MICRO-STAR INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICRO-STAR INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of MICRO-STAR INTERNATIONAL CO., LTD. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies. In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other independent auditors, we believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Recognition of sales revenue generated from own-brand products

Description

Please refer to Note 4(23) for accounting policies on revenue recognition, and Note 6(16) for details of revenue. Other than international brands, the Company sells its products to customers in various countries. The Company also actively develops own-brand products. The recognition of sales revenue generated from own-brand products is critical to the Company's financial statements. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding of and assessed internal controls in relation to sales revenue, and validated the operating effectiveness of those above-mentioned internal controls.
B. Obtained detailed listing of sales revenue from own-brand products in the current year, and sampled to validate supporting documents, including sales invoices, customer purchase orders and delivery documents to ensure the appropriateness of recognition.
C. Inspected contents and relevant evidence in relation to sales returns and discounts occurring subsequent to the reporting period.
D. Performed accounts receivable confirmation procedure to significant customers.

Estimation of allowance for inventory valuation losses

Description

Please refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventories.

The Company is primarily engaged in manufacturing and sales of motherboards, interface cards, notebook computers and other electronic products. Due to the rapid technological innovations and competition within the industry as well as frequent releases of new products resulting in potential price fluctuations, there is a higher risk of inventory losses due from market value decline or obsolescence. The Company recognises inventories at the lower of cost and net realisable value. The monetary values of allowance for inventory valuation losses is critical to the financial statements as of December 31, 2023. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Inquired with management, and assessed the reasonableness in relation to the provision of allowance for inventory valuation losses.

B. Validated the accuracy of the system logic in calculating the ageing of inventories, and confirmed the consistency with the Company’s policies.

C. Validated the appropriateness of system logic of the report of individually identified obsolete inventory prepared by management and confirmed the consistency with the Company’s policies.

D. Sampled and tested the net realisable value basis of the individual inventory and validated the appropriateness.

Other matter-Reference to audits of other independent auditors

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the parent company only financial statements. Those financial statements were audited by other independent auditors, whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on reports of the other independent auditors. Total assets of the above-mentioned investees (including investments accounted for under the equity method) amounted to NT$1,681,813 thousand and NT$1,487,242 thousand as at December 31, 2023 and 2022, constituting 1.65% and 1.61% of total assets, respectively. Comprehensive income of the above-mentioned investees amounted to NT$181,150 thousand and NT$32,214 thousand for the years ended December 31, 2023 and 2022, constituting 2.46% and 0.32% of total comprehensive income, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

Liang, Hua-Ling Yu, Chih-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

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

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 20,118,711	20	$ 23,097,322	25
1110	Financial assets at fair value through profit or loss - current	6(2)	57,706	-	199,790	-
1170	Accounts receivable, net	6(4)	10,139,272	10	9,930,666	11
1180	Accounts receivable - related parties	7	32,486,655	32	24,509,433	27
1200	Other receivables		184,689	-	216,812	-
130X	Inventories, net	6(6)	22,341,249	22	18,473,773	20
1410	Prepayments		1,476,894	1	1,450,636	1
11XX	**Total current assets**		86,805,176	85	77,878,432	84
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	86,991	-	71,791	-
1550	Investments accounted for using equity method	6(7)	11,284,532	11	10,426,515	12
1600	Property, plant and equipment	6(8)	2,622,560	3	2,669,341	3
1755	Right-of-use assets	6(9)	138,296	-	222,450	-
1840	Deferred income tax assets	6(21)	1,271,826	1	920,991	1
1900	Other non-current assets		19,099	-	18,247	-
15XX	**Total non-current assets**		15,423,304	15	14,329,335	16
1XXX	**Total assets**		$ 102,228,480	100	$ 92,207,767	100

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MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - current	6(2)	$ 181,097	-	$ 167,284	-
2130	Current contract liabilities	6(16)	173,332	-	1,197,288	1
2170	Accounts payable		9,766,901	10	12,048,809	13
2180	Accounts payable - related parties	7	28,568,434	28	19,661,707	21
2200	Other payables	6(10)	5,555,771	5	4,687,069	5
2220	Other payables - related parties	7	556,993	1	488,416	1
2230	Current income tax liabilities		1,849,343	2	384,633	1
2250	Provisions for liabilities - current	6(12)	1,308,626	1	1,168,922	1
2280	Current lease liabilities		93,565	-	95,187	-
2365	Refund liabilities-current		3,621,999	4	3,444,272	4
2399	Other current liabilities, others		26,263	-	23,039	-
21XX	**Total current Liabilities**		51,702,324	51	43,366,626	47
	Non-current liabilities					
2570	Deferred income tax liabilities	6(21)	-	-	6,501	-
2580	Non-current lease liabilities		45,479	-	127,854	-
2640	Net defined benefit liability, non-current	6(11)	164,451	-	169,988	1
2670	Other non-current liabilities, others		135,962	-	138,209	-
25XX	**Total non-current liabilities**		345,892	-	442,552	1
2XXX	**Total Liabilities**		52,048,216	51	43,809,178	48
	Equity					
	Share capital	6(13)				
3110	Share capital - common stock		8,448,562	8	8,448,562	9
	Capital surplus	6(14)				
3200	Capital surplus		805,408	1	805,068	1
	Retained earnings	6(15)				
3310	Legal reserve		9,027,956	9	8,028,953	9
3320	Special reserve		703,121	1	901,794	1
3350	Unappropriated retained earnings		32,072,622	31	30,917,333	33
	Other equity interest					
3400	Other equity interest		(877,405)	(1)	(703,121)	(1)
3XXX	**Total equity**		50,180,264	49	48,398,589	52
3X2X	**Total liabilities and equity**		$ 102,228,480	100	$ 92,207,767	100

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

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	$ 186,040,491	100	$ 177,538,166	100
5000	Operating costs	6(6)(19) and 7	(167,284,580)	(90)	(156,197,454)	(88)
5900	Operating margin		18,755,911	10	21,340,712	12
5910	Unrealised profit from sales		(965,332)	-	(101,513)	-
5950	Net operating margin		17,790,579	10	21,239,199	12
	Operating expenses	6(19) and 7				
6100	Selling expenses		(6,281,618)	(3)	(7,048,387)	(4)
6200	General and administrative expenses		(994,593)	(1)	(992,468)	(1)
6300	Research and development expenses		(3,677,707)	(2)	(3,771,580)	(2)
6450	Expected credit loss	6(4)	(10,855)	-	(30,643)	-
6000	Total operating expenses		(10,964,773)	(6)	(11,843,078)	(7)
6900	Operating profit		6,825,806	4	9,396,121	5
	Non-operating income and expenses					
7100	Interest income	6(17)	320,944	-	103,962	-
7010	Other income		213,399	-	179,405	-
7020	Other gains and losses	6(2)(18)	(679,626)	-	1,718,830	1
7050	Finance costs		(11,007)	-	(25,859)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	2,003,655	1	677,380	1
7000	Total non-operating income and expenses		1,847,365	1	2,653,718	2
7900	**Profit before income tax**		8,673,171	5	12,049,839	7
7950	Income tax expense	6(21)	(1,140,275)	(1)	(2,087,319)	(1)
8200	**Profit for the year**		$ 7,532,896	4	$ 9,962,520	6
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plans	6(11)	($ 1,530)	-	$ 34,392	-
8316	Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	15,200	-	(33,056)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	(2,737)	-	(266)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		10,933	-	1,070	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(186,443)	-	225,117	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(186,443)	-	225,117	-
8300	**Total other comprehensive (loss) income for the year**		($ 175,510)	-	$ 226,187	-
8500	**Total comprehensive income for the year**		$ 7,357,386	4	$ 10,188,707	6
	Earnings per share (in dollars)	6(22)				
9750	Basic earnings per share		$	8.92	$	11.79
9850	Diluted earnings per share		$	8.87	$	11.65

