.
4. The Company 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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(VI) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including time deposits with a contract period of less than 3 months) or investments that are readily convertible into a fixed amount of cash and are subject to an insignificant risk of change in value.

(VII) Financial instruments

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

Financial assets and financial liabilities that meet the scope of IFRS 9 “Financial Instruments” are, upon initial recognition, measured at fair value and are directly attributable to the transaction costs of acquiring or issuing the financial assets and financial liabilities other than those classified as financial assets or financial liabilities at fair value through profit or loss, which is added to or deducted from the fair value of the financial asset or financial liability.

1. Recognition and measurement of financial instruments

The Company shall recognize or derecognize a regular way purchase or sales of financial assets on the trade date.

The Company 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:

- (1) The business model for managing the financial assets
- (2) 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 notes receivable, accounts receivable financial assets measured at amortized cost, and other receivables, etc., on the balance sheet:

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

- (1) The business model for managing the financial asset: Hold financial assets in order to collect contractual cash flows
- (2) The contractual cash flow characteristics of the financial asset: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets, other than those involved in hedging relationships, are subsequently measured at amortized cost (the amount measured at original recognition, less principal payments made, plus or minus the cumulative amortization of the difference between the original amount and the amount due (using the effective interest method), and adjusted for an allowance loss). 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 calculated using the effective interest method (by multiplying the total carrying amount of the financial asset by the effective interest rate) is recognized in profit or loss if:

- (1) For purchased or originated credit-impaired financial assets, it is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- (2) If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

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 and presented as a financial asset at fair value through other comprehensive on the balance sheet:

- (1) The operating model for managing financial assets: To collect contractual cash flows and sell financial assets.
- (2) The contractual cash flow characteristics of the financial asset: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Recognition of gain or loss on related the type of financial asset are described as below:

- (1) A gain or loss on the type of financial asset 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.
- (2) 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.
- (3) Interest calculated using the effective interest method (by multiplying the total carrying amount of the financial asset by the effective interest rate) is recognized in profit or loss if:
 - A. For purchased or originated credit-impaired financial assets, it is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
 - B. If it is not the former, but becomes credit impaired afterwards, the effective interest rate is multiplied by the amortized cost of the financial asset.

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 Company 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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Financial assets 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.

2. Impairment of financial assets

For financial assets measured at amortized cost, the Company recognizes expected credit losses and measures an allowance for losses.

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

- (1) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- (2) The time value of money; and
- (3) 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:

- (1) 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 Company 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 has increased significantly since initial recognition is no longer met.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

- (2) Measure at an amount equal to the lifetime expected credit losses: Including 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.
- (3) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (4) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company shall 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 XII for further details on credit risk.

3. Derecognition of financial assets

A financial asset held by the Company is derecognized when:

- (1) The rights to receive cash flows from the financial asset have expired
- (2) The Company has transferred the financial asset and substantially all the risks and rewards of ownership of the asset have been transferred.
- (3) The Company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

On derecognition of a financial asset, 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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

4. Financial liabilities and equity instruments

Classification between liabilities or equity

The Company 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. Equity instruments issued by the Company are recognized as the amount of consideration received, less the direct cost of issuing.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include payables and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Related gains and losses and the amortization 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 transaction costs.

Derecognition of financial liabilities

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

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

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.

5. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet if, and only if, there is a currently legally enforceable 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.

(VIII) 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:

1. In the principal market for the asset or liability, or
2. 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 Company.

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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

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 Company 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.

(IX) 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 for sale and production:

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.

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.

(X) Investments accounted for using equity method

The Company's investment in subsidiaries is presented based on Article 21 of the Securities Issuer's Financial Report Preparation Standards, expressed as "investments using the equity method" and made necessary evaluation adjustments to enable individual financial reporting of the current period's profit and loss and other comprehensive gains and losses. The current profit and loss and other

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

comprehensive gains and losses in the financial report prepared on a consolidated basis are the same as the share of the owners of the parent company, and the owner's equity of the individual financial report is the same as the equity of the owners of the parent company in the financial report prepared on a consolidated basis. These adjustments are mainly due to the consideration of the treatment of the consolidated financial statements of the investment subsidiary in accordance with IFRS No. 10 "Consolidated Financial Statements" and the differences in the application of IFRS at different levels of reporting entities, and debits or credits to "investment account for under the equity method", "share of profits and losses of subsidiaries, affiliates and joint ventures using the equity method" or "share of other comprehensive profits and losses of subsidiaries, affiliates and joint ventures using the equity method".

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

1. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

2. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(XI) 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced at regular intervals, the Company 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. Other repairs and maintenance costs are recognized in profit or loss.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Depreciation is set aside on a straight-line method basis over the estimated useful lives of the following assets:

Machinery and equipment	5 years
Office equipment	3 years
Leasehold improvements	Shorter of the lease period or the useful life
Other equipment	2-5 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.

(XII) Leases

The Company 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 Company assesses whether, throughout the period of use, has both of the following:

1. the right to obtain substantially all of the economic benefits from use of the identified asset; and
2. the right to direct the use of the identified asset

For a contract that is, or contains, a lease, the Company 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 Company 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

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

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 Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

The Company as a lessee

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

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company shall use 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:

1. Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
2. Variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date);
3. Amounts expected to be payable by the lessee under residual value guarantees;
4. The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
5. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

After the commencement date, the Company measures the lease liability on an amortized 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 Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

1. The amount of the lease liability initially measured;
2. Any lease payments made at or before the commencement date, less any lease incentives received;
3. Any initial direct costs incurred by the lessee; and
4. 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 Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company 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 Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company 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 Company 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.

(XIII) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets do not meet the recognition conditions, shall not be capitalized and the expenditure shall be recognized in profit or loss when 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 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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Gains or losses arising from the de-recognition of intangible assets are recognized in profit or loss.

Intangible assets under development-research and development costs

Research costs are recognized as expenses when incurred. Development expenditures, on an individual project, are recognized as an intangible asset when meets the following conditions:

1. The technical feasibility of completing the intangible asset so that it will be available for use or sale
2. Its intention to complete and its ability to use or sell the asset
3. The asset will generate future economic benefits.
4. The availability of resources to complete the asset.
5. 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 2 years).

(XIV) Impairment of non-financial assets

The Company 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 Company estimates the asset's recoverable amount. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

its recoverable amount. The recoverable amount is the greater of its net fair value and its value in use.

For assets excluding goodwill, an assessment is made by the Company at each end of 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 Company 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 carrying amount of the asset does not exceed the carrying amount less the appropriated depreciation or after amortization, had no impairment loss been recognized for the asset.

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

(XV) Provision for liabilities

Provisions are recognized when the Company 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 Company 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 warranty

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

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(XVI) Treasury stock

Own equity instruments which are reacquired (Treasury stock) are recognized at cost and deducted from equity.

(XVII) Revenue recognition

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

Sale of goods

The Company 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 Company 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. 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 variable consideration is subsequently resolved. Refund liabilities are also recognized for expected volume discounts during the specific period of the agreement.

The Company 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 Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company 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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Rendering of services

The services provided by the Company are mainly entrusted product development and other related services, which belongs to negotiated transactions, and are recognized as revenue when the performance obligations are met.

(XVIII) Post-employment benefits plans

All regular employees of the Company 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. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company 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 in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method based on actuarial assumptions at the end of annual reporting period. Remeasurements, 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:

1. the date of the plan amendment or curtailment, and
2. the date that the Company recognizes restructuring-related costs or post-employment benefits.

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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(XIX) Share-based payment transaction

The cost of equity-settled transactions between the Company and its employees 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 share-based payment for equity-settled transactions is recognized on a period-by-period, together with a corresponding increase 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 end of reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. Changes in cumulative costs recognized for share-based payment transactions at the beginning and end of each reporting period shall be recognized in profit or loss for that period.

No expense is recognized for share-based compensation awards that ultimately do not meet vesting conditions. However, if the vested conditions of the equity settlement transaction are related to market conditions or non-vested conditions, the relevant expenses shall still be recognized when all service or performance conditions have been met, regardless of whether the market conditions or non-vested conditions have been met.

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.

Where a share-based 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

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

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 stock for employees 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 equity, over the vesting period. The Company 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.

(XX) Income tax

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 when the distribution proposal is approved by the Shareholders' meeting.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Deferred income tax

Deferred tax is provided on temporary differences at the end of reporting date between the tax bases of assets and liabilities and their carrying amounts on the balance sheet.

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

1. Initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
2. In respect of taxable temporary differences associated with investments in subsidiaries and associates, 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 the following two:

1. An asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
2. In respect of deductible temporary differences associated with investments in subsidiaries and associates, 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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

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 end of 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 Company 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 end of 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.

In accordance with the Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”, a temporary exception to the requirements for the recognition of deferred income tax assets and liabilities related to Pillar Two income tax and the disclosure of relevant information.

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

The preparation of the Company’s parent company only financial statements require management to make judgments, 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.

Estimates and assumptions

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of 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. It is stated as follows:

(I) 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 XII for more details.

(II) Post-employment benefits plans

The cost of post-employment benefit plan 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 discount rate and changes of the future salary, etc. For detailed descriptions of the assumptions used to measure the pension costs and the defined benefit obligations, please see Note VI.

(III) Revenue recognition - sales returns and allowance

The Company 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 VI for more details.

(IV) 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

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

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 Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties 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 enterprise'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.

(V) Trade receivables - estimation of impairment loss

The Company estimates the impairment loss of trade 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 VI for more details.

(VI) Inventories

Due to the rapid changes in technology and product demand, the Company 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

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

to net realizable value. The Company estimates the loss of obsolete inventories based on the product life cycle, historical experience, and subsequent inventory destocked. Please refer to Note VI for more details.

VI. Explanation of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$355	\$411
Cash in banks	188,047	330,508
Time deposits	844,213	689,350
Cash equivalents - bonds with repurchase agreements	645,225	737,220
Total	<u>\$1,677,840</u>	<u>\$1,757,489</u>

The Company's cash and cash equivalents are not pledged.

(II) Financial asset measured at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Investments in equity instruments measured at fair value through other comprehensive income - non-current:		
Unlisted and non-OTC stocks	\$20,000	\$-
Total	<u>\$20,000</u>	<u>\$-</u>

The Company did not provide collateral for financial asset measured at fair value through other comprehensive income.

(III) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposit - Current	<u>\$970,000</u>	<u>\$90,000</u>

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VI (XV) for more details on loss their allowance and Note XII for more details on credit risk.

(IV) Accounts receivable and accounts receivable - related parties

	December 31, 2023	December 31, 2022
Accounts receivable (total carrying amount)	\$585,334	\$414,423
Less: loss allowances	(7,506)	(4,329)
Subtotal	<u>577,828</u>	<u>410,094</u>
Accounts receivable - related parties (total carrying amount)	1,940,562	2,243,759
Less: loss allowances	-	-
Subtotal	<u>1,940,562</u>	<u>2,243,759</u>
Total	<u><u>\$2,518,390</u></u>	<u><u>\$2,653,853</u></u>

The Company's accounts receivable are not pledged.

Accounts receivable credit period are generally on 30-90 days. The total carrying amount as of December 31, 2023 and 2022 were \$2,525,896 thousand and \$2,658,182 thousand, respectively. Please refer to Note VI(XV) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note XII for more details on credit risk management.

(V) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$18,945	\$18,916
Work in process	84,560	243,932
Finished products	1,286,139	834,261
Net	<u><u>\$1,389,644</u></u>	<u><u>\$1,097,109</u></u>

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

In 2023 and 2022, the Company recognized \$12,509,349 thousand and \$10,658,798 thousand, respectively, in cost of inventories, including the recognition of inventory valuation and obsolescence loss of \$171,181 thousand and inventory depreciation rebound gains of \$10,666 thousand. The gain from price recovery were due to the sale of inventory with market price decline and obsolescence loss.

The inventories mentioned above are not pledged.

(VI) Investments accounted for using equity method

Investee company	December 31, 2023		December 31, 2022	
	Amount	Ratio of shareholding	Amount	Ratio of shareholding
Subsidiaries:				
ASIAROCK TECHNOLOGY LIMITED	\$3,802,566	100%	\$3,714,463	100%
LEADER INSIGHT HOLDINGS LTD.	191,130	100%	59,664	100%
ASRock Rack Incorporation	479,373	57.27%	501,788	59.68%
ASRock Industrial Computer Corporation	567,221	60.10%	591,297	64.46%
Soaring Asia Limited	595	100%	592	100%
ASJade Technology Incorporation	122,430	82.50%	172,490	82.50%
Total	<u>\$5,163,315</u>		<u>\$5,040,294</u>	

The Company's recognized investment gain in the above-mentioned long-term equity investment using the equity method in 2023 and 2022 were \$168,219 thousand and \$209,830 thousand respectively, which are recognized based on the financial statements of the investee company that have been reviewed by accountants during the same period.

Investments in subsidiaries

Investments in subsidiaries are expressed in parent company only financial statements as "Investments accounted for using equity method", and necessary

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

evaluation adjustments are made.

ASRock Industrial Computer Corporation issued employee stock options as approved by the resolution of board of directors on July 19, 2022 and after the capital increase, the Company's shareholding ratio is 64.46%. Later, the company issued employee stock options as approved by the resolution of board of directors on May 5, 2023 and July 10, 2023; and after the capital increase, the Company's original shareholding ratio decreased from 64.46% to 60.10% and capital surplus decreased by \$3,049 thousand. Also, the company issued stock dividends to increase capital from earnings on July 28, 2023, and the Company's shareholding ratio remained at 60.10%.

ASRock Rack Incorporation issued stock dividends to increase capital from earnings on July 26, 2022. Due to the existence of treasury shares, the Company's shareholding ratio increased to 59.68%. Later, on March 6, 2023, the company cancelled its treasury shares, resulting in an increase in the Company's original shareholding ratio from 59.68% to 59.73%. Also, the company adopted an employee stock option plan to increase the capital as resolved by the board of directors on July 11, 2023. As the Company did not subscribe in proportion to the shareholding ratio, the Company's original shareholding ratio decreased from 59.73% to 57.27% after the capital increase, and capital surplus increased by \$7,839 thousand. Also, the company issued stock dividends to increase capital from earnings on July 22, 2023, and the Company's shareholding ratio remained at 57.27% and capital surplus decreased by \$0.73 thousand.

On December 16, 2022, the Company increased its investment 9,075 thousand shares of ASJade Technology Incorporation by \$113,438 thousand, resulting in an increase in the Company's original shareholding ratio from 78.57% to 82.5%.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(VII) Property, plant and equipment

	Machinery and equipment	Office equipment	Leasehold improvements	Other assets	Total
Costs:					
January 1, 2023	\$48,035	\$2,220	\$19,776	\$226,299	\$296,330
Additions	1,611	122	188	7,387	9,308
Disposals	(7,907)	-	(5,268)	(796)	(13,971)
Reclassifications	-	-	-	(285)	(285)
December 31, 2023	<u>\$41,739</u>	<u>\$2,342</u>	<u>\$14,696</u>	<u>\$232,605</u>	<u>\$291,382</u>
January 1, 2022	\$25,790	\$1,048	\$12,731	\$11,047	\$50,616
Additions	22,607	1,193	7,045	24,437	55,282
Disposals	(362)	(21)	-	(1,696)	(2,079)
Reclassifications	-	-	-	192,511	192,511
December 31, 2022	<u>\$48,035</u>	<u>\$2,220</u>	<u>\$19,776</u>	<u>\$226,299</u>	<u>\$296,330</u>
Depreciation and impairment loss:					
January 1, 2023	\$17,136	\$670	\$8,062	\$25,565	\$51,433
Depreciation	8,125	740	3,576	72,338	84,779
Disposals	(7,907)	-	(1,274)	(796)	(9,977)
Reclassifications	-	-	-	-	-
December 31, 2023	<u>\$17,354</u>	<u>\$1,410</u>	<u>\$10,364</u>	<u>\$97,107</u>	<u>\$126,235</u>
January 1, 2022	\$10,117	\$25	\$4,877	\$3,297	\$18,316
Depreciation	7,207	645	3,185	24,891	35,928
Disposals	(188)	-	-	(1,696)	(1,884)
Reclassifications	-	-	-	(927)	(927)
December 31, 2022	<u>\$17,136</u>	<u>\$670</u>	<u>\$8,062</u>	<u>\$25,565</u>	<u>\$51,433</u>
Net carrying amount:					
December 31, 2023	<u>\$24,385</u>	<u>\$932</u>	<u>\$4,332</u>	<u>\$135,498</u>	<u>\$165,147</u>
December 31, 2022	<u>\$30,899</u>	<u>\$1,550</u>	<u>\$11,714</u>	<u>\$200,734</u>	<u>\$244,897</u>

No property, plant and equipment were pledged.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(VIII) Intangible assets

	Other
Costs:	
January 1, 2023	\$6,448
Addition-acquired separately	13,042
Disposals	-
December 31, 2023	\$19,490
January 1, 2022	\$22,883
Addition-acquired separately	3,013
Disposals	(19,448)
December 31, 2022	\$6,448
Amortization and impairment:	
January 1, 2023	\$4,143
Amortization	3,317
Disposals	-
December 31, 2023	\$7,460
	Other
January 1, 2022	\$21,339
Amortization	2,252
Disposals	(19,448)
December 31, 2022	\$4,143
Net carrying amount:	
December 31, 2023	\$12,030
December 31, 2022	\$2,305

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Amortization amount of intangible assets is as follows:

	For the years ended	
	December 31	
	2023	2022
Sales and marketing expenses	\$15	\$37
General and administrative expenses	\$1,732	\$331
R&D expenses	\$1,570	\$1,884

As of December 31, 2023 and 2022, the Company held 767.5857 units and 1,002.44 units of Ethereum respectively. It is an intangible asset obtained during the process of R&D and performance testing for new products, and there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. It has been evaluated to have an indefinite useful life, and its value is assessed at \$0 based on the cost method.

(IX) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$264,041	\$222,054
Director and supervisor remuneration and employee bonuses payable	97,735	105,365
Freight payable	26,998	28,099
Advertisement payable	15,049	9,194
Processing fees payable	11,630	11,429
Labor health insurance premiums and pensions payable	9,005	9,100
Service fees payable	1,320	1,650
Others	30,601	29,633
Total	\$456,379	\$ 416,524

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(X) Short-term loans

	December 31, 2023	December 31, 2022
Unsecured bank borrowings	\$-	\$625,000
Interest rate range for borrowings (%)	-	1.85%~1.94%

As of December 31, 2023 and 2022, the Company had unused short-term borrowings of approximately \$1,474,800 thousand and \$941,593 thousand, respectively.

(XI) Post-employment benefits plans

Defined contribution plans

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were \$16,200 thousand and \$16,785 thousand, respectively.

Defined benefit plans

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor undertakes asset allocations based on the income and expenditure of the employee retirement fund. Investment of the fund is invested in self-operated and entrusted management methods, and adopts active and passive management medium- to long-term investment strategies. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two- year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute \$128 thousand to its defined benefit plan as of December 31, 2023.

As of December 31, 2023 and 2022, the Company's definite benefit plans are expected to expire in the year of 2038.

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	For the years ended December 31	
	2023	2022
Current service costs	\$605	\$1,007
Net interest of defined benefit liability (asset)	298	269
Total	<u>\$903</u>	<u>\$1,276</u>

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Present value of the defined benefit obligation	\$48,355	\$45,087	\$67,812
Plan assets at fair value	(27,749)	(28,040)	(25,784)
Other non-current liabilities - Accrued net defined benefit liabilities recognized on the consolidated balance sheets	\$20,606	\$17,047	\$42,028

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of the defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
January 1, 2022	\$67,812	\$(25,784)	\$42,028
Current service costs	1,007	-	1,007
Interest expense (income)	434	(165)	269
Subtotal	69,253	(25,949)	43,304
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	492	-	492
Actuarial gains and losses arising from changes in financial assumptions	(8,501)	-	(8,501)
Experience adjustments	(3,574)	-	(3,574)
Remeasurements of the net defined benefit asset:	-	(1,951)	(1,951)
Subtotal	(11,583)	(1,951)	(13,534)
Contributions from employer	-	(12,723)	(12,723)
Benefits paid	(12,583)	12,583	-
December 31, 2022	45,087	(28,040)	17,047
Current service costs	605	-	605
Interest expense (income)	789	(491)	298
Subtotal	46,481	(28,531)	17,950

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

	Present value of the defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	2,698	-	2,698
Experience adjustments	69	-	69
Remeasurements of the net defined benefit asset:	-	17	17
Subtotal	<u>2,767</u>	<u>17</u>	<u>2,784</u>
Contributions from employer	-	(128)	(128)
Benefits paid	(893)	893	-
December 31, 2023	<u>\$48,355</u>	<u>\$(27,749)</u>	<u>\$20,606</u>

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	Pension plan (%)	
	December 31, 2023	December 31, 2022
Cash	18.86%	17.90%
Equity instruments	50.67%	49.88%
Debt instruments	20.54%	21.38%
Others	9.93%	10.84%
Total	<u>100.00%</u>	<u>100.00%</u>

The following significant actuarial assumptions are used to determine the present value of the Company's defined benefit obligation:

	December 31, 2023	December 31, 2022
Discount rate	1.36%	1.75%
Expected rate of salary increase	3.00%	3.00%

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Sensitivity analysis of every material actuarial assumption:

	For the years ended December 31			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.5%	\$-	\$3,428	\$-	\$3,359
Discount rate decrease by 0.5%	3,726	-	3,666	-
Expected salary level increase by 0.5%	3,646	-	3,601	-
Expected salary level decrease by 0.5%	-	3,392	-	3,336

The purpose of conducting the aforementioned sensitivity analysis is to analyze the possible impact of determining a defined benefit obligation when a single actuarial assumption (e.g. discount rate or expected salary) undergoes a reasonably likely change, assuming all other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are few separate actuarial assumptions that undergo singular changes in reality, so the analysis has its limitations.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(XII) Equity

1. Ordinary shares

The Company's authorized capital were both \$1,500,000 thousand as of December 31, 2023 and 2022 (Both reserve \$40,000 thousand of shares for employee stock options). The Company's issued capital were \$1,216,408 thousand and \$1,219,930 thousand as of December 31, 2023 and 2022, respectively, each at a par value of \$10. The Company issued 121,640,829 and 121,993,029 shares as of December 31, 2023 and 2022, respectively. Each

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

share has one voting right and a right to receive dividends.

2. Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$3,173,151	\$3,127,994
Difference between consideration and carrying amount of subsidiaries acquired or disposed	335	335
Changes in ownership interests in subsidiaries	12,451	7,818
Restricted employee shares	1,698	116,760
Total	\$3,187,635	\$3,252,907

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 to its shareholders in proportion to the number of shares being held by each of them.

3. Treasury stock

During the year December 31, 2023, the treasury stocks in the amount of \$3,561 thousand in 356,100 shares have been repurchased due to the expiration of restricted employee shares, and 3,600, 9,000 and 339,600 shares were canceled by the resolution of the board of directors on March 7, 2023, August 3, 2023 and November 2, 2023, respectively. The record dates for capital reduction were set on March 13, 2023, August 14, 2023, and November 8, 2023, respectively. The statutory change of registration procedure has been completed. As of December 31, 2023, the remaining 5,100 shares have not yet been approved to be canceled by the resolution of the board of directors.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

4. 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:

- (1) Payment of all taxes and dues.
- (2) Deficit compensation.
- (3) Set aside 10% as legal reserve;
- (4) Set aside or reverse special reserve in accordance with law and regulations or as requested by the authorities.
- (5) The distribution of the remaining portion shall be proposed and formulated by the Board of Directors and submitted to 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 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 all or part of the dividends and bonuses are distributed in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting; the share dividends must be submitted to the shareholders' meeting for resolution of distribution. For distribution of shareholder dividends, cash dividends shall not be less than 10% of the total amount of cash and stock dividends.

According to the Company Act, the legal reserve shall be appropriated until the total amount has reached the total capital. The legal reserve may be used to make up for losses. If the company has no loss, it may distribute new shares or cash to shareholders in proportion to their original shares for the portion of the legal reserve that exceeds 25% of the paid-in capital.

When the Company distributes the distributable earnings, it shall, in accordance with the laws and regulations, make up the difference between the balance of the special reserve and the net deduction of other equity when it first adopts the International Financial Reporting Standards. If there is a reversal of the net amount of other equity deductions thereafter, the earnings

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

may be distributed to the special reserve with respect to the reversal of the net amount of other equity deductions.

In accordance with the provisions of Official Letter Jin-Guan-Zheng-Fa-Zi No.1090150022 issued by the FSC on March 31, 2021, when the Company first adopted IFRS, unrealized revaluation gains and cumulative translation adjustments (gains) are transferred to a special reserve as a result of the election to adopt the “IFRS 1 First-Time Adoption” exemption at the date of conversion. When the Company subsequently uses, disposes of, or reclassifies the relevant assets, the earnings may be redistributed based on the proportion of the special reserve originally set aside.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved by the board of directors’ meeting and shareholders’ meeting on March 6, 2024 and May 25, 2023, respectively, are as follows:

	Appropriation and distribution of earnings		Dividends per share (\$)	
	2023	2022	2023	2022
Legal reserve	\$92,422	\$108,921		
Special reserve (reversed)	940	(416,412)		
Cash dividends of ordinary share - Unappropriated retained earnings (Note)	839,286	975,934	\$6.90	\$8.00

Note: The Board of Directors of the Company was authorized by the Articles of Incorporation and approved the cash dividends on ordinary shares for the years of 2023 and 2022 by special resolutions on March 6, 2024 and March 7, 2023, respectively.

Please refer to Note VI(XVII) for details on employees’ compensation and remuneration to directors and supervisors.

(XIII) Share-based payment plans

Certain employees of the Company 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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

1. Restricted stock for employees of the Company

The 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 Company who meet specific requirements. The Company has already filed the approved 2,300 thousand shares with the Securities and Futures Bureau of the FSC. The total number of new shares issued on October 28, 2021 was 2,283 thousand shares. The stock price on the grant date was \$145 per share.

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

- (1) The Company's overall performance:
 - A. If EPS in the previous year is higher than \$10, the overall weight will be 100%.
 - B. If EPS in the previous year is between \$7.5 and \$10, the overall weight will be 50%.
 - C. If EPS in the previous year is below \$7.5, the overall weight will be 0%.
- (2) Personal performance:
 - A. If the mid-year assessment is higher than A (include A), the personal weight will be 100%.
 - B. If the mid-year assessment is between B+ to A (excluding A), the personal will be weight 80%.
 - C. If the mid-year assessment is between B to B+ (excluding B+), the personal will be weight 60%.
 - D. If the mid-year assessment is C, the personal weight will be 0%.
- (3) 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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

- (4) 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.
- (5) 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 restricted stock for employees 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 issuance measures for restricted stock for employees, after the restricted stock for employees are issued, except for the restricted stock for employees 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 for employees are as follows:

Vested period	Restricted stock for employees			
	Year 1	Year 2	Year 3	Total
Original number of shares	913,200	684,900	684,900	2,283,000
Operating performance issue ratio	100.00%	50.00%	2.54%	
Estimated turnover rate	0.02%	2.32%	3.78%	
Qualified rate of performance	0.00%	100.00%	76.92%	
Vested shares	0	334,500	12,579	347,079

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Vested period	Restricted stock for employees			
	Year 1	Year 2	Year 3	Total
Fair value	\$145	\$145	\$145	
Labor cost	\$0	\$45,158	\$1,698	\$46,856

The new shares issued by the Company that restricted stock for 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.

2. Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred in 2023.

3. The expenses of the share-based payment plan for employees recognized by the Company are as follows:

	2023	2022
Expense arising from share-based payment transaction (All of arising from equity-settled share-based payment transaction) (Note)	(\$10,853)	\$37,015

Note: Including the employee stock options issued by the Company's subsidiary ASRock Rack on May 29, 2020 by the resolution of the Board of Directors, which are given to eligible employees of the Company and ASRock Rack. On June 13, 2023, the Company notified the stock option holders on the expected public offering and that the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages in accordance with the Regulations on Employee Stock Options.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(XIV) Operating revenues

Information relating to the Company's revenue from contracts with customers for 2023 and 2022 is as follows:

1. Disaggregation of revenue

	For the years ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$14,320,433	\$12,731,569
Revenue from rendering services	24,089	22,246
Total	\$14,344,522	\$12,753,815

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

(XV) Expected credit (gains) losses

	For the years ended December 31	
	2023	2022
Operating expenses - expected credit impairment losses (gains)		
Accounts receivable	\$3,177	\$(2,728)

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

The credit risk for the Company's financial assets measured at amortized cost are assessed as low as of December 31, 2023 and 2022 (The same as the assessment result of January 1, 2021). Since the transaction counterparties 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.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

The Company measures the loss allowance of its trade receivables (including accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2023 and 2022 are as follows:

The Company 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:

December 31, 2023

	Overdue						Total
	Not yet due	Under 30			Over 121		
		days	31-60 days	61-90 days	91-120 days	days	
Total carrying amount	\$2,435,916	\$85,869	\$-	\$2,236	\$203	\$1,672	\$2,525,896
Loss ratio	0.20%	1.00%	0.00%	1.00%	0.00%	99.94%	
Lifetime expected credit losses	4,954	859	-	22	-	1,671	7,506
Carrying Amount	<u>\$2,430,962</u>	<u>\$85,010</u>	<u>\$-</u>	<u>\$2,214</u>	<u>\$203</u>	<u>\$1</u>	<u>\$2,518,390</u>

December 31, 2022

	Overdue						Total
	Not yet due	Under 30			Over 121		
		days	31-60 days	61-90 days	91-120 days	days	
Total carrying amount	\$1,852,526	\$535,248	\$270,020	\$201	-	\$187	\$2,658,182
Loss ratio	0.19%	0.10%	0.00%	1.00%	0.00%	100%	
Lifetime expected credit losses	3,600	540	-	2	-	187	4,329
Carrying Amount	<u>\$1,848,926</u>	<u>\$534,708</u>	<u>\$270,020</u>	<u>\$199</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,653,853</u>

The movement in the provision for impairment of trade receivables during the years ended December 31, 2023 and 2022.

	Accounts receivable
January 1, 2023	\$4,329
Addition/ (reversal) for the current period	3,177
Write-off due to uncollectibility in the current period	-
December 31, 2023	<u>\$7,506</u>

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

	Accounts receivable
January 1, 2022	\$8,689
Addition/ (reversal) for the current period	(2,728)
Write-off due to uncollectibility in the current period	(1,632)
December 31, 2022	\$4,329

(XVI) Leases

The Company as a lessee

The Company leases various properties, including real estate such as land and buildings, and parking space. The lease terms range from 1 to 5 years without renewal right. The Company is not subject to any special restrictions.

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

1. Amounts recognized in the balance sheet

(1) Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2023	December 31, 2022
Houses and buildings	\$45,993	\$22,877

The Company added \$42,858 thousand and \$9,383 thousand to the right-of-use assets in 2023 and 2022, respectively.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	\$46,446	\$23,055
Current	\$18,449	\$9,998
Non-current	\$27,997	\$13,057

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Please refer to Note VI(XVIII) 4. for the interest on lease liabilities recognized in 2023 and 2022 and refer to Note XII(V) Liquidity Risk Management for the maturity analysis for lease liabilities during the years ended December 31, 2023 and 2022.

2. Amounts recognized in the statement of profit or loss

Depreciation of right-of-use assets

	For the years ended	
	December 31	
	2023	2022
Houses and buildings	\$19,742	\$16,516
	\$19,742	\$16,516

3. Lessee's revenue and expenses related to leasing activities

	For the years ended	
	December 31	
	2023	2022
The expenses relating to variable lease payments not included in the measurement of lease liabilities	\$14,016	\$13,035
	\$14,016	\$13,035

4. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounting to \$34,273 thousand and \$29,727 thousand, respectively.

(XVII) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

By nature \ By function	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	\$-	\$571,173	\$571,173	\$-	\$634,118	\$634,118

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

By function By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Labor and health insurance expenses	-	34,210	34,210	-	37,823	37,823
Pension expenses	-	17,103	17,103	-	18,061	18,061
Director remuneration	-	8,885	8,885	-	9,579	9,579
Other employee benefit expenses	-	24,510	24,510	-	21,839	21,839
Depreciation expense	-	104,521	104,521	-	52,444	52,444
Amortization expense	-	3,317	3,317	-	2,252	2,252

1. The average number of employees of the Company as of December 31, 2023 and 2022 was 322 and 325 respectively, of which the number of directors who were not part-time employees was 6.
2. The average employee welfare expenses in 2023 and 2022 were \$2,047 thousand and \$2,231 thousand respectively; the average employee salary expenses in 2023 and 2022 were \$1,808 thousand and \$1,988 thousand respectively; the average employee salary adjustment was (9.07)%.
3. In accordance with the provisions of the Securities and Exchange Act, the Company has established an Audit Committee composed of independent directors in lieu of a supervisor. Therefore, the supervisor's remuneration in 2023 and 2022 was \$0.
4. The Company has established a Remuneration Committee to determine the performance evaluation and salary remuneration of directors, supervisors and managerial officers, and periodically evaluates the remuneration of directors, supervisors and managerial officers based on industry standards, Company's operation and other principles. The remuneration paid to directors is based on net profit before tax after deducting director's and employees' remuneration stipulated in the Company's Articles of Association. It should allocate no more than 1% for director's and supervisor's remuneration. The remuneration shall be distributed based on individual participation and contribution to the

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Company's operations and Company's overall operation performance. The remuneration of managerial officers and employees includes regular monthly salary (including base salary and food allowance, etc.) based on work experience (educational background), professional and technical abilities, and seniority. In addition, year-end bonuses, cash bonuses and performance bonuses will be issued based on the Company's operation performance, seniority, individual performance and other considerations.

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 reported to the shareholders' meeting. The estimated employee remuneration and directors' remuneration are recognized as expenses in the current year. Material differences between estimated amounts and the amounts resolved by the Board of Directors will be recorded as a change in accounting estimate and adjusted in the following year. Information on the board meeting resolution approval of the employees' compensation and remuneration to directors and supervisors can be inquired to the "Market Observation Post System" website of the TWSE.

Based on profit of the year ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023 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 year ended December 31, 2023 amounted to \$88,850 thousand and \$8,885 thousand, respectively and recognized as salaries expense. A resolution was passed at the board meeting held on March 6, 2024 to distribute \$88,850 thousand and \$8,885 thousand in cash as employees' compensation and remuneration to directors, respectively.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 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 year ended December 31, 2023 amounted to \$95,787 thousand and \$9,579 thousand, respectively and recognized as salaries expense. A resolution was passed at the board meeting held on March 7, 2023 to distribute \$95,787 thousand and \$9,579 thousand in cash as employees' compensation and remuneration to directors, respectively.

A resolution was passed at the board meeting held on March 7, 2023 to distribute \$95,787 thousand and \$9,579 thousand in cash as employees' compensation and remuneration to directors of 2022, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for 2022.

A resolution was passed at the board meeting held on February 23, 2022 to distribute \$237,594 thousand and \$23,795 thousand in cash as employees' compensation and remuneration to directors of 2021, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for 2021.

(XVIII) Non-operating income and expenses

1. Interest income

	For the years ended December 31	
	2023	2022
Interest income		
Financial assets measured at amortized cost	\$70,339	\$13,321

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

2. Other income

	For the years ended December 31	
	2023	2022
Other income - others	\$19,267	\$66,779

3. Other gains and losses

	For the years ended December 31	
	2023	2022
Foreign exchange gains (losses), net	\$(61,701)	\$136,042
Loss on disposal of property, plant and equipment	(3,994)	-
Other losses - others	(139)	(9)
Total	\$(65,834)	\$136,033

4. Finance costs

	For the years ended December 31	
	2023	2022
Interest on bank loans	\$2,675	\$10,208
Interest on lease liabilities	790	219
Total	\$3,465	\$10,427

(XIX) Components of other comprehensive income

The components of other comprehensive income for the year ended December 31, 2023 are as follows:

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$(2,784)	\$-	\$(2,784)	\$557	\$(2,227)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(940)	-	(940)	-	(940)
Total	\$(3,724)	\$-	\$(3,724)	\$557	\$(3,167)

The components of other comprehensive income for the year ended December 31, 2022 are as follows:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$13,534	\$-	\$13,534	\$(2,707)	\$10,827
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	416,413	-	416,413	-	416,413
Total	\$429,947	\$-	\$429,947	\$(2,707)	\$427,240

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(XX) Income tax

The major components of income tax expense for the year ended December 31, 2023 and 2022 are as follows:

Total income tax recognized in profit or loss

	<u>2023</u>	<u>2022</u>
Current income tax expense (income):		
Current income tax charge	\$176,387	\$228,860
Current income taxes for the prior years adjusted in this period	(18,870)	(86,958)
Deferred tax expense:		
Deferred tax relating to origination and reversal of temporary differences	(6,752)	(54,815)
Income tax expenses	<u>\$150,765</u>	<u>\$87,087</u>

Income tax relating to components of other comprehensive income

	For the years ended December 31	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Profit or losses of defined benefits plan	\$(557)	\$2,707
Income tax relating to components of other comprehensive income	<u>\$(557)</u>	<u>\$2,707</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

	For the years ended December 31	
	2023	2022
Accounting profit before tax from continuing operations	\$1,069,806	\$1,153,331
Tax at the domestic rates applicable to profits in the country concerned	\$213,961	\$230,666
Tax effect of revenues exempt from taxation	(33,644)	(41,966)
Tax effect of expenses not deductible for tax purposes	5	12
Income tax impact of research and development deduction	(32,254)	(37,004)
Corporate income surtax on undistributed retained earnings	21,038	21,673
Current income taxes for the prior years adjusted in this period	(18,870)	(86,958)
Others	529	664
Total income tax expense recognized in profit or loss	<u>\$150,765</u>	<u>\$87,087</u>

Deferred tax assets (liabilities) relate to the following:

2023

	Beginning balance	Recognized in		Exchange differences	Ending balance
		Recognized in profit or loss	other comprehensive income		
Temporary differences					
Gains (losses) on foreign exchange	\$1,932	\$(6,729)	\$-	\$-	\$(4,797)
Unrealized intragroup profits and losses	80,710	(20,910)	-	-	59,800
Inventory valuation and obsolescence loss	12,875	34,236	-	-	47,111
Net defined benefit liabilities - non-current	3,409	155	557	-	4,121
Other payables (non-leave bonus, etc.)	867	-	-	-	867
Deferred tax benefit (expense)		<u>\$6,752</u>	<u>\$557</u>	<u>\$-</u>	

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

	Beginning balance	Recognized in		Exchange differences	Ending balance
		Recognized in profit or loss	other comprehensive income		
Net deferred tax assets	\$99,793				\$107,102
Reflected in balance sheet as follows:					
Deferred tax assets	\$99,793				\$111,899
Deferred tax liabilities	\$-				\$4,797

2022

	Beginning balance	Recognized in		Exchange differences	Ending balance
		Recognized in profit or loss	other comprehensive income		
Temporary differences					
Gains (losses) on foreign exchange	\$1,638	\$294	\$-	\$-	\$1,932
Unrealized intragroup profits and losses	21,766	58,944	-	-	80,710
Inventory valuation and obsolescence loss	15,009	(2,134)	-	-	12,875
Net defined benefit liabilities - non-current	8,405	(2,289)	(2,707)	-	3,409
Other payables (non- leave bonus, etc.)	867	-	-	-	867
Deferred tax benefit (expense)		\$54,815	\$(2,707)	\$-	
Net deferred tax assets	\$47,685				\$99,793
Reflected in balance sheet as follows:					
Deferred tax assets	\$47,685				\$99,793
Deferred tax liabilities	\$-				\$-

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

distributed in the foreseeable future. As of December 31, 2023 and 2022, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to \$2,969,804 thousand and \$2,953,014 thousand, respectively.

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>	<u>Notes</u>
The Company	Assessed and approved up to 2021	None

(XXI) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company 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 Company 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.

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
1. Basic earnings per share		
Net profit (in thousands)	\$919,041	\$1,066,244
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	121,883	122,648
Basic earnings per share (\$)	\$7.54	\$8.69
2. Diluted earnings per share		
Net profit (in thousands)	\$919,041	\$1,066,244
Weighted average number of ordinary	121,883	122,648

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

	For the years ended December 31	
	2023	2022
shares outstanding for basic earnings per share (in thousands)		
Effect of dilution:		
Employee bonus - stock (in thousands)	346	674
Weighted average number of ordinary shares outstanding after dilution (in thousands)	122,229	123,322
Diluted earnings per share (\$)	\$7.52	\$8.65

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.

VII. Related Party Transactions

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
PEGATRON Corporation	The parent company
ASIAROCK TECHNOLOGY LIMITED	The Company's subsidiary
ASRock Europe B.V.	The Company's subsidiary
ASRock America Inc.	The Company's subsidiary
ASRock Rack Incorporation	The Company's subsidiary
ASRock Industrial Computer Corporation	The Company's subsidiary
ASJade Technology Incorporation	The Company's subsidiary
AS FLY Travel Service Co., Ltd.	Substantive related party

Material transactions with related parties

(I) Sales

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

	For the years ended	
	December 31	
	2023	2022
Subsidiaries		
ASRock America Inc.	\$4,174,621	\$4,206,122
ASRock Europe B.V.	4,174,702	2,423,551
ASIA ROCK TECHNOLOGY LIMITED	68,856	185,414
Others	754	2,354
Total	\$8,418,933	\$6,817,441

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 45 to 90 days. The collection period for non-related parties sales were TT or 1 to 3 months from FOB shipping point. The outstanding balance at the end of the year was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(II) Purchases

	For the years ended	
	December 31	
	2023	2022
Subsidiaries		
ASIA ROCK TECHNOLOGY LIMITED	\$12,314,828	\$10,419,821
Others	20,209	18,302
Total	\$12,335,037	\$10,438,123

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 TT or 1 to 3 months.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(III) Accounts receivable - related parties

	December 31, 2023	December 31, 2022
Subsidiaries		
ASRock America Inc.	\$1,681,803	\$2,011,561
ASRock Europe B.V.	258,626	55,939
ASIA ROCK TECHNOLOGY LIMITED	-	176,151
Others	133	108
Total	<u>\$1,940,562</u>	<u>\$2,243,759</u>

(IV) Prepayments

	December 31, 2023	December 31, 2022
Parent company	<u>\$262</u>	<u>\$891</u>

(V) Other current assets

	December 31, 2023	December 31, 2022
Subsidiaries		
ASIA ROCK TECHNOLOGY LIMITED	\$6,452	\$-
ASRock America Inc.	1,863	990
ASRock Rack Incorporation	91	25,527
Others	216	232
Total	<u>\$8,622</u>	<u>\$26,749</u>

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(VI) Accounts payable - related parties

	December 31, 2023	December 31, 2022
Subsidiaries		
ASIAROCK TECHNOLOGY LIMITED	\$2,912,737	\$985,859
Others	13,070	621
Total	<u>\$2,925,807</u>	<u>\$986,480</u>

(VII) Other payables

	December 31, 2023	December 31, 2022
Parent company	\$1,616	\$1,187
Subsidiaries		
ASRock America Inc.	3,203	1,243
ASIAROCK TECHNOLOGY LIMITED	1,480	861
ASRock Industrial Computer Corporation	-	384
Total	<u>\$6,299</u>	<u>\$3,675</u>

(VIII) Other current liabilities

	December 31, 2023	December 31, 2022
Parent company	\$-	\$3
Subsidiaries		
ASRock America Inc.	133,572	230,137
ASIAROCK TECHNOLOGY LIMITED	-	175,118
Total	<u>\$133,572</u>	<u>\$405,258</u>

(IX) Operating expenses

	For the years ended December 31	
	2023	2022
Parent company	\$4,695	\$4,294
Subsidiary		
ASRock Europe B.V.	285	1,081
Other related parties	51	79
Total	<u>\$5,031</u>	<u>\$5,454</u>

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(X) Manufacturing expenses

	For the years ended December 31	
	2023	2022
Parent company	\$-	\$5

(XI) Other income

	For the years ended December 31	
	2023	2022
Parent company	\$1,003	\$1,000
Subsidiaries		
ASIAROCK TECHNOLOGY LIMITED	7,486	13,267
ASRock Rack Incorporation	5,166	48,460
Others	-	1,119
Total	\$13,655	\$63,846

(XII) Property transaction

Acquisition of intangible assets:

		For the years ended December 31	
	Assets	2023	2022
Parent company	Computer software	\$673	\$667

The price for the purchase of computer software by the Company from the parent company was negotiated by both parties with reference to market conditions.

