

**ASROCK INCORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2023 AND 2022**

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

Consolidated Financial Statements

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Independent Auditors' Review Report

To ASRock Incorporation:

Foreword

We have reviewed the accompanying consolidated balance sheets of ASRock Incorporation (the “Company”) and its subsidiaries (collectively the “Group”) as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2023 and 2022, and changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope

Except as explained in the following paragraph, we conducted our reviews in accordance with Standard on Review Engagements No. 2410 (TWSRE 2410), “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note IV(III), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$69,226 thousand and NT\$68,951 thousand, constituting 0.48% and 0.47% of the consolidated total assets, and total liabilities of NT\$315 thousand and NT\$600 thousand, constituting both 0.01% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively; and total comprehensive income of NT\$(265) thousand and NT\$(718) thousand as well as NT\$(2,232) thousand and NT\$(2,456) thousand, constituting (0.05)% and (0.14)% as well as (0.28)% and (0.14)% of the consolidated total comprehensive income for the three- and nine-month periods ended September 30, 2023 and 2022, respectively. The information related to above subsidiaries in Note XIII was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries and the information been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of September 30, 2023 and 2022, their consolidated financial performance for the three- and nine-month periods ended September 30, 2023 and 2022, and their cash flows for the nine-month periods ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

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

Ernst & Young, Taiwan

November 2, 2023

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
September 30, 2023, December 31, 2022, and September 30, 2022

Unit: thousands of NTD

Assets			September 30, 2023		December 31, 2022		September 30, 2022	
Code	Accounting items	Note	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	IV and VI(I)	\$2,961,660	21	\$3,588,129	24	\$2,078,663	14
1136	Financial assets measured at amortized cost - current	IV, VI(III) and VI(XIV)	801,943	6	339,151	2	146,270	1
1170	Accounts receivable, net	IV, VI(IV) and VI(XIV)	2,247,134	16	1,606,534	11	1,628,368	11
1180	Accounts receivable - related parties, net	IV, VI(IV), VI(XIV) and VII	49,732	-	26,411	-	56,039	1
130x	Inventories, net	IV and VI(V)	6,987,454	49	8,010,393	54	9,306,934	64
1470	Other current assets	VII	413,099	3	422,975	3	608,385	4
11xx	Total current assets		<u>13,461,022</u>	<u>95</u>	<u>13,993,593</u>	<u>94</u>	<u>13,824,659</u>	<u>95</u>
	Non-current assets							
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	2,956	-	2,436	-	2,449	-
1600	Property, plant and equipment	IV and VI(VI)	378,822	2	461,869	3	406,908	3
1755	Right-of-use assets	IV and VI(XV)	138,993	1	71,384	1	85,247	1
1780	Intangible assets	IV, VI(VII) and VII	19,425	-	7,411	-	7,790	-
1840	Deferred tax assets	IV and V	244,535	2	192,186	2	196,667	1
1920	Guarantee deposits paid		25,815	-	26,861	-	25,771	-
1990	Other non-current assets		25,158	-	12,074	-	13,100	-
15xx	Total non-current assets		<u>855,704</u>	<u>5</u>	<u>774,221</u>	<u>6</u>	<u>737,932</u>	<u>5</u>
1xxx	Total assets		<u>\$14,316,726</u>	<u>100</u>	<u>\$14,767,814</u>	<u>100</u>	<u>\$14,562,591</u>	<u>100</u>

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

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
September 30, 2023, December 31, 2022, and September 30, 2022

Unit: thousands of NTD

Liabilities and equity			September 30, 2023		December 31, 2022		September 30, 2022	
Code	Accounting items	Note	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	VI(IX)	\$-	-	\$625,000	4	\$984,451	7
2170	Accounts payable		3,197,151	22	2,934,118	20	2,213,087	15
2180	Accounts payable - related parties	VII	420	-	68,657	-	83,700	1
2200	Other payables	VI(VIII) and VII	1,307,530	9	1,292,812	9	1,283,153	9
2230	Current tax liabilities	IV and V	337,773	2	418,015	3	402,654	3
2280	Lease liabilities - current	IV, VI(XV) and VI(XVII)	56,833	1	31,896	-	39,221	-
2300	Other current liabilities	VII	597,178	4	443,194	3	498,606	3
21xx	Total current liabilities		5,496,885	38	5,813,692	39	5,504,872	38
	Non-current liabilities							
2570	Deferred tax liabilities	IV and V	2,620	-	2,159	-	49,647	-
2580	Lease liabilities - non-current	IV, VI(XV) and VI(XVII)	82,971	1	39,873	-	46,448	-
2640	Net defined benefit liabilities - non-current	IV and V	17,629	-	17,047	-	29,481	-
2670	Other non-current liabilities- others		1,153	-	1,116	-	-	-
25xx	Total non-current liabilities		104,373	1	60,195	-	125,576	-
2xxx	Total liabilities		5,601,258	39	5,873,887	39	5,630,448	38
31xx	Equity attributable to owners of the parent company							
3100	Share capital							
3110	Ordinary share	VI(XI)	1,219,804	9	1,219,930	8	1,229,254	9
3200	Capital surplus	VI(XI), VI(XII) and VI(XXI)	3,186,475	22	3,252,907	22	3,252,662	22
3300	Retained earnings							
3310	Legal reserve	VI(XI)	1,691,849	12	1,582,928	11	1,582,928	11
3320	Special reserve	VI(XI)	165,345	1	581,757	4	581,757	4
3350	Unappropriated retained earnings	VI(XI) and VI(XII)	1,703,304	12	1,772,619	12	1,738,264	12
	Total retained earnings		3,560,498	25	3,937,304	27	3,902,949	27
3400	Other equity interest	IV	53,018	-	(217,794)	(1)	(98,609)	(1)
3500	Treasury stock	IV and VI(XI)	(3,345)	-	(12)	-	(9,180)	-
36xx	Non-controlling interests	VI(XI) and VI(XXI)	699,018	5	701,592	5	655,067	5
3xxx	Total equity		8,715,468	61	8,893,927	61	8,932,143	62
	Total liabilities and equity		\$14,316,726	100	\$14,767,814	100	\$14,562,591	100

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

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and nine-month periods ended September 30, 2023 and 2022