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

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			Capital surplus				Retained earnings			Other equity interest		
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Donated assets received	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2022												
Balance at January 1, 2022		$ 8,448,562	$ 628,134	$ 130,592	$ 1,330	$ 44,460	$ 6,336,840	$ 674,458	$ 31,717,738	($ 864,091)	($ 37,703)	$ 47,080,320
Profit for the year		-	-	-	-	-	-	-	9,962,520	-	-	9,962,520
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	27,514	225,117	(26,444)	226,187
Total comprehensive income (loss)		-	-	-	-	-	-	-	9,990,034	225,117	(26,444)	10,188,707
Appropriation of 2021 earnings	6(15)											
Legal reserve		-	-	-	-	-	1,692,113	-	(1,692,113)	-	-	-
Special reserve		-	-	-	-	-	-	227,336	(227,336)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(8,870,990)	-	-	(8,870,990)
Due to donated assets received		-	-	-	552	-	-	-	-	-	-	552
Balance at December 31, 2022		$ 8,448,562	$ 628,134	$ 130,592	$ 1,882	$ 44,460	$ 8,028,953	$ 901,794	$ 30,917,333	($ 638,974)	($ 64,147)	$ 48,398,589
2023												
Balance at January 1,2023		$ 8,448,562	$ 628,134	$ 130,592	$ 1,882	$ 44,460	$ 8,028,953	$ 901,794	$ 30,917,333	($ 638,974)	($ 64,147)	$ 48,398,589
Profit for the year		-	-	-	-	-	-	-	7,532,896	-	-	7,532,896
Other comprehensive (loss) income for the year		-	-	-	-	-	-	-	(1,226)	(186,443)	12,159	(175,510)
Total comprehensive income		-	-	-	-	-	-	-	7,531,670	(186,443)	12,159	7,357,386
Appropriation of 2022 earnings	6(15)											
Legal reserve		-	-	-	-	-	999,003	-	(999,003)	-	-	-
Special reserve		-	-	-	-	-	-	(198,673)	198,673	-	-	-
Cash dividends		-	-	-	-	-	-	-	(5,576,051)	-	-	(5,576,051)
Due to donated assets received		-	-	-	340	-	-	-	-	-	-	340
Balance at December 31, 2023		$ 8,448,562	$ 628,134	$ 130,592	$ 2,222	$ 44,460	$ 9,027,956	$ 703,121	$ 32,072,622	($ 825,417)	($ 51,988)	$ 50,180,264

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

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

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 8,673,171	$ 12,049,839
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets)	6(8)(9)(19)	309,345	326,442
Expected credit loss	6(4)	10,855	30,643
Net loss on financial assets and liabilities at fair value through profit or loss		155,897	50,599
Interest expense		11,007	25,859
Interest income	6(17)	(320,944)	(103,962)
Share of profit of associates and joint ventures accounted for using equity method		(2,003,655)	(677,380)
Gain on disposal of property, plant and equipment	6(18)	(176)	(19)
Gain on lease modification	6(9)	(91)	(12)
Unrealised profit from sales		965,332	101,513
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		-	15
Accounts receivable		(219,461)	9,487,131
Accounts receivable - related parties		(7,977,222)	(12,947,967)
Other receivables		39,488	45,162
Inventories, net		(3,867,476)	19,327,322
Prepayments		(26,258)	184,306
Changes in operating liabilities			
Current contract liabilities		(1,023,956)	786,114
Accounts payable		(2,281,908)	(21,368,027)
Accounts payable - related parties		8,906,727	19,661,707
Other payables		868,702	(2,033,191)
Other payables - related parties		68,577	(5,004,215)
Provisions for liabilities - current		139,704	(63,569)
Refund liabilities - current		177,727	(1,331,218)
Other current liabilities, others		3,224	(615,052)
Net defined benefit liability		(7,067)	(7,438)
Cash inflow generated from operations		2,601,542	17,924,602
Interest received		313,579	98,185
Interest paid		(11,007)	(27,016)
Income tax paid		(35,638)	(4,582,460)
Net cash flows from operating activities		2,868,476	13,413,311

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

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment accounted for using equity method		($ 6,137)	$ -
Acquisition of property, plant and equipment	6(8)	(160,957)	(236,179)
Proceeds from disposal of property, plant and equipment		258	1,010
(Increase) decrease in refundable deposits		(852)	8,585
Net cash flows used in investing activities		(167,688)	(226,584)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(23)	-	(2,000,000)
Repayment of the principal portion of lease liabilities	6(23)	(101,441)	(106,057)
(Decrease) increase in guarantee deposits received	6(23)	(2,247)	29,174
Cash dividends paid	6(15)	(5,576,051)	(8,870,990)
Due to donated assets received		340	552
Net cash flows used in financing activities		(5,679,399)	(10,947,321)
Net (decrease) increase in cash and cash equivalents		(2,978,611)	2,239,406
Cash and cash equivalents at beginning of year	6(1)	23,097,322	20,857,916
Cash and cash equivalents at end of year	6(1)	$ 20,118,711	$ 23,097,322

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

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

1. HISTORY AND ORGANISATION

MICRO-STAR INTERNATIONAL CO., LTD. (the "Company") was incorporated as a company limited by shares under the laws of the Republic of China (R.O.C.) in August 1986 and started its operations in the same year. The Company is primarily engaged in the manufacture and sale of motherboards and computer hardware. The shares of the Company have been listed on the Taiwan Stock Exchange since October 1998.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

A. Foreign currency transactions and balance

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

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

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

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settle within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settle within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

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

(12) Investments accounted for using the equity method / Subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) <u>Property, plant and equipment</u>

A Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2~55 years
Machinery and equipment	1.5~10 years
Other properties (include transportation equipment, office equipment, and leasehold improvements)	1.5~10 years

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

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

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

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

C. At the commencement date, the right-of-use asset is stated at cost mainly comprising the amount of the initial measurement of lease liability.