Sale of fixed assets:

2022:

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

<u>Related parties</u>	<u>Assets</u>	<u>Sale Price</u>	<u>Gain (loss) of disposal</u>
Subsidiaries	Machinery and equipment	\$174	\$-

(XIII) Key management personnel compensation

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$71,067	\$68,614
Post-employment benefits	962	885
Share-based payment	(1,212)	4,135
Total	<u>\$70,817</u>	<u>\$73,635</u>

VIII. Pledged Assets

None.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2023, the Company recorded customs duties of \$5,000 thousand.

X. Major Disaster Losses

None.

XI. Material Subsequent Events

None.

XII. Others

(I) Category of financial instruments

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Financial assets

	December 31, 2023	December 31, 2022
Financial asset measured at fair value through other comprehensive income	\$20,000	\$-
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	1,677,485	1,757,078
Financial assets measured at amortized cost	970,000	90,000
Trade receivables	2,518,390	2,653,853
Other receivables	25,206	172,616
Subtotal	5,191,081	4,673,547
Total	\$5,211,081	\$4,673,547

Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:		
Short-term loans	\$-	\$625,000
Accounts payable	2,990,451	1,042,708
Lease liabilities	46,446	23,055
Other payables	456,379	416,524
Total	\$3,493,276	\$2,107,287

(II) Financial risk management objectives and policies

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

The Company 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. During the execution of the financial management activities, the Company is required to ensure compliance with the relevant requirements of financial risk management as prescribed.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(III) 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 mainly currency, interest rate risk and other price risks (such as equity instrument).

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

The Company 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 Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company'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:

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased/increased by \$10,668 thousand and \$31,722 thousand, respectively, the equity is decreased/increased by \$43,146 thousand and \$41,655 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company'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 years ended December 31, 2023 and 2022 to increase and decrease by \$2,969 thousand and \$325 thousand, respectively.

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

Credit risk is managed by each business unit subject to the Company'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 Company's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

As of December 31, 2023 and 2022, amounts receivables from top ten customers represent 90.69% and 91.82% of the total trade receivables of the Company, 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 Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and without contract performance concern. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. The Company 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 Company 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.

(V) Liquidity risk management

The Company's objective is to maintain financial flexibility through the use of cash and cash equivalents, highly liquid equity investments, and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity.

Non-derivative financial liabilities

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
December 31, 2023					
Short-term loans	\$-	\$-	\$-	\$-	\$-
Accounts payable	2,990,451	-	-	-	2,990,451
Lease liabilities	19,069	28,426	-	-	47,495
Other payables	456,379	-	-	-	456,379
December 31, 2022					
Short-term loans	\$627,092	\$-	\$-	\$-	\$627,092
Accounts payable	1,042,708	-	-	-	1,042,708
Lease liabilities	10,167	10,359	2,831	-	23,357
Other payables	416,524	-	-	-	416,524

(VI) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Lease liabilities	Liabilities from financing gross
January 1, 2023	\$625,000	\$23,055	\$648,055
Cash flow	(625,000)	(20,257)	(645,257)
Non-cash change	-	43,648	43,648
December 31, 2023	\$-	\$46,446	\$46,446

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Lease liabilities	Liabilities from financing gross
January 1, 2022	\$-	\$30,145	\$30,145
Cash flow	625,000	(16,692)	608,308
Non-cash change	-	9,602	9,602
December 31, 2022	\$625,000	\$23,055	\$648,055

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(VII) Fair value of financial instruments

1. 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 Company to measure or disclose the fair values of financial assets and financial liabilities:

- (1) The carrying amount of cash and cash equivalents, trade receivables, payables and other payables approximate their fair value mainly due to their short maturities.
- (2) 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.

2. Fair value of financial instruments measured at amortized cost

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

3. Information on the financial instrument fair value hierarchy

See Note XII, (VIII) for the information on the Company's financial instrument fair value hierarchy.

(VIII) Fair value hierarchy

1. Definitions of fair value levels

All assets and liabilities measured or disclosed at fair value are the lowest level inputs, which are important to the overall fair value measurement, classified to the fair value levels to which they belong. The input at each level is as follows:

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.

Level 2: Inputs, other than quoted market prices within Level 1 that are observable, either directly or indirectly, for assets or liabilities.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, the classification is reevaluated at the end of each reporting period to determine whether there is a transfer between the fair value levels.

2. Information on the hierarchy of fair value measurement

The Company does not have assets measured at fair value on a non-recurring basis. The information on the fair value levels of assets and liabilities on a recurring basis is shown below:

December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial asset measured at fair value through other comprehensive income				
Stocks	\$-	\$-	\$20,000	\$20,000

Transfer between Level 1 and Level 2 fair values

The Company's assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2023 and 2022 were not transferred between Level 1 and Level 2.

Details of movements at Level 3 fair value on a recurring basis

If the Company's assets and liabilities measured at fair value on a recurring basis that belong to Level 3 fair value, the reconciliation of the opening and ending balances is listed as follows:

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

	<u>Assets</u>
	Measured at fair value through other comprehensive income
	<u>Stocks</u>
January 1, 2023	\$-
Acquired in 2023	20,000
December 31, 2023	<u>\$20,000</u>

Significant unobservable Level 3 fair value inputs

Regarding the Company's assets at Level 3 fair value on a recurring basis, the significant unobservable inputs at fair value are as follows:

The fair values of unlisted stocks are estimated using a market approach or an asset-based approach. Regarding a market approach, the fair value of a stock is calculated by referring to the market transaction prices of comparable companies with business and industry attributes similar to the stock invested, with their liquidity discount parameters considered. As for an asset-based approach, the total value of individual assets and individual liabilities of a company with its stock to be invested is valued to reflect the total worth of the company or business, and the company's equity value is measured at the fair value of its net assets.

Valuation process for Level 3 fair value

The Company's management is responsible for fair value verification, using data from independent sources to bring the valuation results closer to the market, confirming that the sources of the data are independent, reliable, consistent with other resources and represent executable prices, while analyzing the changes in the value of assets and liabilities that must be remeasured or re-valuated in accordance with the Company's accounting policies at each balance date, to ensure that the valuation results are reasonable.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(IX) Information on foreign currency financial assets and liabilities with significant impact

The Company's information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: thousands of NTD			
December 31, 2023			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$133,190	30.725	\$4,092,269
<u>Financial liabilities</u>			
Monetary items:			
USD	98,470	30.725	3,025,477
December 31, 2022			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$138,622	30.7175	\$4,258,121
<u>Financial liabilities</u>			
Monetary items:			
USD	35,351	30.7175	1,085,894

Since there were various functional currencies used within the subsidiaries of the Company, the Company was unable to disclose foreign exchange (losses) gains towards each foreign currency with significant impact. The realized and unrealized foreign exchange (losses) gains was \$(61,701) thousand and \$136,042 thousand for the years ended December 31, 2023 and 2022, respectively.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

(X) Capital management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. Others/Additional

(I) Relevant information on significant transactions

1. Loaning to others: None.
2. Endorsement/Guarantee for others: Please refer to Attachment 1.
3. Marketable securities held at the end of the period: Please refer to Attachment 2.
4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20 percent of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20 percent of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of \$300 million or 20 percent of the capital stock: None.
7. 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 3.
8. Receivables from related parties with amounts exceeding the lower of \$100 million or 20 percent of capital stock: Please refer to Attachment 4.

Notes to the Parent Company Only Financial Statements of
ASRock Incorporation (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

9. Financial instruments and derivative transactions: None.
10. 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 5.

(II) Information on investees

Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: Please refer to Attachment 6.

(III) Investment in Mainland China

None.

(IV) Information on major shareholders

Shareholding Name of major shareholders	Number of shareholding (share)	Ratio of shareholding (%)
Asus Investment Co., Ltd.	57,217,754	47.03%
Asustek Investment Co., Ltd.	7,453,405	6.12%
Hong hung Investment Limited	6,526,897	5.36%

Notes to the Parent Company Only Financial Statements of ASRock Incorporation (continued)

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

ATTACHMENT 1, Endorsement/ Guarantee for Others

Unit: thousands of NTD

No.	Name of the Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Endorsement/ Guarantee Balance for the Period	Endorsement/ Guarantee Balance in this period	Amount Actually Drawn	Amount of Endorsement/ Guarantee by Properties	Ratio of Accumulated Endorsement/Guarantee Amount to the Net Equity in the Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 4)	Endorsement Provided by Parent Company to Subsidiaries	Endorsement Provided by Subsidiaries to Parent Company	Endorsement Provided to Entities in Mainland
		Company Name	Nature of Relationship (Note 2)										
0	ASRock Incorporation	ASIARock Technology Limited. (Note 1)	(2)	\$5,686,032	\$2,593,960	\$2,458,000	\$1,861,935	\$-	30.26%	\$5,686,032	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
- (2) The subsidiaries are coded starting from "1" in the order, and the code of the same company should be the same.

Note 2: The relationship between the endorser and the endorsee can be divided into the following seven categories, which can be indicated as follows:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% 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 table is foreign currency, it shall be converted into NTD at the exchange rate as stated in the 2023Q4 financial report (December 31, 2023), and the spot exchange rate of December 31, 2023 is USD/NTD 30.725.

Notes to the Parent Company Only Financial Statements of ASRock Incorporation (continued)

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

ATTACHMENT 2, Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures)

Unit: thousands of NTD

Company	Types and Names of Securities	Relations with Issuer of Securities	Account	End of the Period				Notes
				Number of Shares	Carrying Amount	Ratio of Shareholding	Fair Value	
ASRock Incorporation	Stock of Zhuhe Investment Co., Ltd.	Other related parties	Financial asset measured at fair value through other comprehensive income - non-current	2,000,000	\$20,000	11.76%	\$20,000	-

Notes to the Parent Company Only Financial Statements of ASRock Incorporation (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 3, Related Party Transactions for Purchases and Sales Amounts to NT\$100 million or more than 20% of the Paid-in Capital

Unit: thousands of NTD

Purchaser/seller Company Name	Name of Counterparty	Relationship (Note 4)	Transaction Details				Details of Non-arm's Length Transactions (Note 1)		Notes and Accounts Receivable (Payable)		Remarks (Note 2)
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes (Accounts) Receivable and Accounts Payable	
ASRock Incorporation	ASRock Europe B.V.	1	(Sales)	\$(4,174,702)	(29.10%)	45 days	Same as other clients	Same as other clients	\$258,626	10.24%	
"	ASRock America Inc.	1	(Sales)	(4,174,621)	(29.10%)	90 days	Same as other clients	Same as other clients	1,681,803	66.58%	
ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	(Sales)	(12,336,665)	(87.51%)	90 days	Same as other clients	Same as other clients	2,956,639	85.93%	
"	ASRock Rack Incorporation	3	(Sales)	(971,746)	(6.89%)	60 days	Same as other clients	Same as other clients	232,107	6.75%	
"	ASRock Industrial Computer Corporation	3	(Sales)	(395,886)	(2.81%)	60 days	Same as other clients	Same as other clients	134,098	3.90%	
ASRock Rack Incorporation	ASRock America Inc.	3	(Sales)	(300,497)	(10.98%)	90 days	Same as other clients	Same as other clients	109,501	27.73%	
"	ASRock Europe B.V.	3	(Sales)	(138,239)	(5.05%)	60 days	Same as other clients	Same as other clients	12,119	3.07%	
"	PEGATRON Corporation	2	(Sales)	(138,343)	(5.05%)	60 days	Same as other clients	Same as other clients	24,177	6.12%	
ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	(Sales)	(241,413)	(17.24%)	60 days	Same as other clients	Same as other clients	-	0.00%	
"	ASRock America Inc.	3	(Sales)	(137,432)	(9.82%)	60 days	Same as other clients	Same as other clients	8,350	6.89%	

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 the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity attributable to the owners of the parent company on the balance sheet.

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.)

For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

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

Notes to the Parent Company Only Financial Statements of ASRock Incorporation (continued)

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

ATTACHMENT 4, Receivables from Related Parties with amounts exceeding the lower of \$100 million or 20% of Capital Stock

Unit: thousands of NTD

Company Under the Accounts Receivable	Name of Counterparty	Relationship (Note 3)	Ending Balance of Receivables from Related Parties (Note 1)	Turnover	Overdue Receivable		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Handling Method		
ASRock Incorporation	ASRock Europe B.V.	1	\$258,626	26.54	\$-	-	\$60,263	\$-
"	ASRock America Inc.	1	1,681,803	2.26	-	-	225,397	-
ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	2,956,639	6.19	-	-	-	-
"	ASRock Rack Incorporation	3	232,107	3.11	-	-	-	-
"	ASRock Industrial Computer Corporation	3	134,098	2.08	-	-	9,979	-
ASRock Rack Incorporation	ASRock America Inc.	3	109,501	2.80	-	-	-	-

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 the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity attributable to the owners of the parent company on the balance sheet.

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.)
For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

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

Notes to the Parent Company Only Financial Statements of ASRock Incorporation (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 5, Business Relationship, and significant transactions and amounts between the Parent and its Subsidiaries and between each Subsidiary

Unit: thousands of NTD

No. (Note 1)	Name of Trader	Counterparty	Relationship (Note 2)	Transaction Details			
				Ledger Account	Amount (Note 4)	Terms	Percentage of Consolidated Total Operating Revenues or Total Assets (Note 3)
0	ASRock Incorporation	ASRock Europe B.V.	1	Sales	\$4,174,702	Same as other clients	21.98%
				Accounts receivable	258,626	45 days	1.80%
	"	ASRock America Inc.	1	Sales	4,174,621	Same as other clients	21.98%
				Accounts receivable	1,681,803	90 days	11.70%
1	ASIA ROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	Sales	12,336,665	Same as other clients	64.96%
				Accounts receivable	2,956,639	90 days	20.57%
				"	ASRock Rack Incorporation	3	Sales
Accounts receivable	232,107	60 days	1.61%				
	"	ASRock Industrial Computer Corporation	3	Sales	395,886	Same as other clients	2.08%
				Accounts receivable	134,098	60 days	0.93%
2	ASRock Rack Incorporation	ASRock America Inc.	3	Sales	300,497	Same as other clients	1.58%
				Accounts receivable	109,501	90 days	0.76%
				"	ASRock Europe B.V.	3	Sales
Accounts receivable	12,119	60 days	0.08%				
	"	PEGATRON Corporation	2	Sales	138,343	Same as other clients	0.73%
				Accounts receivable	24,177	60 days	0.17%
3	ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	Sales	241,413	Same as other clients	1.27%
				Accounts receivable	-	60 days	0.00%
				"	ASRock America Inc.	3	Sales
Accounts receivable	8,350	60 days	0.06%				

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered according to the following:

1. For the parent company, fill in 0.
2. The subsidiaries are coded starting from "1" in the order.

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.)
For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

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.

Notes to the Parent Company Only Financial Statements of ASRock Incorporation (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 6, Information on Investees

Unit: thousands of NTD

Investor Company	Investee Company (Note 1, Note 2(1))	Location	Main Business Items	Initial Investment Amount		Investment Held at the End of the Period			Investee Company Net Income (Loss) of Investee Company (Note 2 (2))	Investment Income Recognized for the Current Period (Note 2(3))	Notes
				At the End of the Period	End of Last Year	Number of Shares	Proportion	Carrying Amount			
ASRock Incorporation	ASRock Rack Incorporation	Taiwan	Manufacture and sales of computers and peripheral equipment.	\$390,240	\$390,240	34,595,984	57.27%	\$479,373	\$7,907	\$2,107	
"	ASIAROCK TECHNOLOGY LIMITED	British Virgin Islands	Investment holding on other business.	1,320,886	1,320,886	40,000,000	100.00%	3,802,566 (Note 3)	16,790	(17,231)	
"	LEADER INSIGHT HOLDINGS LTD.	British Virgin Islands	Investment holding on other business.	71,559	71,559	2,100,000	100.00%	191,130	133,187	133,187	
"	ASRock Industrial Computer Corporation	Taiwan	Manufacture and sales of computers and peripheral equipment.	239,683	239,683	37,281,196	60.10%	567,221	169,166	104,851	
"	ASJade Technology Incorporation	Taiwan	Service of computer software.	216,563	216,563	17,325,000	82.50%	122,430	(66,301)	(54,699)	
"	Soaring Asia Limited Total	Hong Kong	International trade.	592	592	150,000	100.00%	595	4	4	
										168,219	
ASIAROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	The Netherlands	Data storage and electronic material sales, international trade, etc.	5,820	5,820	200,000	100.00%	764,138	26,021	26,021	
"	CALROCK HOLDINGS, LLC	U.S.A.	Renting office building.	60,000	60,000	2,000,000	100.00%	64,140	(865)	(865)	
"	Orbweb Inc. (BVI)	British Virgin Islands	Computer equipment installation and peripheral equipment wholesale and service.	29,900	29,900	4,000,000	27.59%	-	(2,241)	-	
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	British Virgin Islands	Investment holding on other business.	61,500	61,500	2,050,000	100.00%	191,081	133,187	133,187	
FIRSTPLACE INTERNATIONAL LTD.	ASRock America Inc.	U.S.A.	Data storage and electronic material sales, international trade, etc.	60,000	60,000	2,000,000	100.00%	190,033	133,173	133,173	
ASJade Technology Incorporation	ASJade Technology Japan Inc.	Japan	Sales of charging pile, etc.	1,087	-	500	100.00%	1,084	(3)	(3)	

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 NT\$4,101,564 thousand + deferred credit NT\$(298,998) thousand.

ASROCK INCORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

For the year ended December 31, 2023

Item	Index/ statement
Major Accounting Items in Assets, Liabilities and Equity	
Statement of Cash and Cash Equivalents	212
Statement of Financial Assets Measured at Amortized Cost - current	213
Statement of Accounts Receivable, net	214
Statement of Inventories	215
Statement of Prepayment	216
Statement of Other Current Assets	217
Statement of Financial Asset Measured at Fair Value Through Other Comprehensive Income - non-current	218
Statement of Changes in Investments Accounted for Using Equity Method	219
Statement of Changes in Property, Plant and Equipment	Note VI(VII)
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipmer	Note VI(VII)
Statement of Changes in Right-of-Use Assets	220
Statement of Changes in Accumulated Depreciation of Right-of-Use Assets	221
Statement of Changes in Intangible Assets	Note VI(VIII)
Statement of Deferred Income Tax Assets / Liabilities	Note VI(XXII)
Statement of Guarantee Deposit	222
Statement of Accounts Payables	223
Statement of Other Payables	224
Statement of Lease Liabilities	225
Statement of Other Current Liabilities	226
Statement of Other Non-Current Liabilities	227
Major Accounting Items in Profit or Loss	
Statement of Operating Revenues	228
Statement of Operating Cost	229
Statement of Selling Expenses	230
Statement of Management Expenses	231
Statement of R&D Expenses	232
Statement of Expected Credit Losses	Note VI(XV)
Statement of Finance Costs	Note VI(XVIII)
Statement of Employee Benefits, Depreciation and Amortization by Function	Note VI(XVII)

ASRock Incorporation
1. Statement of Cash and Cash Equivalents
December 31, 2023

Unit: thousands of NTD
(In dollars of Foreign Currency)

Item	Description	Amount	Notes
Cash on hand	Petty Cash	\$355	
Cash in banks			
Demand Deposits		81,293	
Foreign Currency Deposits	USD 3,456,717	106,208	Exchange rate: 30.725
	JPY 148,851	32	Exchange rate: 0.2173
	CNY 36	-	Exchange rate: 4.3380
Checking Accounts		514	
Subtotal		<u>188,047</u>	
Time deposits			
Taipei Fubon Bank			
USD 10,500,000	(2023.11.23-2024.01.25, Interest Rate at 5.60%, Fixed Interest Rate)	322,613	Exchange rate: 30.725
USD 10,000,000	(2023.12.21-2024.02.22, Interest Rate at 5.60%, Fixed Interest Rate)	307,250	
USD 6,000,000	(2023.12.28-2024.01.04, Interest Rate at 5.26%, Fixed Interest Rate)	184,350	
Land Bank of Taiwan			
NTD 30,000	(2023.12.28-2024.03.01, Interest Rate at 1.10%, Variable Interest Rate)	30,000	
Subtotal		<u>844,213</u>	
Cash equivalents			
International Bills Finance Corporation			
USD 10,000,000	(2023.11.02-2024.01.25, Interest Rate at 5.58%, Fixed Interest Rate)	307,250	Exchange rate: 30.725
USD 5,500,000	(2023.11.30-2024.02.22, Interest Rate at 5.57%, Fixed Interest Rate)	168,987	
USD 5,500,000	(2023.10.26-2024.01.04, Interest Rate at 5.51%, Fixed Interest Rate)	168,988	
Subtotal		<u>645,225</u>	
Total		<u>\$1,677,840</u>	

ASRock Incorporation

2. Statement of Financial Assets Measured at Amortized Cost - current

December 31, 2023

Unit: thousands of NTD

(In dollars of Foreign Currency)