Unit: thousands of NTD

Code	Accounting items	Note	For the three-month periods ended September 30				For the nine-month periods ended September 30			
			2023		2022		2023		2022	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	IV, V, VI(XIII) and VII VI(V), VI(VI), VI(XV), VI(XVI) and VII	\$4,902,222	100	\$3,565,647	100	\$13,383,891	100	\$12,221,460	100
5000	Operating costs		(3,915,822)	(80)	(2,910,592)	(82)	(10,846,078)	(81)	(9,372,406)	(77)
5900	Gross profit		986,400	20	655,055	18	2,537,813	19	2,849,054	23
6000	Operating expenses	VI(VI), VI(VII), VI(X), VI(XII), VI(XV), VI(XVI) and VII								
6100	Sales and marketing expenses		(231,066)	(5)	(194,126)	(4)	(661,951)	(5)	(597,553)	(5)
6200	General and administrative expenses		(106,433)	(2)	(121,155)	(3)	(320,995)	(2)	(351,918)	(3)
6300	Research and development expenses		(360,281)	(7)	(286,680)	(8)	(968,724)	(7)	(954,453)	(7)
6450	Expected credit losses		(5,171)	-	(2,654)	-	(7,814)	-	(334)	-
	Total operating expenses		(702,951)	(14)	(604,615)	(15)	(1,959,484)	(14)	(1,904,258)	(15)
6900	Net operating income		283,449	6	50,440	3	578,329	5	944,796	8
7000	Non-operating income and expenses	VI(XVII) and VII								
7100	Interest income		29,489	1	7,462	-	79,663	1	13,101	-
7010	Other income		13,986	-	12,532	-	38,369	-	19,714	-
7020	Other gains and losses		48,565	1	181,618	4	54,225	-	372,160	3
7050	Finance costs		(697)	-	(5,284)	-	(4,498)	-	(6,923)	-
	Total non-operating income and expenses		91,343	2	196,328	4	167,759	1	398,052	3
7900	Profit before tax		374,792	8	246,768	7	746,088	6	1,342,848	11
7950	Income tax expenses	IV, V and VI(XIX)	(51,546)	(1)	(12,615)	-	(156,600)	(1)	(165,339)	(1)
8200	Net profit		323,246	7	234,153	7	589,488	5	1,177,509	10
8300	Other comprehensive income (net)	IV and VI(XVIII)								
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign financial statements		161,719	3	267,767	8	218,888	2	546,690	4
	Other comprehensive income (after tax)		161,719	3	267,767	8	218,888	2	546,690	4
8500	Total comprehensive income		\$484,965	10	\$501,920	15	\$808,376	7	\$1,724,199	14
8600	Profit attributable to:									
8610	Owners of the parent company		\$308,890		\$179,510		\$591,931		\$1,042,919	
8620	Non-controlling interests		14,356		54,643		(2,443)		134,590	
			\$323,246		\$234,153		\$589,488		\$1,177,509	
8700	Comprehensive income attributable to:									
8710	Owners of the parent company		\$470,609		\$447,277		\$810,819		\$1,589,609	
8720	Non-controlling interests		14,356		54,643		(2,443)		134,590	
			\$484,965		\$501,920		\$808,376		\$1,724,199	
	Earnings per share (NT\$)	VI(XX)								
9750	Basic earnings per share									
9710	Profit from continuing operations		\$2.53		\$1.46		\$4.85		\$8.49	
9850	Diluted earnings per share									
9810	Profit from continuing operations		\$2.53		\$1.45		\$4.84		\$8.40	

(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 nine-month periods ended September 30, 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 the nine-month periods ended September 30, 2022	-	-	-	-	1,042,919	-	-	-	1,042,919	134,590	1,177,509
D3	Other comprehensive income for the nine-month periods ended September 30, 2022	-	-	-	-	-	546,690	-	-	546,690	-	546,690
D5	Total comprehensive income for the nine-month periods ended September 30, 2022	-	-	-	-	1,042,919	546,690	-	-	1,589,609	134,590	1,724,199
M7	Changes in subsidiaries' ownership	-	(2,451)	-	-	-	-	-	-	(2,451)	2,451	-
N1	Share-based payment transaction	-	(77,238)	-	-	11,934	-	91,293	(9,180)	16,809	3,869	20,678
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(3,547)	(3,547)
Z1	Balance as of September 30, 2022	<u>\$1,229,254</u>	<u>\$3,252,662</u>	<u>\$1,582,928</u>	<u>\$581,757</u>	<u>\$1,738,264</u>	<u>\$(35,068)</u>	<u>\$(63,541)</u>	<u>\$(9,180)</u>	<u>\$8,277,076</u>	<u>\$655,067</u>	<u>\$8,932,143</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 the nine-month periods ended September 30, 2023	-	-	-	-	591,931	-	-	-	591,931	(2,443)	589,488
D3	Other comprehensive income for the nine-month periods ended September 30, 2023	-	-	-	-	-	218,888	-	-	218,888	-	218,888
D5	Total comprehensive income for the nine-month periods ended September 30, 2023	-	-	-	-	591,931	218,888	-	-	810,819	(2,443)	808,376
L3	Treasury stock cancelled	(126)	-	-	-	-	-	-	126	-	-	-
M7	Changes in subsidiaries' ownership	-	3,497	-	-	-	-	-	-	3,497	(3,497)	-
N1	Share-based payment transaction	-	(69,929)	-	-	7,197	-	51,924	(3,459)	(14,267)	16,950	2,683
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(13,584)	(13,584)
Z1	Balance as of September 30, 2023	<u>\$1,219,804</u>	<u>\$3,186,475</u>	<u>\$1,691,849</u>	<u>\$165,345</u>	<u>\$1,703,304</u>	<u>\$53,543</u>	<u>\$(525)</u>	<u>\$(3,345)</u>	<u>\$8,016,450</u>	<u>\$699,018</u>	<u>\$8,715,468</u>

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

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended September 30, 2023 and 2022

Unit: thousands of NTD

Code	Item	For the nine-month periods ended September 30	
		2023	2022
AAAA	Cash flows from operating activities:		
A10000	Profit before tax	\$746,088	\$1,342,848
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	134,079	86,031
A20200	Amortization expense	8,250	5,797
A20300	Expected credit losses	7,814	334
A20900	Interest expenses	4,498	6,923
A21200	Interest income	(79,663)	(13,101)
A21900	Compensation cost arising from employee stock options	5,970	29,780
A22500	Loss on disposal and scrapping of property, plant and equipment	4,047	-
A22600	Property, plant and equipment reclassified to expenses	5	15
A30000	Changes in operating assets and liabilities:		
A31150	(Increase) decrease in accounts receivable	(649,186)	227,679
A31160	Increase in accounts receivable - related parties	(23,321)	(18,397)
A31200	Decrease in inventories	1,024,161	302,836
A31240	Decrease (Increase) in other current assets	65,007	(210,275)
A32150	Increase (Decrease) in accounts payable	263,033	(2,176,514)
A32160	Increase (Decrease) in account payables - related parties	(68,237)	16,463
A32180	Increase (Decrease) in other payables	14,718	(139,830)
A32230	Increase (Decrease) in other current liabilities	153,984	(57,222)
A32240	Increase (Decrease) in net defined benefit liabilities	582	(12,547)
A32250	Increase in other non-current liabilities	37	-
A33000	Cash inflows (outflows) from operations	<u>1,611,866</u>	<u>(609,180)</u>
A33500	Income taxes paid	(334,754)	(424,646)
AAAA	Net cash flow from operation activities	<u>1,277,112</u>	<u>(1,033,826)</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	(461,810)	-
B00050	Proceed from disposal of financial assets measured at amortized cost	-	1,133,595
B02700	Acquisition of property, plant and equipment	(6,911)	(84,098)
B03800	Decrease (Increase) in guarantee deposits paid	1,046	(3,177)
B04500	Acquisition of intangible assets	(20,261)	(7,812)
B06800	Increase in other non-current assets	(13,084)	(1,681)
B07500	Interest received	77,359	16,785
BBBB	Net cash flows used in investing activities	<u>(443,661)</u>	<u>1,053,612</u>
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term loans	-	984,451
C00200	Decrease in short-term loans	(625,000)	-
C04020	Repayment of lease principal	(43,210)	(37,112)
C04500	Cash dividends paid out	(1,080,596)	(1,611,203)
C05600	Interest paid	(2,675)	(2,153)
C05800	Changes in non-controlling interests	91,078	9,625
C09900	Other	(3,287)	(9,102)
CCCC	Net cash used in financing activities	<u>(1,663,690)</u>	<u>(665,494)</u>
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	<u>203,770</u>	<u>510,382</u>
EEEE	Net decrease in cash and cash equivalents	(626,469)	(135,326)
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>\$2,961,660</u>	<u>\$2,078,663</u>

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

ASROCK INCORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the nine-months periods ended September 30, 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 nine-month periods ended September 30, 2023 and 2022 were authorized for issue by the Company's board of directors on November 2, 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 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

- 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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 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.

