msi®

112年度 年報
2023 ANNUAL REPORT

股票代碼: 2377
中華民國113年5月13日刊印
查詢本年報網址：公開資訊觀測站
http://mops.twse.com.tw

Stock Code:2377

MICRO-STAR INTERNATIONAL CO., LTD.

2023 ANNUAL REPORT

MSI annual report is available at:
Taiwan Stock Exchange Market Observation Post System:
https://mops.twse.com.tw
Company website:
https://www.msi.com
Printed on May 13, 2024

Notice to readers
This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

I. SPOKESPERSON & DEPUTY SPOKESPERSON

Spokesperson:Hung,Pao-Yu
Title:Chief Financial Officer
Tel.:886-2-3234-5599
E-mail:080419861@msi.com

DEPUTY SPOKESPERSON:

Deputy Spokesperson:Chang,Ju-Ting
Title:Assistant Vice President of Finance Center Global Finance Division
Tel.:886-2-3234-5599
E-mail:080419862@msi.com

II. HEADQUARTERS AND PLANTS

Tel.:886-2-3234-5599
Address:No.69, Lide St., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C)

Ⅲ.SECURITIES DEALING INSTITUTE

Name :Chinatrust Transfer Agent
Address :5F, No.83, Sec. 1, Chung-Chin S. Rd., Zhongzheng Dist., Taipei City
Tel. :886-2-6636-5566
Website :https://www.ctbcbank.com

IV. AUDITORS

Name : CPA:Liang, Hua-Ling & Yu, Chih-Fan
CPA Firm :PricewaterhouseCoopers, Taiwan
Address :27F, No.333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110
Tel. :(886) 2 2729-6666
website:https://www.pwc.com

V. NAME OF TRADING SITE FOR LISTED SECURITIES OVERSEAS:

None

VI. COMPANY WEBSITE

https://www.msi.com

CONTENTS

Ⅰ.Letter to Shareholders

Dear Shareholders:

In 2023, the global economy experienced multiple financial and political shocks. In the first half of the year, global central banks continued to combat high inflation policies, resulting in several interest rate hikes that led some countries to face debt crises, consequently causing a decline in private consumption capacity and a significant downturn in the PC market. In the latter half of the year, geopolitical conflicts, including the Israel-Palestine conflict and the escalation of the Red Sea crisis, further exacerbated the situation. Despite these adverse conditions, there were sporadic positive developments, particularly in the latter half of the year when economies in Europe and America began a slow recovery. Expectations of inflation decreasing to normal levels boosted demand in the PC consumer market, leading to a noticeable improvement in sales. Despite the overall decline in the PC market in 2023, our company achieved revenue growth and a significant increase in market share in key countries, thanks to the collective efforts of all employees.

Looking ahead to 2024, the global economy continues to face challenges from high interest rates, regional conflicts, China's economic slowdown, and the US-China technology dispute. However, there is optimism that the United States and Europe may gradually lower interest rates after the second quarter. Additionally, with the widespread integration of AI into various applications, AI-powered PCs are beginning to emerge. The replacement cycle of PCs purchased during the pandemic coincides with the introduction of new AI PC products and the impact of Microsoft discontinuing support for the Windows 10 operating system. These factors are expected to stimulate the replacement of old PCs with new ones, potentially leading to growth in the global PC market in the second and third quarters. Our company will actively seize new business opportunities in the AI era, expanding our market share in the gaming sector with AI PCs and deepening our presence in the commercial market. Furthermore, we will continue to invest and expand in related areas such as server business, automotive applications, AIoT, and charging piles, leveraging the synergies of One MSI in technology development, product design, and marketing channels. Additionally, MSI will continue to adhere to a sustainable development strategy, using the United Nations Sustainable Development Goals (SDGs) as a guiding direction. We will maintain continuous communication with supply chain partners to reduce high energy consumption and the use of environmentally hazardous materials, actively engaging in social activities to enhance our corporate social impact in areas such as education, poverty alleviation, environmental protection, and local community engagement, promoting the realization of corporate responsibility.

I. Operating Performance in 2023

1. Consolidated financial results

Unit: NT$ thousands

Item \ Year	2023	2022	Growth amount	Growth rate
Sales revenue	182,965,688	180,411,242	2,554,446	1.42%
Gross profit	22,845,651	25,728,080	(2,882,429)	(11.20%)
Profit after tax	7,532,896	9,962,520	(2,429,624)	(24.39%)
Basic earnings per share (After-tax) (in NT dollars)	8.92	11.79	(2.87)	(24.34%)
Diluted earnings per share (After-tax) (in NT dollars)	8.87	11.65	(2.78)	(23.86%)

2. Profitability analysis

Item		Financial Analysis for the Last Two-Years (Year)	
		2023	2022
Financial structure (%)	Debt to asset ratio (%)	44.57	44.28
	Long-term capital to property, plant and equipment (%)	975.38	891.19
Solvency (%)	Current ratio (%)	208.42	208.81
	Quick ratio (%)	118.09	125.09
	Interest earned ratio (times) (%)	33,280.34	32,224.29
Profitability (%)	Return on assets (%)	8.52	10.59
	Return on shareholders' equity (%)	15.28	20.87
	Profit ratio (%)	4.12	5.52
	Basic after-tax EPS(NT$)	8.92	11.79

3. Research and Development Status

MSI is a leading brand in the global AI PC, gaming, creator, business, and AIoT fields, with advanced research and development as our foundation and customer satisfaction as our driving force. Our products, including laptops, graphics cards, monitors, motherboards, desktops, peripherals, servers, industrial PCs, service robots, automotive electronics, and charging stations, are beloved and praised by consumers and customers worldwide. We are committed to creating digital products that combine outstanding quality, human-centric design, and stylish aesthetics, continuously innovating user value and becoming a comprehensive technology leader.

II. Operating Plan for 2024

To cope with the change of future environment, MSI's adopted operation guidelines, estimated goals and important sales strategies for 2024 are as follows:

1. operation guideline
   (1) Sales and marketing aspect: progressively explore new markets and new customers and establish a long-term entrusted stable business relationship with customers with potentials and sound financial status to create mutual benefits.
   (2) Product R&D aspect: Develop products which meet users' needs.
   (3) Manufacturing, quality and service aspect: continue implementing automated manufacturing to increase quality and efficiency. Improve repair and services to enhance customer satisfaction.
   (4) In business management: Continue to improve operational efficiency.
   (5) Finance aspect: uphold the principle of steady and stable operation, and control various financial risks.
2. Sales forecast and the analysis

   We cover a wide range of products. While we continuously devote our efforts in the market of high-end products and pursuit of stable growth of each product, we will seek to increase the shipment in new product development and marketing, including display cards, PCs, motherboards, gaming monitors, gaming peripherals, laptops, servers, industrial computers, auto electronics and charging pile. We anticipate room for growth in the market. The company's objective is to increase the overall revenue, and will proactively broaden the market share of every product.
3. Important production and sales policy

(1) Production policy aspect: Always paying attention to the global major political and economic situations to respond to the possible change in market demand and the suppliers' productivity. To increase capacity utilization rate by adopting planned procurement of components. To adopt flexible production to reduce stock level yet fulfilling customer's order demand. To observe the dynamic of supply chains and to ensure an effective production of employees, equipment, materials, and manufacturing methods.
(2) Sales policy aspect: to provide good quality products that suit customers' need. To gain a mutual success in sales target with our customers.

I hereby on behalf of the MSI management team express our appreciation to all our shareholders, customers and suppliers. We also appreciate the hard efforts of all employees and directors made during the past year. We hope our shareholders will keep supporting and encouraging us. We will work harder to achieve a greater performance and sales results to share with you.

Sincerely yours,

Chairman: Hsu, Hsiang

II. Introduction of the Company

(Ⅰ)Establishment date: August 4, 1986

(Ⅱ)Development history

1986	●Announced the 486 and 586 mainboards. ●MSI was established, focusing on the design and manufacture of Mainboards and Add-on Cards. ●Announced the 386DX mainboards. ●Announced the 1st overclocking 286 mainboards.
1988	●Obtained TUV ISO 9002:1994 quality management system certification.
1989	●Announced the 1st Barebone product.
1991	●Announced the 1st Graphics Card product.
1995	●Inaugurated the MSI Plant I in Jung-He, the suburb of Taipei. ●Obtained TUV ISO 9001:1994 quality management system certification.
1998	●MSI became a public company as it went on IPO (Initial Public Offering) on the Taiwan Stock Exchange (TAIEX). ●Announced the industry's 1st mainboard designed for Socket 7 processor, which supports 100MHz FSB. ●Announced industry's 1st mainboard designed to support Dual PentiumR II processor.
1999	●Obtained BVQI ISO 14001:1996 environmental management system certification.
2000	●Announced the 1st Server product. ●Established MSI Computer (Shenzhen) Co., Ltd.
2001	●Established MSI Electronics (Kunshan) Co., Ltd.
	●Established China service center in Shanghai. ●Announced the 1st Optical Device product. ●Inaugurated the MSI Plant Ⅲ in Jung-He, Taipei County.
2002	●Announced the world's 1st PC2PC WLAN mainboard. ●Announced the 1st MSI communication product. ●Announced the world's 1st PC2PC Bluetooth mainboard. ●Inaugurated its EU Hub in Netherlands.
2003	●Announced the 1st Notebook product. ●Obtained BVQI OHSAS 18000:1999 occupational health and safety management system certification. ●Announced the 1st Pen Tablet PC product ●Obtained UL QS 9000:1998 quality management system certification.
2004	●Announced the 1st Portable Multimedia Player product. ●MSI CE products won the Good Design Awards in Japan.
2005	●MSI CE products won the iF Design Award in Germany.
2006	●MSI CE products won the iF Design Award in Germany. ●MSI is the only one winner in Tom's Hardware Guide (Worldwide No. 1 online IT Media) Both "Editor's Choice awards for Intel® P975 and P965 platform. ●Announced the world's 1st Pocket Size DTV. ●Obtained UL QC 080000 hazardous substance process management system certification. ●Announced the world's 1st solar-powered notebook and MP3 Player product (Concept Product).
2007	●Announced the 1st double-wheel and smart video & music interactive navigation service robot. ●The only one mainboard won the Best Choice of COMPUTEX 2007 award. ●Announced the world's 1st overclocking notebook. ●MSI Notebook (PR200) won the "Red Dot Award: Product Design 2007". ●Announced the world's 1st Crystal Collection Notebook product. ●Announced the world's 1st HATO Notebook (Concept Product).

2008	●Announced the world's 1st Hybrid Storage Netbook. ●MSI has been ranked No. 19 of the Top 20 Taiwan Global Brands ●MSI has been awarded "16th Industrial Technology Advancement Awards" by the Ministry of Economic Affairs. "Excellent Enterprise Innovation Award" & "Individual Achievement Award" affirmed the MSI R&D innovation strategy and management. ●MSI is the only one winner of Best Enterprise of COMPUTEX TAIPEI 2008; MSI mainboard & notebook were honored to receive the "Best Choice of COMPUTEX TAIPEI 2008". ●Announced the 1st Car Infotainment product. ●Announced the world's 1st 10" Netbook product.
2009	● MSI has been chosen as one of "2009 Top 50 Corporate Citizens" from CommomWealth Magazine (Issue 416) in Taiwan. MSI has been chosen as one of "2009 Top 70 CSR Excellent Enterprises" from Global Views magazine (Issue 273) in Taiwan. ● MSI Netbook & Car Infotainment product won the Best Choice of COMPUTEX TAIPEI 2009. ●Announced the world's power-saving No. 1 Netbook. ●Announced the 1st Ultra Slim Notebook. ●Announced the 1st All-in-One PC
2010	●X-Slim X340 was handed the Taiwan Excellence Silver Award and voted second most popular. ●MSI Big Bang-Fuzion mainboard and Telematics both won Best Choice of COMPUTEX. ●MSI participated in 2010 Taiwan Excellence Award selection, and all nominated products won the prize.
2011	●MSI Won one of Top 100 Taiwan Brands Distinguished among 500 brands. ●All the 23 products MSI participated in Taiwan Excellence Award selection won the prize, WindTop AE2420 3D AIO won the Gold Award. ●MSI Z68A-GD80 (G3), GT780DXR and N460GTX Hawk receive CES Innovations Award Honors.
2012	●MSI X79 Series Mainboards break the World Record of 170MHz Base Clock and 5.83GHz CPU Clock of Sandy ●MSI GT70 notebook is the only winner awarded Buyer's Choice, Best Choice, and Media's Choice in Computex 2012. ●15 products of MSI got 2012 Taiwan Excellence Award. ●MSI Z68A-GD80 (G3) and GT780DXR won CES 2012 Innovations Award.
2013	●The No. 1 and Only Best Choice Golden Awarded Motherboard- MSI Z87-GD65 GAMING ●MSI Taiwan Excellence Award Winner, 15 years of affirmation. Eleven product of the leading company are awarded ●MSI has won the 2013 CES Innovations Awards with the GT70 Dragon Edition notebook and the N680GTX Lightning graphics card.
2014	●MSI GS70 laptop and AG2712A gaming All-in-One PC are prestigious CES Innovations 2014 honorees. ●MSI has been awarded from Taiwan Excellence for 16 consecutive years. A total of 13 MSI products are awarded, including the Z87M GAMING motherboard, the GK-601 Dragon Edition gaming keyboard, the ultrathin GS70 laptop, the GT60 3K Edition laptop, the N780 Lightning graphics card, the AG2712A gaming All-in-One PC and the Adora24 ultra-slim All-in-One PC. In 2014, MSI was selected as one of the top 20 brands in the "Best Taiwan Global Brands" ●MSI Z97 XPOWER AC won COMPUTEX TAIPEI 2014 d&i and Best Choice Award
2015	●MSI has been awarded from Taiwan Excellence for 17 consecutive years. 8 products are awarded, including MB/ VGA/ NB/ AIO products. ●MSI GT72 Dominator Pro laptop, GS30 Shadow, AG240 4K Edition AIO and X99 GAMING 9 are prestigious CES Innovations 2015 honorees. ●MSI was selected as one of the top 20 brands in the "2015 Best Taiwan Global Brands". ●Honored as World's 4th Best Laptop Brand of 2015 and NO.1 in Ranking of Asian Brands by Laptop Magazine.
2016	●MSI GS40 Phantom, AIO Gaming 27XT, and Vortex Gaming Tower won CES 2016 Innovations Award. ●GT80 Titan won iF DESIGN AWARD 2016 ●MSI GAMING notebook won Readers' Choice Awards 2016

2017	●MSI VR One Backpack PC, GS63VR Stealth Pro gaming laptop and Z270 GAMING M7 gaming motherboard won CES 2017 Innovations Award. ●MSI has been awarded from Taiwan Excellence, including gaming NB, MB, VGA, Desktop and headset products. ● MSI won two iF Design Awards with Z270 TOMAHAWK gaming motherboard and Trident 3 gaming desktop PC.
2018	●MSI won the CES 2018 Best E-sports Innovation Gold Award with its powerful and clear-cut Trident 3 Arctic. In addition, along with Trident 3 Arctic, MSI Technology's high-performance Z370 GODLIKE GAMING e-sports motherboard, top GTX 1080Ti Lightning e-sports display card, innovative Optix MPG27CQ curved e-sports display and the new generation Infinite X e-sports desktop also won five CES 2018 Innovation Awards in the computer hardware and component category and the e-sports category. ●MSI passed the rigorous tests in the four areas of "Research and Development", "Design", "Quality" and "Marketing" with its products such as notebooks, motherboard, display card, e-sports desktops, e-sports peripherals, industrial computers and servers to win the Taiwan Excellence Award for 20 consecutive years. Not only that, the VR One e-sports backpack, in addition to be the winner of Taiwan Excellence Awards, won the "Silver Award" for its emphasis on the wireless VR e-sports experience. ●Winning the internationally renowned iF Product Design Award, known as the Oscar Award for Product Design, means an exceptional glory of the product for being selected out of thousands of its kind. As the world-leading e-sports brand, MSI shone forth to win 3 major iF awards with its outstanding e-sports GL63 which carries gaming-panel display, the lightest and thinnest backpack e-sports box VR ONE, and the pure white high-quality motherboard X299 TOMAHAWK AC. ●For the 17th COMPUTEX Best Choice Award for Innovative Technology of the Year, MSI's 4 products stood out from the 350 competing items to win 5 awards. The MSI Optix MPG27 series of curved e-sports display won the double champions for "Best Design Award" and "Category Award". MSI has been developing its the automotive electronics brand for many years and its FUNTORO smart fleet management and cloud service platform, with its brilliant performance, won the "Gold Award". The MSI GE73 Raider RGB e-sports notebook, and MSI FUNTORO smart court business service solution, both claimed the "Category Award", once again affirming MSI's leading position in the global e-sports field, as well as its ambition to step into the field of software platform services.
2018	●The Computex Taipei Innovation Design Award was jointly organized by the Taiwan External Trade Development Council (TAITRA) and iF International Forum Design GmbH (Germany). In 2018, MSI once again unveiled the breath-taking next-gen PRO 24X AIO computer to create a new era for the high -tech industry. ●MSI was nominated as one of the "2018 Taiwan Top 20 International Brands"in the "Taiwan International Brand Value Survey"conducted by Interbrand, a global authoritative brand value survey agency which was commissioned by Taiwan Institute of Economic Research under the program sponsored by the Industrial Development Bureau of the Ministry of Economic Affairs.
2019	●MSI's products were favored by CES 2019 jurors with GS65 e-sports notebook, Infinite e-sports desktop, Trident X e-sports desktop, GeForce® RTX™ 2080 Ti GAMING X TR10 e-sports display card, Prestige PS341WU display, Optix MPG341QR smart e-sports display and Optix MAG271QR curved e-sports display claimed a total of 12 major awards for innovation including the CES Computer Hardware and Components Innovation Award, CES E-sports Innovation Award, CES High-performance Home Audio / Video Innovation Award, CES Computer Peripheral Innovation Award, CES e-sports Innovation Award and so forth. ●MSI passed the rigorous tests in the four areas of "Research and Development", "Design", "Quality" and "Marketing" with its notebooks, e-sports desktops, e-sports peripherals, industrial computers, automatic electronics, etc." under the careful evaluation and discussion of more than 90 well-known local experts across the industry, government and academia to win the Taiwan Excellence Award for 21 consecutive years. Not only that, the game linking RGB colorful lighting curved LED e-sports screen Optix MPG27CQ/MPG27C, in addition to being the winner of Taiwan Excellence Awards, won the "Silver Award" for its characteristics of linking with games. ●In 2019, MSI won the iF Design Award 2019 in 4 categories with its gaming laptop GF63 and GF75, military style motherboard MAG Z390 TOMAHAWK, and Optix MPG27CQ, the first gaming monitor synchronizing the game in the world.