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

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

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(18) Provisions

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

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

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

D. Employees' compensation and directors' and supervisors' remuneration

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

(20) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(22) Dividends

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

(23) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells motherboards, graphic card products, a variety of computer hardware, and electronic components. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from the products is recognised based on the price specified in the contract, net of the estimated value added tax, returns and volume discounts and rebates. The volume discounts to the customers are estimated based on the anticipated annual sales quantities and the right of return for defective products is estimated on the basis of historical experience. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year. As a result, the Company does not adjust any of the transaction prices for the time value of money.

(c) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory comsumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Therefore, there might be material changes to the evaluation. As of December 31, 2023, the carrying amount of inventories was $22,341,249.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 3,533	$ 1,267
Checking accounts and demand deposits	7,115,178	14,596,055
Time deposits	13,000,000	8,500,000
Total	$ 20,118,711	$ 23,097,322

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss - current

Asset items	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives – Forward exchange contract	$ 1,816	$ 6,426
Derivatives – Foreign exchange swap	55,890	193,364
	$ 57,706	$ 199,790

Liability items	December 31, 2023	December 31, 2022
Financial liabilities held for trading		
Derivatives – Forward exchange contract	$ 181,097	$ 167,284

A. The Company recognised net loss of $696,612 and $1,042,669 for the years ended December 31, 2023 and 2022, respectively.

B. The Company entered into contracts related to derivative financial assets and liabilities which were not accounted for under hedge accounting. The contract information are as follows:

	December 31, 2023		
Derivative Financial Assets	Contract Amount Notional Principal (In thousands)		Contract period
Forward exchange contracts	GBP	1,000	2023.12.15~2024.03.01
Foreign exchange swap	USD	120,000	2023.12.15~2024.02.07

	December 31, 2023		
Derivative Financial Liabilities	Contract Amount Notional Principal (In thousands)		Contract period
Forward exchange contracts	CNY	523,467	2023.10.23~2024.04.16
〃	GBP	12,500	2023.10.23~2024.03.01
〃	AUD	15,500	2023.10.18~2024.03.01
〃	JPY	71,000	2023.12.27~2024.01.31
〃	CAD	18,000	2023.11.15~2024.03.25
〃	KRW	16,792,600	2023.11.29~2024.02.15
〃	SEK	27,109	2023.11.06~2024.01.16
〃	EUR	75,000	2023.08.30~2024.04.16

	December 31, 2022		
Derivative Financial Assets	Contract Amount Notional Principal (In thousands)		Contract period
Forward exchange contracts	CAD	7,500	2022.11.07~2023.03.24
〃	CNY	172,308	2022.12.05~2023.05.24
〃	GBP	4,800	2022.12.07~2023.03.01
〃	SEK	6,136	2022.12.02~2023.03.01
Foreign exchange swap	USD	450,000	2022.10.05~2023.03.16

	December 31, 2022		
Derivative Financial Liabilities	Contract Amount Notional Principal (In thousands)		Contract period
Forward exchange contracts	GBP	4,300	2022.11.30~2023.03.31
〃	AUD	7,000	2022.10.31~2023.02.01
〃	CNY	446,901	2022.10.14~2023.05.24
〃	EUR	39,000	2022.09.29~2023.02.24
〃	JPY	292,820	2022.12.28~2023.01.31
〃	KRW	31,827,600	2022.11.29~2023.03.15

The Company entered into forward foreign exchange contracts to hedge exchange risk. However, these forward foreign exchange contracts are not accounted under hedge accounting.

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

D. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	$ 151,975	$ 151,975
Valuation adjustment	(64,984)	(80,184)
Total	$ 86,991	$ 71,791

A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company were $86,991 and $71,791, respectively.

C. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

D. Information relating to price risk and fair value of financial assets at fair value through other comprehensive income is provided in Note 12(2)(3).

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 10,182,026	$ 9,962,565
Less: Allowance for doubtful accounts	(42,754)	(31,899)
	$ 10,139,272	$ 9,930,666

A. The ageing analysis of accounts receivable:

	December 31, 2023	December 31, 2022
Not past due	$ 6,486,077	$ 7,093,455
1 to 75 days	3,383,373	2,687,528
76 to 365 days	312,553	181,459
Over 365 days	23	123
	$ 10,182,026	$ 9,962,565

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables (including notes receivable) from contracts with customers amounted to $19,449,711.

C. Most of the Company's accounts receivable have been insured, and the Company will be able to obtain insurance claims.

D. The Company does not hold any collateral.

E. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $10,139,272 and $9,930,666, respectively.

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

(5) Transfer of financial assets

Transferred financial assets that are derecognised in their entirely

The Company entered into a factoring agreement with Bank to sell its accounts receivable. Under the agreement, the Company is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Company does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognised the transferred accounts receivable, and the related information is as follows:

December 31, 2023					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advanced
Mega International Commercial Bank	$ 165,450	$ 165,450	$ -	$ -	$ -
Taishin International Bank	50,119	50,119	-	-	-

December 31, 2022					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advanced
Mega International Commercial Bank	$ 260,669	$ 260,669	$ -	$ -	$ -
Taishin International Bank	107,032	107,032	-	-	-

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,233,823	($ 155,571)	$ 2,078,252
Work in progress	258,983	(2,727)	256,256
Finished goods	20,393,220	(386,479)	20,006,741
	$ 22,886,026	($ 544,777)	$ 22,341,249

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,565,051	($ 172,673)	$ 1,392,378
Work in progress	413,537	(5,184)	408,353
Finished goods	17,010,836	(337,794)	16,673,042
	$ 18,989,424	($ 515,651)	$ 18,473,773

The cost of inventories recognised as expense for the year:

	2023	2022
Cost of inventories recognised as expense	$ 167,284,580	$ 156,197,454
Loss on decline in market value	29,126	102,390

(7) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
MSI PACIFIC INTERNATIONAL HOLDING CO., LTD.	$ 9,975,169	$ 9,307,117
MICRO-STAR NETHERLANDS HOLDING B.V.	834,317	753,056
MSI COMPUTER CORP.	287,489	195,626
MSI COMPUTER (CAYMAN) CO., LTD.	129,312	127,992
MSI COMPUTER JAPAN CO., LTD.	24,001	22,850
MSI COMPUTER (AUSTRALIA) PTY. LTD.	16,217	11,885
MICRO-STAR CANADA LTD.	11,749	7,989
INDOMSI COMPUTERS PRIVATE LTD.	6,278	-
	$ 11,284,532	$ 10,426,515

A. Details of the Company’s subsidiaries are provided in Note 4(3) of the Company’s consolidated financial statements as of and for the year ended December 31, 2023.

B. Description of the impact on the Company’s subsidiaries resulting from the amendments to IAS 12, ‘International tax reform-pillar two model rules’ is provided in Note 6(25) of the Company’s consolidated financial statements as of and for the year ended December 31, 2023.