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

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)

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 nine-month periods ended September 30, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(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.

(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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

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. Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or the current period or directly to retained earnings in accordance with other IFRSs;
6. The difference arising from the recognition is the profit or loss for the current period.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

The consolidated financial statements entities are prepared as follows:

Name of investor	Name of subsidiaries	Main business	Percentage of ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
ASRock Incorporation (The Company)	ASiAROCK TECHNOLOGY LIMITED	Investment holding on other business.	100%	100%	100%	
The Company	LEADER INSIGHT HOLDINGS LIMITED	Investment holding on other business.	100%	100%	100%	Note 1
The Company	ASRock Rack Incorporation	Manufacture and sales of computers and peripheral equipment.	57.27%	59.68%	59.68%	Note 4
The Company	ASRock Industrial Computer Corporation	Manufacture and sales of computers and peripheral equipment.	60.10%	64.46%	64.46%	Note 2 and Note 3
The Company	Soaring Asia Limited	International trade.	100%	100%	100%	Note 1
The Company	ASJade Technology Incorporation	Service of computer software.	82.50%	82.50%	78.57%	Note 5
ASiAROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	Data storage and electronic material sales, international trade, etc.	100%	100%	100%	
ASiAROCK TECHNOLOGY LIMITED	CALROCK HOLDINGS, LLC	Rent office building. etc.	100%	100%	100%	Note 1
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	Investment holding on other business.	100%	100%	100%	Note 1
FIRSTPLACE INTERNATIONAL LTD.	ASRock America Inc.	Data storage and electronic material sales, international trade, etc.	100%	100%	100%	

Note 1. Insignificant subsidiaries whose financial statements for the nine months ended September 30, 2023 and 2022 were not reviewed by CPAs.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

- Note 2. The financial statements for the nine months ended September 30, 2023 and 2022 were reviewed by CPAs. Although it is not a significant subsidiary, its profit before tax is significant, it is included in the scope of review.
- Note 3. 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%.
- Note 4. 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 5. On December 16, 2022, the Company increased its investment by \$113,438 thousand to purchase 9,075 thousand shares of ASJade Technology Incorporation, resulting in an increase in the Company's original shareholding ratio from 78.57% to 82.5% after the capital increase.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Among the above subsidiaries included in the consolidated financial statements, the financial statements of certain insignificant subsidiaries were not reviewed by CPAs. The total assets of these subsidiaries as of September 30, 2023 and 2022 were \$69,226 thousand and \$68,951 thousand, respectively, and the total liabilities were \$315 thousand and \$600 thousand, respectively. The total consolidated income for the three-month and nine-month periods ended September 30, 2023 and 2022 amounted to \$(265) thousand, \$(718) thousand, \$(2,232) thousand, and \$(2,456) thousand, respectively.

(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:

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 Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (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.

(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.

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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (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.

(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.
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where a liability may be settled by the issuance of equity instruments at the option of the counterparty, the classification shall not be affected.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(VII) Cash and cash equivalents

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

(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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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

Financial 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 amortised 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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

- (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 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

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.

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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(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

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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (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:

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.

(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

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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 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.

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

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

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.

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.

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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. 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.

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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 3 years).

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(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 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
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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 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.

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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.

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

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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.

The pension cost for the interim period is calculated from the beginning of the year to the end of the current period using the actuarially determined pension cost rate at the end of the previous year, and is adjusted and disclosed for significant market fluctuations, significant curtailments, liquidations, or other significant one-off events after that end date.

(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.

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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.

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(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. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
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.

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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. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
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.

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Income tax expense for the interim period is accrued and disclosed using the tax rate that would be applicable to expected total earnings for the year, i.e. the estimated average annual effective tax rate is applied to the pre-tax benefit for the interim period. The estimated average effective tax rate for the year includes only current income tax expense. Deferred income tax is recognized and measured in accordance with the provisions of IAS 12 “Income Taxes”, which is consistent with the annual financial statements. When the tax rate changes in the current period, the effect of the change in tax rate on deferred income tax is recognized in profit or loss, other comprehensive income, or directly recognized in equity.

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.

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(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.

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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 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.

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VI. Explanation of Significant Accounts

(I) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$1,002	\$1,198	\$1,140
Cash in banks	647,565	795,326	630,704
Time deposits	397,571	1,562,598	869,486
Cash equivalents - bonds with repurchase agreements	1,915,522	1,229,007	577,333
Total	<u>\$2,961,660</u>	<u>\$3,588,129</u>	<u>\$2,078,663</u>

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

	September 30, 2023	December 31, 2023	September 30, 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>	<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

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits with initial duration of over three months	\$782,170	\$339,151	\$146,270
Pledged time deposits	22,729	2,436	2,449
Total	<u>\$804,899</u>	<u>\$341,587</u>	<u>\$148,719</u>

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	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$801,943</u>	<u>\$339,151</u>	<u>\$146,270</u>
Non-current	<u>\$2,956</u>	<u>\$2,436</u>	<u>\$2,449</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note VI(XIII) 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.

(IV) Accounts receivable and accounts receivable - related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable (total carrying amount)	<u>\$2,276,206</u>	<u>\$1,628,839</u>	<u>\$1,654,000</u>
Less: loss allowances	<u>(29,072)</u>	<u>(22,305)</u>	<u>(25,632)</u>
Subtotal	<u>2,247,134</u>	<u>1,606,534</u>	<u>1,628,368</u>
Accounts receivable - related parties (total carrying amount)	49,732	26,411	56,039
Less: loss allowances	-	-	-
Subtotal	<u>49,732</u>	<u>26,411</u>	<u>56,039</u>
Total	<u>\$2,296,866</u>	<u>\$1,632,945</u>	<u>\$1,684,407</u>

Accounts receivable were not pledged.

Accounts receivable credit period are generally on 30-90 days. The total carrying amount as of September 30, 2023, December 31, 2022 and September 30, 2022 were \$2,325,938 thousand, \$1,655,250 thousand, and \$1,710,039 thousand, respectively. Please refer to Note VI(XIII) for more details on loss allowance of accounts receivable for the nine-month periods ended September 30, 2023 and 2022. Please refer to Note XII for more details on credit risk management.

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(V) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$2,602,124	\$4,024,423	\$3,894,394
Work in process	829,943	1,032,860	1,462,757
Finished products	3,555,387	2,953,110	3,949,783
Net	<u>\$6,987,454</u>	<u>\$8,010,393</u>	<u>\$9,306,934</u>

For the three-month periods ended September 30, 2023 and 2022, the Group recognized \$3,915,822 thousand and \$2,910,592 thousand, respectively, in cost of inventories, including the recognition of inventory depreciation losses of \$1,598 thousand and of \$171,341 thousand, respectively.