	●In Computex Taipei 2019, MSI received four design awards for the products: Trident X series desktop PC, gaming laptop GS75, Prestige PS341WU display, and MS-9A79 palm-size shockproof fanless Box PC. ●In the 18th COMPUTEX Best Choice Award, 5 of MSI's products beat the other 300 competitors and won 5 awards. The flagship gaming laptop MSI GT76 Titan has the most stunning performance and won the gold award. MSI Trident X Plus gaming PC, MSI Optix MPG341CQR monitor, MSI Prestige P100 Series creator PC, and MS-9A95 AIoT cloud server and smart management solution for global customer service under the edge computing structure received the "Category Rewards." It proves MSI's dominant position in the global gaming field, and ambition to extend into the creator market. ●Branding Taiwan valuation is hosted by the Industrial Development Bureau, MOEA. The Taiwan Institute of Economic Research hires the global brand valuation institution Interbrand to conduct the valuation by the same method used in the "Top 100 Global Brands" for BusinessWeek. The valuation result is an important indicator for measuring the positions of Taiwanese brands in the international market. MSI was selected as Top 20 Brands again in 2019.
2020	●The global leading brand of gaming product MSI is recognized for its countless elite performance. It receives the CES Innovation Award 2020 in 10 categories. ●MSI is the leader of the gaming industry, has a strong brand, and again won the 28th Taiwan Excellence Award that covers four major aspects of "R&D," "Design," "Quality," and "Marketing." Subject to the prudent evaluation by the judges, MSI received 9 distinctions in the Taiwan Excellence Award 2020. Among others, the Prestige P100 desktop PC in the Content Creation series has won the Taiwan Excellence Silver Award 2020. ●In 2020, MSI GS66 Stealth gaming laptop, MSI MPG SEKIRA 500X gaming chassis, and MSI MPG SEKIRA 500G multitasking computer chassis stood out among other competitors' products, and won the Germany iF Design Award 2020, the Academy Award in the world of design. ●MSI was selected as Top 20 Brands again in 2020.
2021	●With the strong strength of an e-sports and creators' leading brand, MSI was selected by the expert review team at the 29th Taiwan Excellence Award based on 4 major criteria: "R&D", "Design", "Quality", and "Marketing", and after rigorous evaluation, MSI won 7 awards in the 2021 Taiwan Excellence Award, among which, Creator P100 creator desktop won the 2021 Taiwan Excellence Silver Award. ●MSI's achievements at CES 2021 were eye catching. The latest series won 15 CES Best Innovation Awards in three gaming and computer product categories. ●MSI MAG Trident S Gaming Desktop won the 2021 iF Design Award. ●MSI won the 18th place in the Taiwan Brand Value Survey.
2022	●MSI's design capability to commit "Tech meets Aesthetic" is unquestionable, and five of its latest products, Creator Z16P, Creator Z17, Modern 14/15 and Gaming DT MAG Trident S won the Red Dot Product Design Awards 2022 for outstanding design. ●MSI earns another three prizes in the prestigious iF DESIGN AWARD in Gaming Hardware/VR/AR category. The winning products are the top-tier Stealth GS77 gaming laptop, MEG Z690 GODLIKE, and MPG Z690 FORCE WIFI motherboards. ●We had an extraordinary presentation during CES 2022. 16 of ourproducts received innovation awards in five categories, including: "Gaming," "Computer Hardware & Components," "High-Performance Home Audio & Video," "Home Audio & Video," and "Computer Peripherals & Accessories." ●Applying Quantum Dot, our gaming curved screen, MPG ARTYMIS 273CQRX-QD, and the DMIT Solution received Taiwan Excellence 2022 Award. ●Our brand, MSI, was awarded 17th place in the "2022 Best Taiwan Global Brand" by the Industrial Development Bureau. ●MSI was chosen as a 2022 Top 100 company in Taiwan by foreign investors. ●The Ministry of Labor has established "Guidance on OSH Indicators for CSR Reporting towards SDGs," promoting a healthy workplace for sustainable labor development in 2022, initiated the first related disclosure of the results of the related baseline survey and evaluation. MSItogether with 24 electronic companies and 5 financial holdings (total 29 companies)were elected as best performance company. ●An environmental protection award honoring our efforts in energy conservation, waste reduction, and green production was received from the Environmental Protection Administration.

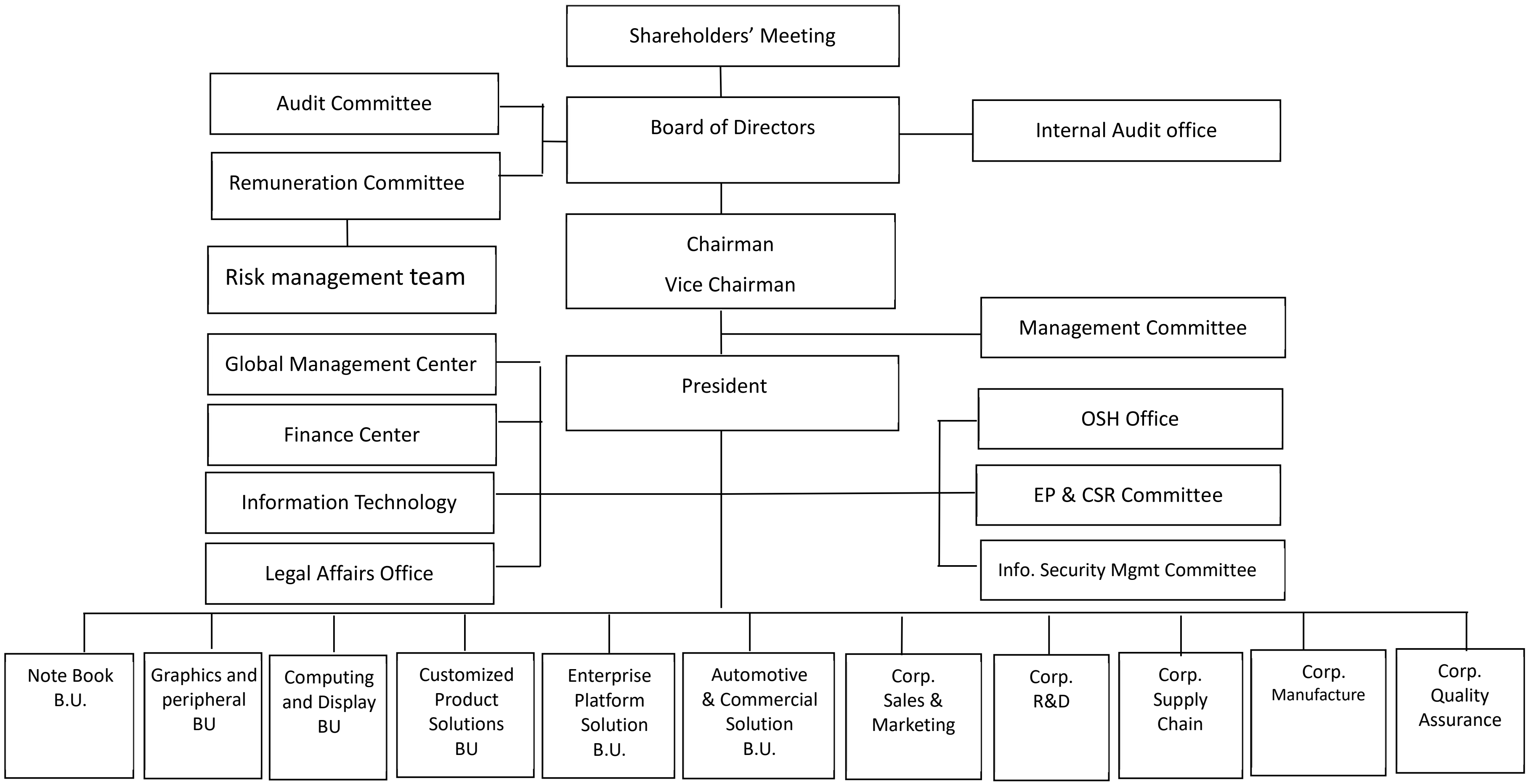
2023	● MSI is ranked 518th in the World's Best Employers 2023 released by Forbes and the research institute Statista. Forbes surveyed more than 170,000 employees from more than 50 countries to evaluate their corporate social responsibility, economic performance, working conditions and other aspects. Only five companies from Taiwan were included in the list. ● MSI is committed to the promotion of smoking hazard prevention and health promotion in the workplace, actively implements smoke-free workplaces and health promotion measures, and establishes an excellent and healthy working environment. MSI has been qualified by the National Health Administration, Ministry of Health and Welfare, and has been awarded the Health Promotion Badge of Healthy Workplace Certification. ● Received the Bronze Award of the 5th National Enterprise Environmental Protection Award from the Ministry of Environment in 2023, in recognition of MSI's performance in environmental protection. ● Recognized by Corporate Carbon Reduction Thermometer of Commonwealth Magazine as being in line with the active international 1.5°C carbon reduction pathway. ● Named to MSCI Taiwan Sele.ct ESG Sustainability High Yield Top 30 Index. ● The Industrial Development Bureau of the Ministry of Economic Affairs has collaborated with the world's authoritative brand survey institutions to conduct the "Taiwan International Brand Value Survey" since 2003 and introduced the "Global 100 Brand Survey". MSI was selected as the top 25 brands again in 2023. ● MSI won the 31st Taiwan Excellence Award again with its strong brand strength. The 2023 Taiwan Excellence Award was evaluated by an expert team based on four criteria, "R&D," "Design," "Quality," and "Marketing.” This award was honored to MSI after a rigorous selection process. Five products from MSI were awarded, "Creator Laptop,” “Flagship E-sports Desktop,” “American Cloud-based Gaming Desktop,” “E-sports Motherboard,” and “Intelligent Epidemic Prevention and Sanitation Robot.” ● The CES Innovation Awards recognize the outstanding design and exquisite craftsmanship of consumer technology products. In CES 2023, MSI stood out as a global benchmark brand for e-sports, design, and business hardware solutions. 14 products of MSI in 15 consumer technology product categories, e-sports, computer peripherals and accessories, and home video components and accessories, were honored with awards. ● COMPUTEX is a world-renowned computer and technology event. Its official award "Best Choice Award" is the procurement indicator of international buyers. Selection teams composed of industry experts chose outstanding products based on three indicators, “functionality, innovation, performance and market potential." This award is a symbol of outstanding performance of the ICT industry. The MSI MEG Z790 GODLIKE e-sports motherboard is once again being awarded since the CES® 2023 Innovation Award. It won the Best Choice Golden Award, the highest honor awarded by COMPUTEX. The MSI Create Z17 HX Studio notebook won the Best Choice Category Award. ● MSI's notebook product Stealth 14 won the German iF Design Award, which is renowned for its highly iconic top-notch design, demonstrating MSI's outstanding achievements in the field of product design.

1. The most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, include information on the following, Investment,merger and acquisition activities,corporate reorganization：None.
   (1) The most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, include information on the following,merger and acquisition activities,corporate reorganization：None.
   (2) Investment in affiliates in the past year and up to the date of report：
   For investments in affiliated enterprises, please see page **109～111** of this report.
2. Instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands; any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity. This section shall further explain how the above matters will affect the company:None.

Ⅲ. Corporate governance report

(Ⅰ)Corporate Organization

1. Organization Chart



2.Major Corporate Function

Department	Functions
Internal Audit Office	To investigate and assess the soundness, suitability, adequacy, status of implementation, and operating performance of departmental internal controls.
Risk management team	The Board of Directors authorizes the Audit Committee to supervise risk management. The Risk Management Group under its jurisdiction is responsible for identifying potential risks and assessing the impact on operations in order to plan and implement prevention and mitigation activities. It consists of a Financial Risk Group, a Legal Compliance Risk Group, and an Information Security Group. Risk management is monitored by groups such as risk group and operating risk group.
Management Committee	Analyze and discuss group strategy, operation, organization, senior manager appointment and removal, investment required for business development, new business and other critical topics; provide consultation and recommendations for the Board of Directors, and lead the management team to implement.
President	To manage the corporate operation and development affairs, to set development and operational goals, and to supervise implement process.
Global Management Center	Handle the general management and development of the company, including logistics, intellectual property management, sustainable business development planning, implementation and management, human resources administration, employee welfare, training and HR development, general affairs, factory affairs and asset management. Provide management and strategy recommendations to the President based on operational statistics.
Finance Center	(1) Accounting Division: Accounting and billing affairs, voucher preparation, receipt review, and financial reports' preparation and analysis. (2)Finance Division: Fund dispatch, risk management, and registrar and transfer operation. (3)Global Finance Division: investment management.
Information Technology	information system development, hardware and system software usage and maintenance
Legal Affairs Office	Responsible for regulatory compliance of the Company, contracts review and litigations.
OSH Office	Promote the actions in work safety and health.
EP & CSR Committee	Promote the actions of environmental protection and corporate social responsibility programs, review the annual objectives of economic, environmental, and social aspects, and periodically supervise the enforcement.
Info. Security Mgmt Committee	Responsible for planning the information security system, monitoring and executing the information security management processes.
Each Products B.U.	Product development, sales and related business.
Corp.Sales & Marketing	PO management, market cultivation, business information collection, and customer credit investigation.
Corp.R&D	Design, development and quality control of products; process enhancement; and technology improvement.
Corp.Supply Chain	Procurement, control and management of raw materials, and production scheduling and management.
Corp. Manufacture	Product manufacturing.
Corp.Quality Assurance	Quality assurance, quality control, customer complaints, and post-delivery service.

(Ⅱ) Directors, Supervisors, President, Vice President, Assistant VP, and department heads

1. Directors

As of: April 16, 2024 Unit: Shares

Title	Nationality/ Country of Origin	Name	Gender Age	Date elected	Term (Years)	Date of first elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Executives, Directors or Supervisors who are spouses or within two degrees			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%	Title	Name	Relation	
Chairman.	R.O.C	Hsu,Hsiang	Male 61-70	2021.07.16	3	1986.07.23	51,983,151	6.15%	46,883,151	5.55%	18,508,517	2.19%	9,376,328	1.11%	—	—	—	
Vice Chairman	R.O.C	Huang,Chin-Ching	Male 61-70	2021.07.16	3	1986.07.23	20,937,377	2.48%	20,937,377	2.48%	2,148,564	0.25%	7,521,761	0.89%	Director	Liao,Chun-Keng	2nd consanguinity	
Director	R.O.C	Lin,Wen-Tung	Male 61-70	2021.07.16	3	1986.07.23	25,672,499	3.04%	25,672,499	3.04%	62,895	0.01%	–	–	—	—	—	
Director	R.O.C	Yu,Hsien-Neng	Male 61-70	2021.07.16	3	1986.07.23	17,892,824	2.12%	17,892,824	2.12%	184,922	0.02%	–	–	—	—	—	
Director	R.O.C	Kuo,Hsu-Kuang	Male 51-60	2021.07.16	3	2018.06.15	75,000	0.01%	100,000	0.01%	0	0.00%	–	–	—	—	—	
Director	R.O.C	Liao,Chun-Keng	Male 51-60	2021.07.16	3	2018.06.15	60,000	0.01%	70,000	0.01%	0	0.00%	–	–	Vice Chairman	Huang,Chin-Ching	2nd consanguinity	
Director	R.O.C	Hung,Yu-Sheng	Male 51-60	2021.07.16	3	2018.06.15	306,660	0.04%	306,660	0.04%	0	0.00%	–	–	—	—	—	
Director	R.O.C	Chen,Te-Ling	Female 41-50	2021.07.16	3	2021.07.16	0	0.00%	10,000	0.00%	0	0.00%	–	–	—	—	—	
Independent Director (Note)	R.O.C	Hsu,Jun-Shyan	Male 61-70	2021.07.16	3	1997.04.19	490,415	0.06%	490,415	0.06%	476,000	0.06%	–	–	—	—	—	
Independent Director	R.O.C	Liu,Cheng-Yi	Male 61-70	2021.07.16	3	2012.06.15	0	0.00%	0	0.00%	0	0.00%	–	–	—	—	—	
Independent Director (Note)		Hsu,Kao-Shan	Male 61-70	2021.07.16	3	1998.02.28	418,686	0.05%	418,686	0.05%	220,924	0.03%	–	–	—	—	—	

Note ：Mr. Hsu, Jun-Shyan, existing supervisor between April 19, 1997 and June 14, 2018 and elected as independent director on July 16, 2021.Mr.Hsu,Kao-Shan, existing director between Feb 28, 1998 and June 14, 2006, was elected as supervisor between June 14, 2006 and June 12, 2015 ,resigned on May 20, 2016, and elected as independent director on June 15, 2018.