Name	Description	Quantity	Par Value	Total	Interest Rate	Accumulated Impairment Loss	Notes
<u>Time deposit - Current</u>							
Land Bank of Taiwan	2023.06.29-2024.01.11			\$40,000	Interest Rate at 1.335%, Variable Interest Rate	\$-	
	2023.08.10-2024.01.11			55,000	Interest Rate at 1.160%, Variable Interest Rate		
	2023.08.17-2024.01.11			80,000	Interest Rate at 1.160%, Variable Interest Rate		
	2023.09.21-2024.01.11			25,000	Interest Rate at 1.160%, Variable Interest Rate		
Taipei Fubon Bank	2023.11.16-2024.07.18			220,000	Interest Rate at 1.330%, Variable Interest Rate		
	2023.12.14-2024.07.18			130,000	Interest Rate at 1.330%, Variable Interest Rate		
	2023.12.21-2024.07.18			150,000	Interest Rate at 1.330%, Variable Interest Rate		
	2023.12.28-2024.07.18			270,000	Interest Rate at 1.330%, Variable Interest Rate		
Total				<u>\$970,000</u>			

ASRock Incorporation

3. Statement of Accounts Receivable, net

December 31, 2023

Unit: thousands of NTD

Client	Description	Amount	Notes
<u>Non-related parties</u>			
Client A	Payments for Sellings Goods	\$76,513	
Client B	"	50,402	
Client C	"	48,603	
Client D	"	46,784	
Client E	"	36,747	
Client F	"	32,198	
Client G	"	31,636	
Others	The amount of individual item does not exceed 5% of the account balance.	262,451	
Subtotal		585,334	
Less: loss allowances		(7,506)	
Net		577,828	
<u>Related parties</u>			
ASRock America Inc.	Payments for Sellings Goods	1,681,803	
ASRock Europe B.V.	"	258,626	
Others	The amount of individual item does not exceed 5% of the account balance.	133	
Subtotal		1,940,562	
Less: loss allowances		-	
Net		1,940,562	
Total		<u>\$2,518,390</u>	

ASRock Incorporation
4. Statement of Inventories
December 31, 2023

Unit: thousands of NTD

Item	Description	Amount		Notes
		Costs	Net realizable value	
Finished products		\$1,355,787	\$1,516,774	1. There is no guarantee provided in the inventory listed on the left.
Work in process		242,415	243,900	
Raw materials		26,997	28,826	2. The comparison between inventory cost and net realizable value is based item by item basis.
Total		<u>1,625,199</u>	<u>\$1,789,500</u>	
Less: allowance for inventory obsolescence valuation losses		<u>(235,555)</u>		
Net		<u>\$1,389,644</u>		

ASRock Incorporation
5. Statement of Prepayment
December 31, 2023

Unit: thousands of NTD

Item	Description	Amount	Notes
Overpaid sales tax		\$22,577	
Other prepaid expenses	Prepaid insurance	5,359	
Office supplies		2,411	
Total		<u>\$30,347</u>	

ASRock Incorporation
6. Statement of Other Current Assets
December 31, 2023

Unit: thousands of NTD

Item	Description	Amount	Notes
Other receivables	Receivables from interest and other income	\$25,206	
Temporary payments	Temporary payment of taxes, building management fees and meal expenses, etc.	8,621	
Payment on behalf of others	Rent payment on behalf of another party, management fees, utilities expense, etc.	218	
Total		<u>\$34,045</u>	

ASRock Incorporation

7. Statement of Financial Asset Measured at Fair Value Through Other Comprehensive Income - non-current

For the years ended December 31, 2023

Unit: thousands of NTD

Name	Beginning balance		Increase for the current period		Decrease for the current period		Ending balance		Endorsements/ guarantees provided	Notes
	Number of shares/unit (thousand shares/unit)	Carrying amount	Number of shares/unit (thousand shares/unit)	Amount	Number of shares/unit (thousand shares/unit)	Amount	Number of shares/unit (thousand shares/unit)	Carrying amount		
Zhuhe Investment Co., Ltd.	-	\$-	2,000	\$20,000	-	\$-	2,000	\$20,000	None	
Total		<u>\$-</u>		<u>\$20,000</u>		<u>\$-</u>		<u>\$20,000</u>		

ASRock Incorporation
8. Statement of Changes in Investments Accounted for Using Equity Method
For the years ended December 31, 2023

Unit: thousands of NTD

Investee company	Beginning balance		Increase for the current period		Decrease for the current period		Ending balance			Market value or net assets value		Endorsements/ guarantees provided	Notes
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Ratio of shareholding	Amount	Unit Price	Total		
<u>Investments accounted for using equity method</u>													
ASRock Rack Incorporation	30,884,308	\$501,788	3,711,676	\$12,831 (Note 1)	-	\$(35,246) (Note 2)	34,595,984	57.27%	\$479,373	\$13.86	\$479,373	None	
ASIAROCK TECHNOLOGY LIMITED	40,000,000	3,714,463	-	105,334 (Note 3)	-	(17,231) (Note 4)	40,000,000	100.00%	3,802,566	95.06	3,802,566	None	
LEADER INSIGHT HOLDINGS LIMITED	2,100,000	59,664	-	133,187 (Note 5)	-	(1,721) (Note 6)	2,100,000	100.00%	191,130	91.01	191,130	None	
ASRock Industrial Computer Corporation	31,064,410	591,297	6,216,786	110,217 (Note 7)	-	(134,293) (Note 8)	37,281,196	60.10%	567,221	15.21	567,221	None	
ASJade Technology Incorporation	17,325,000	172,490	-	4,639 (Note 9)	-	(54,699) (Note 10)	17,325,000	82.50%	122,430	7.07	122,430	None	
Soaring Asia Limited	150,000	592	-	4 (Note 11)	-	(1) (Note 12)	150,000	100.00%	595	3.97	595	None	
Total		<u>\$5,040,294</u>		<u>\$366,212</u>		<u>\$(243,191)</u>			<u>\$5,163,315</u>				

Note 1: resulted by gain on investment accounted for using equity method of \$2,107 and capital surplus accounted for using equity method of \$10,724.

Note 2: resulted by decrease of \$35,246 due to the distribution of cash dividends.

Note 3: resulted by unrealized gross profit of \$104,551 and accumulated translation adjustment of \$783.

Note 4: resulted by loss on investment accounted for using equity method of \$17,231.

Note 5: resulted by gain on investment accounted for using equity method of \$133,187.

Note 6: resulted by accumulated translation adjustment of \$1,721.

Note 7: resulted by gain on investment accounted for using equity method of \$104,851 and capital surplus accounted for using equity method of \$5,366.

Note 8: resulted by decrease in cash dividends of \$126,351 and decrease in capital surplus of \$7,942 due to failure to subscribe for employee stock options in accordance with the original shareholding ratio.

Note 9: resulted by capital surplus accounted for using equity method of \$4,639.

Note 10: resulted by loss on investment accounted for using equity method of \$54,699.

Note 11: resulted by gain on investment accounted for using equity method of \$4.

Note 12: resulted by accumulated translation adjustment of \$1.

ASRock Incorporation

9. Statement of Changes in Right-of-Use Assets

For the years ended December 31, 2023

Unit: thousands of NTD

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance	Notes
Item A	\$9,383	\$-	\$-	\$9,383	
Item B	3,657	-	3,657	-	
Item C	21,191	-	-	21,191	
Item D	15,133	-	15,133	-	
Item E	-	42,858	-	42,858	
Total	<u>\$49,364</u>	<u>\$42,858</u>	<u>\$18,790</u>	<u>\$73,432</u>	

ASRock Incorporation

10. Statement of Changes in Accumulated Depreciation and Accumulated Impairment of Right-of-Use Assets

For the years ended December 31, 2023

Unit: thousands of NTD

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance	Notes
Item A	\$1,173	\$4,692	\$-	\$5,865	The increases in this period are all depreciation expenses recognized using the straight-line method.
Item B	3,541	116	3,657	-	
Item C	8,531	3,302	-	11,833	
Item D	13,242	1,891	15,133	-	
Item E	-	9,741	-	9,741	
Total	<u>\$26,487</u>	<u>\$19,742</u>	<u>\$18,790</u>	<u>\$27,439</u>	

ASRock Incorporation

11. Statement of Guarantee Deposit

December 31, 2023

Unit: thousands of NTD

Item	Description	Amount	Notes
<u>Guarantee deposits paid</u>			
Item A	Vehicle rental deposit	\$5,520	
Item B	Office rental deposit	4,701	
Item C	Vehicle rental deposit	2,480	
Item D	Lease deposit	1,188	
Item E	Vehicle rental deposit	1,110	
Item F	Vehicle rental deposit	1,090	
Other	The amount of individual item does not exceed 5% of the account balance.	<u>1,066</u>	
Total		<u><u>\$17,155</u></u>	

ASRock Incorporation

12. Statement of Accounts Payables

December 31, 2023

Unit: thousands of NTD

Client	Description	Amount	Notes
<u>Non-related parties</u>			
Others	The amount of individual item does not exceed 5% of the account balance.	\$64,644	
<u>Related parties</u>			
ASIAROCK TECHNOLOGY LIMITED	Payments for buying goods	2,912,737	
Others	The amount of individual item does not exceed 5% of the account balance.	13,070	
Subtotal		<u>2,925,807</u>	
Total		<u><u>\$2,990,451</u></u>	

ASRock Incorporation
13. Statement of Other Payables
December 31, 2023

Unit: thousands of NTD

Item	Description	Amount	Notes
Salaries and bonuses payable		\$264,041	
Remuneration payable to employees, and directors and supervisors		97,735	
Freight payable		26,998	
Others	The amount of individual item does not exceed 5% of the account balance.	67,605	
Total		<u>\$456,379</u>	

ASRock Incorporation

14. Statement of Lease Liabilities

December 31, 2023

Unit: thousands of NTD

Item	Description	Lease period	Discount rate	Ending balance	Notes
<u>Lease liabilities - current</u>					
Item C	Houses and buildings	2020.06.01-2026.10.31	0.90%	\$3,328	
Item D	Houses and buildings	2021.11.01-2023.02.28	0.69%	-	
Item A	Houses and buildings	2022.09.01~2024.09.30	1.23%	3,550	
Item E	Houses and buildings	2023.03.01~2026.10.31	1.98%	11,571	
Subtotal				18,449	
<u>Lease liabilities - non-current</u>					
Item C	Houses and buildings	2020.06.01-2026.10.31	0.90%	6,180	
Item D	Houses and buildings	2021.11.01-2023.02.28	0.69%	-	
Item A	Houses and buildings	2022.09.01~2024.09.30	1.23%	-	
Item E	Houses and buildings	2023.03.01~2026.10.31	1.98%	21,817	
Subtotal				27,997	
Total				\$46,446	

ASRock Incorporation

15. Statement of Other Current Liabilities

December 31, 2023

Unit: thousands of NTD

Item	Description	Amount	Notes
Refund liabilities		\$205,502	
Contract liabilities		71,717	
Others	The amount of individual item does not exceed 5% of the account balance.	1,212	
Total		<u>\$278,431</u>	

ASRock Incorporation

16. Statement of Other Non-Current Liabilities

December 31, 2023

Unit: thousands of NTD

Item	Description	Amount	Notes
Net defined benefit liabilities	According to IAS19 provision for net defined benefit liability.	\$20,606	
Total		<u>\$20,606</u>	

ASRock Incorporation

17. Statement of Net Revenue

For the year ended December 31, 2023

Unit: thousands of NTD

Item	Quantity(PCS)	Domestic sales	Export sales	Total	Notes
Merchandise of computer peripheral	5,567,899	\$24,337	\$13,968,056	\$13,992,393	
Others	9,300,696	20,828	331,301	352,129	
Net operating revenues		<u>\$45,165</u>	<u>\$14,299,357</u>	<u>\$14,344,522</u>	

ASRock Incorporation

18. Statement of Operating Cost

For the year ended December 31, 2023

Unit: thousands of NTD

Item	Amount	Notes
Merchandise		
Add: Merchandise inventory, beginning of year	\$867,877	
Net purchase for the year	12,452,157	
Reclassified as fixed assets	285	
Less: Merchandise inventory, end of year	(1,350,625)	
Reclassified as office supplies	(29)	
Reclassified as expenses	(20,050)	
Cost of goods sold	11,949,615	
Cost of raw materials		
Add: Raw materials, beginning of year	24,703	
Raw material purchased	322,273	
Less: Raw materials, end of year	(26,997)	
Reclassified as office supplies	(683)	
Reclassified as expenses	(385)	
Raw materials used	318,911	
Manufacturing expenses	49,646	
Cost of manufacturing	368,557	
Add: Work in process, beginning of year	265,224	
Less: Work in process, end of year	(242,415)	
Reclassified as office supplies	(152)	
Reclassified as expenses	(867)	
Cost of finished goods	390,347	
Add: Finished goods, beginning of year	3,679	
Less: Finished goods, end of year	(5,162)	
Less: Others	(1)	
Cost of production and sales	388,863	
Other operating costs		
Loss from inventory obsolescence valuation loss	171,181	
Others	(310)	
Operating costs	\$12,509,349	

ASRock Incorporation

19. Statement of Selling Expenses

2023

Unit: thousands of NTD

Item	Description	Amount	Notes
Payroll expense		\$129,140	The balance of each expense account has not exceeded 5% of total account balance.
Advertisement expense		128,120	
Depreciation		78,386	
Others		82,761	
Total		<u>\$418,407</u>	

ASRock Incorporation

20. Statement of Management Expenses

2023

Unit: thousands of NTD

Item	Description	Amount	Notes
Payroll expense		\$117,568	The balance of each expense account has not exceeded 5% of total account balance.
Insurance expense		9,331	
Directors and supervisors compensation		8,885	
Others		41,906	
Total		<u>\$177,690</u>	

ASRock Incorporation

21. Statement of R&D Expenses

For the year ended December 31, 2023

Unit: thousands of NTD

Item	Description	Amount	Notes
Payroll expense		\$324,465	The balance of each expense account has not exceeded 5% of total account balance.
Raw material used		24,735	
Insurance expense		23,684	
Others		86,286	
Total		<u>\$459,170</u>	

Representation letter

The entities that are required to be included in the combined financial statements ASRock Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, ASRock Inc. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: ASRock Incorporation

Chairman: Hsu-Tien, Tung

March 6, 2024

Independent Auditor's Report

To ASRock Incorporation:

Opinion

We have audited the accompanying consolidated balance sheets of ASRock Incorporation (the "Company") and its subsidiaries (collectively the "Group") as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter), the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we are convinced that we have acquired sufficient and appropriate audit evidence to serve as the basis of audit opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory Valuation

The net carrying value of inventory as of December 31, 2023 for ASRock Incorporation and its subsidiaries amounted to \$6,376,125 thousand, which accounted for 44% of total assets and was significant to the consolidated financial statements. The Group's main business, the sale of motherboard products, are affected by market demand and changes. The management measured allowance for inventory obsolescence valuation losses based on market demands. The valuation involved management's significant judgment, we have therefore determined valuation on inventory a key audit matter. The audit procedures we performed regarding inventories valuation included but not limited to, understanding the program of estimating the allowance for inventory valuation, testing the effectiveness of relevant control. For the raw material and products, we selected samples and checked related certificates, to confirm the correctness of net realizable value that management used. In addition, we obtained and reviewed the full-year purchase and sales details of raw materials and products. For raw materials that are not frequently used and products with low sales volume, we referred to industry information and management to discuss the reasonableness of allowance for inventory valuation and obsolescence losses. We also considered the appropriateness of disclosure of inventories in Notes V and VI of the Group's consolidated financial statements.

Revenue recognition

The main source of revenue was from the sales of motherboard. Due to diversified pricing strategy, the orders and implied item in contracts usually included quantity discount and warranty, therefore the Group should determine the performance obligation and the timing of revenue recognition. Consequently, we considered that revenue recognition from contracts with customers is key audit matter. For revenue recognition, we have conducted audit procedures including but not limited to evaluating the design and operating effectiveness of internal controls with respect to the revenue cycle, selecting representative samples to conduct test of transactions by inspecting contracts approved by both parties, identifying the performance obligation, evaluating whether the transaction price were appropriately allocated to all the performance obligations in the contract in proportion to the stand-alone selling prices of each performance obligation, and confirming the correctness of timing when a performance obligation is satisfied. We also considered the appropriation of operating revenue disclosure in Notes IV, V and VI of consolidated financial statements.

Other Matter - Making Reference to the Audits of Component Auditors

We did not audit the financial statements of invested associates accounted for using the equity method by the Group, which were audited by other independent auditors. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The investment in the subsidiary accounted for using the equity method amounted to \$1,834,048 thousand and \$2,656,279 thousand, representing 12.76% and 17.99% of total assets as of December 31, 2023 and 2022. The related shares of the operation income amounted to \$5,124,647 thousand and \$6,656,063 thousand, representing 26.98% and 38.88% of the operation income of other comprehensive income as of December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditors' report that summarizes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the auditing conducted in accordance with the Standards on Auditing of the Republic of China will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material, if individually or aggregately, they can reasonably be expected to influence the economic decisions of financial statement users.

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Other

We have audited and expressed an unqualified opinion including Other Matter Paragraph on the parent company only financial statements of the Company for the years ended December 31, 2023 and 2022.

The engagement partners on the review resulting in this independent auditors' report are Chien-Ju, Yu and Hsuan-Hsuan, Wang.

Ernst & Young, Taiwan

March 6, 2024

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 audit 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 Standards on Auditing of 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.

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and 2022

Unit: thousands of NTD

Assets			December 31, 2023		December 31, 2022	
Code	Accounting items	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV and VI(I)	\$3,046,270	21	\$3,588,129	24
1136	Financial assets measured at amortized cost - current	IV, VI(III) and VI(XIV)	1,874,659	13	339,151	2
1170	Accounts receivable, net	IV, VI(IV) and VI(XIV)	1,925,911	14	1,606,534	11
1180	Accounts receivable - related parties, net	IV, VI(IV), VI(XIV) and VII	24,176	-	26,411	-
130x	Inventories, net	IV and VI(V)	6,376,125	44	8,010,393	54
1470	Other current assets	VII	305,384	2	422,975	3
11xx	Total current assets		<u>13,552,525</u>	<u>94</u>	<u>13,993,593</u>	<u>94</u>
1517	Financial asset measured at fair value through other comprehensive income - non-current	IV and VI(II)	20,000	-	-	-
1535	Financial assets measured at amortized cost - non-current	IV, VI(III), VI(XIV) and VIII	2,937	-	2,436	-
1600	Property, plant and equipment	IV and VI(VI)	351,146	3	461,869	3
1755	Right-of-use assets	IV and VI(XV)	141,144	1	71,384	1
1780	Intangible assets	IV, VI(VII) and VII	24,930	-	7,411	-
1840	Deferred tax assets	IV, V and VI(XIX)	232,773	2	192,186	2
1920	Guarantee deposits paid		26,961	-	26,861	-
1990	Other non-current assets		22,908	-	12,074	-
15xx	Total non-current assets		<u>822,799</u>	<u>6</u>	<u>774,221</u>	<u>6</u>
1xxx	Total assets		<u>\$14,375,324</u>	<u>100</u>	<u>\$14,767,814</u>	<u>100</u>

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

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
December 31, 2023 and 2022

Unit: thousands of NTD

Liabilities and equity			December 31, 2023		December 31, 2022	
Code	Accounting items	Note	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	VI(IX)	\$-	-	\$625,000	4
2170	Accounts payable		3,214,973	22	2,934,118	20
2180	Accounts payable - related parties	VII	348	-	68,657	-
2200	Other payables	VI(VIII) and VII	1,408,608	10	1,292,812	9
2230	Current tax liabilities	IV, V and VI(XIX)	342,752	2	418,015	3
2280	Lease liabilities - current	IV, VI(XV) and VI(XVII)	60,125	-	31,896	-
2300	Other current liabilities	VII	353,569	3	443,194	3
21xx	Total current liabilities		<u>5,380,375</u>	<u>37</u>	<u>5,813,692</u>	<u>39</u>
	Non-current liabilities					
2570	Deferred tax liabilities	IV, V and VI(XIX)	7,852	-	2,159	-
2580	Lease liabilities - non-current	IV, VI(XV) and VI(XVII)	81,988	1	39,873	-
2640	Net defined benefit liabilities - non-current	IV, V and VI(X)	20,606	-	17,047	-
2670	Other non-current liabilities- others		1,379	-	1,116	-
25xx	Total non-current liabilities		<u>111,825</u>	<u>1</u>	<u>60,195</u>	<u>-</u>
2xxx	Total liabilities		<u>5,492,200</u>	<u>38</u>	<u>5,873,887</u>	<u>39</u>
	Equity attributable to owners of the parent company					
31xx	Share capital					
3100	Share capital					
3110	Ordinary share	VI(XI)	1,216,408	9	1,219,930	8
3200	Capital surplus	VI(XI), VI(XII) and VI(XXI)	3,187,635	22	3,252,907	22
3300	Retained earnings					
3310	Legal reserve	VI(XI)	1,691,849	12	1,582,928	11
3320	Special reserve	VI(XI)	165,345	1	581,757	4
3350	Unappropriated retained earnings	VI(XI) and VI(XII)	2,028,400	14	1,772,619	12
	Total retained earnings		<u>3,885,594</u>	<u>27</u>	<u>3,937,304</u>	<u>27</u>
3400	Other equity interest	IV	(166,682)	(1)	(217,794)	(1)
3500	Treasury stock	IV and VI(XI)	(51)	-	(12)	-
36xx	Non-controlling interests	VI(XI) and VI(XXI)	760,220	5	701,592	5
3xxx	Total equity		<u>8,883,124</u>	<u>62</u>	<u>8,893,927</u>	<u>61</u>
	Total liabilities and equity		<u>\$14,375,324</u>	<u>100</u>	<u>\$14,767,814</u>	<u>100</u>