For the nine-month periods ended September 30, 2023 and 2022, the Group recognized \$10,846,078 thousand and \$9,372,406 thousand, respectively, in cost of inventories, including the recognition of inventory depreciation losses of \$226,438 thousand and of \$294,615 thousand, respectively.

The inventories mentioned above are not pledged.

(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	-	-	2,929	332	1,246	2,404	6,911
Disposals	-	-	(8,301)	(747)	(8,117)	(886)	(18,051)
Reclassifications	-	-	(1,749)	-	-	(286)	(2,035)
Effects of the exchange rate	2,181	8,583	841	405	144	422	12,576
September 30, 2023	<u>\$45,199</u>	<u>\$177,868</u>	<u>\$141,308</u>	<u>\$16,436</u>	<u>\$33,284</u>	<u>\$261,513</u>	<u>\$675,608</u>
January 1, 2022	\$38,768	\$152,560	\$115,296	\$11,732	\$28,062	\$67,397	\$413,815
Additions	-	-	40,967	5,018	12,443	25,670	84,098
Disposals	-	-	(854)	(1,087)	(394)	(23,253)	(25,588)

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	Machinery						Total
	Land	Houses and buildings	and equipment	Office equipment	Leasehold improvements	Other assets	
Reclassifications	-	-	-	-	-	108,693	108,693
Effects of the exchange rate	5,705	22,449	2,200	1,031	376	1,036	32,797
September 30, 2022	<u>\$44,473</u>	<u>\$175,009</u>	<u>\$157,609</u>	<u>\$16,694</u>	<u>\$40,487</u>	<u>\$179,543</u>	<u>\$613,815</u>
Depreciation and impairment loss:							
January 1, 2023	\$-	\$63,229	\$72,583	\$11,272	\$20,180	\$47,074	\$214,338
Depreciation	-	4,691	18,612	1,603	5,639	61,720	92,265
Disposals	-	-	(8,301)	(747)	(4,123)	(833)	(14,004)
Reclassifications	-	-	(808)	-	-	-	(808)
Effects of the exchange rate	-	3,409	797	395	144	250	4,995
September 30, 2023	<u>\$-</u>	<u>\$71,329</u>	<u>\$82,883</u>	<u>\$12,523</u>	<u>\$21,840</u>	<u>\$108,211</u>	<u>\$296,786</u>
January 1, 2022	\$-	\$51,376	\$54,634	\$9,929	\$13,638	\$42,262	\$171,839
Depreciation	-	4,393	20,750	1,280	5,640	17,987	50,050
Disposals	-	-	(854)	(1,087)	(394)	(23,253)	(25,588)
Reclassifications	-	-	-	-	-	(927)	(927)
Effects of the exchange rate	-	7,944	1,730	1,029	337	493	11,533
September 30, 2022	<u>\$-</u>	<u>\$63,713</u>	<u>\$76,260</u>	<u>\$11,151</u>	<u>\$19,221</u>	<u>\$36,562</u>	<u>\$206,907</u>
Net carrying amount:							
September 30, 2023	<u>\$45,199</u>	<u>\$106,539</u>	<u>\$58,425</u>	<u>\$3,913</u>	<u>\$11,444</u>	<u>\$153,302</u>	<u>\$378,822</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>
September 30, 2022	<u>\$44,473</u>	<u>\$111,296</u>	<u>\$81,349</u>	<u>\$5,543</u>	<u>\$21,266</u>	<u>\$142,981</u>	<u>\$406,908</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 nine-month periods ended September 30		
	2023	2022	
Other			
Costs:			
Beginning amount	\$31,545	\$42,455	
Addition-acquired separately	20,261	7,812	
Disposals	(929)	(20,626)	
Effects of the exchange rate	107	245	
Ending amount	<u>\$50,984</u>	<u>\$29,886</u>	
Amortization and impairment:			
Beginning amount	\$24,134	\$36,680	
Amortization	8,250	5,797	
Disposals	(929)	(20,626)	
Effects of the exchange rate	104	245	
Ending amount	<u>\$31,559</u>	<u>\$22,096</u>	
	September 30,	December 31,	September 30,
	2023	2022	2022
Net carrying amount:	<u>\$19,425</u>	<u>\$7,411</u>	<u>\$7,790</u>

Amortization amount of intangible assets is as follows:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Sales and marketing expenses	<u>\$258</u>	<u>\$165</u>	<u>\$720</u>	<u>\$493</u>
General and administrative expenses	<u>\$511</u>	<u>\$118</u>	<u>\$1,417</u>	<u>\$349</u>
R&D expenses	<u>\$2,699</u>	<u>\$1,954</u>	<u>\$6,113</u>	<u>\$4,955</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

	September 30, 2023	December 31, 2022	September 30, 2022
Salaries and bonuses payable	\$449,101	\$447,147	\$400,982
Director and supervisor remuneration and employee bonuses payable	91,513	156,935	148,708
Labor health insurance premiums and pensions payable	29,306	20,801	29,980
Service fees payable	13,806	17,195	18,050
Freight payable	58,931	41,461	62,942
Advertisement payable	11,096	9,194	10,751
Processing fees payable	379,973	228,666	246,604
Other	273,804	371,413	365,136
Total	<u>\$1,307,530</u>	<u>\$1,292,812</u>	<u>\$1,283,153</u>

(IX) Short-term loans

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank borrowings	<u>\$-</u>	<u>\$625,000</u>	<u>\$984,451</u>
Interest rate range for borrowings (%)	<u>- 1.85%~1.94%</u>		<u>2.65%</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had unused short-term borrowings of approximately \$1,979,200 thousand, \$1,341,593 thousand and \$1,035,130 thousand, respectively.

(X) Post-employment benefits plans

Defined contribution plans

The Group recognized the expenses of the defined contribution plans for the three-month periods ended September 30, 2023 and 2022 in the amounts of \$10,110 thousand and \$9,523 thousand, respectively, and for the nine-month periods ended September 30, 2023 and 2022 in the amounts of \$30,166 thousand and \$27,864 thousand, respectively.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

Defined benefit plans

The Group recognized the expenses of the defined benefit plans for the three-month periods ended September 30, 2023 and 2022 in the amounts of \$226 thousand and \$319 thousand, respectively, and for the nine-month periods ended September 30, 2023 and 2022 in the amounts of \$678 thousand and \$957 thousand, respectively.

(XI) Equity

1. Ordinary shares

As of September 30, 2023, December 31, 2022, and September 30, 2022, the Company's authorized capital were all \$1,500,000 thousand (all reserve \$40,000 thousand of shares for employee stock options), the Company's issued capital were \$1,219,804 thousand, \$1,219,930 thousand, and \$1,229,254 thousand respectively, with each at a par value of \$10, and the Company issued 121,980,429, 121,993,029 and 122,925,429 common shares respectively. Each share has one voting right and a right to receive dividends.

2. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
Additional paid-in capital	\$3,173,151	\$3,127,994	\$3,127,994
Difference between consideration and carrying amount of subsidiaries acquired or disposed	335	335	335
Changes in ownership interests in subsidiaries	11,291	7,818	7,573
Restricted employee shares	1,698	116,760	116,760
Total	<u>\$3,186,475</u>	<u>\$3,252,907</u>	<u>\$3,252,662</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 nine-month periods ended September 30, 2023, the treasury stocks in the amount of \$3,459 thousand in 345,900 shares have been repurchased due to the expiration of restricted employee shares, and 3,600 and 9,000 shares were canceled by the resolution of the board of directors on March 7, 2023 and August 3, 2023, respectively. The record dates for capital reduction were set on March 13, 2023 and August 14, 2023, respectively. The statutory change of registration procedure has been completed. As of September 30, 2023, the remaining 334,500 shares have not yet been approved to be canceled by the resolution of the board of directors.

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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 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.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved by the shareholders' meeting on May 25, 2023 and May 25, 2022, respectively, are as follows:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

	Appropriation and distribution of earnings		Dividends per share (\$)	
	2022	2021	2022	2021
Legal reserve	\$108,921	\$237,843		
Special reserve (reversed)	(416,412)	109,101		
Cash dividends of ordinary share - Unappropriated retained earnings (Note)	975,934	1,598,031	\$8.00	\$13.00

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 2022 and 2021 by special resolutions on March 7, 2023 and February 23, 2022, respectively.

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

5. Non-controlling interests

	For the nine-month periods ended September 30	
	2023	2022
Beginning balance	\$701,592	\$517,704
Profit (loss) for the period attributable to non- controlling interests	(2,443)	134,590
Changes in subsidiaries' ownership	(3,497)	2,451
Changes in non-controlling interests (including share based payment)	3,366	322
Ending balance	<u>\$699,018</u>	<u>\$655,067</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(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 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%.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

- 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 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

2. Share-based payment plan for employees of the subsidiary

(1) ASRock Rack Incorporation

As of September 30, 2023, the share-based payment transaction issued by ASRock Rack Incorporation are as follows:

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
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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

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:

	<u>June 30, 2022</u>			
	<u>For the nine-month periods ended September 30</u>			
	<u>2023</u>		<u>2022</u>	
	Number of	Weighted	Number of	Weighted
	share options	average	share options	average
	outstanding	exercise price	outstanding	exercise price
	of share	of share	of share	of share
	(in thousands)	options (\$)	(in thousands)	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	-	-
Outstanding stock options as of September 30	<u>-</u>		<u>2,300</u>	19.45
Exercisable as of September 30	<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 September 30, 2023 and September 30, 2022, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
September 30, 2023		
Outstanding stock options	\$19.45	-
September 30, 2022		
Outstanding stock options	\$19.45	3.25

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 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(2) ASRock Industrial Computer Corporation

As of September 30, 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	<p>Employees who have continued to serve in the Company for one year will get 35%.</p> <p>Employees who have continued to serve in the Company for two years will get 35%.</p> <p>Employees who have continued to serve in the Company for three years will get 30%.</p>
Employee stock option plan (Note)	July 8, 2022	2,100	3 years and 6 months	<p>Employees who have continued to serve in the Company for two years will get 50%.</p> <p>Employees who have continued to serve in the Company for three years will get 50%.</p>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

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
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(Unless otherwise stated, all amounts are in NTD thousand)

The following table lists the inputs to the model used for the plan granted on April 20, 2021 and July 8, 2022:

	April 20, 2021	July 8, 2022
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:

April 20, 2021

	For the nine-month periods ended September 30			
	2023		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	(770)	12.5
Stock options that expired during this period	(18)	-	-	-
Outstanding stock options as of September 30	-	-	1,430	10
Exercisable as of September 30	-	-	-	-

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 September 30, 2023 and September 30, 2022, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
September 30, 2023		
Outstanding stock options	\$10	-
September 30, 2022		
Outstanding stock options	\$10	2.05

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.

July 8, 2022

	For the nine-month periods ended September 30			
	2023		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 September 30	-	-	2,100	16.15
Exercisable as of September 30	-		-	

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

The information on the outstanding share options as of September 30, 2023 and September 30, 2022, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
September 30, 2023		
Outstanding stock options	\$16.15	-
September 30, 2022		
Outstanding stock options	\$16.15	3.27

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.

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

(3) ASJade Technology Incorporation

As of September 30, 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.

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

The following table lists the inputs to the model used for the plan granted on September 7, 2022:

	September 7, 2022
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:

September 7, 2022

	For the nine-month periods ended September 30			
	2023		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	3,240	\$10	-	\$-
Grant of stock options in the period	-	-	3,240	10
Exercise of stock options in the period	-	-	-	-
Stock options that expired during this period	-	-	-	-
Outstanding stock options as of September 30	<u>3,240</u>	<u>10</u>	<u>3,240</u>	<u>10</u>
Exercisable as of September 30	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

The information on the outstanding share options as of September 30, 2023 and September 30, 2022, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
September 30, 2023		
Outstanding stock options	\$10	8.9
September 30, 2022		
Outstanding stock options	\$10	9.9

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 third quarter of 2023.

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

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Expense arising from share-based payment transaction (All of arising from equity-settled share-based payment transaction)	<u>\$ (33,010)</u>	<u>\$ (40,957)</u>	<u>\$ 5,970</u>	<u>\$ 29,780</u>

(XIII) Operating revenues

The Group's revenue from contracts with customers during the three-month and nine-month periods ended |September 30, 2023 and 2022 is as follows:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

1. Disaggregation of revenue

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from sale of goods	\$4,896,364	\$3,545,640	\$13,326,066	\$12,174,513
Revenue from rendering services	5,858	20,007	57,825	46,947
Total	<u>\$4,902,222</u>	<u>\$3,565,647</u>	<u>\$13,383,891</u>	<u>\$12,221,460</u>

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

(XIV) Expected credit impairment losses

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Operating expenses - expected credit impairment losses				
Accounts receivable	<u>\$5,171</u>	<u>\$2,654</u>	<u>\$7,814</u>	<u>\$334</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 September 30, 2023, December 31, 2022, and September 30, 2022 (The same as the assessment result of January 1, 2022). Since the transaction counterparties of the Group are all financial institutions such as

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

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 September 30, 2023, December 31, 2022, and September 30, 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:

September 30, 2023

	Not yet due	Overdue					Total
		Under 30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Total carrying amount	\$1,924,698	\$359,527	\$14,382	\$4,169	\$18,388	\$4,774	\$2,325,938
Loss ratio	1.20%	1.00%	0.82%	1.52%	1.87%	38.75%	
Lifetime expected credit losses	23,116	3,582	118	63	343	1,850	29,072
Carrying amount	\$1,901,582	\$355,945	\$14,264	\$4,106	\$18,045	\$2,924	\$2,296,866

December 31, 2022

	Not yet due	Overdue					Total
		Under 30 days	31-60 days	61-90 days	91-120 days	Over 121 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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

September 30, 2022

	Overdue						Total
	Not yet due	Under 30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Total carrying amount	\$1,405,273	\$259,498	\$16,444	\$3,552	\$23,356	\$1,916	\$1,710,039
Loss ratio	1.47%	1.42%	2.66%	1.60%	2.08%	13.79%	
Lifetime expected credit losses	20,691	3,696	438	57	486	264	25,632
Carrying amount	\$1,384,582	\$255,802	\$16,006	\$3,495	\$22,870	\$1,652	\$1,684,407

The movement in the provision for impairment of trade receivables during the nine-month periods ended September 30, 2023 and 2022.