Title	Name	Education Experience	Current Job Title	Representative
Chairman	Hsu,Hsiang	The electronic engineering from National Cheng Kung University. The engineer of Sony Industries Taiwan Co., Ltd.	The Chairman of MSI Director & President of MICRO-STAR NETHERLANDS HOLDING B. V.	 MICRO STAR INTERNATIONAL CO., LTD.
Vice Chairman	Huang,Chin-Ching	The electronics from Chung Yuan Christian University. The engineer of Sony Industries Taiwan Co., Ltd.	The Vice Chairman and president of MSI **Director & President of the following companies:** MSI COMPUTER CAYMAN CO., LTD. MSI COMPUTER (AUSTRALIA) PTY. LTD. **Director of the following company:** MSI COMPUTER CORP. **Executive Director of the following company:** MSI ELECTRONIC (KUNSHAN) CO., LTD.	 MICRO STAR INTERNATIONAL CO., LTD. MICRO STAR INTERNATIONAL CO., LTD. MICRO STAR INTERNATIONAL CO., LTD. MICRO ELECTRONICS
Director	Lin,Wen-Tung	The electronic engineering from the Lien Ho Industrial and Technological Junior College. The engineer of Sony Industries Taiwan Co., Ltd.	The Senior Vice President of MSI **Director & President of** MSI COMPUTER JAPAN CO., LTD. **Director of the following company:** MSI COMPUTER (AUSTRALIA) PTY. LTD.	 MICRO STAR INTERNATIONAL CO., LTD. MICRO STAR INTERNATIONAL CO., LTD.
Director	Yu,Hsien-Neng	The electronics from Feng Chia University. The engineer of Sony Industries Taiwan Co., Ltd.	The Senior Vice President of MSI **Director & President of the following companies:** MICRO-STAR INTERNATIONAL (B.V.I) HOLDING CO., LTD. MSI POLSKA SP. Z O.O **Director of the following company** MSI COMPUTER CORP. **Executive Director of the following companies:** MSI COMPUTER (SHENZHEN) CO., LTD. SHENZHEN MEGA INFORMATION CO., LTD.	 MSI PACIFIC MSI HOLDING MICRO STAR INTERNATIONAL CO., LTD. MSI(B.V.I.) MSI PACIFIC
Director	Kuo,Hsu-Kuang	The master of business administration from University of Southern Queensland The manager of Chun-Sheng Computer	The Executive Vice President & NB BU GM of MSI	
Director	Liao,Chun-Keng	The master of business administration from University of South Australia The sales manager of Magic Systech Inc	The Executive Vice President & GNP BU GM of MSI	
Director	Hung,Yu-Sheng	ITI International Business Administration Program Shih Chien College of Design and Management MA of Pou Chen Group	The Executive Vice President & CND BU GM of MSI	
Director	Chen,Te-Ling	Department of Foreign Languages and Literatures, National Taiwan University. D-Link Corporation Administrator	VicePresident of MSI Corp. Supply Chain	
Independent Director	Hsu,Jun-Shyan	The master of accounting from National Taipei University. Supervisor of MSI Tung Shing & Co. C.P.A.	Accountnat of Chung Feng Accounting Firm	
Independent Director	Liu,Cheng-Yi	The master of science in finance from The City University of New York. Director of Administration Division of Micro Star International Co., Ltd. Supervisor of TXC CORPORATION Independent Director of Jochu Technology Co., Ltd. The Assistant Manager of Twin Head International Corp.	None	
Independent Director	Hsu,Kao-Shan	Criminal investigation of Central Police University Supervisor of Micro Star International Co., Ltd. Attorney of Yung Jan Attorneys-At-Law	Li Tsai Attorneys-At-Law	

(1)Disclosure of Information about Professional Qualifications of Directors and Independence of Independent Directors:

A. Professional Qualifications of Directors

Qualification / Name	Professional Qualifications and Experiences	Professional Specializations of Board Members	Diversity of Board of Directors
Hsu, Hsiang	38 years of experience being Board director, one of the founders of the Company. Current chairman and former president. Familiar with the technological development of the ICT industrial chain. Having the management skills of research and development, corporate governance, financial accounting, commerce, and marketing, professionalism of industrial development and insights of technical application. Developing the operational guidelines and management strategies for the Company.	Operational judgement/operations management/risk handling/industrial knowledge/international market vision/leadership and decision-making/ finance/accounting/law	Policy of diversity, targets, and achievements: 1.The Company has the “Corporate Governance Principles” in place and diversified policies are established with regard to the composition of members of the Board of Directors. The directors (including independent directors) are nominated. The Board of Directors members are nominated according to law by shareholders and elected during a shareholders’ meeting. 2.According to Article 20 of the Company’s “Rules of Corporate Governance”: Member diversification is considered by the Board members. Factors taken into account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge and terms of service. 3.The members of board of directors possess a diveres range of expertise in the fields of Operational Decision Making, Operations Management, Crisis Management, Industy Knowledge, International Market Outlook, Leadership Decision Making, Finance& Accounting and law, can adequately fulfill the Company’s future development needs. 4.The Company’s Board members are specialists of technology industry, sales, commerce, finance and accounting, and law. The policy of diversity is complied with. 5. Currently, ten Board members are male and one is female (respectively 91% and 9% of the Board body). Eight of them are also employees, and three of them are non-employees (respectively 73% and 27% of the Board body). The directors are between 48 and 67 years old, with an average of 61 years old. 6.The reelection of directors of the current term of officeis completed (2021/7/16). The goals of adding one female director and lowering the age of directors are achieved. 7. More diverse courses will be made available to Board members for building cross-disciplinary expertise and knowledge.
Huang, Chin-Ching	38 years of experience being Board director one of the founders of the Company. Current Former vice chairman and president. Former Senior Vice President of Management Committee, president of laptop business department, senior vice president of research and development headquarters. Having the professionalism of research and development, corporate governance, commerce, and marketing. Leading the management team to execute the operational plans.	Operational judgement/operations management/risk handling/industrial knowledge/international market vision/leadership and decision-making	
Lin, Wen-Tung	38 years of experience being Board director, one of the founders of the Company. Current Senior Vice President of Management Committee, and former vice president of procurement headquarters. Specialized in research and development, procurement, and supply chain management.	Operational judgement/operations management/risk handling/industrial knowledge/international market vision/leadership and decision-making	
Yu, Hsien-Neng	38 years of experience being Board director, one of the founders of the Company. Current Senior Vice President of Management Committee, and former senior vice president of factory administration headquarters. Specialized in research and development, and manufacturing management.	Operational judgement/operations management/risk handling/industrial knowledge/international market vision/leadership and decision-making	
Kuo, Hsu-Kuang	6 years of experience being Board director. Former sales manager of sales headquarters, vice sales president of laptop business department. Current vice executive president and president of laptop business headquarters. Specialized in international marketing, and sales management.	Operational judgement/operations management/risk handling/industrial knowledge/international market vision/leadership and decision-making	
Liao, Chun-Keng	6 years of experience being Board director. Former sales manager of sales headquarters, vice sales president of multimedia business department. Current vice executive president and president of image processing and peripheral integration business headquarters. Specialized in international marketing, and sales management.	Operational judgement/operations management/risk handling/industrial knowledge/international market vision/leadership and decision-making	
Hung, Yu-Sheng	6 years of experience being Board director. Former Europe regional president of sales headquarters, vice president of sales headquarters. Current vice sales president and president of computer processing and display business headquarters. Specialized in international marketing, and sales management.	Operational judgement/operations management/risk handling/industrial knowledge/international market vision/leadership and decision-making	
Chen, Te-Ling	3 year of experience being Board director. Current vice president of procurement headquarters. Specialized in procurement, and supply chain management.	Operational judgement/operations management/risk handling/industrial knowledge/international market vision/leadership and decision-making	
Hsu, Jun-Shyan	24 years of experience being Board director and supervisor. A CPA with 32 years of experience. Strong experiences in tax, accounting, and audit.	Operations management/ industrial knowledge/international market vision/accounting	
Liu, Cheng-Yi	10 years of experience being finance and accounting manager of listed company, 16 years of experience being independent director and supervisor, with professional finance and accounting background.	Operations management/ industrial knowledge/international market vision/ finance	
Hsu, Kao-Shan	22 years of experience being Board director (supervisor), and 34 years of experience being attorney. Currently working as attorney, commissioner of the Taipei Bar Association Civil Law Committee. With lots of legal experiences.	Operations management/ industrial knowledge/international market vision/law	

B. Independence of Independent Directors

Qualification / Name	Professional Qualifications and Experiences	Accounting or finance background, and work experience of Audit Committee member with accounting and finance background	Independence	Also an independent director of other public company
Hsu, Jun-Shyan	Chief coordinator of Audit Committee Commissioner of Renumeration Committee	32 years of experience working as CPA. Currently working as CPA. Has lots of tax, accounting, and audit experience.	All independent directors meet the qualifications set forth in Article 2, and paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" 1.Not an employee of the company or its affiliate. 2.Not a director or supervisor of the company or its affiliate (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company). 3.Not the person himself, spouse or minor child, or individual shareholder holding more than 1% of the company's outstanding shares in the name of a third party, or top 10 shareholder. 4.Not the spouse, relative within the second degree of consanguinity, or direct blood relative within the third degree of consanguinity of a manager, a person under (2) or (3). 5.Not directly holding more than 5% of the company's outstanding shares, top 5 shareholder, or a director, supervisor or employee of a corporate shareholder appointing its representative as the director or supervisor of the company pursuant to Article 27 paragraphs 1 or 2 of the Company Act (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company). 6.Not a director, supervisor, or employee of a company controlled by the same person holding the majority of the Board or the voting shares of the company and the other company (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company). 7.Not a director (governor), supervisor, or employee of a company or institution whose chairman, president, or a person holding an equivalent position is the same person or the spouse of the chairman, president, or a person holding an equivalent position at the company (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company). 8.Not a director (governor), supervisor, manager, or shareholder with more than 5% shareholding of a specific company or institution having financial or business relationship with the company (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company). 9.Not a professional individual, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or their spouses, who provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider has received cumulative compensation exceeding NT$500,000 in the past 2 years; provided however that this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act. 10.Not a spouse or relative within the second degree of consanguinity of any other director. 11.No such situation under Article 30 of the Company Act. 12.Not a government, corporate or its representative elected pursuant to Article 27 of the Company Act.	0
Liu, Cheng-Yi	Commissioner of Audit Committee Commissioner of Renumeration Committee	10 years of experience being finance and accounting manager of listed company, 13 years of experience being independent director, and 3 years of experience being supervisor, with professional finance and accounting background.		0
Hsu, Kao-Shan	Commissioner of Audit Committee Chief coordinator of Renumeration Committee	-		0

(2)Independence of Board of Directors: The Company's Board meets the standards of independence.

A. There are eleven directors on the Board, eight of them are regular directors (73%) and three of them are independent directors (27%). Eight of them are also employees (73%), and three of them are non-employees (27%). Director Huang, Chin-Ching and director Liao, Chun-Keng are second-degree relatives (19%), other directors do not have any relationship or any condition set forth paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act with each other.

B. All directors, their spouses, and relatives within two degrees own 2,652,034 shares, or 0.31% of the Company's shares (by themselves or under others' names).

C. No directors, their spouses, or relatives within two degrees are directors, supervisors or employees of any related companies of the Company (pursuant to subsections 5 to 8, subparagraph 1, Article 3 of the Regulations) Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

D. No directors, their spouses, or relatives within two degrees have provided commercial, legal, financial, or accounting services to the Company or its affiliates within the last two years, and did not receive any remuneration.

2. Information of the management

Base Date: April 16, 2024 Unit: Shares

Title	Nationality /Country of Origin	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Shareholding Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Hsu,Hsiang	Male	1994.4	46,883,151	5.55%	18,508,517	2.19%	9,376,328	1.11%	The electronic engineering from National Cheng Kung University. The engineer of Sony Industries Taiwan Co., Ltd.	Refer to page **11**	—	—	—	
President (Note)		Huang,Chin-Ching	Male	2001.7	20,937,377	2.48%	2,148,564	0.25%	7,521,761	0.89%	The electronics from Chung Yuan Christian University. The engineer of Sony Industries Taiwan co., Ltd.	Refer to page **11**	SVP	Liao,Chun-Keng	Note	
Senior Vice President of Management Committee		Lin,Wen-Tung	Male	2001.7	25,672,499	3.04%	62,895	0.01%	—	—	The electronic engineering from the Lien Ho Industrial and Technological Junior College. The engineer of Sony Industries Taiwan co., Ltd.	Refer to page **11**	—	—	—	
Senior Vice President of Management Committee		Yu,Hsien-Neng	Male	2001.7	17,892,824	2.12%	184,922	0.02%	—	—	The electronics from Feng Chia University. The engineer of Sony Industries Taiwan co., Ltd.	Refer to page **11**	—	—	—	
Senior Vice President of Management Committee		Lu,Chi-Long	Male	2001.7	18,650,835	2.21%	325,648	0.04%	—	—	The electronics from National Taiwan University of Science and Technology. The engineer of Sony Industries Taiwan co., Ltd.	None	—	—	—	
Executive Vice President & NB BU GM		Kuo,Hsu-Kuang	Male	2013.4	100,000	0.01%	0	0.00%	—	—	The master of business administration from University of Southern Queensland The manager of Chun-Sheng Computer	None	—	—	—	
Executive Vice President& GNP BU GM (Note)		Liao,Chun-Keng	Male	2014.4	70,000	0.01%	0	0.00%	—	—	The master of business administration from University of South Australia The Sales Manager of Magic Systech Inc.	None	EVP & GNP BU GM	Huang,Chin-Ching	Note	
Executive Vice President & CND BU GM		Hung,Yu-Sheng	Male	2012.4	306,660	0.04%	0	0.00%	—	—	ITI International Business Administration Program Shih Chien College of Design and Management MA of Pou Chen Group	None	—	—	—	
EPS BU GM		Hsu,Yen-Wen	Male	2023.7	0	0.00%	0	0.00%	—	—	University of Kansas Computer Science Mitac Computing Gm/Vp	None	—	—	—	
ACS BU GM		Huang,Wen-Shan	Male	2019.12	723	0.00%	0	0.00%	—	—	The electronics from National Taiwan University of Science and Technology. Twinhead International Corp. Assistant Manager	None	—	—	—	
Vice President & CPS BU GM		Wu,Ta-Hsin	Male	2019.1	0	0.00%	0	0.00%	—	—	Communications, University of the Pacific. FIC Sales Director	None	—	—	—	
Vice President of Corp. R&D		Teng,Chi-Hung	Male	2010.2	543,183	0.06%	1,124	0.00%	—	—	The institute of electronics from National Chiao Tung University. Ali Corporation Technical Manager	None	—	—	—	