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

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022

Unit: thousands of NTD

Code	Accounting items	Note	For the years ended December 31			
			2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	IV, V, VI(XIII) and VII	\$18,991,845	100	\$17,120,919	100
5000	Operating costs		(15,162,327)	(80)	(13,420,362)	(78)
5900	Gross profit	VI(XV), VI(XVI) and VII	<u>3,829,518</u>	<u>20</u>	<u>3,700,557</u>	<u>22</u>
6000	Operating expenses	VI(VI), VI(X), VI(XII), VI(XV), VI(XVI) and VII				
6100	Sales and marketing expenses		(902,760)	(5)	(807,777)	(5)
6200	General and administrative expenses		(440,476)	(2)	(450,019)	(3)
6300	Research and development expenses		(1,323,891)	(7)	(1,260,277)	(7)
6450	Expected credit gains (losses)		(15,220)	-	2,566	-
	Total operating expenses		<u>(2,682,347)</u>	<u>(14)</u>	<u>(2,515,507)</u>	<u>(15)</u>
6900	Net operating income		<u>1,147,171</u>	<u>6</u>	<u>1,185,050</u>	<u>7</u>
7000	Non-operating income and expenses	VI(XVII) and VII				
7100	Interest income		126,769	-	33,350	-
7010	Other income		43,608	-	40,891	-
7020	Other gains and losses		(94,274)	-	183,101	1
7050	Finance costs		(5,369)	-	(11,704)	-
	Total non-operating income and expenses		<u>70,734</u>	<u>-</u>	<u>245,638</u>	<u>1</u>
7900	Profit before tax		<u>1,217,905</u>	<u>6</u>	<u>1,430,688</u>	<u>8</u>
7950	Income tax expenses	IV, V and VI(XIX)	(240,351)	(1)	(203,888)	(1)
8200	Net profit		<u>977,554</u>	<u>5</u>	<u>1,226,800</u>	<u>7</u>
8300	Other comprehensive income (net)	IV and VI(XVIII)				
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurements of defined benefit plans		(2,784)	-	13,534	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		557	-	(2,707)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(940)	-	416,413	2
	Other comprehensive income (after tax)		<u>(3,167)</u>	<u>-</u>	<u>427,240</u>	<u>2</u>
8500	Total comprehensive income		<u>\$974,387</u>	<u>5</u>	<u>\$1,654,040</u>	<u>9</u>
8600	Profit attributable to:					
8610	Owners of the parent company		\$919,041		\$1,066,244	
8620	Non-controlling interests		58,513		160,556	
			<u>\$977,554</u>		<u>\$1,226,800</u>	
8700	Comprehensive income attributable to:					
8710	Owners of the parent company		\$915,874		\$1,493,484	
8720	Non-controlling interests		58,513		160,556	
			<u>\$974,387</u>		<u>\$1,654,040</u>	
	Earnings per share (NT\$)	VI(XX)				
9750	Basic earnings per share					
9710	Profit from continuing operations		\$7.54		\$8.69	
			<u>\$7.54</u>		<u>\$8.69</u>	
9850	Diluted earnings per share					
9810	Profit from continuing operations	\$7.52		\$8.65		
			<u>\$7.52</u>		<u>\$8.65</u>	

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

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGE IN STOCKHOLDERS' EQUITY
For the years ended December 31, 2023 and 2022

Unit: thousands of NTD

Code	Item	Equity attributable to owners of the parent company								Non-controlling interests	Total equity	
		Share capital	Capital surplus	Retained earnings			Other equity interest		Treasury stock			Total equity attributable to owners of the parent company
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Deferred compensation cost				
		3100	3200	3310	3320	3350	3410	3491	3500	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	\$1,229,254	\$3,332,351	\$1,345,085	\$472,656	\$2,628,386	\$(581,758)	\$(154,834)	\$-	\$8,271,140	\$517,704	\$8,788,844
	Appropriation and distribution of 2021 retained earnings											
B1	Legal reserve appropriated	-	-	237,843	-	(237,843)	-	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	109,101	(109,101)	-	-	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(1,598,031)	-	-	-	(1,598,031)	-	(1,598,031)
D1	Net income for 2022	-	-	-	-	1,066,244	-	-	-	1,066,244	160,556	1,226,800
D3	Other comprehensive income for 2022	-	-	-	-	10,827	416,413	-	-	427,240	-	427,240
D5	Total comprehensive income for 2022	-	-	-	-	1,077,071	416,413	-	-	1,493,484	160,556	1,654,040
L3	Treasury stock cancelled	(9,324)	-	-	-	-	-	-	9,324	-	-	-
M7	Changes in subsidiaries' ownership	-	(2,218)	-	-	-	-	-	-	(2,218)	2,218	-
N1	Share-based payment transaction	-	(77,226)	-	-	12,137	-	102,385	(9,336)	27,960	6,849	34,809
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	14,265	14,265
Z1	Balance as of December 31, 2022	<u>\$1,219,930</u>	<u>\$3,252,907</u>	<u>\$1,582,928</u>	<u>\$581,757</u>	<u>\$1,772,619</u>	<u>\$(165,345)</u>	<u>\$(52,449)</u>	<u>\$(12)</u>	<u>\$8,192,335</u>	<u>\$701,592</u>	<u>\$8,893,927</u>
A1	Balance as of January 1, 2023	\$1,219,930	\$3,252,907	\$1,582,928	\$581,757	\$1,772,619	\$(165,345)	\$(52,449)	\$(12)	\$8,192,335	\$701,592	\$8,893,927
	Appropriation and distribution of 2022 retained earnings											
B1	Legal reserve appropriated	-	-	108,921	-	(108,921)	-	-	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(975,934)	-	-	-	(975,934)	-	(975,934)
B17	Special reserve reversed	-	-	-	(416,412)	416,412	-	-	-	-	-	-
D1	Net income for 2023	-	-	-	-	919,041	-	-	-	919,041	58,513	977,554
D3	Other comprehensive income for 2023	-	-	-	-	(2,227)	(940)	-	-	(3,167)	-	(3,167)
D5	Total comprehensive income for 2023	-	-	-	-	916,814	(940)	-	-	915,874	58,513	974,387
L3	Treasury stock cancelled	(3,522)	-	-	-	-	-	-	3,522	-	-	-
M7	Changes in subsidiaries' ownership	-	4,657	-	-	-	-	-	-	4,657	(4,657)	-
N1	Share-based payment transaction	-	(69,929)	-	-	7,410	-	52,052	(3,561)	(14,028)	18,356	4,328
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(13,584)	(13,584)
Z1	Balance as of December 31, 2023	<u>\$1,216,408</u>	<u>\$3,187,635</u>	<u>\$1,691,849</u>	<u>\$165,345</u>	<u>\$2,028,400</u>	<u>\$(166,285)</u>	<u>\$(397)</u>	<u>\$(51)</u>	<u>\$8,122,904</u>	<u>\$760,220</u>	<u>\$8,883,124</u>

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

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

Unit: thousands of NTD

Code	Item	For the years ended December 31	
		2023	2022
AAAA	Cash flows from operating activities:		
A10000	Profit before tax	\$1,217,905	\$1,430,688
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	178,668	126,571
A20200	Amortization expense	12,540	7,898
A20300	Expected credit losses (gains)	15,220	(2,566)
A20900	Interest expenses	5,369	11,704
A21200	Interest income	(126,769)	(33,350)
A21900	Compensation cost arising from employee stock options	7,503	43,864
A22500	Loss on disposal and scrapping of property, plant and	4,677	-
A22600	Property, plant and equipment reclassified to expenses	5	15
A30000	Changes in operating assets and liabilities:		
A31150	(Increase) decrease in accounts receivable	(334,467)	252,840
A31160	Decrease in account receivable - related parties	2,235	11,231
A31200	Decrease in inventories	1,635,490	1,515,559
A31240	Decrease (Increase) in other current assets	135,241	(84,937)
A32150	Increase (Decrease) in accounts payable	280,855	(1,455,483)
A32160	Increase (Decrease) in account payables - related parties	(68,309)	1,420
A32180	Increase (Decrease) in other payables	115,796	(126,532)
A32230	Decrease in other current liabilities	(89,625)	(112,634)
A32240	Increase (Decrease) in net defined benefit liabilities	775	(11,447)
A32250	Increase in other non-current liabilities	263	1,116
A33000	Cash inflows from operations	<u>2,993,372</u>	<u>1,575,957</u>
A33500	Income taxes paid	<u>(357,075)</u>	<u>(435,128)</u>
AAAA	Net cash inflow from operation activities	<u>2,636,297</u>	<u>1,140,829</u>
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(20,000)	-
B00040	Acquisition of financial assets measured at amortized cost	(1,536,014)	-
B00050	Proceed from disposal of financial assets measured at amortized cost	-	939,755
B02700	Acquisition of property, plant and equipment	(16,395)	(87,770)
B02800	Disposal of property, plant and equipment	162	-
B03800	Increase in guarantee deposits paid	(100)	(4,267)
B04500	Acquisition of intangible assets	(30,056)	(9,526)
B06800	Increase in other non-current assets	(10,834)	(655)
B07500	Interest received	116,141	31,245
BBBB	Net cash flows used in investing activities	<u>(1,497,096)</u>	<u>868,782</u>
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term loans	-	625,000
C00200	Decrease in short-term loans	(625,000)	-
C04020	Repayment of lease principal	(59,566)	(50,838)
C04500	Cash dividends paid out	(1,080,596)	(1,611,203)
C05600	Interest paid	(2,675)	(10,211)
C05800	Changes in non-controlling interests	91,078	27,437
C09900	Other	(3,175)	(9,055)
CCCC	Net cash used in financing activities	<u>(1,679,934)</u>	<u>(1,028,870)</u>
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	<u>(1,126)</u>	<u>393,399</u>
EEEE	Net (decrease) increase in cash and cash equivalents	(541,859)	1,374,140
E00100	Cash and cash equivalents, beginning of the period	3,588,129	2,213,989
E00200	Cash and cash equivalents, end of the period	<u>\$3,046,270</u>	<u>\$3,588,129</u>

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

ASROCK INCORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Unless otherwise stated, all amounts are in NTD thousand)

I. Company History

ASRock Incorporation (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.

II. Date and Procedures for Approval of the Financial Report

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2023 and 2022 were authorized for issue by the Company's board of directors on March 6, 2024.

III. Application of New and Amended Standards and Interpretations

(I) Changes in accounting policies resulting from first-time applying for the International Financial Reporting Standards

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, 2023. The adoption of these new standards and amendments had no material impact on the Group.

(II) As of the release date of the financial report, the Group has not adopted the following newly issued, revised and amended standards or interpretations issued by the International Accounting Standards Board and endorsed by the FSC:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

Item	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
2	Lease Liability under Sale and Leaseback (Amendment to IFRS 16)	January 1, 2024
3	Non-current Liabilities in Contracts (Amendments to IAS 1)	January 1, 2024
4	Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

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

These amendments are to revise the classification of liabilities as current or non-current of paragraphs 69-76 of IAS 1 Presentation of Financial Statements.

2. Lease Liability under Sale and Leaseback (Amendment to IFRS 16)

This is in response to IFRS 16 “Leases” which adds an additional accounting treatment for seller-lessees in sale and leaseback transactions to improve the consistent application of the standard.

3. Non-current Liabilities in Contracts (Amendments to IAS 1)

The purpose of this amendment is to enhance the information provided by enterprises about long-term debt contracts. A description of the contractual covenants that apply to a liability for twelve months after the end of the reporting period does not affect the classification of that liability as current or non-current at the end of the reporting period.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

4. Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

In addition to clarifying supplier finance arrangements, it discloses relevant information on supplier finance arrangements in the amendments.

The above newly issued, revised, and amended standards and interpretations, which were issued by the International Accounting Standards Board and endorsed by the FSC and apply to the fiscal years starting on or after January 1, 2024, caused no material impact on the Group.

(III) As of the release date of the financial report, the Group has not adopted the following newly issued, revised and amended standards or interpretations issued by the International Accounting Standards Board but not yet approved by the FSC:

Item	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	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
2	IFRS 17, “Insurance Contracts”	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

1. 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 plan addresses 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 requires contributions of non-monetary assets to an associate or joint venture in exchange for an equity interest in the associate or joint venture shall eliminate Profits and losses

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

resulting from upstream transactions. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. The amendment restricts the preceding requirements of IAS 28 when the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 shall be recognized in full.

The amendment also revised IFRS 10 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.

2. 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 fulfillment 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.

After the issuance of the Standard in May 2017, its amendments were issued in 2020 and 2021. In addition to extending the effective date by 2 years (that is, from the original January 1, 2021 to January 1, 2023) and providing additional exemptions in the transitional provisions, the amendments also simplified some provisions to reduce the cost of adopting the Standard and amended some of the provisions to make some of the circumstances easier to interpret. IFRS 17 replaces an interim Standard (IFRS 4 Insurance Contracts)

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

3. Lack of Exchangeability (Amendments to IAS 21)

The amendments are to specify the exchangeability and lack of exchangeability between currencies and how to determine a spot exchange rate and add additional requirements for disclosure when there is lack of exchangeability between currencies. The amendments apply to fiscal years starting on or after January 1, 2025.

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 (1) and (3), 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.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which are endorsed by the FSC.

(II) Basis of preparation

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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(III) Consolidation overview

Preparation principle of consolidated financial statements

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. In particular, the Group controls an investee only when it has the following three elements of control:

1. Power over the investee (That is having existing rights that give the current ability to direct the relevant activities)
2. Exposure, or rights, to variable returns from its involvement with the investee, and
3. 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 directly or indirectly, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

1. The contractual arrangement with the other vote holders of the investee
2. Rights arising from other contractual arrangements
3. Voting rights and potential voting rights

The Group shall reassess whether it still 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, transactions, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

A change in the ownership interest in a subsidiary, without loss 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

1. Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
2. Derecognizes the carrying amount of any non-controlling interest;
3. Recognizes the fair value of consideration received;
4. Recognizes the fair value of any investment retained;
5. Recognizes any surplus or deficit in profit or loss;
6. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated financial statements entities are prepared as follows:

Name of investor	Name of subsidiaries	Main business	Percentage of ownership		Note
			December 31, 2023	December 31, 2022	
ASRock Incorporation (The Company)	ASJAROCK TECHNOLOGY LIMITED	Investment holding on other business.	100%	100%	
The Company	LEADER INSIGHT HOLDINGS LIMITED	Investment holding on other business.	100%	100%	
The Company	ASRock Rack Incorporation	Manufacture and sales of computers and peripheral equipment.	57.27%	59.68%	Note 1
The Company	ASRock Industrial Computer Corporation	Manufacture and sales of computers and peripheral equipment.	60.10%	64.46%	Note 2
The Company	Soaring Asia Limited	International trade.	100%	100%	
The Company	ASJade Technology Incorporation	Service of computer software.	82.50%	82.50%	Note 3
ASJAROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	Data storage and electronic material sales, international trade, etc.	100%	100%	

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Name of investor	Name of subsidiaries	Main business	Percentage of ownership		Note
			December 31, 2023	December 31, 2022	
ASIAROCK TECHNOLOGY LIMITED	CALROCK HOLDINGS, LLC	Rent office building. etc.	100%	100%	
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	Investment holding on other business.	100%	100%	
FIRSTPLACE INTERNATIONAL LTD.	ASRock America Inc.	Data storage and electronic material sales, international trade, etc.	100%	100%	
ASJade Technology Incorporation	ASJade Technology Japan Corp.	Sales of charging pile, etc.	100%	-	Note 4

Note 1: ASRock Rack Incorporation issued stock dividends to increase capital from earnings on July 26, 2022. Due to the existence of treasury shares, the Company's shareholding ratio increased to 59.68%. Later, on March 6, 2023, the company cancelled its treasury shares, resulting in an increase in the Company's original shareholding ratio from 59.68% to 59.73%. Also, the company adopted an employee stock option plan to increase the capital as resolved by the board of directors on July 11, 2023. As the Company did not subscribe in proportion to the shareholding ratio, the Company's original shareholding ratio decreased from 59.73% to 57.27% after the capital increase, and capital surplus increased by \$7,839 thousand. Also, the company issued stock dividends to increase capital from earnings on July 22, 2023, and the Company's shareholding ratio remained at 57.27% and capital surplus decreased by \$0.73 thousand.

Note 2: ASRock Industrial Computer Corporation issued employee stock options as approved by the resolution of board of directors on July 19, 2022 and after the capital increase, the Company's shareholding ratio is 64.46%. Later, the company issued employee stock options as approved by the resolution of board of directors on May 5, 2023 and July 10, 2023; and after the capital increase, the Company's original shareholding ratio decreased from 64.46% to 60.10% and capital surplus decreased by \$3,049 thousand. Also, the company issued stock

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

dividends to increase capital from earnings on July 28, 2023, and the Company's shareholding ratio remained at 60.10%.

Note 3: On December 16, 2022, the Company increased its investment 9,075 thousand shares of ASJade Technology Incorporation by \$113,438 thousand, resulting in an increase in the Company's original shareholding ratio from 78.57% to 82.5%.

Note 4: ASJade Technology Inc. invested ¥5,000 thousand to establish ASJade Technology Japan Corp. on December 29, 2023, with a shareholding ratio of 100%. The incorporation registration was approved on October 16, 2023 with the main business scope in the sales of charging piles.

(IV) Foreign currency transactions

The Group's consolidated financial statements are presented in NTD, which is also the Company's functional currency. Each individual entity within the Group determines its own functional currency and that functional currency shall be used to measure its financial statements.

Foreign currency transactions are initially recorded by the Group entities at their respective functional currency rates of exchange prevailing at the date of the transaction. Monetary items denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the end of each 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 shall be recognized in profit or loss in the period in which they arise except for the following:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

1. 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.
2. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
3. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are 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.

(V) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD 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 translation are recognized in other comprehensive income, and the cumulative exchange differences that were previously recognized as a separate component of other comprehensive income and accumulated in equity are reclassified from equity to profit or loss upon the disposal of the foreign operation. After a partial disposal involving a loss of control over a subsidiary that includes a foreign operation, and a partial disposal of an interest in an affiliated enterprise or joint agreement that includes a foreign operation, where the retained interest is a financial asset that includes the foreign operation, it shall also be treated as a disposal.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

On the partial disposal of a subsidiary that includes a foreign operation that without 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 without 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 shall be treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(VI) Classification standard of current and non-current assets and liabilities

In case of any of the following circumstances, it shall be classified as current assets, and the other assets rather than current assets shall be classified as non-current assets:

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

Any of the following shall be classified as current liabilities, and the other liabilities rather than current liabilities shall be classified as non-current liabilities:

1. The Group expects to settle the liability in its normal operating cycle.
2. The Group holds the liability primarily for the purpose of trading.
3. The liability is due to be settled within twelve months after the reporting period.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

4. 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.

(VII) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including time deposits with a contract period of less than 3 months) or investments that are readily convertible into a fixed amount of cash and are subject to an insignificant risk of change in value.

(VIII) Financial instruments

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

Financial assets and financial liabilities that meet the scope of IFRS 9 “Financial Instruments” are, upon initial recognition, measured at fair value and are directly attributable to the transaction costs of acquiring or issuing the financial assets and financial liabilities other than those classified as financial assets or financial liabilities at fair value through profit or loss, which is added to or deducted from the fair value of the financial asset or financial liability.

1. Recognition and measurement of financial instruments

The Group shall recognize or derecognize a 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:

- (1) The business model for managing the financial assets
- (2) The contractual cash flow characteristics of the financial asset

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 notes receivable, accounts receivable financial assets measured at amortized cost, and other receivables, etc., on the balance sheet:

- (1) The business model for managing the financial asset: Hold financial assets in order to collect contractual cash flows
- (2) The contractual cash flow characteristics of the financial asset: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets, other than those involved in hedging relationships, are subsequently measured at amortized cost (the amount measured at original recognition, less principal payments made, plus or minus the cumulative amortization of the difference between the original amount and the amount due (using the effective interest method), and adjusted for an allowance loss). 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 calculated using the effective interest method (by multiplying the total carrying amount of the financial asset by the effective interest rate) is recognized in profit or loss if:

- (1) For purchased or originated credit-impaired financial assets, it is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- (2) If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 and presented as a financial asset at fair value through other comprehensive on the balance sheet:

- (1) The operating model for managing financial assets: To collect contractual cash flows and sell financial assets.
- (2) The contractual cash flow characteristics of the financial asset: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on related the type of financial asset are described as below:

- (1) A gain or loss on the type of financial asset 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.
- (2) 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.
- (3) Interest calculated using the effective interest method (by multiplying the total carrying amount of the financial asset by the effective interest rate) is recognized in profit or loss if:
 - A. For purchased or originated credit-impaired financial assets, it is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
 - B. If it is not the former, but becomes credit impaired afterwards, the effective interest rate is multiplied by the amortized cost of the financial asset.

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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 assets 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.

2. Impairment of financial assets

For financial assets measured at amortized cost, the Group recognizes expected credit losses and measures an allowance for losses.

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

- (1) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- (2) The time value of money; and
- (3) 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

The loss allowance is measured as follows:

- (1) 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 has increased significantly since initial recognition is no longer met.
- (2) Measure at an amount equal to the lifetime expected credit losses: Including 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.
- (3) For accounts receivable 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.
- (4) 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 shall 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 XII for further details on credit risk.

3. Derecognition of financial assets

A financial asset held by the Group is derecognized when:

- (1) The rights to receive cash flows from the financial asset have expired
- (2) The Group has transferred the financial asset and substantially all the risks and rewards of ownership of the asset have been transferred
- (3) The Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

On derecognition of a financial asset, 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.

4. Financial liabilities and equity instruments

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. Equity instruments issued by the Group are recognized as the amount of consideration received, less the direct cost of issuing.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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

5. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet if, and only if, there is a currently legally enforceable 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.

(IX) 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:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

(X) 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 for sale and production:

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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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

(XI) 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced at regular 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. Other repairs and maintenance costs are recognized in profit or loss.

Depreciation is set aside on a straight-line method basis over the estimated useful lives of the following assets:

Houses and buildings	5-39 years
Machinery and equipment	2-5 years
Office equipment	3-5 years
Leasehold improvements	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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(XII) 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:

1. the right to obtain substantially all of the economic benefits from use of the identified asset; and
2. 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, maximizing the use of observable information.

The 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 shall be 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 shall use its incremental borrowing rate. At the commencement date, the lease payments

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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:

1. Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
2. Variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date);
3. Amounts expected to be payable by the lessee under residual value guarantees;
4. The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
5. 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 amortized 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:

1. The amount of the lease liability initially measured;
2. Any lease payments made at or before the commencement date, less any lease incentives received;
3. Any initial direct costs incurred by the lessee; and
4. 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

(XIII) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets do not meet the recognition conditions, shall not be capitalized and the expenditure shall be recognized in profit or loss when 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 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 the de-recognition of intangible assets are recognized in profit or loss.