	Accounts receivable
January 1, 2023	\$22,305
Addition/ (reversal) for the current period	7,814
Write-off due to uncollectibility in the current period	(1,819)
Effects of the exchange rate	772
September 30, 2023	\$29,072
January 1, 2022	\$25,071
Addition/ (reversal) for the current period	334
Write-off due to uncollectibility in the current period	(1,631)
Effects of the exchange rate	1,858
September 30, 2022	\$25,632

(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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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

	September 30, 2023	December 31, 2022	September 30, 2022
Houses and buildings	<u>\$138,993</u>	<u>\$71,384</u>	<u>\$85,247</u>

The Group added \$108,868 thousand and \$29,190 thousand to the right-of-use assets during the nine-month periods ended September 30, 2023 and 2022.

(2) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities	<u>\$139,804</u>	<u>\$71,769</u>	<u>\$85,669</u>
Current	<u>\$56,833</u>	<u>\$31,896</u>	<u>\$39,221</u>
Non-current	<u>\$82,971</u>	<u>\$39,873</u>	<u>\$46,448</u>

Please refer to Note VI(XVI) 4. for the interest on lease liabilities recognized during the three-month and nine-month periods ended September 30, 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 three-month periods		For the nine-month periods	
	ended September 30		ended September 30	
	2023	2022	2023	2022
Houses and buildings	\$14,255	\$12,078	\$41,814	\$35,981

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

	For the three-month periods		For the nine-month periods	
	ended September 30		ended September 30	
	2023	2022	2023	2022
The expenses relating to variable lease payments not included in the measurement of lease liabilities	\$11,890	\$4,396	\$21,874	\$11,463

4. Cash outflow relating to leasing activities

During the nine-month periods ended September 30, 2023 and 2022, the Group's total cash outflows for leases amounting to \$65,084 thousand and \$48,575 thousand, respectively.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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

By function By nature	For the three-month periods ended September 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	\$-	\$363,822	\$363,822	\$-	\$295,064	\$295,064
Labor and health insurance expenses	-	22,979	22,979	-	22,889	22,889
Pension expenses	-	10,336	10,336	-	9,842	9,842
Other employee benefit expenses	-	13,610	13,610	-	12,338	12,338
Depreciation expense	1,971	42,393	44,364	2,661	30,420	33,081
Amortization expense	-	3,468	3,468	-	2,237	2,237

By function By nature	For the nine-month periods ended September 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	\$-	\$993,909	\$993,909	\$-	\$1,055,010	\$1,055,010
Labor and health insurance expenses	-	65,287	65,287	-	62,149	62,149
Pension expenses	-	30,844	30,844	-	28,821	28,821
Other employee benefit expenses	-	38,703	38,703	-	36,183	36,183
Depreciation expense	6,531	127,548	134,079	6,429	79,602	86,031
Amortization expense	-	8,250	8,250	-	5,797	5,797

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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. 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.

The Company estimated the employee remuneration and the director and supervisor remuneration at 7.61% and 0.761%, respectively, based on the profitability for the nine-month period ended September 30, 2023. The amounts of employee remuneration and director and supervisor remuneration recognized for the three-month and nine-month periods ended September 30, 2023 totaled \$29,066 thousand and \$2,907 thousand as well as \$61,496 thousand and \$6,150 thousand, respectively, which were recorded under salary expenses. The Company estimated the employee remuneration and the director and supervisor remuneration at 7.61% and 0.761%, respectively, based on the profitability for the nine-month period ended September 30, 2022. The amounts of employee remuneration and director and supervisor remuneration recognized for the three-month and nine-month periods ended September 30, 2022 totaled \$11,665 thousand and \$1,167 thousand as well as \$94,799 thousand and \$9,480 thousand, respectively, which were recorded under salary expenses.

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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 three-month periods		For the nine-month periods	
	ended September 30		ended September 30	
	2023	2022	2023	2022
Interest income				
Financial assets				
measured at				
amortized cost	\$29,489	\$7,462	\$79,663	\$13,101

2. Other income

	For the three-month periods		For the nine-month periods	
	ended September 30		ended September 30	
	2023	2022	2023	2022
Other income -				
others	\$13,986	\$12,532	\$38,369	\$19,714

3. Other gains and losses

	For the three-month periods		For the nine-month periods	
	ended September 30		ended September 30	
	2023	2022	2023	2022
Foreign exchange				
losses, net	\$53,726	\$182,812	\$62,224	\$375,529
Loss on disposal of				
property, plant				
and equipment	(4,047)	-	(4,047)	-
Other losses -				
others	(1,114)	(1,194)	(3,952)	(3,369)
Total	\$48,565	\$181,618	\$54,225	\$372,160

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

4. Finance costs

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$-	\$4,904	\$2,675	\$5,790
Interest on lease liabilities	697	380	1,823	1,131
Other	-	-	-	2
Total	<u>\$697</u>	<u>\$5,284</u>	<u>\$4,498</u>	<u>\$6,923</u>

(XVIII) Components of other comprehensive income

The components of other comprehensive income for three-month periods ended September 30, 2023 are as follows:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Exchange differences on translation of foreign financial statements	\$161,719	\$-	\$161,719	\$-	\$161,719

The components of other comprehensive income for three-month periods ended September 30, 2022 are as follows:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Exchange differences on translation of foreign financial statements	\$267,767	\$-	\$267,767	\$-	\$267,767

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

The components of other comprehensive income for nine-month periods ended September 30, 2023 are as follows:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	\$218,888	\$-	\$218,888	\$-	\$218,888

The components of other comprehensive income for nine-month periods ended September 30, 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 may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	\$546,690	\$-	\$546,690	\$-	\$546,690

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

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(XIX) Income tax

The main components of income tax expenses for the three-month and nine-month periods ended September 30, 2023 and 2022 are as follows:

Total income tax recognized in profit or loss

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Current income tax expense:				
Current income tax charge	46,923	\$71,574	188,958	\$314,697
Current income taxes for the prior years adjusted in this period	(196)	(44,122)	(196)	(96,054)
Deferred tax expense (income):				
Deferred tax relating to origination and reversal of temporary differences	8,084	(14,977)	(20,128)	(55,221)
Deferred tax (income) expense relating to origination and reversal of tax loss and tax credit	(3,203)	-	(11,927)	-
Effects of the exchange rate	(62)	140	(107)	1,917
Income tax expenses	<u>51,546</u>	<u>\$12,615</u>	<u>\$156,600</u>	<u>\$165,339</u>

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

The assessment of income tax returns

As of September 30, 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2020	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 2020	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 2021	None
Sub-subsidiary - FIRSTPLACE INTERNATIONAL LTD.	None	Exempt from income tax accordance with local regulations
Great-subsidiary - ASRock America, Inc.	Assessed and approved up to 2021	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 average number of ordinary shares outstanding during the year.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
(1) Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand \$)	\$308,890	\$179,510	\$591,931	\$1,042,919
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	121,919	122,755	121,965	122,868
Basic earnings per share (\$)	\$2.53	\$1.46	\$4.85	\$8.49
	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
(2) Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand \$)	\$308,890	\$179,510	\$591,931	\$1,042,919
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	121,919	122,755	121,965	122,868
Effect of dilution:				
Employee compensation - stock (in thousands)	290	1,111	426	1,235
Weighted average number of ordinary shares outstanding after dilution (in thousands)	122,209	123,866	122,391	124,103
Diluted earnings per share (\$)	\$2.53	\$1.45	\$4.84	\$8.40