Vice President of Corp. Manufacture & Quality Assurance	R.O.C	Li,Chao-Ming	Male	2010.2	11,498	0.00%	0	0.00%	—	—	The master of mechanical system from University of Liverpool ACER INCORPORATED Manager	**President of the following companies:** MSI COMPUTER (SHENZHEN) CO., LTD. MSI ELECTRONICS (KUNSHAN) CO., LTD. SHENZHEN MEGA INFORMATION CO., LTD.	—	—	—	
Vice President of Corp. Sales & Marketing		Chiu,Chih-Keng	Male	2015.4	152,925	0.02%	0	0.00%	—	—	Institute of Technology and Industrial Engineering from St. John's & St. Mary's College DTK Computer M.D.	**Director on behalf of MSI HOLDING & President of the following companies:** MSI COMPUTER SARL MSI COMPUTER EUROPE B.V. MYSTAR COMPUTER B.V. MSI COMPUTER (UK) LTD. MSI ITLAY S.R.L. LLC « MSI COMPUTER » MSI IBERIA S.L. (MICRO-STAR NETHERLANDS HOLDING B.V. representative)	—	—	—	
Vice President of Corp. Sales & Marketing		Tung,Ti-Chun	Male	2019.4	16,000	0.00%	0	0.00%	—	—	University of Phoenix DFI-ITOX Inc. Tech Support & MIS	Director & President of MSI COMPUTER CORP. and MICRO-STAR CANADA LTD. (MICRO-STAR INTERNATIONAL CO., LTD. representative)	—	—	—	
Vice President of Corp. Supply Chain		Chen,Te-Ling	Female	2019.1	10,000	0.00%	0	0.00%	—	—	Department of Foreign Languages and Literatures,National Taiwan University . D-LINK CORPORATION Administrator	None	—	—	—	
Vice President of NB BU R&D Division		Lin,Chin-Kuan	Male	2014.4	363,375	0.04%	0	0.00%	—	—	Institute of Electrical and Control Engineering from National Chiao Tung University Wistron Corporation Manager	None	—	—	—	
Vice President of NB BU R&D Division		Lu,Kuo-Huang	Male	2017.4	0	0.00%	0	0.00%	—	—	Hwa Hsia Institute of Agricultural Technology	None	—	—	—	
Vice President of NB Product Mgt. Division		Peng,Jen-Fang	Male	2017.4	159,671	0.02%	0	0.00%	—	—	National Taiwan University of Science and Technology	None	—	—	—	
Vice President of NB Operations Mgt. Division		Pan,Tsai-Yu	Male	2019.4	0	0.00%	0	0.00%	—	—	National Taiwan Unversity Of Science and Technology Askey Computer Corporation. Manager	None	—	—	—	
Vice President of NB OEM sales Division		Huang,Wen-Hui	Female	2021.4	200	0.00%	0	0.00%	—	—	The master of business administration from University of South Australia The Purchasing Manager of Fujitsu Technology	None	—	—	—	
Vice President of NB Sales Division		Chen,Li-Chun	Male	2023.4	—	—	1,292	0.00%	—	—	The master of Business Administration from University of Illinois at Chicago MiTAC Holdings Corporation. Product manager	None	—	—	—	
Vice President of CND BU		Yeh,Chun-Te	Male	2020.4	10,000	0.00%	3,155	0.00%	—	—	Szehai Institute of Technology and Commerce First International Computer Supervisor	None	—	—	—	

Vice President of Corp. Marketing Division	R.O.C	Cheng,Hui-Cheng	Male	2019.4	1,000	0.00%	0	0.00%	—	—	Fu Jen Catholic University Wistron Corporation. Product manager	None	—	—	—
Vice President of Global Management Center		Tsai,Wei-Hsin	Male	2020.1	77	0.00%	0	0.00%	—	—	Chinese Culture University Department of International Business Administration LITE-ON TECHNOLOGY CORP. Communications Group Accounting Department Assistant Vice President	None	—	—	—
Manager special assistant of Information Technology (Chief Information Security Officer)		Lin,Hsi-Lung	Male	2023.9	1,000	0.00%	0	0.00%	—	—	Institute of Business Automation and Management ,National Taipei University of Technology MiTAC information Technology Corp. Director	None	—	—	—
Vice President of Finance Center(Chief financial officer & Corporate Governance Officer)		Hung,Pao-Yu	Female	2016.4	343,218	0.04%	0	0.00%	—	—	Finance MBA, National Taiwan University President Securities Corp. Underwriting Department Manager	**Supervisor of the following companies:** MSI COMPUTER (SHENZHEN) CO., LTD. MSI(B.V.I.) Representative) SHENZHEN MEGA INFORMATIO CO., LTD. (MSI PACIFIC Representative) MSI (Shanghai) Co., Ltd. (MSI PACIFIC Representative) **Director on behalf of MICRO STAR of the following company:** MSI PACIFIC INTERNATIONAL HOLDING CO., LTD. INDOMSI COMPUTERS PRIVATE LTD. **Director on behalf of MSI PACIFIC of the following companies:** MICRO ELECTRONICS HOLDING CO., LTD. MEGA TECHNOLOGY HOLDING CO., LTD. MEGA COMPUTER CO., LTD. MHK INTERNATIONAL CO., LTD. RAIDEALS INC.	—	—	—
Assistant Vice President of Internal Auditing Office		Liu,Chu-Hao	Male	2010.2	10,000	0.00%	14,609	0.00%	—	—	Department of Accounting, Tamkang University Mag Technology Co., Ltd. Audit Assistant Manager	Supervisor of MSI ELECTRONIC (KUNSHAN) CO., LTD (MICRO ELECTRONICS Representative) Supervisor of MSI KOREA CO., LTD.(MSI PACIFIC Representative Supervisor of MSI COMPUTER JAPAN CO., LTD. (MICRO STAR Representative)	—	—	—

Note：Mr. Huang,Chin-Ching and Mr. Liao,Chun-Keng are 2nd consanguinity

3. The Chairman, president, or equivalent officer (the most senior manager) is the same person, are spouses, or relatives within the first degree of consanguinity:None.

(Ⅲ)Remuneration paid during the most recent fiscal year to directors, supervisors, president and vice presidents

1.Remuneration of Directors and independent Directors Unit：NT$

Title	Name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration received by Directors who are also employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation(A)		Severance Pay(B)		Remuneration to Directors (C)		Allowances(D)				Salary, Bonuses, and Allowances(E)		Severance Pay (F)		Remuneration to Employee(G)						
		MSI	Companies in the consolidated financial statements	MSI	Companies in the consolidated financial statements	MSI	Companies in the consolidated financial statements	MSI	Companies in the consolidated financial statements	MSI	Companies in the consolidate financial statements	MSI	Companies in the consolidate financial statements	MSI	Companies in the consolidated financial statements	MSI		Companies in the consolidated Financial statements		MSI	Companies in the consolidated financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Hsu,Hsiang	0	0	0	0	49,600,000	49,600,000	0	0	0.66%	0.66%	98,895,475	98,895,475	0	0	45,300,000	0	45,300,000	0	193,795,475 2.57%	193,795,475 2.57%	None
Vice Chairman	Huang,Chin-Ching																					
Director	Lin,Wen-Tung																					
Director	Yu, Hsien-Neng																					
Director	Kuo,Hsu-Kuang																					
Director	Liao,Chun-Keng																					
Director	Hung,Yu-Sheng																					
Director	Chen,Te-Ling																					
Independent Director	Hsu,Jun-Shyan	0	0	0	0	18,600,000	18,600,000	0	0	0.25%	0.25%	0	0	0	0	0	0	0	0	18,600,000 0.25%	18,600,000 0.25%	None
Independent Director	Liu,Cheng-Yi																					
Independent Director	Hsu,Kao-Shan																					

1.Please describe the payment policy, system, standard and structure of the independent director remuneration, and the relevance between the amount of the remuneration and the responsibilities, risks, contributed time, and other factors: Pursuant to Article 16-4 of the company's bylaws, and based on the company's operational performance, director's performance, and payment standard of the same industry, the remuneration committee will propose the recommendations to the Board of Directors to decide the remuneration of the company's independent directors

2.Remuneration received in the most recent year by the director of the company for rendering services (If working as a consultant not employed with the parent Company/all companies listed in the financial reports/ affliated companies) to any company listed in the Financial Report：None.

Remuneration Bracket

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	MSI	Companies in the consolidated financial statements H	MSI	Companies in the consolidated financial statements (I)
Below 1,000,000				
1,000,000(included)～2,000,000(excluded)				
2,000,000(included)～3,500,000(excluded)				
3,500,000(included)～5,000,000(excluded)				
5,000,000(included)～10,000,000(excluded)	Hsu,Hsiang、Huang,Chin-Ching、Lin,Wen-Tung、Yu, Hsien-Neng、Kuo,Hsu-Kuang、Liao,Chun-Keng、Hung,Yu-Sheng、Chen,Te-Ling、Hsu,Jun-Shyan、Liu ,Cheng-Yi、Hsu,Kao-Shan	Hsu,Hsiang、Huang,Chin-Ching、Lin,Wen-Tung、Yu, Hsien-Neng、Kuo,Hsu-Kuang、Liao,Chun-Keng、Hung,Yu-Sheng、Chen,Te-Ling、Hsu,Jun-Shyan、Liu ,Cheng-Yi、Hsu,Kao-Shan	Hsu,Jun-Shyan、Liu ,Cheng-Yi、Hsu,Kao-Shan	Hsu,Jun-Shyan、Liu ,Cheng-Yi、Hsu,Kao-Shan
10,000,000(included)～15,000,000(excluded)				
15,000,000(included)～30,000,000(excluded)			Hsu,Hsiang、Huang,Chin-Ching、Lin,Wen-Tung、Yu, Hsien-Neng、Kuo,Hsu-Kuang、Liao,Chun-Keng、Hung,Yu-Sheng、Chen,Te-Ling	Hsu,Hsiang、Huang,Chin-Ching、Lin,Wen-Tung、Yu, Hsien-Neng、Kuo,Hsu-Kuang、Liao,Chun-Keng、Hung,Yu-Sheng、Chen,Te-Ling
30,000,000(included)～50,000,000(excluded)				
50,000,000(included)～100,000,000(excluded)				
Over $100,000,000				
Total	68,200,000	68,200,000	212,395,475	212,395,475

2. Remuneration of President and Vice Presidents

Unit：NT$

Title	Name	Salary(A)		Severance Pay(B)		Bonuses and Allowances (C)		Remuneration to Employee(D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary
		MSI	Companies in the consolidated financial statements	MSI	Companies in the consolidated financial statements	MSI	Companies in the consolidated financial statements	MSI		Companies in the consolidated financial statements		MSI	Companies in the consolidated financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Hsu,Hsiang	82,852,112	82,852,112	1,885,200	1,885,200	170,350,000	170,350,000	104,200,000	0	104,200,000	0	359,287,312 4.77%	359,287,312 4.77%	None
President	Huang,Chin-Ching													
Senior Vice President of Management Committee	Lin,Wen-Tung													
Senior Vice President of Management Committee	Yu,Hsien-Neng													
Senior Vice President of Management Committee	Lu,Chi-Long													
Executive Vice President & NB BU GM	Kuo,Hsu-Kuang													
Executive Vice President & GNP BU GM	Liao,Chun-Keng													
Executive Vice President & CND BU GM	Hung,Yu-Sheng													
EPS BU GM	Hsu,Yen-Wen													
ACS BU GM	Huang,Wen-Shan													
Vice President & CPS BU GM	Wu,Ta-Hsin													
Vice President of Corp. R&D	Teng,Chi-Hung													
Vice President of Corp. Manufacture & Quality Assurance	Li,Chao-Ming													
Vice President of Corp. Sales & Marketing	Chiu,Chih-Keng													
Vice President of Corp. Sales & Marketing	Tung,Ti-Chun													
Vice President of Corp. Supply Chain	Chen,Te-Ling													
Vice President of NB BU R&D Division	Lin,Chin-Kuan													
Vice President of NB BU R&D Division	Lu,Kuo-Huang													
Vice President of NB Product Mgt. Division	Peng,Jen-Fang													
Vice President of NB Operations Mgt. Division	Pan,Tsai-Yu													
Vice President of NB OEM sales Division	Huang,Wen-Hui													
Vice President of NB Sales Division	Chen,Li-Chun													
Vice President of CND BU	Yeh,Chun-Te													
Vice President of Corp. Marketing Division	Cheng,Hui-Cheng													
Vice President of Global Management Center	Tsai,Wei-Hsin													
Vice President of Information Technology (Chief Information Security Officer)	Lin,Hsi-Lung													
Vice President of Finance Center (Chief financial officer & Corporate Governance Officer)	Hung,Pao-Yu													

Remuneration Bracket

Range of Remuneration	Name of President and Vice President	
	MSI	Companies in the consolidated financial statements E
Below 1,000,000		
1,000,000(included)～2,000,000(excluded)		
2,000,000(included)～3,500,000(excluded)		
3,500,000(included)～5,000,000(excluded)		
5,000,000(included)～10,000,000(excluded)	Hsu,Yen-Wen、Huang,Wen-Hui、Chen,Li-Chun、Cheng,Hui-Cheng、Lin,Hsi-Lung	Hsu,Yen-Wen、Huang,Wen-Hui、Chen,Li-Chun、Cheng,Hui-Cheng、Lin,Hsi-Lung
10,000,000(included)～15,000,000(excluded)	Yu, Hsien-Neng、Lu,Chi-Long、Wu,Ta-Hsin、Huang,Wen-Shan、Teng,Chi-Hung、Li,Chao-Ming、Chiu,Chih-Keng、Lu,Kuo-Huang、Peng,Jen-Fang、Pan,Tsai-Yu、Yeh,Chun-Te、Tsai,Wei-Hsin、Hung,Pao-Yu	Yu, Hsien-Neng、Lu,Chi-Long、Wu,Ta-Hsin、Huang,Wen-Shan、Teng,Chi-Hung、Li,Chao-Ming、Chiu,Chih-Keng、Lu,Kuo-Huang、Peng,Jen-Fang、Pan,Tsai-Yu、Yeh,Chun-Te、Tsai,Wei-Hsin、Hung,Pao-Yu
15,000,000(included)～30,000,000(excluded)	Hsu,Hsiang、Huang,Chin-Ching、Lin,Wen-Tung、Kuo,Hsu-Kuang、Liao,Chun-Keng、Hung,Yu-Shen、Chen,Te-Ling、Tung,Ti-Chun、Lin,Chin-Kuan	Hsu,Hsiang、Huang,Chin-Ching、Lin,Wen-Tung、Kuo,Hsu-Kuang、Liao,Chun-Keng、Hung,Yu-Shen、Chen,Te-Ling、Tung,Ti-Chun、Lin,Chin-Kuan
30,000,000(included)～50,000,000(excluded)		
50,000,000(included)～100,000,000(excluded)		
Over $100,000,000		
Total	359,287,312	359,287,312

Names of managers receiving remuneration to employees, and status of allocation thereof

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net Income (%)
Managers	Chairman	Hsu,Hsiang	0	105,600,000	105,600,000	1.4%
	President	Huang,Chin-Ching				
	Senior Vice President of Management Committee	Lin,Wen-Tung				
	Senior Vice President of Management Committee	Yu, Hsien-Neng				
	Senior Vice President of Management Committee	Lu,Chi-Long				
	Executive Vice President & NB BU GM	Kuo,Hsu-Kuang				
	Executive Vice President & GNP BU GM	Liao,Chun-Keng				
	Executive Vice President & CND BU GM	Hung,Yu-Sheng				
	EPS BU GM	Hsu,Yen-Wen				
	ACS BU GM	Huang,Wen-Shan				
	Vice President & CPS BU GM	Wu,Ta-Hsin				
	Vice President of Corp. R&D	Teng,Chi-Hung				
	Vice President of Corp.Manufacture & Quality Assurance	Li,Chao-Ming				
	Vice President of Corp. Sales & Marketing	Chiu,Chih-Keng				
	Vice President of Corp. Sales & Marketing	Tung,Ti-Chun				
	Vice President of Corp. Supply Chain	Chen,Te-Ling				
	Vice President of NB BU R&D Division	Lin,Chin-Kuan				
	Vice President of NB BU R&D Division	Lu,Kuo-Huang				
	Vice President of NB Product Mgt. Division	Peng,Jen-Fang				
	Vice President of NB Operations Mgt. Division	Pan,Tsai-Yu				
	Vice President of NB OEM sales Division	Huang,Wen-Hui				
	Vice President of NB Sales Division	Chen,Li-Chun				
	Vice President of CND BU	Yeh,Chun-Te				
	Vice President of Corp. Marketing Division	Cheng,Hui-Cheng				
	Vice President of Global Management Center	Tsai,Wei-Hsin				
	Vice President of Information Technology (Chief Information Security Officer)	Lin,Hsi-Lung				
	Vice President of Finance Center (Chief financial officer & Corporate Governance Officer)	Hung,Pao-Yu				
	Assistant Vice President of Internal Auditing Office	Liu,Chu-Hao				

3.The Company is in any situation under Article 10, paragraph 1, subparagraph 3, subsections 2-1 or 2-5 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: No

4. Compare and state the ratio of total remuneration paid to the company's Directors, Supervisors, President, and V.P. by the company and the companies in the consolidated financial statements to net income in the last two years; also, describe the policy, standard, and combination of remuneration paid; moreover, the procedure of defining remuneration and its relation to business performance and future risks

(1)Analyze the ratio of the total remuneration paid to the company's Directors, Supervisors, President, and V.P. in the last two years to net income:

Year / Item	Directors & Supervisors		President and Vice President	
	Ratio of the total remuneration paid to the company's Directors, Supervisors in the last two years to net income		Ratio of the total remuneration paid to the President, and V.P. in the last two years to net income	
	2023	2022	2023	2022
	0.91%	0.75%	4.77%	4.84%
1.Policies of remuneration	Articles 19-1 of Incorporation of Micro-Star International Co., Ltd. The pre-tax income of the current fiscal year shall first offset the accumulated deficits. If the balance is positive, then the Company shall allocate the remuneration to be distributed to employees, directors and supervisors in accordance with the following ratio. Employee remuneration in the percentage of 6% to 10%. Individuals eligible for employee remuneration include the Company's employees and the employees of the Company's subsidiaries meeting certain requirements. Such requirements are to be set by the Board of Directors. Remuneration to be distributed to directors and supervisors shall not exceed 1%. The decision of the percentage of remuneration to be distributed to employees, directors and supervisors set forth in the preceding Paragraph, the forms of distribution (cash or stock dividends) and the amounts and shares thereof shall be made through the special resolutions of the Board of Directors and reported to the shareholders' meeting. (The Company established an Audit Committee to replace supervisors on June 15, 2018)		Carried out in accordance with the "Company's Remuneration Management Regulations"," Performance Review Regulation","Employee Bonus Evaluation and Distribution Rules".	
2.Criteria and composition of remuneration	The directors' remunerations are distributed based on the number of directors, and taking into account each director's performance, contribution to the Company, and the self (or peer) evaluation of the Board of that year.		Includes base salary, Duty allowance and performance bonuses, bonus, and employee compensations	
3.Procedures to fix remuneration	Resolved by the board meeting, and approved by the general meeting of shareholders.		Based on their educational and professional backgrounds.	
4.Interrelationship with MSI business	The evaluation criteria of directors' remunerations include the Company's financial performance (such as revenue, contribution to the profits) and non-financial performance (such as corporate governance, regulatory compliance)		The evaluation criteria of managers' remunerations are achievement rate of performance, contribution to the profits, and operation managerial ability.	
5. Policies for linking senior managers' remunerations to ESG-related performance evaluations	Specific goals: For example, the ESG performance evaluation of the carbon reduction target ratio between 2022 and 2030 will be used as a link between a strategic indicator and the salaries and remunerations of senior management. This ESG performance evaluation is included in the results of the ESG performance indicators as a reference for approving the bonuses of the Company's seniormanagement. Adoption of ESG key indicators: such as the achievement of the Group's greenhouse gas target, labor rights, anti-corruption and anti-unfair competition, and sustainable supply chain management, as indicators for adding points to remuneration.			