Intangible assets under development-research and development costs

Research costs are recognized as expenses when incurred. Development expenditures, on an individual project, are recognized as an intangible asset when meets the following conditions:

1. The technical feasibility of completing the intangible asset so that it will be available for use or sale
2. Its intention to complete and its ability to use or sell the asset
3. The asset will generate future economic benefits.
4. The availability of resources to complete the asset.
5. 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Computer software

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

(XIV) 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 impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount is the greater of its net fair value and its value in use.

For assets excluding goodwill, an assessment is made by the Group at each end of 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 carrying amount of the asset does not exceed the carrying amount less the appropriated depreciation or after amortization, had no impairment loss been recognized for the asset.

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

(XV) Provision for liabilities

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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 warranty

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

(XVI) Treasury stock

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

(XVII) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting treatment are explained respectively 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. 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. Refund liabilities are also recognized for

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

expected volume discounts during the specific period of the agreement.

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 services provided by the Group are mainly entrusted product development and other related services, which belongs to negotiated transactions, and are recognized as revenue when the performance obligations are met.

(XVIII) Post-employment benefits plans

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 laws and 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method based on actuarial assumptions at the end of annual reporting period. Remeasurements, 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:

1. the date of the plan amendment or curtailment, and
2. the date that the Group recognizes restructuring-related costs or post-employment benefits.

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.

(XIX) Share-based payment transaction

The cost of equity-settled transactions between the Group and its employees 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 share-based payment for equity-settled transactions is recognized on a period-by-period, together with a corresponding increase 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 end of 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. Changes in cumulative costs recognized for share-based payment transactions at the beginning and end of each reporting period shall be recognized in profit or loss for that period.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

No expense is recognized for share-based compensation awards that ultimately do not meet vesting conditions. However, if the vested conditions of the equity settlement transaction are related to market conditions or non-vested conditions, the relevant expenses shall still be recognized when all service or performance conditions have been met, regardless of whether the market conditions or non-vested conditions have been met.

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.

Where a share-based 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 stock for employees 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 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(XX) Income tax

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 when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred tax is provided on temporary differences at the end of reporting date between the tax bases of assets and liabilities and their carrying amounts on the balance sheet.

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

1. Initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
2. 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 the following two:

1. An asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
2. 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 end of 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 end of 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

In accordance with the Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”, a temporary exception to the requirements for the recognition of deferred income tax assets and liabilities related to Pillar Two income tax and the disclosure of relevant information.

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

The preparation of the Group’s consolidated financial statements require management to make judgments, 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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of 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. It is stated as follows:

(I) 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 XII for more details.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(II) Post-employment benefits plans

The cost of post-employment benefit plan 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 discount rate and changes of the future salary, etc.

(III) 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 VI for more details.

(IV) 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 counties 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 enterprise'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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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. As of December 31, 2023, please refer to Note VI for the explanation of the Group's unrecognized deferred income tax assets.

(V) Trade receivables - estimation of impairment loss

The Group estimates the impairment loss of trade 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 VI for more details.

(VI) 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 destocked. Please refer to Note VI for more details.

VI. Explanation of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$1,013	\$1,198
Cash in banks	598,006	795,326
Time deposits	1,318,107	1,562,598
Cash equivalents - bonds with repurchase agreements	1,129,144	1,229,007
Total	<u>\$3,046,270</u>	<u>\$3,588,129</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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

(II) Financial asset measured at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Investments in equity instruments measured at fair value through other comprehensive income - non-current:		
Unlisted and non-OTC stocks	\$20,000	\$-
Total	<u>\$20,000</u>	<u>\$-</u>

The Group did not provide collateral for financial asset measured at fair value through other comprehensive income.

(III) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits with initial duration of over three months	\$1,854,886	\$326,864
Pledged time deposits	22,710	14,723
Total	<u>\$1,877,596</u>	<u>\$341,587</u>
	December 31, 2023	December 31, 2022
Current	<u>\$1,874,659</u>	<u>\$339,151</u>
Non-current	<u>\$2,937</u>	<u>\$2,436</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VI(XIV) for more details on loss allowance and Note VIII for more details on pledge. Please refer to Note XII for more details on credit risk.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(IV) Accounts receivable and accounts receivable - related parties

	December 31, 2023	December 31, 2022
Accounts receivable (total carrying amount)	\$1,961,475	\$1,628,839
Less: loss allowances	(35,564)	(22,305)
Subtotal	<u>1,925,911</u>	<u>1,606,534</u>
Accounts receivable - related parties (total carrying amount)	24,176	26,411
Less: loss allowances	-	-
Subtotal	<u>24,176</u>	<u>26,411</u>
Total	<u><u>\$1,950,087</u></u>	<u><u>\$1,632,945</u></u>

Accounts receivable were not pledged.

Accounts receivable credit period are generally on 30-90 days. The total carrying amount as of December 31, 2023 and 2022 were \$1,985,651 thousand and \$1,655,250 thousand, respectively. Please refer to Note VI(XIV) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note XII for more details on credit risk management.

(V) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$2,257,810	\$4,024,423
Work in process	757,359	1,032,860
Finished products	3,360,956	2,953,110
Net	<u><u>\$6,376,125</u></u>	<u><u>\$8,010,393</u></u>

For the years ended December 31, 2023 and 2022, the Group recognized \$15,162,327 and \$13,420,362 thousand, respectively, in cost of inventories, including the recognition of inventory depreciation losses of \$223,472 thousand and of 477,780 thousand, respectively.

The inventories mentioned above are not pledged.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(VI) Property, plant and equipment

	Land	Houses and buildings	Machinery and equipment	Office equipment	Leasehold improvements	Other assets	Total
Costs:							
January 1, 2023	\$43,018	\$169,285	\$147,588	\$16,446	\$40,011	\$259,859	\$676,207
Additions	-	-	4,723	541	1,246	9,885	16,395
Disposals	-	-	(22,902)	(1,833)	(9,858)	(19,696)	(54,289)
Reclassifications	-	-	(1,750)	-	-	(285)	(2,035)
Effects of the exchange rate	11	41	4	(2)	1	2	57
December 31, 2023	<u>\$43,029</u>	<u>\$169,326</u>	<u>\$127,663</u>	<u>\$15,152</u>	<u>\$31,400</u>	<u>\$249,765</u>	<u>\$636,335</u>
January 1, 2022	\$38,768	\$152,560	\$115,296	\$11,732	\$28,062	\$67,397	\$413,815
Additions	-	-	41,582	5,146	13,043	27,999	87,770
Disposals	-	-	(10,738)	(1,200)	(1,374)	(28,778)	(42,090)
Reclassifications	-	-	(188)	-	-	192,511	192,323
Effects of the exchange rate	4,250	16,725	1,636	768	280	730	24,389
December 31, 2022	<u>\$43,018</u>	<u>\$169,285</u>	<u>\$147,588</u>	<u>\$16,446</u>	<u>\$40,011</u>	<u>\$259,859</u>	<u>\$676,207</u>
Depreciation and impairment loss:							
January 1, 2023	\$-	\$63,229	\$72,583	\$11,272	\$20,180	\$47,074	\$214,338
Depreciation	-	6,277	24,277	2,485	7,280	80,894	121,213
Disposals	-	-	(22,210)	(1,833)	(5,863)	(19,544)	(49,450)
Reclassifications	-	-	(808)	-	-	-	(808)
Effects of the exchange rate	-	(67)	(25)	1	-	(13)	(104)
December 31, 2023	<u>\$-</u>	<u>\$69,439</u>	<u>\$73,817</u>	<u>\$11,925</u>	<u>\$21,597</u>	<u>\$108,411</u>	<u>\$285,189</u>
January 1, 2022	\$-	\$51,376	\$54,634	\$9,929	\$13,638	\$42,262	\$171,839
Depreciation	-	6,026	27,624	1,777	7,672	34,164	77,263
Disposals	-	-	(10,738)	(1,200)	(1,374)	(28,778)	(42,090)
Reclassifications	-	-	(188)	-	-	(927)	(1,115)
Effects of the exchange rate	-	5,827	1,251	766	244	353	8,441
December 31, 2022	<u>\$-</u>	<u>\$63,229</u>	<u>\$72,583</u>	<u>\$11,272</u>	<u>\$20,180</u>	<u>\$47,074</u>	<u>\$214,338</u>
Net carrying amount:							
December 31, 2023	<u>\$43,029</u>	<u>\$99,887</u>	<u>\$53,846</u>	<u>\$3,227</u>	<u>\$9,803</u>	<u>\$141,354</u>	<u>\$351,146</u>
December 31, 2022	<u>\$43,018</u>	<u>\$106,056</u>	<u>\$75,005</u>	<u>\$5,174</u>	<u>\$19,831</u>	<u>\$212,785</u>	<u>\$461,869</u>

No property, plant and equipment were pledged.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(VII) Intangible assets

	For the years ended December 31	
	2023	2022
Other		
Costs:		
Beginning amount	\$31,545	\$42,455
Addition-acquired separately	30,056	9,526
Disposals	(929)	(20,626)
Effects of the exchange rate	1	190
Ending amount	<u>\$60,673</u>	<u>\$31,545</u>
	For the years ended December 31	
	2023	2022
Amortization and impairment:		
Beginning amount	\$24,134	\$36,680
Amortization	12,540	7,898
Disposals	(929)	(20,626)
Effects of the exchange rate	(2)	182
Ending amount	<u>\$35,743</u>	<u>\$24,134</u>
	December	December
	31, 2023	31, 2022
Net carrying amount:	<u>\$24,930</u>	<u>\$7,411</u>

Amortization amount of intangible assets is as follows:

	For the years ended December 31	
	2023	2022
Sales and marketing expenses	<u>\$9,519</u>	<u>\$6,663</u>
General and administrative expenses	<u>\$983</u>	<u>\$651</u>
R&D expenses	<u>\$2,038</u>	<u>\$584</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

As of December 31, 2023 and 2022, the Group held 767.5857 units and 1,002.44 units of Ethereum respectively. It is an intangible asset obtained during the process of R&D and performance testing for new products, and there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. It has been evaluated to have an indefinite useful life, and its value is assessed at \$0 based on the cost method.

(VIII) Other payables

	For the years ended	
	December 31	
	2023	2022
Salaries and bonuses payable	\$534,525	\$447,147
Processing fees payable	353,679	228,666
Director and supervisor remuneration and employee bonuses payable	116,802	156,935
Freight payable	32,051	36,739
Labor health insurance premiums and pensions payable	23,239	20,801
Advertisement payable	15,049	9,194
Service fees payable	6,480	17,195
Others	326,783	376,135
Total	<u>\$1,408,608</u>	<u>\$1,292,812</u>

(IX) Short-term loans

	December 31, 2023	December 31, 2022
Unsecured bank borrowings	\$-	\$625,000
Interest rate range (%)	-	1.85%~1.94%

As of December 31, 2023 and 2022, the Group had unused short-term borrowings of approximately \$1,904,800 thousand and \$1,341,593 thousand, respectively.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(X) Post-employment benefits plans

Defined contribution plans

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension benefits for employees of overseas subsidiaries are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were \$41,371 thousand and \$39,070 thousand, respectively.

Defined benefit plans

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

The Ministry of Labor undertakes asset allocations based on the income and expenditure of the employee retirement fund. Investment of the fund is invested in self-operated and entrusted management methods, and adopts active and passive management medium- to long-term investment strategies. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two- year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute \$128 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, the Group's definite benefit plans are expected to expire in the year of 2038.

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	For the years ended	
	December 31	
	2023	2022
Current service costs	\$605	\$1,007
Net interest of defined benefit liability (asset)	298	269
Total	\$903	\$1,276

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Present value of the defined benefit obligation	\$48,355	\$45,087	\$67,812
Plan assets at fair value	(27,749)	(28,040)	(25,784)
Other non-current liabilities - Accrued net defined benefit liabilities recognized on the consolidated balance sheets	<u>\$20,606</u>	<u>\$17,047</u>	<u>\$42,028</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of the defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
January 1, 2022	\$67,812	\$(25,784)	\$42,028
Current service costs	1,007	-	1,007
Interest expense (income)	434	(165)	269
Subtotal	<u>69,253</u>	<u>(25,949)</u>	<u>43,304</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	492	-	492
Actuarial gains and losses arising from changes in financial assumptions	(8,501)	-	(8,501)
Experience adjustments	(3,574)	-	(3,574)
Remeasurements of the net defined benefit asset:			
Subtotal	<u>(11,583)</u>	<u>(1,951)</u>	<u>(13,534)</u>
Contributions from employer	-	(12,723)	(12,723)
Benefits paid	(12,583)	12,583	-
December 31, 2022	45,087	(28,040)	17,047
Current service costs	605	-	605
Interest expense (income)	789	(491)	298
Subtotal	<u>46,481</u>	<u>(28,531)</u>	<u>17,950</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	Present value of the defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	2,698	-	2,698
Experience adjustments	69	-	69
Remeasurements of the net defined benefit asset:	-	17	17
Subtotal	<u>2,767</u>	<u>17</u>	<u>2,784</u>
Contributions from employer	-	(128)	(128)
Benefits paid	(893)	893	-
December 31, 2023	<u>\$48,355</u>	<u>\$27,749</u>	<u>\$20,606</u>

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	Pension plan (%)	
	December 31, 2023	December 31, 2022
Cash	18.86%	17.90%
Equity instruments	50.67%	49.88%
Debt instruments	20.54%	21.38%
Others	9.93%	10.84%
Total	<u>100.00%</u>	<u>100.00%</u>

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	December 31, 2023	December 31, 2022
Discount rate	1.36%	1.75%
Expected rate of salary increase	3.00%	3.00%

Sensitivity analysis of every material actuarial assumption:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	For the years ended December 31			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.5%	\$-	\$3,428	\$-	\$3,359
Discount rate decrease by 0.5%	3,726	-	3,666	-
Expected salary level increase by 0.5%	3,646	-	3,601	-
Expected salary level decrease by 0.5%	-	3,392	-	3,336

The purpose of conducting the aforementioned sensitivity analysis is to analyze the possible impact of determining a defined benefit obligation when a single actuarial assumption (e.g. discount rate or expected salary) undergoes a reasonably likely change, assuming all other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are few separate actuarial assumptions that undergo singular changes in reality, so the analysis has its limitations.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(XI) Equity

1. Ordinary shares

The Company's authorized capital were both \$1,500,000 thousand as of December 31, 2023 and 2022 (Both reserve \$40,000 thousand of shares for employee stock options). The Company's issued capital were \$1,216,408 thousand and \$1,219,930 thousand as of December 31, 2023 and 2022, respectively, each at a par value of \$10. The Company issued 121,640,829 and 121,993,029 shares as of December 31, 2023 and 2022, respectively. Each

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

share has one voting right and a right to receive dividends.

2. Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$3,173,151	\$3,127,994
Difference between consideration and carrying amount of subsidiaries acquired or disposed	335	335
Changes in ownership interests in subsidiaries	12,451	7,818
Restricted employee shares	1,698	116,760
Total	<u>\$3,187,635</u>	<u>\$3,252,907</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 to its shareholders in proportion to the number of shares being held by each of them.

3. Treasury stock

During the year December 31, 2023, the treasury stocks in the amount of \$3,561 thousand in 356,100 shares have been repurchased due to the expiration of restricted employee shares, and 3,600, 9,000 and 339,600 shares were canceled by the resolution of the board of directors on March 7, 2023, August 3, 2023, and November 2, 2023, respectively. The record dates for capital reduction were set on March 13, 2023, August 14, 2023, and November 8, 2023, respectively. The statutory change of registration procedure has been completed. As of December 31, 2023, the remaining 5,100 shares have not yet been approved to be canceled by the resolution of the board of directors.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

4. 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:

- (1) Payment of all taxes and dues.
- (2) Deficit compensation.
- (3) Set aside 10% as legal reserve;
- (4) Set aside or reverse special reserve in accordance with law and regulations or as requested by the authorities.
- (5) The distribution of the remaining portion shall be proposed and formulated by the Board of Directors and submitted to 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 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 all or part of the dividends and bonuses are distributed in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting; the share dividends must be submitted to the shareholders' meeting for resolution of distribution. For distribution of shareholder dividends, cash dividends shall not be less than 10% of the total amount of cash and stock dividends.

According to the Company Act, the legal reserve shall be appropriated until the total amount has reached the paid-in capital. The legal reserve may be used to make up for losses. If the company has no loss, it may distribute new shares or cash to shareholders in proportion to their original shares for the portion of the legal reserve that exceeds 25% of the paid-in capital.

When the Company distributes the distributable earnings, it shall, in

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

accordance with the laws and regulations, make up the difference between the balance of the special reserve and the net deduction of other equity when it first adopts the International Financial Reporting Standards. If there is a reversal of the net amount of other equity deductions thereafter, the earnings may be distributed to the special reserve with respect to the reversal of the net amount of other equity deductions.

In accordance with the provisions of Official Letter Jin-Guan-Zheng-Fa-Zi No.1090150022 issued by the FSC on March 31, 2021, when the Company first adopted IFRS, unrealized revaluation gains and cumulative translation adjustments (gains) are transferred to a special reserve as a result of the election to adopt the “IFRS 1 First-Time Adoption” exemption at the date of conversion. When the Company subsequently uses, disposes of, or reclassifies the relevant assets, the earnings may be redistributed based on the proportion of the special reserve originally set aside.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved by the board of directors’ meeting and shareholders’ meeting on March 6, 2024 and May 25, 2023, respectively, are as follows:

	Appropriation and distribution of earnings		Dividends per share (\$)	
	2023	2022	2023	2022
Legal reserve	\$92,422	\$108,921		
Special reserve (reversed)	940	(416,412)		
Cash dividends of ordinary share - Unappropriated retained earnings (Note)	839,286	975,934	\$6.90	\$8.00

Note: The Board of Directors of the Company was authorized by the Articles of Incorporation and approved the cash dividends on ordinary shares for the years of 2023 and 2022 by special resolutions on March 6, 2024 and March 7, 2023, respectively.

Please refer to Note VI(XVI) for details on employees’ compensation and remuneration to directors and supervisors.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

5. Non-controlling interests

	For the years ended December 31	
	2023	2022
Beginning balance	\$701,592	\$517,704
Profit (loss) for the period attributable to non-controlling interests	58,513	160,556
Changes in subsidiaries' ownership	(4,657)	2,218
Changes in non-controlling interests (including share based payment)	4,772	21,114
Ending balance	<u>\$760,220</u>	<u>\$701,592</u>

(XII) 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.

1. Restricted stock for employees of the parent company

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 the approved 2,300 thousand shares with the Securities and Futures Bureau of the FSC. The total number of new shares issued on October 28, 2021 was 2,283 thousand shares. The stock price on the grant date was \$145 per share.

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

- (1) The Company's overall performance:
 - A. If EPS in the previous year is higher than \$10, the overall weight will be 100%.
 - B. If EPS in the previous year is between \$7.5 and \$10, the overall

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

weight will be 50%.

- C. If EPS in the previous year is below \$7.5, the overall weight will be 0%.

(2) Personal performance:

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

- (3) 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.

- (4) 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.

- (5) 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 restricted stock for employees 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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

parent company's issuance measures for restricted stock for employees, after the restricted stock for employees are issued, except for the restricted stock for employees 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 for employees are as follows:

Vested period	Restricted stock for employees			
	Year 1	Year 2	Year 3	Total
Original number of shares	913,200	684,900	684,900	2,283,000
Operating performance issue ratio	100.00%	50.00%	2.54%	
Estimated turnover rate	0.02%	2.32%	3.78%	
Qualified rate of performance	0.00%	100.00%	76.92%	
Vested shares	0	334,500	12,579	347,079
Fair value	\$145	\$145	\$145	
Labor cost	\$0	\$45,158	\$1,698	\$46,856

The new shares issued by the parent company that restricted stock for 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.

2. Share-based payment plan for employees of the subsidiary

(1) ASRock Rack Incorporation

As of December 31, 2023, the share-based payment transaction issued by

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

ASRock Rack Incorporation are as follows:

Type of agreement	Date of grant	Number of shares granted (thousands of shares)	Contract period	Vested conditions
Restricted stock for employees	February 27, 2019	1,490	4 years	Employees who have continued to serve in the Company for three years will get 50%. Employees who have continued to serve in the Company for four years will get 50%.
Employee stock option plan (Note)	June 30, 2022	2,300	3 years and 6 months	Employees who have continued to serve in the Company for two years will get 50%. Employees who have continued to serve in the Company for three years will get 50%.

Note: After the issuance of this warrant, except for the issuance of shares of common stock in exchange for various securities issued by the Company with common stock conversion rights or warrants, or the issuance of new shares for employee bonuses, in the event of an increase in the number of shares of common stock of the Company, a decrease in the number of shares of common stock not due to a capital reduction resulting from the cancellation of treasury stock, or if the ratio of cash dividends paid on common stock to the current price per share exceeds 1.5%, adjustment shall be made in accordance with the Company's regulations governing the issuance and subscription of employee stock option certificates.

If the Company needs to apply for a public offering of stocks due to its plan to get its shares listed on the emerging stock market, it does not be subject to the regulations under paragraph 1 of the Regulations on

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Employee Stock Options, and the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages. The stock option holders shall exercise all or part of their stock options within 60 days after receiving the Company's notification of the date to resolve on the public offering. Those who fail to exercise the options prior to the deadline shall be deemed to have waived their rights to exercise the options, and they may not be able to claim their stock option rights again.