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:

	July 10, 2023	May 5, 2023	July 19, 2022
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>\$(3,049)</u>	<u>\$(4,893)</u>	<u>\$(4,464)</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:

	July 11, 2023
Increase (decrease) to non-controlling interests	<u>\$7,839</u>
Difference recognized in capital surplus within equity	<u>\$7,839</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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:

	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, increasing the Company's ownership to 57.27% and 59.68%. The additional equity interest acquired including changes in non-controlling interests in ASRock Rack Incorporation is as follows:

	July 22, 2023	July 26, 2022
Increase (decrease) to non-controlling interests	(\$ 730)	\$ 43
Difference recognized in capital surplus within equity	<u>(\$ 730)</u>	<u>\$ 43</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

VII. Related Party Transactions

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

Name and nature of relationship of the related parties

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

Material transactions with related parties

(I) Sales

	<u>For the three-month periods</u>		<u>For the nine-month periods</u>	
	<u>ended September 30</u>		<u>ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Parent company	<u>\$46,865</u>	<u>\$50,356</u>	<u>\$109,331</u>	<u>\$99,643</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period for related parties sales was O/A 90 days. The collection period for non-related parties sales were TT or 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 three-month and nine-month periods ended September 30, 2023 and 2022, has eliminated amounts paid for outsourcing. The elimination amounted to \$0 thousand, \$22,933 thousand, \$0 thousand, and \$52,528 thousand, respectively.

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

(II) Purchases

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Parent company	\$105	\$10,677	\$4,655	\$36,620
Other related parties	-	80	(7)	15,221
Total	\$105	\$10,757	\$4,648	\$51,841

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 from related parties for the three-month and nine-month periods ended September 30, 2023 and 2022, has eliminated amounts paid for outsourcing. The elimination amounted to \$0 thousand, \$ 57,273 thousand, \$0 thousand, and \$169,069 thousand, respectively.

(III) Accounts receivable - related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	\$49,732	\$26,411	\$56,039

(IV) Other receivables (accounted for under “Current assets-other current assets”)

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	\$4,067	\$18	\$4

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

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	\$1,577	\$891	\$2,356

Notes to the Consolidated Financial Statements of ASRock Incorporation
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(VI) Temporary payments (accounted for under “Other current assets”)

	September 30, 2023	December 31, 2022	September 30, 2022
Other related parties	<u>\$1,367</u>	<u>\$795</u>	<u>\$939</u>

(VII) Accounts payable - related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	\$420	\$68,469	\$80,541
Other related parties	-	188	3,159
Total	<u>\$420</u>	<u>\$68,657</u>	<u>\$83,700</u>

(VIII) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	\$11,915	\$44,059	\$94,311
Other related parties	639	15	51
Total	<u>\$12,554</u>	<u>\$44,074</u>	<u>\$94,362</u>

(IX) Other current liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	<u>\$-</u>	<u>\$68</u>	<u>\$70</u>

(X) Other operating revenues

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Parent company	<u>\$-</u>	<u>\$-</u>	<u>\$3,703</u>	<u>\$-</u>

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(XI) Other income

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Parent company	\$3	\$-	\$1,065	\$1,000

(XII) Operating costs and expenses

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Parent company	\$2,793	\$39,626	\$7,428	\$169,591
Other related parties	2,237	9	6,000	47
Total	\$5,030	\$39,635	\$13,428	\$169,638

(XIII) Property transaction

	Assets	For the three-month periods ended September 30		For the nine-month periods ended September 30	
		2023	2022	2023	2022
Parent company	Computer software	\$2,591	\$-	\$2,831	\$2,831

(XIV) Key management personnel compensation

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$32,966	\$28,055	\$59,170	\$68,696
Post-employment benefits	269	233	802	646
Share-based payment	(4,082)	(4,818)	(572)	2,894
Total	\$29,153	\$23,470	\$59,400	\$72,236

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

VIII. Pledged Assets

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

Item	Carrying amount			Secured liabilities content
	September 30, 2023	December 31, 2022	September 30, 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 - non-current	2,956	2,436	2,449	Tariffs
Total	\$22,729	\$2,436	\$2,449	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of September 30, 2023, the company and its subsidiaries recorded customs duties of \$10,000 thousand.

X. Major Disaster Losses

None.

XI. Material Subsequent Events

None.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

XII. Other

(I) Category of financial instruments

Financial assets

	September 30, 2023	December 31, 2022	September 30, 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)	\$2,960,658	\$3,586,931	\$2,077,523
Financial assets measured at amortized cost	804,899	341,587	148,719
Trade receivables	2,296,866	1,632,945	1,684,407
Other receivables (accounted for under current assets-other assets)	102,594	162,304	308,279
Subtotal	<u>\$6,165,017</u>	<u>\$5,723,767</u>	<u>\$4,218,928</u>
Total	<u>\$6,185,017</u>	<u>\$5,723,767</u>	<u>\$4,218,928</u>

Financial liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities measured at amortized cost:			
Short-term loans	\$-	\$625,000	\$984,451
Accounts payable	3,197,571	3,002,775	2,296,787
Lease liabilities	139,804	71,769	85,669
Other payables	1,307,530	1,292,812	1,283,153
Total	<u>\$4,644,905</u>	<u>\$4,992,356</u>	<u>\$4,650,060</u>

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

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

subsidiaries are for strategic purposes, they are not hedged by the Group.

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

When NTD appreciated/depreciated against USD by 1%, the profit for the nine-month periods ended September 30, 2023 and 2022 would have decreased/increased by \$13,609 thousand and \$(8,109) thousand, respectively, the equity decreased/increased by \$45,607 thousand and \$41,904 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/loss for the nine-month periods ended September 30, 2023 and 2022 to increase /decrease by \$2,882 thousand and \$14 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.

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

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

As of September 30, 2023, December 31, 2022 and September 30, 2022, amounts receivables from top ten customers represent 40.77%, 46.83% and 43.44% 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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(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

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
September 30, 2023					
Accounts payable	\$3,197,571	\$-	\$-	\$-	\$3,197,571
Lease liabilities	58,911	81,883	2,381	-	143,175
Other payables	1,307,530	-	-	-	1,307,530
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
September 30, 2022					
Short-term loans	\$986,253	\$-	\$-	\$-	\$986,253
Accounts payable	2,296,787	-	-	-	2,296,787
Lease liabilities	40,419	37,915	9,357	-	87,691
Other payables	1,283,153	-	-	-	1,283,153

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

(VI) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month periods ended September 30, 2023:

	Short-term loans	Lease liabilities	Liabilities from financing gross
January 1, 2023	\$625,000	\$71,769	\$696,769
Cash flow	(625,000)	(43,210)	(668,210)
Non-cash change	-	110,691	110,691
Effects of the exchange rate	-	554	554
September 30, 2023	<u>\$-</u>	<u>\$139,804</u>	<u>\$139,804</u>

Reconciliation of liabilities for the nine-month periods ended September 30, 2022:

	Short-term loans	Lease liabilities	Liabilities from financing gross
January 1, 2022	\$-	\$91,022	\$91,022
Cash flow	984,451	(37,112)	947,339
Non-cash change	-	30,321	30,321
Effects of the exchange rate	-	1,438	1,438
September 30, 2022	<u>\$984,451</u>	<u>\$85,669</u>	<u>\$1,070,120</u>

(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 Group to measure or disclose the fair values of financial assets and financial liabilities:

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

- (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.
- (3) The fair values of equity instruments not traded in an active market (such as stocks privately offered on TWSE/TPEX, publicly listed companies' stocks without an active market, and privately offered company stocks) are estimated with a market approach or an asset-based approach. The fair values are estimated based the prices of the transactions of the same or comparable companies' equity instruments in the market and other relevant information (such as discounting factors due to lack of liquidity, price-earnings ratios of similar companies' stocks, price-to-book ratios, of similar companies' stocks).