(2) Except for the Company, all the other companies included in the Consolidated Statement did not pay remunerations for the directors, supervisors, president, and vice presidents of the Company.

(Ⅳ) Corporate governance

1.Board of Directors

The Board had 10 (A) meetings in 2023 and up to date till the Annual Report printed:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Hsu,Hsiang	10	0	100.00%	
Vice Chairman	Huang,Chin-Ching	9	1	90.00%	
Director	Lin,Wen-Tung	10	0	100.00%	
Director	Yu, Hsien-Neng	9	1	90.00%	
Director	Kuo,Hsu-Kuang	9	1	90.00%	
Director	Liao,Chun-Keng	9	1	90.00%	
Director	Hung,Yu-Sheng	8	2	80.00%	
Director	Chen,Te-Ling	10	0	100.00%	
Independent Director	Hsu,Jun-Shyan	10	0	100.00%	
Independent Director	Liu,Cheng-Yi	10	0	100.00%	
Independent Director	Hsu,Kao-Shan	10	0	100.00%	

Note:Independent directors attended in person in 2023 and up to date till the Annual Report printed (with an attendance rate of 100%).

Other matters that require to be recorded:

1. Should any of the following take place in a board meeting, the date and number of the meeting, the content of the proposal, opinions of all Independent Directors and the Company's response to such opinions shall be recorded:
   (1) For details of the date and number of the board meeting, the content of the proposal, opinions of all Independent Directors and the Company's response to such opinions, please see pages **50 ~52.**
   (2) Items specified in Article 14-3 of the Securities and Exchange Act: No dissenting or qualified opinion.
   (3) Aside from the above matters, other resolutions adopted by the Board of Directors to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.
2. For execution status of Directors' recusals from the resolutions due to conflicts of interests, the names of the Directors, content of the proposals and reasons for recusals as well as the participation in voting shall be recorded:
   (1)Date:2023/1/13、2023/3/14、2023/8/10、2023/9/27、2024/1/26、2024/3/14
   Name of the Director: Hsu,Hsiang. Huang,Chin-Ching. Yu,Hsien-Neng. Lin,Wen-Tung. Kuo,Hsu-Kuang. Liao,Chun-Keng. Hung,Yu-Sheng. Chen,Te-Ling.
   Agenda item: Proposal of the Remuneration committee.
   Reason for recusal and participation in voting: The Board of Directors reminded the Directors to pay attention to recusal due to conflict of interests and did not provide each Director's own remuneration details.
   Directors Hsu,Hsiang. Huang,Chin-Ching. Yu,Hsien-Neng. Lin,Wen-Tung. Kuo,Hsu-Kuang. Liao,Chun-Keng. Hung,Yu-Sheng. Chen,Te-Ling. recused themselves from discussing and voting on the part of the proposal involving their own remuneration.
3. Board of Director Self (Peer) Evaluation Cycle and Period, Scope, Method, and Topic are as below:

Implementation of Board of Director Evaluation

Cycle	Period	Scope	Method
Once per year	January 1, 2023 to December 31, 2023	Board of Directors, individual director and functional committees	Internal self-evaluation questionnaire for the Board (Audit Committee and Remuneration Committee) and each director

Topic

The performance evaluation of the Board of Directors, directors, functional committees of 2023 was completed on January 26, 2024. The evaluation topics of each scope include the following:

(1) Board of Directors performance evaluation: The performance evaluation of the Board of Directors includes the level of participation in the company's operation, decision quality of the Board of Directors, body and structure of the Board of Directors, selection of directors and continuing study, internal control. (45 items)

(2) Individual director performance evaluation: The performance evaluation of individual directors includes the knowledge of the company's objectives and tasks, understanding of the responsibilities of directors, level of participation in the company's operation, internal relationship cultivation and communication, continuing study of the director's profession, internal control. (23 items)

Functional committee's performance evaluation(Audit Committee(22 items)、Commissioner of Renumeration Committee(19 items)): Including the level of participation in the company's operation, understanding of the responsibilities of the functional committee, decision quality of the functional committee, body of the functional committee and selection of members, internal control.

(3) The evaluation of 2023 is completed on January 26, 2024, and reported to the Board of Directors. In addition to the filing on the Market Observation Post System https://mops.twse.com.tw, and on the Company's website https://tw.msi.com, the results will be used as references for each director's remuneration and nomination of reelection.

4、The goals of the year and the most recent year on the strengthening of the board of directors' functions：

(1) Voluntarily to establish Independent directors in 2012.
(2) To accommodate electronic voting during shareholders' meetings, the Articles of Incorporation were revised on June 17, 2014, and the nomination system is adopted for the election of Board members.
(3) Since 2014, the Company's shareholders' meetings have adopted voting by poll, and the result of shareholders' votes for and against and the number of abstentions of each proposal are recorded in the minutes.
(4) In compliance with the competent authority's promotion of corporate governance, a position adjustment was carried out on January 1, 2019, and the Chairman and President positions are not held by the same person.
(5) In compliance with the competent authority's promotion of corporate governance, it is expected that a full re-election will be carried out upon the expiration of the term of office of Directors, adding one female Director.
(6) The average attendance rate of all Directors actually attending the Board meetings of the current Board of Directors (July 16, 2021 ~ as of the publication date of this Annual Report):97.27%.

The Board meeting attendance rate from all board members during 2023 as of the printing date of the annual report: 94.55%.

2.Audit Committee or Attendance of Supervisors at Board Meetings:

(1)Attendance of Supervisors at Board Meetings:The Company established an Audit Committee to replace supervisors on June 15, 2018 and the supervisors are relieved of the position starting on that day.

(2)Operation of the Audit Committee:

7 meetings (A) held by Audit Committee in 2023 and up to date till the Annual Report printed, the attendance of the independent directors is as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%)【B/A】	Remarks
Independent director	Hsu,Jun-Shyan	7	100%	
Independent director	Liu,Cheng-Yi	7	100%	
Independent director	Hsu,Kao-Shan	7	100%	

Other items that shall be recorded:

1. If any of the following applies to the operations of the Audit Committee , the meeting date of the Audit committee and session of the Board of Directors' Meeting, as well as the resolutions, resolutions of the Audit Committee ,Objections, reserved opinions, or critical advices of independent directors and the corporation's actions in response to the opinions of the Audit Committee should be stated.
   (1)Items listed in Article 14(5) of the Securities and Exchange Act.
   (2)Except the items in the preceding issues, other resolutions approved by two-thirds of all directors but yet to be approved by the Audit Committee:None.
2. Execution process where the independent director abstain from begin a stakeholder, the name of the director, the content of proposal, the reson of abstinence and the results of the voting should be stated: None

Audit Committee Meeting Date	Agenda	Audit Committee Resolution Results	Objections, reserved opinions, or critical advices of independent directors			Corporation's responses to the comments of the Audit Committee	Execution process where the independent director abstain from begin a stakeholder	
			Hsu, Jun-Shyan	Liu, Cheng-Yi	Hsu, Kao-Shan		The reson of abstinence	The results of the voting should be stated
2023.03.14 (2023/1)	(1)2022 Financial Statement of this Company. (2)The Statement on Internal Control System of 2022 of this Company. (3) Evaluation of external auditor's independence and qualification	Proposal approved	None	None	None	None	None	None
2023.5.11 (2023/2)	(1)Approved the Financial Statement. First Quarter 2023	Proposal approved	None	None	None	None	None	None
2023.8.10 (2023/3)	1. Minutes and execution of the last meeting: (1) Risk management organization, structure, risk management scope, operation methods and development status report. 2. Report matters: (1) Non-audited consultant fee report. 3. Matters acknowledged and discussed: (1) Financial Report of second quarter, 2023.	Proposal approved	None	None	None	None	None	None
2023.11.10 (2023/4)	(1)Financial Report of third quarter, 2023	Proposal approved	None	None	None	None	None	None
2024.01.10 (2024/1)	(1)This Company Resolution of Acquisition of Land and Buildings	Proposal approved	None	None	None	None	None	None
2024.03.14 (2024/2)	(1)2023 Financial Statement of this Company. (2)The Statement on Internal Control System of 2023 of this Company. (3)Approved amendments to"Internal Control System" , "Implementation Rules for Internal Auditing". (4) CPA engagement and Evaluation of external auditor's independence and qualification.	Proposal approved	None	None	None	None	None	None
2024.05.13 (2024/3)	(1)Approved the Financial Statement. First Quarter 2024	Proposal approved	None	None	None	None	None	None

3.Communication between directors and head of internal audit and CPA (including material issues, audit methods and results relating to the corporation's finances and business).

(1) The internal audit supervisor submits an audit summary report to the Audit Committee on a monthly basis in accordance with the annual audit plan.

(2) The Company convenes an audit committee, and invites the accounting and auditing supervisors attend and invites relevant supervisors as needed.

(3)The independent directors and the internal audit office, and the CPA have the direct channel to communicate with each other, by phone, written correspondence, or face-to-face meeting. The communication is smooth.

(4)The independent directors shall call the communication meeting at least once per year with the CPA, and at least once per quarter with the internal audit office. For the communication details, please refer to the Company's website:https://tw.msi.com/about/company/

3. Corporate Governance Implementation Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Illustration	
1. If the Company established and disclosed Corporate Governance Principles in accordance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles has been disclosed on the Company’s website.	None
2. Shareholding Structure & Shareholders’ Rights (1) If the Company established internal procedures to handle shareholder suggestions, proposals, complaints and litigation and execute accordingly?	V		In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated appropriate departments, such as Investor Relations, Public Relations, Legal Department, to handle shareholders’ suggestions, doubts, disputes and litigation.	None
(2) If the Company maintained of a list of major shareholders and a list of ultimate owners of these major shareholders?	V		The Stock affairs office is responsible, ask Taiwan Depository and Clearing Corps to provide the list of major shareholders every quarter, for collecting the updated information of major shareholdersand the list of ultimate owners of those shares.	None
(3) If risk management mechanism and “firewall” between the Company and its affiliates are in place?	V		「Group business management regulations」 are made to strictly regulate the activities of trading, endorsement and loans between the Company and its affiliates. In addition, the “Criteria of Internal Control Mechanism for a Public Company”, outlined by the Financial Supervisory Commission when drafting the guidelines for the “Supervision and Governance of Subsidiaries”, was followed in order to implement total risk control with espect to subsidiaries.	None
(4) If the Company established internal policies that forbid insiders from trading based on non-disclosed information?	V		To protect shareholders’ rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations, and hold promotion and lectures from time to time and has been disclosed on the Company’s website. https://tw.msi.com/about/corporateGovernance	None
3.Structure of Board of Directors and its responsibility (1)Does the Board develop the diversity policy, substantive management goals, and implement the same?	V		The Company has the “Corporate Governance Principles” in place and diversified policies are established with regard to the composition of members of the Board of Directors. The directors (including independent directors) are nominated. The Board of Directors members are nominated according to law by shareholders and naturally elected during a shareholders’ meeting. Member diversification is considered by the Board members. Factors taken into account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge and terms of service. The members of board of directors possess a diveres range of expertise in the fields of Operational Decision Making, Operations Management, Crisis Management, Industy Knowledge, International Market Outlook, Leadership Decision Making, Finance& Accounting and law, can adequately fulfill the Company’s future development needs.	None

Name	Gender	Age range	Operational Decision Making	Operation Management	Crisis Management	Industry Knowledge	International Market Outlook	Leadership Decision Making	Finance& Accounting	law
Hsu,Hsiang	Male	61~70	V	V	V	V	V	V	V	V
Huang,Chin-Ching	Male	61~70	V	V	V	V	V	V		
Lin,Wen-Tung	Male	61~70	V	V	V	V	V	V		
Yu, Hsien-Neng	Male	61~70	V	V	V	V	V	V		

<table>
<tr>
<td></td>
<td></td>
<td></td>
<td>
<table>
<tr><th>Name</th><th>Gender</th><th>Age range</th><th>Operational Decision Making</th><th>Operation Management</th><th>Crisis Management</th><th>Industry Knowledge</th><th>International Market Outlook</th><th>Leadership Decision Making</th><th>Finance& Accounting</th><th>law</th></tr>
<tr><td>Kuo,Hsu-Kuang</td><td>Male</td><td>51~60</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Liao,Chun-Keng</td><td>Male</td><td>51~60</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Hung,Yu-Sheng</td><td>Male</td><td>51~60</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Chen,Te-Ling</td><td>Female</td><td>41~50</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Hsu,Jun-Shyan</td><td>Male</td><td>61~70</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td></td><td>V</td><td></td></tr>
<tr><td>Liu,Cheng-Yi</td><td>Male</td><td>61~70</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td></td><td>V</td><td></td></tr>
<tr><td>Hsu,Kao-Shan</td><td>Male</td><td>61~70</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td></tr>
</table>
</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The Company’s Board members are specialists of technology industry, sales, commerce, finance and accounting, and law. The policy of diversity is complied with the company regulations.
There are 10 (91%) male members and 1(9%) female members on the Board 8 (73%) of them are employees and 3 (27%) are non-employees. The directors are between 48 and 67 years old and average age is 61.
The reelection of directors of the current term of office (2021/7/16–2024/7/15) is completed. The goals of adding one female director and lowering the age of directors are achieved. The future goal is to introduce courses of diversity learning to help the directors establish cross-field professional knowledge.</td>
<td></td>
</tr>
<tr>
<td>(2) If the Company established any other functional committee in addition to Compensation Committee, Audit Committee as required by law?</td>
<td></td>
<td>V</td>
<td>In order for the sound supervision and reinforcement of management, the Company established the Remuneration Committee and Audit Committee. The functional committees shall be responsibilities for the Board of Directors.</td>
<td>The company has not yet established other functional committee.Scheduled to radually establish according to the laws and regulations as well as the practical requirement of the company.</td>
</tr>
<tr>
<td>(3) Does the company specify the process and method of the performance evaluation of the Board of Directors, conduct the annual evaluation, and report the evaluation results to the Board of Directors and use such for considering the remuneration and re-appointment of each director?</td>
<td>V</td>
<td></td>
<td>According to the Company’s policy of Board performance evaluation, the self-evaluation shall be conducted at least once a year.
<table>
<tr><th>Evaluation recipients</th><th>The Board</th><th>Individual board member</th><th colspan="2">Functional committee</th></tr>
<tr><td>Evaluation scope</td><td>Including but not limited to the level of participation in the Company’s operation, increase of quality of the Board’s decisions, composition and structure of the Board, election of the directors, and continuing education, a total of 45 items</td><td>Including but not limited to the understanding of the Company’s goals and missions, the understanding of a director’s duties, the level of participation in the Company’s operation, internal relationship cultivation and communication, the director’s professionalism and continuing education, internal control</td><td colspan="2">Including but not limited to the level of participation in the Company’s operation, the understanding of the functional committee’s duties, the quality of the functional committee’s decisions, the composition of the functional committee and the election of members, internal control</td></tr>
<tr><td rowspan="2">Evaluation items</td><td rowspan="2">45 items</td><td rowspan="2">23 items</td><td>Audit Committee</td><td>Remuneration Committee</td></tr>
<tr><td>22 items</td><td>19 items</td></tr>
<tr><td>Number of evaluators</td><td>11 people</td><td>11 people</td><td>3 people</td><td>3 people</td></tr>
<tr><td>Evaluation method</td><td>Collect the answers from each director’s self-evaluation for the Chairman, who will evaluate their performance</td><td>The directors will receive the questionnaire for self-evaluation</td><td colspan="2">The commissioners will receive the questionnaire for self-evaluation</td></tr>
</table>
</td>
<td>None</td>
</tr>
</table>