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

Vested period	Restricted stock for employees				
	Year 1	Year 2	Year 3	Year 4	Total
Original number of shares	-	-	745,000	745,000	1,490,000
Estimated turnover rate	-	-	14.19%	20.00%	
Vested shares after considering the turnover rate	-	-	639,250	596,000	1,235,250
Fair value	-	-	\$5.53	\$5.53	
Labor cost	\$-	\$-	\$3,535	\$3,296	\$6,831

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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

The following table lists the inputs to the model used for the plan granted on June 30, 2022:

	<u>June 30, 2022</u>
Fair value at grant date	1.85~2.26
Exercise price	22
Expected volatility (%)	41.16~44.34
Risk-free interest rate (%)	0.9867~1.0237
Expected option life (Years)	2.5~3.5
Weighted average share price (\$)	13.74
Option pricing model	Binomial option pricing model

The expected life of the stock 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:

Plan granted on June 30, 2022

	<u>For the years ended December 31</u>			
	<u>2023</u>		<u>2022</u>	
	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 stock options as of January 1	2,300	\$19.45	-	\$-
Grant of stock options in the period	-	-	2,300	22
Forfeit of stock options in the period	(80)	19.45	-	-
Exercise of stock options in the period	<u>(2,220)</u>	19.45	<u>-</u>	<u>-</u>
Outstanding stock options as of December 31	<u>-</u>	<u>-</u>	<u>2,300</u>	<u>19.45</u>
Exercisable as of December 31	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

The information on the outstanding share options as of December 31, 2023 and December 31, 2022, is as follows:

	<u>Exercise price</u>	<u>Weighted average remaining contractual life (Years)</u>
December 31, 2023		
Outstanding stock options	\$19.45	-
December 31, 2022		
Outstanding stock options	\$19.45	3

Note: The exercise price of employee stock options shall be adjusted in accordance with the Regulations on Employee Stock Options.

On June 13, 2023, the Company notified the stock option holders on the expected public offering and that the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages in accordance with the Regulations on Employee Stock Options.

(2) ASRock Industrial Computer Corporation

As of December 31, 2023, the share-based payment transaction issued by ASRock Industrial Computer Corporation are as follows:

Type of agreement	Date of grant	Number of shares granted (thousands of shares)	Contract period	Vested conditions
Employee stock option plan (Note)	April 20, 2021	2,200	3 years and 6 months	Employees who have continued to serve in the Company for one year will get 35%. Employees who have continued to serve in the Company for two years will get 35%.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Type of agreement	Date of grant	Number of shares granted (thousands of shares)	Contract period	Vested conditions
				Employees who have continued to serve in the Company for three years will get 30%.
Employee stock option plan (Note)	July 8, 2022	2,100	3 years and 6 months	Employees who have continued to serve in the Company for two years will get 50%. Employees who have continued to serve in the Company for three years will get 50%.

Note: After the issuance of this warrant, except for the issuance of shares of common stock in exchange for various securities issued by the Company with common stock conversion rights or warrants, or the issuance of new shares for employee bonuses, in the event of an increase in the number of shares of common stock of the Company, a decrease in the number of shares of common stock not due to a capital reduction resulting from the cancellation of treasury stock, or if the ratio of cash dividends paid on common stock to the current price per share exceeds 1.5%, adjustment shall be made in accordance with the Company's regulations governing the issuance and subscription of employee stock option certificates.

If the Company needs to apply for a public offering of stocks due to its plan to get its shares listed on the emerging stock market, it does not be subject to the regulations under paragraph 1 of the Regulations on Employee Stock Options, and the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages. The stock option holders shall exercise all or part of their stock options within 60 days after receiving the Company's notification of the date to resolve on the public offering. Those who fail to exercise the options prior to the deadline shall be deemed to have waived their rights to exercise the options, and they may not be able to claim their stock option rights again.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 following table lists the inputs to the model used for the plan granted on April 20, 2021 and July 8, 2022:

	<u>April 20, 2021</u>	<u>July 8, 2022</u>
Fair value at grant date	1.2~2.16	3.94~4.41
Exercise price	14.5	22
Expected volatility (%)	29.61~31.19	26.4~28.49
Risk-free interest rate (%)	0.1185~0.2523	0.8988~0.9707
Expected option life (Years)	1.5~3.5	2.5~3.5
Weighted average share price (\$)	12.49	21.69
Option pricing model	Binomial option pricing model	

The expected life of the stock 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:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Plan granted on April 20, 2021

	For the years ended December 31, 2023		For the years ended December 31, 2022	
	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 stock options as of January 1	1,430	\$10	2,200	\$12.5
Grant of stock options in the period	-	-	-	-
Exercise of stock options in the period	(1,412)	10	(700)	12.5
Stock options that expired during this period	(18)	-	-	-
Outstanding stock options as of December 31	-	-	1,430	10
Exercisable as of December 31	-	-	-	-

The information on the outstanding share options as of December 31, 2023 and December 31, 2022, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
December 31, 2023		
Outstanding stock options	\$10	-
December 31, 2022		
Outstanding stock options	\$10	1.8

Note: The exercise price of employee stock options shall be adjusted in accordance with the Regulations on Employee Stock Options.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

On May 16, 2023, the Company notified the stock option holders to resolve a decision on the public offering, and the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages in accordance with the Regulations on Employee Stock Options.

Plan granted on July 8, 2022

	For the years ended December 31, 2023		For the years ended December 31, 2022	
	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 stock options as of January 1	2,100	\$16.15	-	\$-
Grant of stock options in the period	-	-	2,100	22
Exercise of stock options in the period	(2,086)	16.15	-	-
Stock options that expired during this period	(14)	16.15	-	-
Outstanding stock options as of December 31	-	-	2,100	16.15
Exercisable as of December 31	-	-	-	-

The information on the outstanding share options as of December 31, 2023, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
December 31, 2023 Outstanding stock options	\$16.15	-
December 31, 2022 Outstanding stock options	\$16.15	3.02

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Note: The exercise price of employee stock options shall be adjusted in accordance with the Regulations on Employee Stock Options.

On May 16, 2023, the Company notified the stock option holders to resolve a decision on the public offering, and the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages in accordance with the Regulations on Employee Stock Options.

(3) ASJade Technology Incorporation

As of December 31, 2023, the share-based payment transaction issued by ASJade Technology Incorporation are as follows:

Type of agreement	Date of grant	Number of shares granted (thousands of shares)	Contract period	Vested conditions
Employee stock option plan	September 7, 2022	3,240	10 years	Cumulative proportion of share options that can be exercised. Employees who have continued to serve in the Company for two years will get 50%. Employees who have continued to serve in the Company for three years will get 100%.

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 following table lists the inputs to the model used for the plan granted on September 7, 2022:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	<u>September 7, 2022</u>
Fair value at grant date	6.16
Exercise price	10
Expected volatility (%)	22.71
Risk-free interest rate (%)	1.3170
Expected option life (Years)	10
Weighted average share price (\$)	13.69
Option pricing model	Binomial option pricing model

The expected life of the stock 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:

Plan granted on September 7, 2022

	<u>For the years ended December</u>		<u>For the years ended December</u>	
	<u>31, 2023</u>	<u>Weighted</u>	<u>31, 2022</u>	<u>Weighted</u>
	Number of	average	Number of	average
	share options	exercise price	share options	exercise price
	outstanding	of share	outstanding	of share
	(in thousands)	options (\$)	(in thousands)	options (\$)
Outstanding stock options as of				
January 1	3,240	\$10	-	\$-
Grant of stock options in the				
period	-	-	3,240	10
Exercise of stock options in the				
period	-	-	-	-
Outstanding stock options as of				
December 31	<u>3,240</u>	10	<u>3,240</u>	10
Exercisable as of December 31	<u> </u>		<u> </u>	

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

The information on the outstanding share options as of December 31, 2023 and December 31, 2022, is as follows:

	<u>Exercise price</u>	<u>Weighted average remaining contractual life (Years)</u>
December 31, 2023		
Outstanding stock options	\$10	8.65
December 31, 2022		
Outstanding stock options	\$10	9.65

3. Modification or cancellation of the share-based payment plan for employees

No modification or cancellation of share-based payment plan has occurred in the year ended December 31, 2023.

4. The expenses of the share-based payment plan for employees recognized by the Group are as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expense arising from share-based payment transaction (All of arising from equity- settled share-based payment transaction)	<u>\$7,503</u>	<u>\$43,864</u>

(XIII) Operating revenues

Information relating to the Group's revenue from contracts with customers for 2023 and 2022 is as follows:

1. Disaggregation of revenue

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	For the years ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$18,897,154	\$17,070,702
Revenue from rendering services	94,691	50,217
Total	<u>\$18,991,845</u>	<u>\$17,120,919</u>

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

(XIV) Expected credit losses (gains)

	For the years ended December 31	
	2023	2022
Operating expenses - expected credit impairment losses (gains)		
Accounts receivable	<u>\$15,220</u>	<u>\$(2,566)</u>

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

The credit risk for the Group's financial assets measured at amortized cost are assessed as low as of December 31, 2023 and 2022 (The same as the assessment result of January 1, 2022). Since the transaction counterparties of the Group 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 receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 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:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

December 31, 2023

	Overdue						Total
	Not yet due	Under 30			Over 121		
		days	31-60 days	61-90 days	91-120 days	days	
Total carrying amount	\$1,510,489	\$343,728	\$88,304	\$13,087	\$26,992	\$3,051	\$1,985,651
Loss ratio	1.71%	1.55%	1.53%	2.87%	3.46%	58.56%	
Lifetime expected credit losses	25,800	5,320	1,349	375	933	1,787	35,564
Carrying Amount	\$1,484,689	\$338,408	\$86,955	\$12,712	\$26,059	\$1,264	\$1,950,087

December 31, 2022

	Overdue						Total
	Not yet due	Under 30			Over 121		
		days	31-60 days	61-90 days	91-120 days	days	
Total carrying amount	\$1,355,215	\$272,714	\$13,626	\$1,313	\$11,049	\$1,333	\$1,655,250
Loss ratio	1.27%	1.51%	2.25%	2.08%	1.94%	32.69%	
Lifetime expected credit losses	17,205	4,116	306	27	215	436	22,305
Carrying Amount	\$1,338,010	\$268,598	\$13,320	\$1,286	\$10,834	\$897	\$1,632,945

The movement in the provision for impairment of trade receivables during the years ended December 31, 2023 and 2022.

	<u>Accounts receivable</u>
January 1, 2023	\$22,305
Addition/ (reversal) for the current period	15,220
Write off due to uncollectibility in the current period	(1,830)
Effects of the exchange rate	(131)
December 31, 2023	<u>\$35,564</u>
January 1, 2022	\$25,071
Addition/ (reversal) for the current period	(2,566)
Write off due to uncollectibility in the current period	(1,631)
Effects of the exchange rate	1,431
December 31, 2022	<u>\$22,305</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(XV) 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 without renewal right. 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:

1. Amounts recognized in the balance sheet

(1) Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2023	December 31, 2022
Houses and buildings	<u>\$141,144</u>	<u>\$71,384</u>

The Group added \$127,346 thousand and \$29,571 thousand to the right-of-use assets in 2023 and 2022, respectively.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	<u>\$142,113</u>	<u>\$71,769</u>
Current	<u>\$60,125</u>	<u>\$31,896</u>
Non-current	<u>\$81,988</u>	<u>\$39,873</u>

Please refer to Note VI(XV) 4. for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022 and refer to Note XII(V) Liquidity Risk Management for the maturity analysis for lease liabilities.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

2. Amounts recognized in the statement of profit or loss

Depreciation of right-of-use assets

	For the years ended December 31	
	2023	2022
Houses and buildings	\$57,455	\$49,308

3. Lessee's revenue and expenses related to leasing activities

	For the years ended December 31	
	2023	2022
The expenses relating to variable lease payments not included in the measurement of lease liabilities	\$19,430	\$15,141

4. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounting to \$78,996 thousand and \$65,979 thousand, respectively.

(XVI) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

By function By nature	For the years ended December 31					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	\$-	\$1,302,737	\$1,302,737	\$-	\$1,350,666	\$1,350,666
Labor and health insurance expenses	-	85,833	85,833	-	82,862	82,862
Pension expenses	-	42,274	42,274	-	40,346	40,346

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

By function By nature	For the years ended December 31					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Other employee benefit expenses	-	58,457	58,457	-	49,256	49,256
Depreciation expense	7,227	171,441	178,668	9,164	117,407	126,571
Amortization expense	-	12,540	12,540	-	7,898	7,898

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 reported to the shareholders' meeting. The estimated employee remuneration and directors' remuneration are recognized as expenses in the current year. Material differences between estimated amounts and the amounts resolved by the Board of Directors will be recorded as a change in accounting estimate and adjusted in the following year. Information on the board meeting resolution approval of the employees' compensation and remuneration to directors and supervisors can be inquired to the "Market Observation Post System" website of the TWSE.

Based on profit of the year ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023 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 year ended December 31, 2023 amounted to \$88,850 thousand and \$8,885 thousand, respectively and recognized as salaries expense. A resolution was passed at the board meeting held on March 6, 2024 to distribute \$88,850

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

thousand and \$8,885 thousand in cash as employees' compensation and remuneration to directors, respectively.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 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 year ended December 31, 2023 amounted to \$95,787 thousand and \$9,579 thousand, respectively and recognized as salaries expense. A resolution was passed at the board meeting held on March 7, 2023 to distribute \$95,787 thousand and \$9,579 thousand in cash as employees' compensation and remuneration to directors, respectively.

A resolution was passed at the board meeting held on March 7, 2023 to distribute \$95,787 thousand and \$9,579 thousand in cash as employees' compensation and remuneration to directors of 2022, 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, 2022.

A resolution was passed at the board meeting held on February 23, 2022 to distribute \$237,594 thousand and \$23,795 thousand in cash as employees' compensation and remuneration to directors of 2021, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for 2021.

(XVII) Non-operating income and expenses

1. Interest income

	For the years ended December 31	
	2023	2022
Interest income		
Financial assets measured at amortized cost	<u>\$126,769</u>	<u>\$33,350</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

2. Other income

	For the years ended December 31	
	2023	2022
Other income - others	\$43,608	\$40,891

3. Other gains and losses

	For the years ended December 31	
	2023	2022
Foreign exchange gains (losses), net	\$(83,971)	\$188,330
Other losses - others	(5,626)	(5,229)
Loss on disposal of property, plant and equipment	(4,677)	-
Total	\$(94,274)	\$183,101

4. Finance costs

	For the years ended December 31	
	2023	2022
Interest on bank loans	\$2,675	\$10,208
Interest on lease liabilities	2,694	1,494
Others	-	2
Total	\$5,369	\$11,704

(XVIII) Components of other comprehensive income

The components of other comprehensive income for the year ended December 31, 2023 are as follows:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$(2,784)	\$-	\$(2,784)	\$557	\$(2,227)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	(940)	-	(940)	-	(940)
Total	\$(3,724)	\$-	\$(3,724)	\$557	\$(3,167)

The components of other comprehensive income for the year ended December 31, 2022 are as follows:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$13,534	\$-	\$13,534	\$(2,707)	\$10,827
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	416,413	-	416,413	-	416,413
Total	\$429,947	\$-	\$429,947	\$(2,707)	\$427,240

(XIX) Income tax

The major components of income tax expense for the year ended December 31, 2023 and 2022 are as follows:

Total income tax recognized in profit or loss

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	For the years ended	
	December 31	
	2023	2022
Current income tax expense:		
Current income tax charge	\$302,897	\$408,830
Current income taxes for the prior years adjusted in this period	(28,972)	(107,895)
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	(34,110)	(95,691)
Deferred tax expense relating to origination and reversal of tax loss and tax credit	(252)	(50)
Effects of the exchange rate	788	(1,306)
Income tax expenses	<u>\$240,351</u>	<u>\$203,888</u>

Income tax relating to components of other comprehensive income

	For the years ended	
	December 31	
	2023	2022
Deferred tax expense (income):		
Profit or losses of defined benefits plan	<u>\$(557)</u>	<u>\$2,707</u>
Income tax relating to components of other comprehensive income	<u>\$(557)</u>	<u>\$2,707</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended	
	December 31	
	2023	2022
Accounting profit before tax from continuing operations	<u>\$1,217,905</u>	<u>\$1,430,688</u>
Tax at the domestic rates applicable to profits in the country concerned	\$313,649	\$367,824
Tax effect of revenues exempt from taxation	(33,644)	(41,966)
Tax effect of expenses not deductible for tax purposes	5	12

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	For the years ended December 31	
	2023	2022
Tax effect of deferred tax assets/liabilities	-	580
Income tax impact of research and development deduction	(32,254)	(37,004)
Corporate income surtax on undistributed retained earnings	21,038	21,673
Current income taxes for the prior years adjusted in this period	(28,972)	(107,895)
Others	529	664
Total income tax expense recognized in profit or loss	<u>\$240,351</u>	<u>\$203,888</u>

Deferred tax assets (liabilities) relate to the following:

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gains (losses) on foreign exchange	\$136	\$(7,710)	\$-	\$-	\$(7,574)
Unrealized intragroup profits and losses	99,675	(10,136)	-	-	89,539
Inventory valuation and obsolescence loss	74,853	49,260	-	8	124,121
Net defined benefit liabilities - non-current	3,410	155	557	-	4,122
Other payables (non-leave bonus, etc.)	7,011	1,183	-	(14)	8,180
Bad debt losses	862	467	-	(6)	1,323
Others	858	891	-	(11)	1,738
Unused taxable loss	3,222	252	-	(2)	3,472
Deferred tax benefit (expense)		<u>\$34,362</u>	<u>\$557</u>	<u>\$(25)</u>	
Net deferred tax assets	<u>\$190,027</u>				<u>\$224,921</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Reflected in balance sheet as follows:					
Deferred tax assets	\$192,186				\$232,773
Deferred tax liabilities	\$(2,159)				\$(7,852)

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gains (losses) on foreign exchange	\$948	\$(820)	\$-	\$8	\$136
Unrealized intragroup profits and losses	26,396	73,279	-	-	99,675
Inventory valuation and obsolescence loss	51,400	22,526	-	927	74,853
Net defined benefit liabilities - non-current	8,406	(2,289)	(2,707)	-	3,410
Other payables (non-leave bonus, etc.)	3,561	3,057	-	393	7,011
Bad debt losses	909	(142)	-	95	862
Others	703	80	-	75	858
Unused taxable loss	2,898	50	-	274	3,222
Deferred tax benefit (expense)		\$95,741	\$(2,707)	\$1,772	
Net deferred tax assets	\$95,221				\$190,027
Reflected in balance sheet as follows:					
Deferred tax assets	\$96,390				\$192,186
Deferred tax liabilities	\$(1,169)				\$(2,159)

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

The following table contains information of the unused tax losses of the Group:

Unused taxable losses of overseas subsidiaries

(Expressed in US Dollars)

Year	Tax losses for the period	Unused tax losses as of		Expiration year
		December 31, 2023	December 31, 2022	
2015	\$66,557	\$2,698	\$2,698	2035
2016	35,946	35,946	35,946	2036
2017	35,778	35,778	35,778	2037
2018	30,930	30,930	30,930	2039
2019	39,318	39,318	39,318	2040
2020	91,132	91,132	91,132	2041
2021	62,423	62,423	62,423	2042
2022	54,555	54,555	54,555	2043
2023	26,150	26,150	-	2044
Total		<u>\$378,930</u>	<u>\$352,780</u>	

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting to \$123,360 thousand and \$100,775 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2023 and 2022, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to \$2,969,804 thousand and \$2,953,014 thousand, respectively.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Group is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2021	None
Subsidiary - ASIAROCK TECHNOLOGY LIMITED	None	Exempt from income tax accordance with local regulations
Subsidiary - LEADER INSIGHT HOLDINGS LIMITED	None	Exempt from income tax accordance with local regulations
Subsidiary - ASRock Rack Incorporation	Assessed and approved up to 2020	None
Subsidiary - ASRock Industrial Computer Corporation	Assessed and approved up to 2021	None
Subsidiary - ASJade Technology Incorporation	Assessed and approved up to 2021	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 2021	None
Sub-subsidiary - Calrock Holdings, LLC	Assessed and approved up to 2022	None
Sub-subsidiary - FIRSTPLACE INTERNATIONAL LTD.	None	Exempt from income tax accordance with local regulations
Sub-subsidiary - ASJade Technology Japan Corp.	None	Incorporation registration approved in 2023
Great-subsidiary - ASRock America, Inc.	Assessed and approved up to 2022	None

(XX) 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 company by the weighted

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 years ended December 31	
	2023	2022
1. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand \$)	<u>\$919,041</u>	<u>\$1,066,244</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>121,883</u>	<u>122,648</u>
Basic earnings per share (\$)	<u>\$7.54</u>	<u>\$8.69</u>
	For the years ended December 31	
	2023	2022
2. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand \$)	<u>\$919,041</u>	<u>\$1,066,244</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	121,883	122,648
Effect of dilution:		
Employee compensation - stock (in thousands)	<u>346</u>	<u>674</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>122,229</u>	<u>123,322</u>
Diluted earnings per share (\$)	<u>\$7.52</u>	<u>\$8.65</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

(XXI) 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 employee stock options for capital increase on July 10, 2023, May 5, 2023, and July 19, 2022, which were not subscribed for by the Company, thus reducing its ownership to 60.10%, 63.46%, and 64.46%, respectively. The related interest in ASRock Industrial Computer Corporation reduced, including changes in non-controlling interests, is as follows:

	<u>July 10, 2023</u>	<u>May 5, 2023</u>	<u>July 19, 2022</u>
Increase (decrease) to non-controlling interests	<u>\$(3,049)</u>	<u>\$(4,893)</u>	<u>\$(4,464)</u>
Difference recognized in capital surplus within equity	<u><u>\$(3,049)</u></u>	<u><u>\$(4,893)</u></u>	<u><u>\$(4,464)</u></u>

ASRock Rack Incorporation issued employee stock options for capital increase on July 11, 2023, which were not subscribed by the Company, thus reducing its ownership to 57.27%. The related interest in ASRock Rack Incorporation reduced, including changes in non-controlling interests, is as follows:

	<u>July 11, 2023</u>
Increase (decrease) to non-controlling interests	<u>\$7,839</u>
Difference recognized in capital surplus within equity	<u><u>\$7,839</u></u>

ASJade Technology Incorporation issued new shares for cash capital increase on December 16, 2022, and the Company participated in the subscription of \$113,438 thousand, increasing its ownership to 82.50%. The related interest in ASJade Technology Incorporation increased, including changes in non-controlling interests, is as follows:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	December 16, 2022
Additional cash received from the issuance of new shares	\$17,812
Increase (decrease) to non-controlling interests	(19,674)
Difference recognized in capital surplus within equity	<u>\$ (1,862)</u>

Buying back treasury shares by the subsidiary

ASRock Rack Incorporation recovered 42 thousand shares of treasury shares from non-controlling interests and cancelled them on March 6, 2023. As a result, the Company's ownership of ASRock Rack Incorporation increased to 59.73%. The additional equity interest acquired including changes in non-controlling interests is as follows:

	March 6, 2023
Increase (decrease) to non-controlling interests	\$393
Difference recognized in capital surplus within equity	<u>\$393</u>

Subsidiary issued stock dividend

ASRock Rack Incorporation issued stock dividends on July 22, 2023 and July 26, 2022. The relating interest in ASRock Rack Incorporation including changes in non-controlling interests in as follow:

	July 22, 2023	July 26, 2022
Increase (decrease) to non-controlling interests	(\$1)	\$43
Difference recognized in capital surplus within equity	<u>(\$1)</u>	<u>\$43</u>

VII. Related Party Transactions

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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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., Ltd.	Substantive related party
Cotek Electronics (Suzhou) Co., Ltd.	Substantive related party
Piotek Computer (Suzhou) Corporation	Substantive related party

Material transactions with related parties

(I) Sales

	For the years ended	
	December 31	
	2023	2022
Parent company	\$134,640	\$106,324

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 1 to 3 months from FOB shipping point. The outstanding balance at the end of the quarter was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed. In addition, the amount of sales to related parties for the years ended December 31, 2023 and 2022, has eliminated amounts paid for outsourcing. The elimination amounted to \$0 thousand and \$61,211 thousand, respectively.