C. For the years ended December 31, 2023 and 2022, certain investments accounted for using equity method were MSI COMPUTER CORP., MICRO-STAR NETHERLANDS HOLDING B.V., MSI COMPUTER (CAYMAN) CO., LTD., MSI KOREA CO., LTD., MEGA COMPUTER CO., LTD. and MHK INTERNATIONAL CO., LTD., such investments were recognised based on the investees’ financial statements audited by other independent auditors and the portion of above-mentioned subsidiaries accounted for using equity method was $181,150 and $32,214, respectively.

(8) Property, plant and equipment

	2023				
	Land	Buildings	Machineries	Others	Total
At January 1					
Cost	$ 1,331,538	$ 1,606,329	$ 786,447	$ 564,856	$ 4,289,170
Accumulated depreciation	-	(713,818)	(525,981)	(380,030)	(1,619,829)
	$ 1,331,538	$ 892,511	$ 260,466	$ 184,826	$ 2,669,341
Balance at January 1	$ 1,331,538	$ 892,511	$ 260,466	$ 184,826	$ 2,669,341
Additions	-	6,523	33,709	120,725	160,957
Disposals	-	-	-	(82)	(82)
Reclassifications	-	105,297	4,990	(110,287)	-
Depreciation charge	-	(59,065)	(93,907)	(54,684)	(207,656)
Balance at December 31	$ 1,331,538	$ 945,266	$ 205,258	$ 140,498	$ 2,622,560
At December 31					
Cost	$ 1,331,538	$ 1,718,149	$ 814,657	$ 542,132	$ 4,406,476
Accumulated depreciation	-	(772,883)	(609,399)	(401,634)	(1,783,916)
	$ 1,331,538	$ 945,266	$ 205,258	$ 140,498	$ 2,622,560

	2022				
	Land	Buildings	Machineries	Others	Total
At January 1					
Cost	$ 1,331,538	$ 1,547,385	$ 712,481	$ 533,237	$ 4,124,641
Accumulated depreciation	-	(665,563)	(469,603)	(334,814)	(1,469,980)
	$ 1,331,538	$ 881,822	$ 242,878	$ 198,423	$ 2,654,661
Balance at January 1	$ 1,331,538	$ 881,822	$ 242,878	$ 198,423	$ 2,654,661
Additions	-	15,677	87,374	133,128	236,179
Disposals	-	-	-	(991)	(991)
Reclassifications	-	43,267	25,106	(68,373)	-
Depreciation charge	-	(48,255)	(94,892)	(77,361)	(220,508)
Balance at December 31	$ 1,331,538	$ 892,511	$ 260,466	$ 184,826	$ 2,669,341
At December 31					
Cost	$ 1,331,538	$ 1,606,329	$ 786,447	$ 564,856	$ 4,289,170
Accumulated depreciation	-	(713,818)	(525,981)	(380,030)	(1,619,829)
	$ 1,331,538	$ 892,511	$ 260,466	$ 184,826	$ 2,669,341

(9) Leasing arrangements—lessee

A. The Company leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 3 months to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount		Carrying amount	
Buildings	$	134,323	$	218,739
Transportation equipment		3,973		3,711
	$	138,296	$	222,450

	2023		2022	
	Depreciation charge		Depreciation charge	
Buildings	$	98,390	$	101,841
Transportation equipment		3,299		4,093
	$	101,689	$	105,934

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $20,735 and $234,548, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	1,452	$	1,314
Expense on leases of low-value and short-term assets		21,717		15,499
Expense on variable lease payments		12,969		20,072
Gain on lease modification		91		12

E. For the years ended December 31, 2023 and 2022, the Company’s total cash outflow for leases were $137,579 and $142,942, respectively.

(10) Other payables

	December 31, 2023		December 31, 2022	
Advertising expense payable	$	1,466,813	$	495,235
Accrued salary and bonus		1,288,014		1,100,950
Accrued freight and import/export expense		1,229,715		1,070,759
Directors' remuneration and employees' compensation		733,500		956,800
Accrued molding expense		250,932		354,692
Other accrued expenses		586,797		708,633
	$	5,555,771	$	4,687,069

(11) Pensions

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

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 533,307	$ 533,958
Fair value of plan assets	(368,856)	(363,970)
Net defined benefit liability	$ 164,451	$ 169,988

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	$ 533,958	($ 363,970)	$ 169,988
Current service cost	2,912	-	2,912
Interest expense (income)	6,941	(4,731)	2,210
	543,811	(368,701)	175,110
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,370)	(1,370)
Change in financial assumptions	3,978	-	3,978
Experience adjustments	(1,078)	-	(1,078)
	2,900	(1,370)	1,530
Pension fund contribution	-	(12,189)	(12,189)
Paid pension	(13,404)	13,404	-
Balance at December 31	$ 533,307	($ 368,856)	$ 164,451

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	$ 538,812	($ 326,994)	$ 211,818
Current service cost	3,100	-	3,100
Interest expense (income)	3,772	(2,289)	1,483
	545,684	(329,283)	216,401
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(24,272)	(24,272)
Change in financial assumptions	(27,086)	-	(27,086)
Experience adjustments	16,966	-	16,966
	(10,120)	(24,272)	(34,392)
Pension fund contribution	-	(12,021)	(12,021)
Paid pension	(1,606)	1,606	-
Balance at December 31	$ 533,958	($ 363,970)	$ 169,988

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

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

	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	2.75%	2.75%

Assumptions regarding future mortality experience are set based on the sixth round of empirical life tables of the Taiwan life insurance industry.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 9,853)	$ 10,163	$ 8,845	($ 8,635)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 10,678)	$ 11,029	$ 9,589	($ 9,346)

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

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $12,209.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	99,754
1-2 years		20,106
2-3 years		26,644
3-4 years		41,352
4-5 years		26,551
6-10 years		172,965
Over 10 years		197,752
	$	585,124

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $136,507 and $132,404, respectively.

(12) Provisions for liabilities

Warranty		2023		2022
At January 1	$	1,168,922	$	1,232,491
Additional provisions		1,103,888		850,471
Used during the period	(	964,032)	(	914,033)
Exchange differences	(	152)	(	7)
At December 31	$	1,308,626	$	1,168,922

Analysis of total provisions:

		December 31, 2023		December 31, 2022
Current	$	1,308,626	$	1,168,922

The Company gives warranties on computer components and personal computers sold. Provision for warranty is estimated based on historical warranty data.

(13) Share capital

As of December 31, 2023, the Company's authorized capital was $15,000,000 (including 150,000 thousand shares reserved for convertible bonds issued by the Company and 80,000 thousand shares reserved for employee stock options), and the paid-in capital was $8,448,562 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(14) Capital surplus

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

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve, and set aside or reverse as special reserve. The balance plus unappropriated retained earnings at the beginning of the period shall be appropriated 10%~90% as proposed by the Board of Directors, and authorize the Board of Directors to distribute all or part of the dividends in cash by supermajority vote and report the distribution plan at the stockholders' meeting; or by issuing new stocks and resolved by the stockholders during their meeting.