<table>
<tr><td></td><td></td><td></td><td><table><tr><td>Evaluation results</td><td>The evaluation of 2023 are completed on January 26, 2024, and reported to the Board of Directors. In addition to the filing on the Market Observation Post System https://mops.twse.com.tw, and on the Company's website https://tw.msi.com, the results will be used as references for each director's remuneration and nomination of reelection.</td></tr></table></td><td></td></tr>
<tr><td>(4) If the Company assess the independence of CPA periodically?</td><td>V</td><td></td><td>The Audit Committee and the board members convene one meeting or more each year, using Audit Quality Indicators "AQIs," including "firm level" and "audit case level," separated into five aspects (professionalism, quality control, independency, supervision, and innovation capabilities) and 13 indicators (audit experience, training hours, turnover rate, professional support, accountant loading, review dedication, case quality control, verification, quality control support, non-audit service fee, client familiarity, flaw of external check and discipline, improvement letters from the authority, and innovation planning or suggestions) to assess the independency and qualifications of the external auditor. The latest assessment was approved by the Audit Committee on March 14, 2024, and later reported to the Board on the same day. The assessment found there was no violation of independence or qualification of the external auditors or other related personnel based on AOIs.
The Company and the external auditors are not related in any aspects to violate their independence as listed in the independence declaration below.<table>
<tr><th>Assessment</th><th>assessment result(Y/N)</th><th>Independence (Y/N)</th></tr>
<tr><td>The designated accountant does not have direct or indirect financial interest relationship with the Company.</td><td>N</td><td>Y</td></tr>
<tr><td>The designated accountant does not have a financing or guarantee relationship with the Company or any director of the Company.</td><td>N</td><td>Y</td></tr>
<tr><td>The designated accountant does not have close business relationship or potential employment relationship with the Company.</td><td>N</td><td>Y</td></tr>
<tr><td>The designated accountant does/did not currently/ in the recent two years serve as a director, supervisor, or manager of the Company or play a role having significant influence on the audit case.</td><td>N</td><td>Y</td></tr>
<tr><td>The designated accountant does not promote or act as an intermediate for the shares or other securities issued by the Company.</td><td>N</td><td>Y</td></tr>
<tr><td>The designated accountant does not serve as the advocate of the Company nor as the representative of the Company to mediate the dispute between the Company and any third party.</td><td>N</td><td>Y</td></tr>
</table>The designated accountant does not have a family relationship with the company's directors, managers or persons who have significant influence on the audit case.</td><td>None</td></tr>
<tr><td>4. Does the public (OTC) company appoint the adequate number of competent corporate governance staff, and a corporate governance manager to be responsible for handling corporate governance scheme (including but not limited to providing information to the directors and supervisors necessary to perform their duties, assisting the directors and supervisors in legal compliance, processing the Board meetings and shareholders meetings according to the laws, processing company registration and registration of changes, and producing minutes of the Board meetings and shareholders meetings)?</td><td>V</td><td></td><td>The Financial Department of the Company is set up with dedicated corporate governance personnel who have more than 3 years of experience in the managerial work such as corporate finance, stock affairs and meeting proceedings with the scope of duties as follows: providing the information required by the directors to conduct business, propagating the regulations related to the operation, assisting the directors with compliance with laws and regulations, arranging for directors for further study, handling matters related to the board of directors and shareholders' meeting, changing registration and corporate governance, etc. The board of directors pass the resolution on March 21, 2019 to have these personnel supervised by a corporate governance supervisor who is qualified as a manager and reports the implementation to the board of directors at least once a year.
Business execution in the most recent year is as follows: (1) Corporate governance and securities-related acts promotion (2) Assistance with the convening of Board of Directors and Shareholders Meetings (3) Preparation of the Board's agenda, provision of meeting materials and delivery of notices, reminding of avoidance of conflict of interests, production and mailing of the proceedings (4) Publication of the Company's major news (5) Arrangement of the annual training of the directors (6) Registration of the shareholders' meeting, and production of the meetings notice, the annual report, the handbooks within the statutory time limit (7) Change registration with the Ministry of Economic Affairs after amendment of the by-laws or re-election of directors.(8)The educational programs provided for the first-time corporate governance staff were completed as required. Please see page 29~30.</td><td>None</td></tr>
<tr><td>5. If the Company established communication channel with interested parties (Including but not limited to shareholders, employees, customers and suppliers, etc.) and disclosed key corporate social responsibility issues frequently enquired by stakeholders on the designated area of the</td><td>V</td><td></td><td>The Company's website has a "Stakeholder Section" under Corporate Social Responsibility, which provides information including investors/shareholders, customers/consumers, suppliers/contractors, employees, government agencies and the media to the stakeholders who are responsible for verification. The information</td><td>None</td></tr>
</table>

corporate website?			is compiled through public information observatories, the Company's website, financial reports, corporate social responsibility reports and online questionnaires to confirm the issues concerned by the stakeholders on MSI and degree and importance of the concerns, and prioritize or incorporate the issues of concern into the Company's annual goals. In addition, the company's website discloses the information of the "Stakeholders' Complaints Channel" and provides the information to the responsible units through the contact window as the communication channel for the stakeholders and the Company responds to the important issues of concern to stakeholders by meetings, phone calls and emails to protect the rights and interests of all stakeholders. Relevant chapters on stakeholder concerns, communication methods and frequency, and information on topics of concern are disclosed at https://tw.msi.com/Corporate Governance/Corporate Social Responsibility/Corporate Social Responsibility Report. The information is reported to the Board of Directors at least once a year. In addition, the "Stakeholders" section provides the contact windows for each stakeholder, the "stakeholder complaint submission" is disclosed on the company's website. Stakeholders may contact through meeting, phone, or e-mail. The critical issues which the stakeholders are concerned about will be answered properly to maintain the interests of each stakeholder. The critical issues which the stakeholders are concerned about, communication method and frequency, and concerned issues are disclosed on https://tw.msi.com/corporate governance/CSR/CSR report. The Board of Directors receives the report at least once per year. The 2023 report has been presented to the Board on November 11, 2023.	
6. If the Company engaged professional transfer agent to host annual general shareholders' meeting?	V		The Company has delegated the share administrations agency of Chinatrust Commercial Bank to handle shareholder meetings and related services.	None
7. Information Disclosure (1) If the Company set up a corporate website to disclose information regarding the Company's finance, business and corporate governance?	V		The Company has a section on its website to disclose related information of its finance, operation, and corporate governance. Investors may also obtain information about the Company through the Market Observation Post System https://mops.twse.com.tw.	None
(2) If the Company adopted any other information disclosure channels (e.g., maintaining an English-language website, appointing designated personnel to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc)?	V		The Company has websites in 20 languages, including Chinese and English, such as https://tw.msi.com/(Chinese) and https://www.msi.com/about/investor (English) and dedicated employees to take charge of the Company's information collection and disclosure. The spokesperson system isestablished and implemented.	None
(3) Does the company publish and file the annual financial report within two months after the end of the fiscal year, and make early publication and filing of the financial reports of the first, second, and third quarters, as well as the monthly operation reports?	V		The company publishes and files the annual financial report, and financial reports of the first, second, and third quarters, as well as the monthly operation reports, within the statutory period.	Early publication/filing is subject to evaluation based on actual need.
8. If the Company had other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? (1) Employee rights	V		1. Employees' remuneration policy is regulated the distribution ratio in the Company's Articles of Incorporation and is handled according to the "Remuneration Guidelines", "the Employee Performance Regulations", and "the Employee Remuneration Distribution and Stock Option Regulations". Operation profits are shared with employees according to the fulfillment rate of business target, performance, and contribution. 2. The Company has an Employee Welfare Committee with steady funds coming from the Company holding events and providing benefit programs for employees. 3. Besides having employees covered by Labor Insurance and National Health Insurance as required by law so that they can be assured safety while at work, the Company also offers the group insurance for extra protection to employees and their family.	None
(2) Employee care employee wellness	V		1.The Company was certified by OHSAS18001 (Occupation Health and Safety Assessment Series Certification) in December 2003 and received the "health promotion symbol for spontaneous healthy workplace certification". (ISO 45001:2018 renewed in 2018),In 2022, the Company was awarded the "Self-certified Health Promotion Badge of Healthy Workplace Certification" again. (Validity period covers 2022 - 2024, 3 years in total)	None

	V		2. Besides periodical employee health examinations, the Company has a employee clinic, nursing room, various health-related tests, workshops, and training from time to time, there are also diversified society events and employees are provided with related consultation services and help solutions on issues such as career, workplace inter-person relationship, emotions at work, work management, physical and mental stress, communications between husband and wife, child care and education, gender relations, laws in life, wealth management, and tax reduction so that the health of employees in all aspects, physical, mental, and spiritual, is taken well care of.	
(3) Investor relations	V		The Company discloses information from time to time through the Market Observation Post System and the Company's website, and has the "Investor Relations Contact Window" available for the shareholders to contact by phone or through email in order to maintain the investor relationship.	No Deviation
(4) Supplier Relations	V		1. In order to protect the rights of suppliers, as long as not against regulatory requirements and damage to our shareholders' rights, financial information required by the suppliers for the Company's creditline evaluation will be provided. 2. In order to accomplish sustainable management for the Company and for all suppliers, suppliers continue to be asked to promise compliance with regulations concerning health and safety, the environment, labor, and ethics as well as guidelines for the management system and risk control and suppliers will receive Self-assessment survey, educational training and periodic audits, among other related auxiliary measures, to help them keep enforcing and improving the said regulations and guidelines.	None
(5) Stakeholder rights	V		1. The Company discloses on its website information on corporate governance, finance, sustainability, and products and also related information on the Market Observation Post System for the stakeholders' reference. 2. The Company has a section "Contact MSI" on website. If stakeholders have issues about economy, environment, and society, they can communicate the issues with the Company through the said channel; this helps protect the rights of respective stakeholders.	None
(6) Further education status of directors and supervisors	V		The Company's directors and high-ranking managers receive continuing education as required by "the Directions for the Implementation of Continuing Education for Directors and Supervisors" of TWSE Listed and TPEx Listed Companies on a yearly basis. The continuing education programs are listed below.	None
(7) Risk management policy and risk measurement measures	V		The Company's policy towards risk management is to set various rules and regulations in order to weigh and evaluate possible impacts of the various risk matters on the profits and losses of the Company and to stipulate respective response policies accordingly. For the analysis and evaluation of risk matters, other important risks and response measures, please refer to Page **100~108** and Webside.	None
(8) Implementation of customer policy	V		Regulations to be followed are established in the Company's internal control system to ensure fulfillment of customer service and product protection and the responsible unit is available for real-time communication during transaction with customers in order to ensure that customers' rights are protected.	None
(9) Purchase of liability insurance for directors and supervisors	V		Directors are covered by the Company's D&O insurance. (And disclosed in the Market Observation Post System https://mops.twse.com.tw)	None

9. Please describe the improvements of the corporate governance evaluation results released by the corporate governance center of the Taiwan Stock Exchange Corporation in the last year, and propose priority matters or measures to strengthen areas yet unimproved.

Reasons for failure to get scores during corporate governance rating:

(1) To improve information disclosure of the English version materials, the English version meeting notice and meeting handbook were produced for the 2018 shareholders meeting and English version meeting notice, meeting handbook and annual report were produced in the 2018 shareholders meeting, both of which were required to be uploaded within a specified period.

(2)The Company set up the Audit Committees to replace the responsibilities of the supervisors.

(3)To follow the instructions of the competent authority in conducting to promote corporate governance, the Company implements position adjustment on January 1, 2019, with Mr. Hsu, Hsiang as Chairman of the Company, Mr. Chiang, Sheng-Chang as the Company's President and CEO, (Mr. Chiang, Sheng-Chang was dismissed since his death on July 7, 2020). On July 8, 2020, the Board of Directors appointed one of the founders, Mr. Huang, Chin-Ching, as the President, fulfilling the goal that the Chairman and President positions not being held by the same person.

(4) In compliance with the competent authority's promotion of corporate governance, it is expected that a full re-election will be carried out upon the expiration of the term of office of Directors, adding one female Director.

(5)The Company shall not conduct transactions with related parties other than subsidiaries, and the transactions with subsidiaries shall comply with the "Approval Authority Table," "Group Operation and Management Regulations," "Procedures for Acquisition or Disposal of Assets," "Operational Procedures for Loaning of Funds to Others," and "Procedures for Endorsements and Guarantees", in which the acquisition or disposal of assets that reaches a significant amount must be reported to the board of directors of the parent company.

A.Purchase and sale:

①In accordance with Article 9-1 of the "XXX Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Related Parties", transactions between the Company and its subsidiaries or between subsidiaries are excluded.

② According to the Company's Approval Authority Table, transactions with related parties other than subsidiaries are prohibited.

B.Acquisitions and disposals, loaning funds to others, endorsements and guarantees:

①The acquisition or disposal of assets between the Company and its related parties is handled in accordance with the "Procedures for Acquisition or Disposal of Assets" of the subsidiaries and the parent company.

②The Company shall not loan funds or make endorsements/guarantees for subsidiaries.

Continuing Education/Training of Directors、Supervisors and Managements

Year	Training Course	Host by	Duration	Attendees
2003	Corporate Governance	Fu Jen Catholic University	3 hours	**All Directors**、Supervisors and Managements
2004	Corporate Governance and Risk Management	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Supervisors and Managements
2005	Use financial statements to analyze and improve business performance	Securities & Futures Institute	3 hours	**Directors**、Supervisors and Managements
2006	Directors, Supervisors and Senior Managers' Responsibilities for Financial Reporting	Securities & Futures Institute	3 hours	**All Directors**、Supervisors and Managements
2007	Audit Strategy of Corporate Governance and Enterprise Tax Planning	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Supervisors and Managements
2008	Business Transformation and Change Management	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Supervisors and Managements
2009	Brand Management and Innovation	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Supervisors and Managements
2010	Corporate Governance under International Taxation	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Supervisors and Managements
2011	Financial statements and analysis of trends in the industry	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Supervisors and Managements
2012	Disputes and Risks Caused by Taiwan Enterprises' Investment in China	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Supervisors and Managements
2013	Financial thinking of business transformation	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Supervisors and Managements
2014	New Trend of Internal Control Practice - Corporate Social Responsibility and Risk Management	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Supervisors and Managements
2015	Comprehensively improve adaptability - Enterprise crisis management	The Taiwan Corporate Governance Association	6 hours	**All Directors**、Hsu,Fen-Lan、Hsu,Gau-Shan and Managements
2015	In 2015, the latest tax update issued the latest information analysis	Taiwan CPA Association, ROC	6 hours	Hsu,Jun-Shyan (National Association of Certified Public Accountants lecturer)
2016	The reform and sustainable management of the board of directors; the key strategies and practices of breakthroughs in business innovation	The Taiwan Corporate Governance Association	6 hours	**All Directors**、Supervisors and Managements
2017	Big Data Analysis and Corporate Fraud Detection	The Taiwan Corporate Governance Association	3 hours	**All Directors(except** Tsai,Rong-Fong**)**、Supervisors and Managements
2017	Reconstruction of IT Security Strategy from Cyber Crime View	The Taiwan Corporate Governance Association	3 hours	**All Directors(except** Tsai,Rong-Fong)、Supervisors and Managements
2017	Corporate Governance Forum series-sustainable operation	Taiwan academy of Banking and Finance	3 hours	Tsai,Rong-Fong
2017	2017 Insider Trading and Corporate Social Responsibility Forum	Securities & Futures Institute	3 hours	Tsai,Rong-Fong
2018	The introduction for the latest income tax or value-added tax reforms in China and the United States and the trend and impact of global anti-tax avoidance regulations.	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Managements and Corporate overnance Officer
2018	Global Economic Outlook	The Taiwan Corporate Governance Association	3 hours	**All Directors**、Managements and Corporate overnance Officer
2018	The 12th Taipei Corporate Governance Forum	Financial Supervisory Commission	6 hours	Liao,Chun-Keng
2018	The 12th Taipei Corporate Governance Forum	Financial Supervisory Commission	3 hours	Hung,Yu-Sheng
2018	2018 Forbid Insider Trading Promotion Meeting	Taiwan Stock Exchange Corporation	3 hours	Hung,Yu-Sheng、Kuo,Hsu-Kuang