(II) Purchases

	For the years ended	
	December 31	
	2023	2022
Parent company	\$4,684	\$38,816
Other related parties	(7)	15,327
Total	\$4,677	\$54,143

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 TT or 1 to 3 months. In addition, the amount of purchases to related parties for the years ended December 31, 2023 and 2022, has eliminated amounts paid for outsourcing. The elimination amounted to \$0 thousand and \$217,712 thousand, respectively.

(III) Accounts receivable - related parties

	December 31, 2023	December 31, 2022
Parent company	<u>\$24,176</u>	<u>\$26,411</u>

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

	December 31, 2023	December 31, 2022
Parent company	<u>\$765</u>	<u>\$891</u>

(V) Other receivables (accounted for under “Current assets-other current assets”)

	December 31, 2023	December 31, 2022
Parent company	<u>\$535</u>	<u>\$18</u>

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

	December 31, 2023	December 31, 2022
Other related parties	<u>\$449</u>	<u>\$795</u>

(VII) Accounts payable - related parties

	December 31, 2023	December 31, 2022
Parent company	<u>\$348</u>	<u>\$68,469</u>
Other related parties	<u>-</u>	<u>188</u>
Total	<u>\$348</u>	<u>\$68,657</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(VIII) Other payables

	December 31, 2023	December 31, 2022
Parent company	\$4,501	\$44,059
Other related parties	375	15
Total	\$4,877	\$44,074

(IX) Other current liabilities

	December 31, 2023	December 31, 2022
Parent company	\$-	\$68
	\$-	\$68

(X) Other operating revenues

	For the years ended December 31	
	2023	2022
Parent company	\$3,703	\$-
	\$3,703	\$-

(XI) Other income

	For the years ended December 31	
	2023	2022
Parent company	\$1,065	\$1,012
	\$1,065	\$1,012

(XII) Operating costs and expenses

	For the years ended December 31	
	2023	2022
Parent company	\$10,297	\$218,066
Other related parties	9,478	2,814
Total	\$19,775	\$220,880

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(XIII) Property transaction

	Assets	For the years ended December 31	
		2023	2022
Parent company	Computer software	\$2,831	\$2,831

(XIV) Key management personnel compensation

	For the years ended December 31	
	2023	2022
Short-term employee benefits	\$77,666	\$75,325
Post-employment benefits	1,070	886
Share-based payment	(558)	4,135
Total	\$78,178	\$80,346

VIII. Pledged Assets

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

Item	Carrying amount		Secured liabilities content
	December 31, 2023	December 31, 2022	
Financial assets measured at amortized cost - current	\$19,773	\$-	R&D Center Project of the Ministry of Economic Affairs
Financial assets measured at amortized cost - current	-	12,287	Tariffs and lease guarantees
Financial assets measured at amortized cost - non-current	2,937	2,436	Tariffs and lease guarantees
Total	\$22,710	\$14,723	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2023, the Company and its subsidiaries recorded customs duties of \$10,000 thousand.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

X. Major Disaster Losses

None.

XI. Material Subsequent Events

None.

XII. Others

(I) Category of financial instruments

Financial assets

	December 31, 2023	December 31, 2022
Financial asset measured at fair value through other comprehensive income	\$20,000	\$-
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	3,045,257	3,586,931
Financial assets measured at amortized cost	1,877,596	341,587
Trade receivables	1,950,087	1,632,945
Other receivables (accounted for under current assets-other assets)	57,427	162,304
Subtotal	6,930,367	5,723,767
Total	\$6,950,367	\$5,723,767

Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:		
Short-term loans	\$-	\$625,000
Accounts payable	3,215,321	3,002,775
Lease liabilities	142,113	71,769
Other payables	1,408,608	1,292,812
Total	\$4,766,042	\$4,992,356

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(II) 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. During the execution of the financial management activities, the Group is required to ensure compliance with the relevant requirements of financial risk management as prescribed.

(III) 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 mainly currency risk and 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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 years ended December 31, 2023 and 2022 is decreased/increased by \$12,118 thousand and \$7,468 thousand, respectively, the equity is decreased/increased by \$43,146 thousand and \$41,655 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 years ended December 31, 2023 and 2022 to increase /decrease by \$4,977 thousand and \$1,820 thousand, respectively.

(IV) 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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

prepayment.

As of December 31, 2023 and 2022, amounts receivables from top ten customers represent 33.80% and 46.83% 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.

(V) 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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
December 31, 2023					
Short-term loans	\$-	\$-	\$-	\$-	\$-
Accounts payable	3,215,321	-	-	-	3,215,321
Lease liabilities	62,700	83,556	-	-	146,256
Other payables	1,408,608	-	-	-	1,408,608
December 31, 2022					
Short-term loans	\$627,092	\$-	\$-	\$-	\$627,092
Accounts payable	3,002,775	-	-	-	3,002,775
Lease liabilities	32,916	33,281	7,197	-	73,394
Other payables	1,292,812	-	-	-	1,292,812

(VI) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Lease liabilities	Liabilities from financing gross
January 1, 2023	\$625,000	\$71,769	\$696,769
Cash flow	(625,000)	(59,566)	(684,566)
Non-cash change	-	130,040	130,040
Effects of the exchange rate	-	(130)	(130)
December 31, 2023	\$-	\$142,113	\$142,113

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Lease liabilities	Liabilities from financing gross
January 1, 2022	\$-	\$91,022	\$91,022
Cash flow	625,000	(50,838)	574,162
Non-cash change	-	31,065	31,065
Effects of the exchange rate	-	520	520
December 31, 2022	\$625,000	\$71,769	\$696,769

(VII) Fair value of financial instruments

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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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:

- (1) The carrying amount of cash and cash equivalents, trade receivables, other receivables, payables and other payables approximate their fair value mainly due to their short maturities.
 - (2) 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.
2. 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.

3. Information on the financial instrument fair value hierarchy

See Note XII, (VIII) for the information on the Group's financial instrument fair value hierarchy.

(VIII) Fair value hierarchy

1. Definitions of fair value levels

All assets and liabilities measured or disclosed at fair value are the lowest level inputs, which are important to the overall fair value measurement, classified to the fair value levels to which they belong. The input at each level is as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Level 2: Inputs, other than quoted market prices within Level 1 that are observable, either directly or indirectly, for assets or liabilities.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, the classification is reevaluated at the end of each reporting period to determine whether there is a transfer between the fair value levels.

2. Information on the hierarchy of fair value measurement

The Group does not have assets measured at fair value on a non-recurring basis. The information on the fair value levels of assets and liabilities on a recurring basis is shown below:

December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial asset measured at fair value through other comprehensive income				
Stocks	\$-	\$-	\$20,000	\$20,000

Transfer between Level 1 and Level 2 fair values

The Group's assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2023 and 2022 were not transferred between Level 1 and Level 2.

Details of movements at Level 3 fair value on a recurring basis

If the Group's assets and liabilities measured at fair value on a recurring basis that belong to Level 3 fair value, the reconciliation of the opening and ending balances is listed as follows:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	<u>Assets</u>
	<u>Measured at fair value through other comprehensive income</u>
	<u>Stocks</u>
January 1, 2023	\$-
Acquired for the current period	20,000
December 31, 2023	<u>\$20,000</u>

Significant unobservable Level 3 fair value inputs

Regarding the Group's assets at Level 3 fair value on a recurring basis, the significant unobservable inputs at fair value are as follows:

The fair values of unlisted stocks are estimated using a market approach or an asset-based approach. Regarding a market approach, the fair value of a stock is calculated by referring to the market transaction prices of comparable companies with business and industry attributes similar to the stock invested, with their liquidity discount parameters considered. As for an asset-based approach, the total value of individual assets and individual liabilities of a company with its stock to be invested is valued to reflect the total worth of the company or business, and the company's equity value is measured at the fair value of its net assets.

Valuation process for Level 3 fair value

The Group's management is responsible for fair value verification, using data from independent sources to bring the valuation results closer to the market, confirming that the sources of the data are independent, reliable, consistent with other resources and represent executable prices, while analyzing the changes in the value of assets and liabilities that must be remeasured or re-valued in accordance with the Group's accounting policies at each balance date, to ensure that the valuation results are reasonable.

(IX) Information on foreign currency financial assets and liabilities with significant impact

The Group's information regarding the significant assets and liabilities

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

denominated in foreign currencies is listed below:

	Unit: thousands of NTD		
	December 31, 2023		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$163,370	30.725	\$5,019,540
<u>Financial liabilities</u>			
Monetary items:			
USD	\$123,929	30.725	\$3,807,744
	December 31, 2022		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$139,794	30.7175	\$4,294,124
<u>Financial liabilities</u>			
Monetary items:			
USD	\$115,484	30.7175	\$3,547,365

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 (losses) gains was \$(83,971) thousand and \$188,330 thousand for the years ended December 31, 2023 and 2022, respectively.

(X) 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

XIII. Others/Additional

(I) Relevant information on significant transactions

1. Loaning to others: None.
2. Endorsement/Guarantee for others: Please refer to Attachment 1.
3. Marketable securities held at the end of the period: Please refer to Attachment 2.
4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20 percent of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20 percent of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of \$300 million or 20 percent of the capital stock: None.
7. 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 3.
8. Receivables from related parties with amounts exceeding the lower of \$100 million or 20 percent of capital stock: Please refer to Attachment 4.
9. Financial instruments and derivative transactions: None.
10. 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 5.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(II) Information on investees

Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: Please refer to Attachment 6.

(III) Investment in Mainland China

None.

(IV) Information on major shareholders

Name of major shareholders	Shareholding	Number of shareholding (share)	Ratio of shareholding (%)
Asus Investment Co., Ltd.		57,217,754	47.03%
Asustek Investment Co., Ltd.		7,453,405	6.12%
Hong hung Investment Limited		6,526,897	5.36%

XIV. Segment Information

- (I) 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(II) Geographical information

1. Revenue from external customers:

	For the years ended	
	December 31	
	2023	2022
Asia	\$6,067,689	\$5,905,725
Europe	5,655,892	4,177,525
America	7,109,648	6,861,991
Others	158,616	175,678
Total	<u>\$18,991,845</u>	<u>\$17,120,919</u>

Revenue is categorized based on the customer's country.

2. Non-current assets:

	December 31,	December 31,
	2023	2022
Europe	\$110,970	\$115,751
Asia	380,415	399,098
America	75,704	64,750
Total	<u>\$567,089</u>	<u>\$579,599</u>

3. Information about major customers

The net sales revenue of a single customer for the years ended December 31, 2023 and 2022 both did not exceed 10% of the consolidated net income.

Notes to the Consolidated Financial Statements of ASRock Incorporation and subsidiaries (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 1, Endorsement/ Guarantee for Others

Unit: thousands of NTD

No.	Name of the Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Endorsement/ Guarantee Balance for the Period	Endorsement/ Guarantee Balance in this period	Amount Actually Drawn	Amount of Endorsement/ Guarantee by Properties	Ratio of Accumulated Endorsement/Guarantee Amount to the Net Equity in the Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 4)	Endorsement Provided by Parent Company to Subsidiaries	Endorsement Provided by Subsidiaries to Parent Company	Endorsement Provided to Entities in Mainland
		Company Name	Nature of Relationship (Note 2)										
0	ASRock Incorporation	ASIARock Technology Limited. (Note 1)	(2)	\$5,686,032	\$2,593,960	\$2,458,000	\$1,861,935	\$-	30.26%	\$5,686,032	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, and the code of the same company should be the same.

Note 2: The relationship between the endorser and the endorsee can be divided into the following seven categories, which can be indicated as follows:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% 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 table is foreign currency, it shall be converted into NTD at the exchange rate as stated in the 2023Q4 financial report (December 31, 2023), and the spot exchange rate of December 31, 2023 is USD/NTD 30.725.

Notes to the Consolidated Financial Statements of ASRock Incorporation and subsidiaries (continued)

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

ATTACHMENT 2, Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures)

Unit: thousands of NTD

Company	Types and Names of Securities	Relations with Issuer of Securities	Account	End of the Period				Notes
				Number of Shares	Carrying Amount	Ratio of Shareholding	Fair Value	
ASRock Incorporation	Stock of Zhuhe Investment Co., Ltd.	Other related parties	Financial asset measured at fair value through other comprehensive income - non-current	2,000,000	\$20,000	11.76%	\$20,000	-

Notes to the Consolidated Financial Statements of ASRock Incorporation and subsidiaries (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 3, Related Party Transactions for Purchases and Sales Amounts to NT\$100 million or more than 20% of the Paid-in Capital

Unit: thousands of NTD

Purchaser/seller Company Name	Name of Counterparty	Relationship (Note 4)	Transaction Details				Details of Non-arm's Length Transactions (Note 1)		Notes and Accounts Receivable (Payable)		Remarks (Note 2)
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes (accounts) receivable and accounts payable	
ASRock Incorporation	ASRock Europe B.V.	1	(Sales)	\$(4,174,702)	(29.10%)	45 days	Same as other clients	Same as other clients	\$258,626	10.24%	
"	ASRock America Inc.	1	(Sales)	(4,174,621)	(29.10%)	90 days	Same as other clients	Same as other clients	1,681,803	66.58%	
ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	(Sales)	(12,336,665)	(87.51%)	90 days	Same as other clients	Same as other clients	2,956,639	85.93%	
"	ASRock Rack Incorporation	3	(Sales)	(971,746)	(6.89%)	60 days	Same as other clients	Same as other clients	232,107	6.75%	
"	ASRock Industrial Computer Corporation	3	(Sales)	(395,886)	(2.81%)	60 days	Same as other clients	Same as other clients	134,098	3.90%	
ASRock Rack Incorporation	ASRock America Inc.	3	(Sales)	(300,497)	(10.98%)	90 days	Same as other clients	Same as other clients	109,501	27.73%	
"	ASRock Europe B.V.	3	(Sales)	(138,239)	(5.05%)	60 days	Same as other clients	Same as other clients	12,119	3.07%	
"	PEGATRON Corporation	2	(Sales)	(138,343)	(5.05%)	60 days	Same as other clients	Same as other clients	24,177	6.12%	
ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	(Sales)	(241,413)	(17.24%)	60 days	Same as other clients	Same as other clients	-	0.00%	
"	ASRock America Inc.	3	(Sales)	(137,432)	(9.82%)	60 days	Same as other clients	Same as other clients	8,350	6.89%	

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 the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity attributable to the owners of the parent company on the balance sheet.

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.) For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

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

Notes to the Consolidated Financial Statements of ASRock Incorporation and subsidiaries (continued)

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

ATTACHMENT 4, Receivables from Related Parties with amounts exceeding the lower of \$100 million or 20% of Capital Stock

Unit: thousands of NTD

Company Under the Accounts Receivable	Name of Counterparty	Relationship (Note 3)	Ending Balance of Receivables from Related Parties (Note 1)	Turnover	Overdue Receivable		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Handling Method		
ASRock Incorporation	ASRock Europe B.V.	1	\$258,626	26.54	\$-	-	\$60,263	-
"	ASRock America Inc.	1	1,681,803	2.26	-	-	225,397	-
ASIROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	2,956,639	6.19	-	-	-	-
"	ASRock Rack Incorporation	3	232,107	3.11	-	-	-	-
"	ASRock Industrial Computer Corporation	3	134,098	2.08	-	-	9,979	-
ASRock Rack Incorporation	ASRock America Inc.	3	109,501	2.80	-	-	-	-

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 the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity attributable to the owners of the parent company on the balance sheet.

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.)
For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

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

Notes to the Consolidated Financial Statements of ASRock Incorporation and subsidiaries (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 5. Business Relationship, and significant transactions and amounts between the Parent and its Subsidiaries and between each Subsidiary

Unit: thousands of NTD

No. (Note 1)	Name of Trader	Counterparty	Relationship (Note 2)	Transaction Details			
				Ledger Account	Amount (Note 4)	Terms	Percentage of Consolidated Total Operating Revenues or Total Assets (Note 3)
0	ASRock Incorporation	ASRock Europe B.V.	1	Sales	\$4,174,702	Same as other clients	21.98%
				Accounts receivable	258,626	45 days	1.80%
	"	ASRock America Inc.	1	Sales	4,174,621	Same as other clients	21.98%
				Accounts receivable	1,681,803	90 days	11.70%
1	ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	Sales	12,336,665	Same as other clients	64.96%
				Accounts receivable	2,956,639	90 days	20.57%
				"	ASRock Rack Incorporation	3	Sales
Accounts receivable	232,107	60 days	1.61%				
	"	ASRock Industrial Computer Corporation	3	Sales	395,886	Same as other clients	2.08%
				Accounts receivable	134,098	60 days	0.93%
2	ASRock Rack Incorporation	ASRock America Inc.	3	Sales	300,497	Same as other clients	1.58%
				Accounts receivable	109,501	90 days	0.76%
				"	ASRock Europe B.V.	3	Sales
Accounts receivable	12,119	60 days	0.08%				
	"	PEGATRON Corporation	2	Sales	138,343	Same as other clients	0.73%
				Accounts receivable	24,177	60 days	0.17%
3	ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	Sales	241,413	Same as other clients	1.27%
				Accounts receivable	-	60 days	0.00%
		ASRock America Inc.	3	Sales	137,432	Same as other clients	0.72%
				Accounts receivable	8,350	60 days	0.06%

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered according to the following:

1. For the parent company, fill in 0.
2. The subsidiaries are coded starting from "1" in the order.

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.)

For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

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.

Notes to the Consolidated Financial Statements of ASRock Incorporation and subsidiaries (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 6, Information on Investees

Unit: thousands of NTD

Investor Company	Investee Company (Note 1, Note 2(1))	Location	Main Business Items	Initial Investment Amount		Investment Held at the End of the Period			Investee Company Net Income (Loss) of Investee Company (Note 2 (2))	Investment Income Recognized for the Current Period (Note 2(3))	Notes
				At the End of the Period	End of Last Year	Number of Shares	Proportion	Carrying Amount			
ASRock Incorporation	ASRock Rack Incorporation	Taiwan	Manufacture and sales of computers and peripheral equipment.	\$390,240	\$390,240	34,595,984	57.27%	\$479,373	\$7,907	\$2,107	
"	ASIAROCK TECHNOLOGY LIMITED	British Virgin Islands	Investment holding on other business.	1,320,886	1,320,886	40,000,000	100.00%	\$3,802,566 (Note 3)	16,790	\$(17,231)	
"	LEADER INSIGHT HOLDINGS LTD.	British Virgin Islands	Investment holding on other business.	71,559	71,559	2,100,000	100.00%	\$191,130	133,187	133,187	
"	ASRock Industrial Computer Corporation	Taiwan	Manufacture and sales of computers and peripheral equipment.	239,683	239,683	37,281,196	60.10%	\$567,221	169,166	104,851	
"	ASJade Technology Incorporation	Taiwan	Service of computer software.	216,563	216,563	17,325,000	82.50%	122,430	(66,301)	(54,699)	
"	Soaring Asia Limited Total	Hong Kong	International trade.	592	592	150,000	100.00%	595	4	4	
										<u>168,219</u>	
ASIAROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	The Netherlands	Data storage and electronic material sales, international trade, etc.	5,820	5,820	200,000	100.00%	764,138	26,021	26,021	
"	CALROCK HOLDINGS, LLC	U.S.A.	Renting office building.	60,000	60,000	2,000,000	100.00%	64,140	(865)	(865)	
"	Orbweb Inc. (BVI)	British Virgin Islands	Computer equipment installation and peripheral equipment wholesale and service.	29,900	29,900	4,000,000	27.59%	-	(2,241)	-	
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	British Virgin Islands	Investment holding on other business.	61,500	61,500	2,050,000	100.00%	191,081	133,187	133,187	
FIRSTPLACE INTERNATIONAL LTD.	ASRock America Inc.	U.S.A.	Data storage and electronic material sales, international trade, etc.	60,000	60,000	2,000,000	100.00%	190,033	133,173	133,173	
ASJade Technology Incorporation	ASJade Technology Japan Inc.	Japan	Sales of charging pile, etc.	1,087	-	500	100.00%	1,084	(3)	(3)	

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 NTS\$4,101,564 thousand + deferred credit NTS\$(298,998) thousand.