B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, except for the Company's future expansion plans, stockholders' interest is taken into consideration. The Company appropriated dividends in proportion to total number of shares, dividends could be distributed in stock or cash, and cash dividends shall account for at least 30% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of 2022 and 2021 earnings had been resolved at the stockholders' meeting on June 15, 2023 and June 10, 2022, respectively as follows:

	2022		2021	
	Amount	Dividends per share (dollar)	Amount	Dividends per share (dollar)
Legal reserve	$ 999,003		$ 1,692,113	
Special reserve	(198,673)		227,336	
Cash dividend	5,576,051	$ 6.60	8,870,990	$ 10.50

F. The appropriations of 2023 earnings has been resolved at the Board of Directors' meeting on March 14, 2024 as follows:

	2023	
	Amount	Dividends per share (dollar)
Legal reserve	$ 753,167	
Special reserve	174,284	
Cash dividend	4,562,223	$ 5.40

As of the date of this financial report, the appropriations of 2023 earnings has not been resolved at the stockholders' meeting.

G. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(20).

(16) Operating revenue

A. The Company derives revenue from the transfer of goods at a point in time in the following major segment:

2023	Computer and peripherals segment	Other	Total
Timing of revenue recognition			
At a point in time	$ 186,017,214	$ 23,277	$ 186,040,491

2022	Computer and peripherals segment	Other	Total
Timing of revenue recognition			
At a point in time	$ 177,490,293	$ 47,873	$ 177,538,166

B. Contract assets and liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - advance sales receipts	$ 173,332	$ 1,197,288	$ 411,174

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period:

	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	$ 1,176,519	$ 386,979

(17) Interest income

	2023	2022
Interest income from bank deposits	$ 176,363	$ 91,007
Interest income from financial assets measured at amortised cost	144,581	12,955
	$ 320,944	$ 103,962

(18) Other gains and losses

	2023	2022
Losses on financial assets liabilities at fair value through profit or loss	($ 696,612)	($ 1,042,669)
Net currency exchange gain	42,120	2,784,923
Gains on disposal of property, plant and equipment	176	19
Other losses	(25,310)	(23,443)
	($ 679,626)	$ 1,718,830

(19) Expenses by nature

	2023	2022
Employee benefit expense	$ 5,317,900	$ 5,563,912
Depreciation charges	309,345	326,442
	$ 5,627,245	$ 5,890,354

(20) Employee benefit expense

		2023		2022
Wages and salaries	$	4,641,971	$	4,855,613
Labor and health insurance fees		300,350		335,921
Pension costs		141,629		136,987
Directors' remuneration		68,200		74,800
Other personnel expenses		165,750		160,591
	$	5,317,900	$	5,563,912

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 6%~10% for employees' compensation and shall not be higher than 1% for directors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $665,300 and $882,000, respectively; while directors' remuneration was accrued at $68,200 and $74,800, respectively. The aforementioned amounts were recognised in salary expenses respectively.

The employees' compensation and directors' remuneration were estimated and accrued based on the historical distribution ratio and the profit of the current year for the year ended December 31, 2023.

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

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

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

		2023		2022
Current tax:				
Current tax on profits for the period	$	1,545,930	$	2,159,226
Prior year income tax overestimation	(	45,582)	(	70,765)
Total current tax		1,500,348		2,088,461
Deferred tax:				
Origination and reversal of temporary differences	(	360,073)	(	1,142)
Total deferred tax	(	360,073)	(	1,142)
Income tax expense	$	1,140,275	$	2,087,319

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

	2023	2022
Remeasurement of defined benefit obligations	$ 304	($ 6,878)
Unrealized gains or losses on fair value through other comprehensive income financial assets	(3,041)	6,612
Income tax expense	($ 2,737)	($ 266)

B. Reconciliation between income tax expense and accounting profit

	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 1,734,634	$ 2,409,968
Effect from items disallowed by tax regulation	54,000	74,000
Temporary differences not recognised as deferred tax liabilities	(400,139)	(135,476)
Effect from investment tax credits	(366,773)	(494,113)
Effect of different tax rates in countries in which the group operates	(15,399)	5,324
Tax on undistributed earnings	171,530	298,381
Prior year income tax overestimation	(45,582)	(70,765)
Others	8,004	-
Income tax expense	$ 1,140,275	$ 2,087,319

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealized gross profit	$ 531,834	$ 171,468	$ -	$ 703,302
Unrealized losses on inventory valuation	103,130	5,826	-	108,956
Remeasurement of defined benefit obligations	28,248	-	304	28,552
Unrealized exchange loss	18,156	126,478	-	144,634
Unrealized loss on financial assets at fair value through other comprehensive income	16,037	-	(3,041)	12,996
Unrealized loss on financial assets (liabilities) at fair value through profit or loss	-	24,678	-	24,678
Others	223,586	25,122	-	248,708
Subtotal	920,991	353,572	(2,737)	1,271,826
-Deferred tax liabilities:				
Unrealized gain on financial assets (liabilities) at fair value through profit or loss	(6,501)	6,501	-	-
Subtotal	(6,501)	6,501	-	-
Total	$ 914,490	$ 360,073	($ 2,737)	$ 1,271,826

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealized losses on inventory valuation	$ 82,653	$ 20,477	$ -	$ 103,130
Unrealized gross profit	568,203	(36,369)	-	531,834
Remeasurement of defined benefit obligations	35,126	-	(6,878)	28,248
Unrealized exchange loss	15,254	2,902	-	18,156
Unrealized loss on financial assets at fair value through other comprehensive income	9,425	-	6,612	16,037
Others	219,574	4,012	-	223,586
Subtotal	930,235	(8,978)	(266)	920,991
-Deferred tax liabilities:				
Unrealized gain on financial assets (liabilities) at fair value through profit or loss	(16,621)	10,120	-	(6,501)
Subtotal	(16,621)	10,120	-	(6,501)
Total	$ 913,614	$ 1,142	($ 266)	$ 914,490

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary difference unrecognized as deferred tax liabilities were $10,094,033 and $8,284,794, respectively.