2018	Discussion on fraud cases of corporate financial statements	Securities & Futures Institute	3 hours	Kuo,Hsu-Kuang
2019	How could directors and supervisors supervising t the business risk and crisis management of the Company?	Taiwan Corporate Governance Association	3 hours	All Directors、Managements and Corporate Governance Officer
2019	Impact from the U.S.-China Trade War to the industry in Taiwan and the reaction planning	Taiwan Corporate Governance Association	3 hours	All Directors、Managements and Corporate Governance Officer
2019	2019 Corporate Governance Practices Seminar	Corporate Governance Professionals Association	3 hours	Corporate Governance Officer
2019	Corporate Governance and Business Operational Sustainability Course	Taiwan academy of Banking and Finance	3 hours	Corporate Governance Officer
2019	Task Force on Climate-related Financial Disclosures (TCFD) Forum (educational program for corporate governance)	Taiwan Stock Exchange Corporation	3 hours	Corporate Governance Officer
2020	Case analysis of the Company Act	Taiwan Corporate Governance Association	3 hours	All Directors、Managements and Corporate Governance Officer
2020	Disconnected ICT Supply Chains: New Power Plays Unfolding	Taiwan Corporate Governance Association	3 hours	All Directors、Managements and Corporate Governance Officer
2020	2020 Seminar on Legal System for Beneficial Owners	Corporate Governance Professionals Association	3 hours	Corporate Governance Officer
2020	2020 Annual Session on the Promotion of Insider Trading and Insider Equity Trading Prevention	Securities & Futures Institute	3 hours	Corporate Governance Officer
2021	IC Manufacture & Package Technology and Applications	Corporate Governance Professionals Association	3 hours	All Directors、Managements and Corporate Governance Officer
2021	5G Communication Technology and Applications	Corporate Governance Professionals Association	3 hours	All Directors、Managements and Corporate Governance Officer
2021	The 13th Taipei Corporate Governance Forum	Financial Supervisory Commission	3 hours	Chen,Te-Ling and Corporate Governance Officer
2021	2021 Annual Session on the Promotion of Insider Trading and Insider Equity Trading Prevention	Taiwan Stock Exchange Corporation	3 hours	Chen,Te-Ling
2021	2021 Forbid Insider Trading Promotion Meeting	Taiwan Stock Exchange Corporation	3 hours	Corporate Governance Officer
2022	Virtual World: The Metaverse and the Future of Cryptocurrency with Blockchains	Corporate Governance Professionals Association	3 hours	All Directors、Managements and Corporate Governance Officer
2022	Autonomous Electrical Vehicle Technology and Applications	Corporate Governance Professionals Association	3 hours	All Directors(**except** Hsu,Jun-Shyan)、Managements and Corporate Governance Officer
2022	SUSTAINABLE DEVELOPMENT ROADMAP -Sustainable Pathways for Industries	Taiwan Stock Exchange Corporation	2 hours	Corporate Governance Officer
2022	2022 Disclosure of reference guide for Independent Director & Audit Committee and Director & Supervisor Advocacy Meeting.	Taiwan Stock Exchange Corporation	3 hours	Corporate Governance Officer
2022	2022 Annual Session on the Promotion of Insider Trading and Insider Equity Trading Prevention	Securities & Futures Institute	3 hours	Corporate Governance Officer
2022	2022 1H latest taxation laws and case analysis (8/29, 9/6, 12/1 and 12/30 for 28 hours)	Taiwan CPA Association, ROC	3 hours	Hsu,Jun-Shyan (National Association of Certified Public Accountants lecturer)
2023	2023 Forbid Insider Trading Promotion Meeting	Securities & Futures Institute	3 hours	Corporate Governance Officer
2023	Artificial intelligence accelerates and charging pile technology	Corporate Governance Professionals Association	3 hours	All Directors、Managements and Corporate Governance Officer
2023	GlobalEconomic Outlook and Future Trends	Corporate Governance Professionals Association	3 hours	All Directors、Managements and Corporate Governance Officer
2023	Civil liability and damages for false financial statements	GOVERNANCE PROFESSIONALS INSTITUTE OF TAIWAN	3 hours	Corporate Governance Officer
2024	Sustainable Knowledge Empowerment Advocacy Course	Business Council forSustainable Development OF TAIWAN	6 hours	Corporate Governance Officer

4.If the Company has set up the remuneration committee or nomination committee, the structure, responsibility, and operation of such committee(s):

(1)Established of Remuneration Committee：The Borad of directors of the company set up the Remuneration Committee on December 18, 2011.

A.Remuneration Committee members information：

2024.4.16

Title	Criteria / Name		Professional Qualifications and Experiences	Independence		Also an independent director of other public company
Independent Director	Commissioner of Renumeration Committee	Hsu,Kao-Shan	Refer to page **12**	All members of the Remuneration Committee meet the qualifications set forth in subsections 1 to 9, paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange. 1.Not an employee of the company or its affiliate. 2.Not a director or supervisor of the company or its affiliate (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company). 3.Not the person himself, spouse or minor child, or individual shareholder holding more than 1% of the company's outstanding shares in the name of a third party, or top 10 shareholder. 4.Not the spouse, relative within the second degree of consanguinity, or direct blood relative within the third degree of consanguinity of a manager, a person under (2) or (3). 5.Not directly holding more than 5% of the company's outstanding shares, top 5 shareholder, or a director, supervisor or employee of a corporate shareholder appointing its representative as the director or supervisor of the company pursuant to Article 27 paragraphs 1 or 2 of the Company Act (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company).	All members of the Remuneration Committee, their spouses, and relatives within two degrees have met and meet the requirements of independence during the terms of office and two years before the election. 1.All members of the Remuneration Committee, their spouses, and relatives within two degrees owns 2,652,034 shares, or 0.31% of the Company's shares (by themselves or under others' names). 2.No members of the Remuneration Committee, their spouses, or relatives within two degrees are directors, supervisors or employees of any related companies of the Company (pursuant to subsections 5 to 8, subparagraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public	0
Independent Director	Commissioner of Renumeration Committee	Liu,Cheng-Yi	Refer to page **12**			0

Independent Director	Chief coordinator of Remuneration Committee	Hsu,Jun-Shyan	Refer to page **12**	6.Not a director, supervisor, or employee of a company controlled by the same person holding the majority of the Board or the voting shares of the company and the other company (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company). 7.Not a director (governor), supervisor, or employee of a company or institution whose chairman, president, or a person holding an equivalent position is the same person or the spouse of the chairman, president, or a person holding an equivalent position at the company (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company). 8.Not a director (governor), supervisor, manager, or shareholder with more than 5% shareholding of a specific company or institution having financial or business relationship with the company (except for independent directors appointed in accordance with the Act or the local laws by, and concurrently serving as such at, the company, its parent company, subsidiaries, or a subsidiary under the same parent company). 9.Not a professional individual, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, or their spouses, who provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider has received cumulative compensation exceeding NT$500,000 in the past 2 years; provided however that this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act.	Companies. 3.No members of the Remuneration Committee, their spouses, or relatives within two degrees have provided commercial, legal, financial, or accounting services to the Company or its affiliates within the last two years, and did not receive any remuneration.	0

B. Attendance of Members at Remuneration Committee Meetings

① There are 3 members in the Remuneration Committee.

② Tenure of the current of Remuneration committee is from July 16, 2021 to July15, 2024. A total of 6 (A) meetings (4 times in 2023) and up to date till the Annual Report printed, The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) B/A	Remarks
Convener	Hsu,Kao-Shan	6	0	100%	
Member	Hsu,Jun-Shyan	6	0	100%	
Member	Liu,Cheng-Yi	6	0	100%	

Other mentionable items: 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None. 2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(2) Scope of duties and Excution in the most recent year:

A. Scope of duties

①Establishing and periodically reviewing the annual and long-term performance goals for the directors and managerial officers of this Corporation and the policies, systems, standards, and structure for their compensation.

②Periodically assessing the degree to which performance goals for the directors and managerial officers of this Corporation have been achieved, and setting the types and amounts of their individual compensation.

B. Execution in 2023 and up to date till the Annual Report printed

Remuneration Committee Meeting Date	Session	Agenda	Remuneration Committee Resolution Results	Corporation's responses to the comments of the Remuneration Committee
2023.01.13	2023/1	(1)The ratification of managers' distribution of year-end bonus.	Proposal approved	None
2023.03.14	2023/2	(1) Proposed distribution of 2022 compensation of employees and direcotrs. (2) Proposed the adjustment of the managers' salary and distribution of their performance bonus.	Proposal approved Proposal approved	None None
2023.08.10	2023/3	(1)Distribution of 2022 compensation for the Company's managers, directors.	Proposal approved	None None
2023.09.27	2023/4	(1) The company's salary structure for promoted and new managers and performance bonus payment for managers	Proposal approved	None
2024.01.26	2024/1	(1)The ratification of managers' performance bonuses and distribution of year-end bonus.	Proposal approved	None
2024.03.14	2024/2	(1)Proposed distribution of 2023 compensation of employees and directors. (2)Adjustment of the salary of the Company's managers and distribution of their performance bonus.	Proposal approved Proposal approved	None None

(3)Nomination committee：None.

5. Execution of sustainable development promotion, gaps between the execution result and the standards of Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons:

<table>
<tr><th>Promoted items</th><th>Y</th><th>N</th><th>Execution results</th><th>Gaps between the execution result and the standards of Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons</th></tr>
<tr><td>1.Does the Company establish the governance structure for promoting sustainable development, and set up the ad hoc (designated) commission for promoting sustainable development, and does the Board authorize high-level management to handle the project, and supervise the execution process?</td><td>V</td><td></td><td>The Company initiated an operation structure to advocate corporate social responsibility. Through the Board's approval, the General Manager will dictate each responsible unit to stipulate and review the associated policies and execution result. In addition, the green center, created in 2008, was renamed the Sustainability Office in 2011 for the matters associated with sustainable development. Our ESG (Environmental, Social, and Governance) Committee, chaired by the General Manager, worked to establish various plans goals including long-term carbon reduction, supply chain management and environmental badges for our products. Several task squads covering environmental, social and corporate governance issues, have formed cross-department. Each quarter, the vice president will convene meetings to report the operation execution and results to the General Manager, including reviewing goals and progress based on the sustainability issues to make plans for the following year. A report will also be made to the Board each year. The 2023 reporting was made on November 10, 2023. Please refer to the Sustainability Report from https://tw.msi.com/about/company/.
For greenhouse gas (GHG) inventory and certification of our consolidated subsidiaries, the results are sent to Board meetings for discussion, starting from the first quarter in 2023. Other than supervising the progress, the Board also suggested make reference to the international trends and industrial practices to meet the requirements from Corporate Governance 3.0 and the related regulations.</td><td>None</td></tr>
<tr><td>2.If the Company set up a unit exclusively or concurrently to execute CSR policies and if the Board appointed member(s) of management team to supervise and report its implementation status to the Board?</td><td>V</td><td></td><td>Other than the "Risk Management Policy and Procedures" established, the Company continues paying attention to key operational risks based on the Business Continuity Plan, BCP, with the necessary investment for the related control and counteractions.
<table>
<tr><td colspan="3">To answer the Double materiality principle promoted by EU, in our sustainability report we adopted the impact materiality concerned by the stakeholders and as the main focus, supported by the financial materiality principle using GRI Standards. Actual practices for identifying the material issues are as follows：</td></tr>
<tr><td rowspan="4">Identification</td><td>Economy and Governance</td><td>Operation Performance, Ethical Corporate Management and Good Governance, Legal Compliance, Supplier Management and Customer Management</td></tr>
<tr><td>Environmental Issues</td><td>Product liabilities, energy management, climate change, pollution prevention and water resource management</td></tr>
<tr><td>Social Issues</td><td>Human resources development, occupational health and safety, human right management and labor–management relation, employee right and friendly workplace and social engagement</td></tr>
<tr><td>Stakeholders</td><td>We have adopted the principles from AA1000 Stakeholder Engagement Standard (AA1000 SES), including influence, tension, responsibility, dependence, diverse perspective as the judgement standards, while factoring into the global trend of sustainability and operation needs and defining seven stakeholders, covering investors/shareholders, customers, suppliers, employees, media, governments and none-profit organization.</td></tr>
<tr><td>Assessment Standard</td><td colspan="2">According to the GRI Standards (2021) and the GRI Perspective, the assessment of sustainability issues requires an assessment of the significance of the impact, meaning applying risk management to identify the severity and likelihood of negative impacts, as well as the scale, scope and likelihood of positive impacts.</td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Procedures</td><td>Through our internal discussion with the consideration of information from the stakeholders communication over the year and the managers approvals from the governance and sustainability development units, our reporting issues by the order of importance are as follows:
1. Economy and Governance: Operation performance and supply chain management.
2. Environment: Product liability and climate change.
3. Society: Human resources development and human right management and labor–management relation.</td></tr>
<tr><td>Results</td><td>All management approaches and results have been disclosed in the sustainability reports with details. There were still many topics of concern deserving the attention of MSI in the course of sustainable development. To satisfy the specific stakeholders or the material topics of their indirect impacts, MSI appropriately disclosed the impacts with SDGs in the report. MSI reviews the effort they made in sustainable development through the publication of the Sustainability Report, and establishes a diversity of channels for communication with the stakeholders and responds to topics of their concern to fulfill the expectation and concern of the stakeholders from MSI. MSI will review the topics covered under the sustainable development in each reporting period depending on the design of the topic content and stakeholder communication to ensure the needs of adjustment of the topics.</td></tr>
</table>
The risk boundary covers factories in Taiwan and China, The scope of risk management covers the major risks in the operational processes, which are financial risk, regulatory risk, strategy and operational risk, information security risk, climate risk. Please read pages 81~87 & 100~108 of this annual report, and visit the Company’s sustainable development report https://tw.msi.com for related management policies and strategies.</td><td></td></tr>
<tr><td>3. Environmental Topics
(1)If the Company established proper environment management system based on the characteristics of the industry where the Company belongs to?</td><td>V</td><td></td><td>The Company establishes the environmental management system and policies under the PDCA cycle according to the characteristics of the operation and production. Since the Company is not in the petrochemical industry, semiconductor industry or other more polluting industries, industries related to fossil fuel or high carbon emission, the Company is not subject to regulatory requirements. However, the Company observes the philosophy of sustainability, and applies for third-party certifications every year (ISO 14001 Environmental management system certification, QC 080000 Hazardous Substance Process Management (HSPM) system) to ensure the validity of the certificates, and continue to carry out ISO 14064-1 investigation of greenhouse gas at the organization level, ISO 14006 Guidelines for incorporating ecodesign, ISO 14072 Life cycle assessment and declaration of the organization.
For relevant certification criteria and the scope, please visit the Company’s website: https://csr.msi.com/tw/Management-System-Certificate</td><td>None</td></tr>
<tr><td>(2)Is the Company committed to increase the efficiency of energy utilization, and use reclaimed materials which cause less environmental impact?</td><td>V</td><td></td><td>With reference to international guidelines, and in compliance with environmental regulations, the Company is committed to increase the efficiency of energy utilization of every resource during its operating activities, We will continue our efforts in energy conservation transformation and facility replacement.The original goal was to reduce greenhouse gas emissions by 60% (Scope 1 + Scope 2) with 2% cut in electricity usage by 2030 with 2007 as the base year. Through various energy-saving measures, equipment upgrades, and the installation of renewable energy equipment in the plant, the goal has been achieved ahead of schedule by 2023.
In addition to the goal of energy-saving during business operations, the designs of products and packaging are also based on environmental friendliness. With technology and cost feasibility, we establish rigorous requirements for design management and implement them on product life cycle by considering resource conservation, recycling and reuse, energy saving, pollution prevention and other environmental impacts.
1. The packaging materials are designed in a way that they can be decomposed by hand without using tools for reduced consumption of composite materials.
2. The instruction manuals are electronized to realize paperless product publications for reduced use of pulp.
3. Modular design is adopted for products to improve recycling efficiency.
4.Soy ink is used for packaging and printing pigments to improve the recycling rate of packaging materials when discarded.
5. When planning a marketing campaign, quality services and environmental strategies are considered at the same time. The high percentage of online internet virtual community reduces costs, increases effectiveness, and reduces papers and materials any offline physical campaign would need. Also, close and immediate interaction with the consumers help us understand the consumers’ needs and provide the most heartwarming services.</td><td>None</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td>Achievements and goals:
1.MSI products come in designs that allows users to disassemble the plastic parts with common tools. For metal parts, they are easy to be separated without special tools.
2. Paper packaging materials are 100% recyclable and can be repurposed, of which 90% is made from recycled materials, to ensure the requirements from various international environmental badges.
3.Power consumption of the system products during the lowest consumption is <0.50W.</td><td></td></tr>
<tr><td>(3) Does the company evaluate the current and future potential risks and opportunities due to climate change, and take measures in response to climate change topics?</td><td>V</td><td></td><td>With reference to the Task Force on Climate-Related Financial Disclosures published by the Financial Stability Board (FSB), the Company, based on the disclosure framework – governance, strategy, risk management, and metrics and targets – identifies and evaluates the risks and opportunities in climate and environmental changes to facilitate risk control and explore potential development opportunity. Besides proactively announcing its control over greenhouse gas emission, MSI develops and signs the covenants, actively studies the control policies to reduce the emission of greenhouse gas. Also, MSI identifies the occurrence rate and severity environmental impact, operational impact, and of natural disaster caused by climate change, and develops the management guideline and actions for the incidental risks to its production and operation including constraint production capacity, operation, equipment, increased investment cost, insufficient efficiency. MSI Group has reset its carbon reduction target from 2022 to an 80% reduction by 2030. ,In addition to including climate change as the issue of risk management for corporate sustainable operation, MSI keeps paying attention to the evolution of local and foreign regulations after the Paris Agreement to evaluate the responsive measures in the Company. For example (1) Periodically check and update the organization’s carbon emission investigation to achieve the goal of reducing the greenhouse gas.
(2)Evaluate feasible technologies and materials for product design and reduce energy loss of products.
(3)Save water, improve the reuse rate of rainwater and wastewater, and establish emergency measures for water resources.</td><td>None</td></tr>
<tr><td>(4) Does the company calculate the emissions of greenhouse gas, water usage, and total weight of wastes in the past two years, and specify the policies for energy saving, carbon reduction, greenhouse gas emission reduction, water-saving, or other waste management?</td><td>V</td><td></td><td>MSI’s use, emission and reduction of energy and resources are based on environmental management systems. MSI sets the management goals for executing the environmental policies and management, and keeps implementing audit and improvements. Please refer to the MSI sustainability report https://csr.msi.com/tw/form.
1. There are three major categories of emission based on the sources of greenhouse gas. The data covers our factories in Taiwan and China.
(1)-1 Greenhouse gas emission (Uni:tCO2e)
<table>
<tr><th>Item/Year</th><th>2023</th><th>2022</th></tr>
<tr><td>Scope 1 emission</td><td>1,533</td><td>1,097</td></tr>
<tr><td>Scope 2 emission</td><td>40,778</td><td>45,627</td></tr>
<tr><td>Scope 3* emission</td><td>1,403,962</td><td>4,903</td></tr>
</table>
*Scope 3: As of this year, the comprehensive inventory of Scope 3 greenhouse gas emission includes: Category 3 - Indirect GHG Emission from transportation, Category 4 - Indirect greenhouse gas emission from the product used in the organization, Category 5 - Indirect greenhouse gas emission related to the product used in the organization, and Scope 6 - Indirect greenhouse gas emission from other sources. Therefore, Scope 3 emissions will increase by 1,399,059 tCO2e.
(1)-2 Greenhouse gas intensity (Unit: tCO2e/per million revenue)
<table>
<tr><th>Item/Year</th><th>2023</th><th>2022</th></tr>
<tr><td>Scope 1 emission intensity</td><td>0.006</td><td>0.006</td></tr>
<tr><td>Scope 2 emission intensity</td><td>0.249</td><td>0.252</td></tr>
</table>
(2) Water consumption
<table>
<tr><th>Item/Year</th><th>2023</th><th>2022</th></tr>
<tr><td>Total water consumption (Unit: million liter)</td><td>661.288</td><td>877.089</td></tr>
<tr><td>Water intensity (Unit: million liter/million revenue)</td><td>3.61</td><td>4.86</td></tr>
</table></td><td>None</td></tr>
</table>