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:

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (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 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:

September 30, 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 nine-month periods ended September 30, 2023 and 2022 were not transferred between Level 1 and Level 2.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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:

	<u>Assets</u>
	<u>Measured at fair value through other comprehensive income</u>
	<u>Stocks</u>
January 1, 2023	\$-
Acquired in the third quarter of 2023	20,000
September 30, 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-valuated in accordance with the Group's accounting

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

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 denominated in foreign currencies is listed below:

	Unit: thousands of NTD		
	September 30, 2023		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>			
Monetary items:			
USD	\$159,921	32.2750	\$5,161,435
<u>Financial liabilities</u>			
Monetary items:			
USD	\$117,755	32.2750	\$3,800,556
	December 31, 2022		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<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
	September 30, 2022		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>			
Monetary items:			
USD	\$95,268	31.7565	\$3,025,368
<u>Financial liabilities</u>			
Monetary items:			
USD	120,802	31.7565	3,836,257

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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 for the three-month and nine-month periods ended September 30, 2023 and 2022 were \$53,726 thousand, \$182,812 thousand, \$62,224 thousand, and \$375,529 thousand, 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.

XIII. Other/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.

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)

(Unless otherwise stated, all amounts are in NTD thousand)

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.

(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	Number of	Ratio of
Name of major shareholders	shareholding (share)	shareholding (%)
Asus Investment Co., Ltd.	57,217,754	46.90%
Asustek Investment Co., Ltd.	7,453,405	6.11%
Hong hung Investment Limited	6,526,897	5.35%

Notes to the Consolidated Financial Statements of ASRock Incorporation
and subsidiaries (continued)
(Unless otherwise stated, all amounts are in NTD thousand)

XIV. Segment Information

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

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)	\$ 5,611,515	\$ 2,582,000	\$ 2,582,000	\$ 1,955,865	-	32.21%	\$ 5,611,515	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 2023Q3 financial report (September 30, 2023), and the spot exchange rate of September 30, 2023 is USD/NTD 32.2750.

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)	\$(2,955,095)	(28.08%)	45 days	Same as other clients	Same as other clients	\$326,494	10.31%	
	ASRock America Inc.	1	(Sales)	(3,110,823)	(29.56%)	90 days	Same as other clients	Same as other clients	2,023,384	63.88%	
ASIRAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	(Sales)	(9,438,776)	(87.69%)	90 days	Same as other clients	Same as other clients	3,079,256	84.32%	
	ASRock Rack Incorporation	3	(Sales)	(730,120)	(6.78%)	60 days	Same as other clients	Same as other clients	325,628	8.92%	
	ASRock Industrial Computer Corporation	3	(Sales)	(260,491)	(2.42%)	60 days	Same as other clients	Same as other clients	98,420	2.70%	
ASRock Rack Incorporation	PEGATRON Corporation	2	(Sales)	(113,034)	(7.18%)	60 days	Same as other clients	Same as other clients	49,732	11.99%	
	ASRock America Inc.	3	(Sales)	(226,110)	(14.37%)	90 days	Same as other clients	Same as other clients	149,893	36.15%	
	ASRock Europe B.V.	3	(Sales)	(100,688)	(6.40%)	60 days	Same as other clients	Same as other clients	23,489	5.66%	
ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	(Sales)	(196,084)	(18.88%)	60 days	Same as other clients	Same as other clients	42,516	36.99%	

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	Nature of 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	\$326,494	20.61	\$-	-	\$68,160	-
ASRock Incorporation	ASRock America Inc.	1	2,023,384	2.06	-	-	127,830	-
ASIROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	3,079,256	6.12	-	-	84,342	-
	ASRock Rack Incorporation	3	325,628	2.71	-	-	42,378	-
ASRock Rack Incorporation	ASRock America Inc.	3	149,893	2.37	-	-	-	-

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	\$2,955,095	Same as other clients	22.08%
				Accounts receivable	326,494	45 days	2.28%
		ASRock America Inc.	1	Sales	3,110,823	Same as other clients	23.24%
				Accounts receivable	2,023,384	90 days	14.13%
1	ASIA ROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	Sales	9,438,776	Same as other clients	70.52%
				Accounts receivable	3,079,256	90 days	21.51%
		ASRock Rack Incorporation	3	Sales	730,120	Same as other clients	5.46%
				Accounts receivable	325,628	60 days	2.27%
		ASRock Industrial Computer Corporation	3	Sales	260,491	Same as other clients	1.95%
				Accounts receivable	98,420	60 days	0.69%
2	ASRock Rack Incorporation	PEGATRON Corporation	2	Sales	113,034	Same as other clients	0.84%
				Accounts receivable	49,732	60 days	0.35%
		ASRock America Inc.	3	Sales	226,110	Same as other clients	1.69%
				Accounts receivable	149,893	90 days	1.05%
		ASRock Europe B.V.	3	Sales	100,688	Same as other clients	0.75%
				Accounts receivable	23,489	60 days	0.16%
3	ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	Sales	196,084	Same as other clients	1.47%
				Accounts receivable	42,516	60 days	0.30%

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

Name of Investor	Investee Company (Note 1, Note 2(1))	Location	Main Business	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%	\$406,685	\$(119,021)	\$(70,581)	
	ASIAROCK TECHNOLOGY LIMITED	British Virgin Islands	Investment holding on other business.	1,320,886	1,320,886	40,000,000	100.00%	4,207,644 (Note 3)	169,755	175,445	
	LEADER INSIGHT HOLDINGS LTD.	British Virgin Islands	Investment holding on other business.	71,559	71,559	2,100,000	100.00%	69,496	6,523	6,523	
	ASRock Industrial Computer Corporation	Taiwan	Manufacture and sales of computers and peripheral equipment.	239,683	239,683	37,281,196	60.10%	551,774	143,464	89,403	
	ASJade Technology Incorporation	Taiwan	Service of computer software.	216,563	216,563	17,325,000	82.50%	137,953	(46,080)	(38,016)	
	Soaring Asia Limited	Hong Kong	International trade.	592	592	150,000	100.00%	622	2	2	
	Total										162,776
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%	784,840	8,750	8,750	
	CALROCK HOLDINGS, LLC	U.S.A.	Renting office building.	60,000	60,000	2,000,000	100.00%	67,699	(549)	(549)	
	Orbweb Inc. (BVI)	British Virgin Islands	Computer equipment installation and peripheral equipment wholesale and service.	29,900	29,900	4,000,000	27.59%	-	(1,865)	-	
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	British Virgin Islands	Investment holding on other business.	61,500	61,500	2,050,000	100.00%	69,445	6,523	6,523	
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%	68,352	6,517	6,517	

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\$4,509,009 thousand + deferred credit NT\$(301,365) thousand.