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

(22) Earnings per share

	2023		
	Amount after tax	Retroactively adjusted weighted-average outstanding ordinary shares (in thousands)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 7,532,896	844,856	$ 8.92
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 7,532,896	844,856	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,859	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 7,532,896	849,715	$ 8.87

	2022		
	Amount after tax	Retroactively adjusted weighted-average outstanding ordinary shares (in thousands)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 9,962,520	844,856	$ 11.79
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 9,962,520	844,856	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	10,111	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 9,962,520	854,967	$ 11.65

(23) Changes in liabilities from financing activities

	2023			
	Short-term borrowings	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ -	$ 223,041	$ 138,209	$ 361,250
Changes in cash flow from financing activities	-	(101,441)	(2,247)	(103,688)
Changes in other non-cash items	-	17,444	-	17,444
At December 31	$ -	$ 139,044	$ 135,962	$ 275,006

	2022			
	Short-term borrowings	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 2,000,000	$ 80,756	$ 109,035	$ 2,189,791
Changes in cash flow from financing activities	(2,000,000)	(106,057)	29,174	(2,076,883)
Changes in other non-cash items	-	248,342	-	248,342
At December 31	$ -	$ 223,041	$ 138,209	$ 361,250

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are held by public, therefore there is no ultimate parent and controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
MSI COMPUTER (AUSTRALIA) PTY. LTD. [MSI (AUSTRALIA)]	Subsidiary
MSI COMPUTER CORP. [MSI (LA)]	Subsidiary
MSI COMPUTER JAPAN CO., LTD. [MSI (JAPAN)]	Subsidiary
MICRO-STAR NETHERLANDS HOLDING B.V. [MSI (HOLDING)]	Subsidiary
MSI PACIFIC INTERNATIONAL HOLDING CO., LTD. [MSI(PACIFIC)]	Subsidiary
MICRO-STAR CANADA LTD. [MSI (CANADA)]	Subsidiary
INDOMSI COMPUTERS PRIVATE LTD. [INDOMSI]	Subsidiary
MSI COMPUTER SARL [MSI (SARL)]	Second-tier subsidiary
MYSTAR COMPUTER B.V. [MYSTAR]	Second-tier subsidiary
MSI COMPUTER (UK) LTD. [MSI (UK)]	Second-tier subsidiary
MSI KOREA CO., LTD. [MSI (KOREA)]	Second-tier subsidiary
MSI POLSKA SP. Z O.O. [MSI (POLSKA)]	Second-tier subsidiary
MSI ITALY S.R.L. [MSI (ITALY)]	Second-tier subsidiary

Names of related parties	Relationship with the Company
MSI COMPUTER EUROPE B.V. [MSI (EUROPE)]	Second-tier subsidiary
LLC MSI COMPUTER [MSI (RUSSIA)]	Second-tier subsidiary
MHK INTERNATIONAL CO., LTD. [MSI (MHK)]	Second-tier subsidiary
MEGA COMPUTER CO., LTD. [MEGA COMPUTER]	Second-tier subsidiary
MSI IBERIA S.L. [MSI IBERIA]	Second-tier subsidiary
SHENZHEN MEGA INFORMATION CO., LTD. [MSI SHENZHEN]	Second-tier subsidiary
MSI ELECTRONICS (KUNSHAN) CO., LTD.[MSI ELECTRONICS (KUNSHAN)]	Second-tier subsidiary
MSI COMPUTER (SHENZHEN) CO., LTD.[MSI COMPUTER (SHENZHEN)]	Second-tier subsidiary

(3) Significant related party transactions

A. Sales revenue, net

	2023	2022
Sales of goods:		
MSI (LA)	$ 41,525,119	$ 34,847,326
Others	17,502,023	17,839,178
Total	$ 59,027,142	$ 52,686,504

The sales price and payment terms to related parties were not significantly different from those sales to third parties.

B. Purchases, net

	2023	2022
Purchases of goods:		
MSI COMPUTER (SHENZHEN)	$ 89,152,710	$ 81,473,352
MSI ELECTRONICS (KUNSHAN)	62,060,441	49,624,543
	$ 151,213,151	$ 131,097,895

(1) Goods and services are purchased from second-tier subsidiary on normal commercial terms and conditions.

(2) The second-tier subsidiary subcontracts the Company to buy materials, and sells back finished goods after processing. The sales amount of materials were offset and shown at net amount in the financial statements.

C. Operating expenses - after-sales service and marketing expense

	2023	2022
Purchases of services:		
Others	$ 2,901,223	$ 2,689,247

The Company recognised the operating expenses monthly based on the amount of services provided by subsidiaries and second-tier subsidiaries, with the same credit term available to third parties.

D. Receivables from related parties

	December 31, 2023		December 31, 2022	
Accounts receivable:				
MSI (LA)	$	8,707,522	$	7,339,535
Others		23,779,133		17,169,898
Total	$	32,486,655	$	24,509,433

Accounts receivable mainly arises from sales, with the same credit term available to third parties.

E. Payables to related parties

(a) Accounts payable

	December 31, 2023		December 31, 2022	
Accounts payable:				
MSI COMPUTER (SHENZHEN)	$	16,974,566	$	11,376,749
MSI ELECTRONICS (KUNSHAN)		11,593,868		8,284,958
Total	$	28,568,434	$	19,661,707

The accounts payable to related parties arise mainly from purchase transactions and bear no interest.

(b) Other payables

	December 31, 2023		December 31, 2022	
Other payables:				
MSI (PACIFIC)	$	239,053	$	239,092
Others		317,940		249,324
Total	$	556,993	$	488,416

Other payables mainly arises from purchases of services, with the same credit term available to third parties.

(4) Key management compensation

	2023		2022	
Salaries and other short-term employee benefits	$	435,781	$	561,107
Post-employment benefits		1,993		1,944
Total	$	437,774	$	563,051

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies：None.

(2) Commitments：None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The Company’s Board of Director's meeting has resolved the appropriations of 2023 earnings on March 14, 2024, please refer to Note 6(15).

(2) The Company signed a contract for the sale and purchase of real estate with Chung Cheng Enterprise Co., Ltd. on January 10, 2024. The contract pertains to the purchase of land and buildings in the Gueishan District Taoyuan City, with a contract price of $1,540,800.

12. OTHERS

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase outstanding shares.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 57,706	$ 199,790
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	86,991	71,791
Financial assets at amortised cost		
Cash and cash equivalents	20,118,711	23,097,322
Accounts receivable	42,625,927	34,440,099
Other receivables	184,689	216,812
Guarantee deposits paid	19,099	18,247
	$ 63,093,123	$ 58,044,061
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 181,097	$ 167,284
Financial liabilities at amortised cost		
Accounts payable	38,335,335	31,710,516
Other accounts payables	6,112,764	5,175,485
Guarantee deposits received	135,962	138,209
	$ 44,765,158	$ 37,191,494
Lease liabilities	$ 139,044	$ 223,041

B. Risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to manage their foreign exchange risk against their functional currency.

iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

v. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange rate	Book Value (NTD)
Financial assets			
Monetary items			
USD: NTD	$ 1,344,146	30.7050	$ 41,272,011
CNY:NTD	562,550	4.3270	2,434,154
EUR: NTD	58,750	33.9800	1,996,321
CAD:NTD	24,337	23.2000	565,554
AUD:NTD	18,359	20.9800	385,167
Non-monetary items			
USD: NTD	338,446	30.7050	10,391,970
EUR: NTD	24,553	33.9800	834,317
Financial liabilities			
Monetary items			
USD: NTD	1,388,512	30.7050	42,634,265
EUR: NTD	21,114	33.9800	717,460

(Foreign currency: functional currency)	December 31, 2022 Foreign Currency Amount (In Thousands)	Exchange rate	Book Value (NTD)
Financial assets			
Monetary items			
USD: NTD	$ 1,075,536	30.7100	$ 33,029,703
CNY:NTD	415,799	4.4080	1,832,841
EUR: NTD	26,759	32.7200	875,548
Non-monetary items			
USD: NTD	313,603	30.7100	9,630,735
EUR: NTD	23,015	32.7200	753,056
Financial liabilities			
Monetary items			
USD: NTD	1,149,684	30.7100	35,306,798

vi. The exchange gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to $42,120 and $2,784,923, respectively.

vii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	2023		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss (before tax)	Effect on other comprehensive income
Financial assets			
Monetary items			
USD: NTD	1%	$ 412,720	$ -
CNY:NTD	1%	24,342	-
EUR: NTD	1%	19,963	-
CAD:NTD	1%	5,656	-
AUD:NTD	1%	3,852	-
Financial liabilities			
Monetary items			
USD: NTD	1%	426,343	-
EUR: NTD	1%	7,175	-

	2022			
	Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss (before tax)		Effect on other comprehensive income
Financial assets				
Monetary items				
USD: NTD	1%	$	330,297	$ -
CNY:NTD	1%		18,328	-
EUR: NTD	1%		8,755	-
Financial liabilities				
Monetary items				
USD: NTD	1%		353,068	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.

ii. The Company has investments in equity securities. The prices of equity securities would change due to the change in the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by $696 and $574, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and financial assets at amortised cost cash flow based on the agreed terms.

ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only parties with a rating of investment grade are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored. Credit risk arises from credit exposures to wholesale and retail customers, including outstanding receivables.

iii. The Company adopts assumptions, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 150 days.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of debt instrument on December 31, 2023 and 2022. The expected credit loss rate of the Company's overdue accounts receivable was not material as of December 31, 2023 and 2022.

ix. The Company applies the simplified approach to provide loss allowance for accounts receivable that have no significant impact. The Company had not recognized the related impact as at December 31, 2023 and 2022.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's internal balance sheet ratio targets and external regulatory or legal requirements.

ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 to 2 years	Between 2 to 3 years	Over 3 years
Accounts payable	$ 38,335,335	$ -	$ -	$ -
Other payables	6,112,764	-	-	-
Lease liabilities	94,155	44,470	780	294
Other financial liabilities	100	203	-	135,659

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 to 2 years	Between 2 to 3 years	Over 3 years
Accounts payable	$31,710,516	$ -	$ -	$ -
Other payables	5,175,485	-	-	-
Lease liabilities	96,232	80,966	39,295	8,401
Other financial liabilities	100	1,210	-	136,899

Derivative financial liabilities

As of December 31, 2023 and 2022, the derivative financial liabilities mature within 1 year.

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

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an on going basis.

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The Company's cash and cash equivalents, financial assets at amortised cost, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits received are approximate to their fair values. The transaction value information is provided in Note 12(2)A.

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

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Forward exchange contract	$ -	$ 1,816	$ -	$ 1,816
-Foreign exchange swap	-	55,890	-	55,890
Financial assets at fair value through other comprehensive income				
-Equity securities	-	-	86,991	86,991
Total	$ -	$ 57,706	$ 86,991	$ 144,697
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contract	$ -	$ 181,097	$ -	$ 181,097

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Forward exchange contract	$ -	$ 6,426	$ -	$ 6,426
-Foreign exchange swap	-	193,364	-	193,364
Financial assets at fair value through other comprehensive income				
-Equity securities	-	-	71,791	71,791
Total	$ -	$ 199,790	$ 71,791	$ 271,581
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contract	$ -	$ 167,284	$ -	$ 167,284

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts a valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

(c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2023 and 2022, there was no transfer in or out from Level 3.

G. The Company entrusts an external evaluation agency to evaluate the fair value classified as Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Derivative financial instruments transactions: Please refer to Notes 6(2) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: Please refer to table 7.

(4) Minority shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

Not applicable.

MICRO-STAR INTERNATIONAL CO., LTD.
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

Table 1 | Expressed in thousands of NTD

Item	Description	Amount
Cash and cash in banks		
Cash on hand and revolving funds		$ 3,533
Checking accounts and demand deposits		2,388,625
Foreign exchange deposits	US $87,144 thousand, conversion rate $30.705	2,675,765
	Others	2,050,788
Time deposits	Interest rate range from 1.36% to 1.43%	13,000,000
		$ 20,118,711

MICRO-STAR INTERNATIONAL CO., LTD.
ACCOUNTS RECEIVABLE
DECEMBER 31, 2023

Table 2 Expressed in thousands of NTD

Customer name	Summary	Amount	Note
Non-related parties:			
CAA Company		$ 1,096,882	
CDD Company		695,801	
			The balance of each customer has not exceeded 5% of the accounts receivable.
Others		8,389,343	
Less: Allowance for doubtful accounts		(42,754)	
		$ 10,139,272	

MICRO-STAR INTERNATIONAL CO., LTD.
INVENTORIES
DECEMBER 31, 2023

Table 3 | Expressed in thousands of NTD

Items	Summary	Amount: Cost	Amount: Net Realizable Value	Note
Materials		$ 2,233,823	$ 2,419,514	
Work in progress		258,983	261,746	
Finished goods		20,393,220	22,168,530	
		22,886,026	$ 24,849,790	
Less: Allowance for valuation loss		(544,777)		
		$ 22,341,249		

MICRO-STAR INTERNATIONAL CO., LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
DECEMBER 31, 2023

Table 4

Expressed in thousands of NTD

Name	Opening balance		Additions		Reductions		Closing balance			Market value price or per share		Note
	Number of Shares (per thousand share)	Amounts	Number of Shares (per thousand share)	Amounts	Number of Shares (per thousand share)	Amounts	Number of Shares (per thousand share)	Ownership (%)	Amounts	Price (in NTD)	Total price	
MSI PACIFIC INTERNATIONAL HOLDING CO., LTD.	30,204	$ 9,307,117	-	$ 668,052	-	$ -	30,204	100%	$ 9,975,169	$ 330.26	$ 9,975,169	
MICRO-STAR NETHERLANDS HOLDING B.V.	424	753,056	-	81,261	-	-	424	100%	834,317	1,967.73	834,317	
MSI COMPUTER (AUSTRALIA) PTY. LTD.	222	11,885	-	4,332	-	-	222	100%	16,217	73.05	16,217	
MSI COMPUTER JAPAN CO., LTD.	1	22,850	-	1,151	-	-	1	100%	24,001	24,001.00	24,001	
MSI COMPUTER CORP.	575	195,626	-	91,863	-	-	575	100%	287,489	499.98	287,489	
MSI COMPUTER (CAYMAN) CO., LTD.	50	127,992	-	1,320	-	-	50	100%	129,312	2,586.24	129,312	
MICRO-STAR CANADA LTD.	100	7,989	-	3,760	-	-	100	100%	11,749	117.49	11,749	
INDOMSI COMPUTERS PRIVATE LTD.	-	-	1,627	6,278	-	-	1,627	100%	6,278	3.86	6,278	
		$ 10,426,515		$ 858,017		$ -			$ 11,284,532		$ 11,284,532	

MICRO-STAR INTERNATIONAL CO., LTD.
MOVEMENT SUMMARY OF PROPERTY, PLANT AND EQUIPMENT
DECEMBER 31, 2023

Table 5 Expressed in thousands of NTD

Please refer to the disclosure in Note 6(8).

MICRO-STAR INTERNATIONAL CO., LTD.
ACCOUNTS PAYABLE
DECEMBER 31, 2023

Table 6

Expressed in thousands of NTD

Vendor name	Summary	Amount	Note
Non-related parties:			
SAA Company		$ 6,196,124	
SHH Company		677,488	
SII Company		538,015	
SJJ Company		561,645	
Others		1,793,629	The balances of each expense account has not exceeded 5% of the accounts payable.
		$ 9,766,901	

MICRO-STAR INTERNATIONAL CO., LTD.
OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 7

Expressed in thousands of NTD

Item	Quantity	Amount	Note
Computer and peripherals		$ 186,017,214	
Others		23,277	
		$ 186,040,491	

MICRO-STAR INTERNATIONAL CO., LTD.
OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 8 Expressed in thousands of NTD

	Amount
Direct material	
Raw materials at beginning	$ 1,565,051
Add: Material purchased during the period	11,900,008
Raw materials surplus	8
Less: Raw materials at the end	(2,233,823)
Cost of raw materials sales	(7,271,514)
Loss on raw materials obsolescence	(8,130)
Consumption of materials for the period	3,951,600
Overhead	889,000
Manufacturing cost	4,840,600
Add: Work in progress at the beginning	413,537
Less: Work in Progress at the end	(258,983)
Finished goods cost	4,995,154
Add: Finished goods at the beginning	17,010,836
Material purchases for the period	157,313,237
Finished goods surplus	3
Less: Finished goods at the end	(20,393,220)
Loss on finished goods obsolescence	(1,472)
Cost of sales	158,924,538
Add: Cost of raw material sales	7,271,514
Loss on scrapping inventory	9,602
Transfer of warranty costs	1,049,811
Loss of decline in market value	29,126
Less: Inventory surplus	(11)
Operating costs	$ 167,284,580

MICRO-STAR INTERNATIONAL CO., LTD.
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 9 Expressed in thousands of NTD

Item	Summary	Amount	Note
Wages and salaries		$ 486,323	
Depreciation charges		141,597	
			The balances of each expense account has not exceeded 5% of the manufacturing expenses.
Other expenses		261,080	
		$ 889,000	

MICRO-STAR INTERNATIONAL CO., LTD.
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 10 Expressed in thousands of NTD

Item	Summary	Amount	Note
Freight		$ 1,375,422	
International brand image expense		2,226,840	
Wages and salaries		1,256,042	
Import and export expenses		617,623	
Other expenses		805,691	The balances of each expense account has not exceeded 5% of the selling expenses.
		$ 6,281,618	

MICRO-STAR INTERNATIONAL CO., LTD.
RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 11 | Expressed in thousands of NTD

Item	Summary	Amount	Note
Wages and salaries		$ 2,405,733	
Samples expenses		235,953	
Other expenses		1,036,021	The balances of each expense account has not exceeded 5% of the research and development expenses.
		$ 3,677,707	

MICRO-STAR INTERNATIONAL CO., LTD.
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

Table 12 | Expressed in thousands of NTD

By function / By nature	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit expense (Note)						
Wages and salaries	$ 486,323	$ 4,155,648	$ 4,641,971	$ 505,936	$ 4,349,677	$ 4,855,613
Labor and health insurance fees	38,221	262,129	300,350	44,724	291,197	335,921
Pension expense	16,394	125,235	141,629	16,842	120,145	136,987
Directors' remuneration	-	68,200	68,200	-	74,800	74,800
Other employee benefit expense	25,399	140,351	165,750	26,266	134,325	160,591
	$ 566,337	$ 4,751,563	$ 5,317,900	$ 593,768	$ 4,970,144	$ 5,563,912
Depreciation charges	$ 141,597	$ 167,748	$ 309,345	$ 177,428	$ 149,014	$ 326,442

Note:

1. As at December 31, 2023 and 2022, the Company had 3,077 and 3,062 employees, including 3 and 3 non-employee directors, respectively.

2.A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(1)Average employee benefit expense in current year $1,708 (in thousand dollars) (『Total employee benefit expense in current year- Total directors' remuneration』/『Number of employee in current year-Number of non-employee directors』).
Average employee benefit expense in previous year $1,794 (in thousand dollars) (『Total employee benefit expense in previous year- Total directors' remuneration』/『Number of employee in previous year-Number of non-employee directors』).

MICRO-STAR INTERNATIONAL CO., LTD.
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

Table 12 Expressed in thousands of NTD

(2) Average employees salaries in current year $1,510 (in thousand dollars) (Total wages and salaries in current year/『Number of employee in current year-Number of non-employee directors』). Average employees salaries in previous year $1,587 (in thousand dollars) (Total wages and salaries in previous year/『Number of employee in previous year-Number of non-employee directors』).

(3) Adjustments of average employees salaries -4.85% (『Average employees salaries in current year-Average employees salaries in previous year』/ Average employees salaries in previous year).

(4) The Company did not have supervisors for the years ended December 31, 2023 and 2022. Therefore, there was no compensation to the supervisors.

(5) The Company's compensation policies:

A.The directors' remuneration policies:

The Company's directors' remuneration policy is in accordance with Articles 16-4 and 19-1 of the Articles of Incorporation, directors' remuneration shall not be higher than 1% of the pre-tax profit before deduction of directors' remuneration and employees' compensation. The accumulated losses must be covered before distribution of remuneration. The project is proposed by the Compensation Committee then submitted to the Board of Directors for approval, and reported to the shareholders.

B. The executive officers' compensation policies:

The total compensation paid to the executive officers is decided based on their job responsibility, contribution, company performance and projected future development. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.

C. The employees' compensation policies:

The Company has established "Regulations for Compensation Administration", "Regulations for Performance Evaluation" and "Employee Compensation Distribution and Shareholding Method", which provide reasonable salary and compensation through performance evaluation according to the position and contribution of employees. The compensation policies and methods are approved by the Compensation Committee; in addition, the "Company Regulations" clearly regulate employee behavior based on the appropriate rewards and penaltiess related to employee performance.