(3) Wastes (Unit: kg)

Item/Year		2023	2022
Nonrecyclable wastes	Hazardous industrial wastes	208,281	168,574
	Regular industrial wastes	2,481,800	5,619,841
Recyclable wastes		6,024,878	3,935,275

2. Environmental policy

Based on the responsibilities of environmental protection, pollution prevention, green production, and other good practice of corporates, MSI complies with the environmental and energy regulations, introduced the international environmental management system and occupational safety and health management system, and actively implements environmentally friendly measures. From 2020, MSI establishes the Environmental Protection and Corporate Social Responsibility Committee, which reviews the regulatory compliance and execution results, to effectively promote and maintain the environmental management system. Furthermore, MSI conducts internal and external audit certification to ensure that our environmental management is consistent with the planning, execution, audit and action and the goal of sustainable improvement will be achieved.

(1)Greenhouse gas management:

MSI started the greenhouse gas inspection from 2008, and continues investing in energy-saving improvements and equipment replacement. The scope 1 and scope 2 carbon emission in 2007 (113,675.33 tCO2e) has been lowered by 48% by the end of 2021. In recent years, due to the rapid growth of the overall industry, the pressure for carbon reduction has gradually increased. Therefore, in addition to self-built solar power, MSI has also achieved Scope 2 carbon reduction through externally purchased renewable energy. In August 2023, MSI has committed to the science-based carbon reduction target, moving toward the more aggressive target of reducing the emission by 80% by 2030 from 2022. MSI expects to further announce the Scope 3 carbon reduction target in 2025

(2)Waste management:

While developing high-quality gaming products, the Company works hard in reducing the pollution from the operating activities and raising environmental quality. Our measures of pollution prevention are improving production technology, optimizing processing steps, reducing processing costs, and complying with environmental regulations. Based on the reduction of pollution, manufacturer's responsibility, and satisfaction with international environmental requirements, MSI has considered the usage, disassembly, recycle, low toxicity when designing the products to reduce the amount of wastes, reduce the difficulty of recycling, and improve the environmental performance. When the disposal of wastes is subcontracted, MSI selects qualified subcontractors at the factories' locations to handle regular and hazardous industrial wastes generated from the operation, and properly manage and document the generation, categorization and collection, recycling and transportation of wastes according to the environmental management systems.

(3)Water resource policy:

For clean production and environmental protection, every factory adopts a non-rinsing process for the products. Water is mostly used for employees' daily use, which only generates domestic sewage. Domestic water comes 100% from the city government's supply (tap water) and is not obtained from any river, lake or groundwater. There is no significant impact to the water source and community water supply. The Company promises to keep monitoring the use of water resources, and improve the quality of sewage disposal, Increase the usage of recycled water to cut down the reliance on raw water, avoid waste in water and impact to water resources. Meanwhile, the Company pursues the optimization of water consumption efficiency, optimizes the measures of water resource management, considers the water saving equipment first when changing any equipment, and educates the employees to reduce wastes in water resources

(4)The goals of each environmental performance are:

① Greenhouse gas emissions: Based on 2022 (46,724 metric tons of CO2e), we will reduce our emissions by 80% by 2030.

②Water consumption and wastes are respectively reduced by 1% compared to the previous reporting year.

<table>
<tr><td></td><td>V</td><td></td><td>3. Below are the environmental certifications:
<table>
<tr><td rowspan="2">Accreditation, certification or audit</td><td colspan="4">Effective term of certificates at each factory during the reporting term</td></tr>
<tr><td>Taipei</td><td>Taoyuan</td><td>MSI Shenzhen</td><td>MSI Kunshan</td></tr>
<tr><td>Environmental management ISO 14001</td><td>2025/10/7</td><td>2025/10/27</td><td>2025/11/01</td><td>2025/11/03</td></tr>
<tr><td>Energy management ISO 50001</td><td>2027/03/28</td><td>-</td><td>2025/12/07</td><td>2025/02/13</td></tr>
<tr><td>Reporting of greenhouse gas at the organization level ISO 14064-1</td><td colspan="4">Conducted annually.
Declaration of conformity is issued every April.</td></tr>
</table>
</td><td></td></tr>
<tr><td>4. Social Topics
(1)If the Company followed relevant labor laws, and internationally recognized human rights principal, and established appropriate management policies and procedures?</td><td>V</td><td></td><td>Created “MSI Declaration of Human Rights” and “MSI Modern Slavery Act Transparency Statement.” The measures include no discrimination, no forced or compulsory labor, no child labor, and the complaint procedures. MSI holds training and educational propaganda about anti-discrimination, ethics (anti-corruption), employee welfare (including human rights), force labor and sexual harassment for its management team, employee, and new hires (239.1 hours in 2023). Furthermore, Therefore, we treat employees in the same way without distinction of any kind, such as race, color, sex, age, religion, political or other opinions, national or social origins, or other status. All the employees are treated equally with regard to their opportunities in employment, appraisal, promotion, salary, benefits and training to ensure equality of their rights.
We ensure to respect labor rights and the implementation of equal treatment.</td><td>None</td></tr>
<tr><td>(2) Does the company specify and implement reasonable employee welfare measures (including compensation, leave, and other benefits), and properly reflect the management performance or achievements in the employee compensation?</td><td>V</td><td></td><td>The Company’s “Work Rules” set up the basis of employee conducts and welfares, including salary, leave, and other benefits. Employee salary and bonus will be paid reasonably through the performance evaluation based on the employee’s job duties and contribution pursuant to the Articles of Incorporation, Compensation Management Policy, Employee Performance Evaluation Policy, and Employee Compensation Distribution and Stock Option Policy. The operational achievements or success will be properly reflected in the employees’ salary.
Please refer to pages 84-86 & 157 of this annual report for employee welfare measures. Information of workplace diversity and equal employment is as below:
<table>
<tr><td rowspan="2">Item</td><td rowspan="2">Percentage of number of people</td><td colspan="3">Education level</td><td colspan="4">Title</td><td colspan="3">Age</td><td rowspan="2">Minority group employee</td><td rowspan="2">Foreign employee</td></tr>
<tr><td>Master’s degree and above</td><td>Bachelor’s degree/ associate degree</td><td>Others</td><td>High level manager</td><td>Mid-level manager</td><td>Section leader</td><td>General employee</td><td>Below 30 years old</td><td>30 – 50 years old</td><td>Above 50 years old</td></tr>
<tr><td>Female</td><td>38.49</td><td>7.20</td><td>27.36</td><td>3.93</td><td>0.23</td><td>4.45</td><td>0.75</td><td>33.06</td><td>6.35</td><td>28.09</td><td>4.04</td><td>0.29</td><td>0.98</td></tr>
<tr><td>Male</td><td>61.51</td><td>16.24</td><td>41.77</td><td>3.50</td><td>1.57</td><td>12.18</td><td>0.72</td><td>47.04</td><td>9.17</td><td>43.18</td><td>9.17</td><td>0.46</td><td>1.44</td></tr>
<tr><td>Total</td><td>100.00</td><td>23.44</td><td>69.13</td><td>7.43</td><td>1.80</td><td>16.63</td><td>1.47</td><td>80.10</td><td>15.52</td><td>71.27</td><td>13.21</td><td>0.75</td><td>2.42</td></tr>
</table>
</td><td>None</td></tr>
<tr><td>(3)If the Company provided safe and healthy working environment to employees and conducted relevant training on safety and health management to employees periodicall?</td><td></td><td></td><td>The company has set up the Occupational Safety and Health management entities, Occupational Safety and Health committee, Meal Committee and medical care office, conducted regular safety and health training for employees and contractors to provide a safe workplace and ensure employee’s physical and mental health (6,270 hours in 2023).
<table>
<tr><td>2023 training program</td><td></td></tr>
<tr><td>Subcontractor safety and health educational training</td><td>218 hours</td></tr>
<tr><td>Health promotion workshop/campaign, health information session</td><td>5,274 hours</td></tr>
<tr><td>Disaster prevention education and training</td><td>435 hours</td></tr>
<tr><td>Environmental education</td><td>308hours</td></tr>
<tr><td>On-site subcontractor training/central kitchen self-training/meal and food safety environmental training (including audit method)/employee diet and health & pandemic prevention campaign</td><td>35hours</td></tr>
</table>
The company has received the ISO 45001 Occupational Safety and Health Management System Certification and In 2022, the Company was awarded the "Self-certified Health Promotion Badge of Healthy Workplace Certification" again. (Validity period covers 2022 - 2024, three years in total). In order to promote the safety of the working environment and physical protection of employees, the company continues to carry out related equipment maintenance and safety testing.</td><td></td></tr>
</table>

<table>
<tr>
<td></td>
<td>V</td>
<td></td>
<td>
<table>
<tr><th>Item</th><th>Equipment Maintenance (Safety Test)</th></tr>
<tr><td>Firefighting (fire extinguisher, smoke detector、Evacuation equipment)</td><td>Once/Monthly, quarterly,yearly</td></tr>
<tr><td>Air conditioning (heat dissipation, blower, ice water host)</td><td>Once/Monthly, quarterly,yearly</td></tr>
<tr><td>Electricity (generator, power outage maintenance、power supply equipment)</td><td>Once/Monthly, quarterly,yearly</td></tr>
<tr><td>Carbon dioxide</td><td>Once/Biannually (Test)</td></tr>
<tr><td>Noise</td><td>Once/Biannually (Test)</td></tr>
<tr><td>Illuminance</td><td>Once/Annually (Test)</td></tr>
<tr><td>Wind speed control (laboratory local exhaust)</td><td>Once/ Annually (Test)</td></tr>
<tr><td>Organic solvent (isopropyl alcohol, methanol, n-hexane)</td><td>Once/Biannually (Test)</td></tr>
<tr><td>Lead, tin</td><td>Once/Biannually (Test)</td></tr>
<tr><td>Drinking water</td><td>Once/Monthly(Test)</td></tr>
<tr><td>Employee cafeteria food ingredients and tableware</td><td>Once/Monthly (Sampling test)</td></tr>
</table>
In order to provide employees with a safer and healthier working environment, the Company continues to strengthen and improve various facilities, including the replacement of new water dispensers and pipelines, Air condition pipe impairment , toilet repairs, anti-skid parking lot floors and ramps, and the installation of weatherproof corridors curtain wall, wall surface, elevator ,employee health center maintenance, Disaster prevention education and training and two emergency rehearsals are conducted every year to familiarize employees with firefighting notification, rescue, emergency evacuation, evacuation process, and equipment operations (fire extinguishers, hydrants) to improve personnel response capabilities and reduce disasters.
Total occupational accidentcases, percentage of total employee number in 2023, and the relatedimprovement actions: None.
</td>
<td>None</td>
</tr>
<tr>
<td>(4)If the Company provided career planning, relevant training and skill development for employees?</td>
<td>V</td>
<td></td>
<td>The Company highly values training and career developments for its employees. In order to continue promoting quality talent cultivation and key skills management, there are the Regulations Governing Educational Training that address continuing education and training for employees. Meanwhile, budget is appropriated on a yearly basis to facilitate organization of various types of educational training. Lecturers are hired periodically or from time to time to hold workshops. Reflective of the different rankings and levels of professionalism, internal or external educational training is provided to help employees form complete professional skills and inspire them to seek self-growth.
The 2023 training roadmap is based on the senior manager’s development direction for the company, and diversified talent management. The ultimate goal is to increase the overall organizational performance, enhance managers’ leadership, and develop the key talent needed for the company’s future development, raise the company’s competitiveness. In 2023, 143 physical courses or online internal training courses were held. The total length of employee training, internally and externally, reached 40,211 hours. The total cost of employee training is NT$3.32 million.</td>
<td>None</td>
</tr>
</table>

(5)Regarding the health and safety of customers of products and services, customer privacy, marketing and labeling, does the Company comply with the regulations and international guidelines, and establish the policies of consumer or client protection, and the complaint procedures	V		We ask the suppliers and vendors to strictly comply with the MSI “Green Product Regulations,” which specifies that any product or service provided by the suppliers should meet the environmental requirements; implement the hazardous substance management, urge the supply chain to comply with the regulations together, reduce the impact to the environmental ecology, and provide safe, healthy, environmentally friendly products to the consumers. MSI product marketing and labeling are compliant with the regulations and industrial standards. Designated departments enforce such compliance based on internal processing documentation. We ensure that product marketing and labeling meet the standards through product certification, quality control, and third-party testing. The Company has purchased proper product liability insurance to protect clients and consumers’ rights. We also set up a global service system in Taiwan, Europe, the U.S., Japan, Korea, China and other countries, including company-run or subcontracted repair locations and customer service centers to provide maintenance and after-sale services. The website provides different language versions for the consumers to download technical support and update. MSI establishes the “Privacy Policy” https://www.msi.com/page/privacy-policy to prevent unauthorized disclosure of client privacy or personal data and protect clients’ interests. Consumers can file complaint and dispute to the stakeholder email address 080419864@msi.com for resolution, or through the Company’s reporting system: audit@msi.com. Please refer to MSI sustainability report https://tw.msi.com/about/Company/ for more information.	None
(6) Does the company specify any supplier management policy to request the suppliers to comply with the regulations regarding environmental protection, occupational health and safety, or worker’ rights, and how is the enforcement status?	V		**Supplier evaluation and investigation:** The Company selects new suppliers in accordance with the "New Supplier Evaluation Management Regulations," and conducts evaluations on topics such as occupational safety and health, the environment, labor rights and conditions, and social responsibility. Suppliers considered qualified based on the evaluation result will be included in the supplier list. Disqualified suppliers will be evaluated again after improvement or no longer be evaluated. Suppliers are identified based on the supplier's industry type, contract fulfillment, market, performance, and demand. Critical suppliers are evaluated based on the environment, quality, service, collaboration, and supply. The Company specifies and asks suppliers to sign the "Supplier Code of Conduct Compliance Commitment" in the supplier procurement contract, and urges suppliers to actively assume corporate social responsibility and comply with relevant laws and environmental protection requirements. In 2022, MSI conducted the first environmental and social sustainability survey on critical suppliers (sustainability performance of 209 key suppliers covers greenhouse gas inventory, greenhouse gas verification approval, commitment to greenhouse gas reduction, use of renewable energy, and occupational safety and health management system). Starting in 2023, MSI will continue to communicate with critical suppliers and provide counseling for partners with higher carbon reduction risks to help them complete greenhouse gas emission inventories and make recommendations for energy equipment improvements. Short and mid-term carbon reduction goals will be set for MSI and critical suppliers to mitigate climate change together. **Supplier audit:** According to the "Supplier Management Regulations," "Supplier Assessment Management Guidelines," and "Supplier Risk Management Procedures" and the subsidiary's supplier regulations, procedures, and operating guidelines, suppliers are divided into four grades, A, B, C and D based on the monthly/quarterly/annual audit scores. High risk suppliers are audited or reviewed regularly and irregularly to record the location, item, and cause of defects. Corrective and preventive measures are provided, and continuous counseling and follow-up for improvements are executed to reduce supplier management risks. **Supplier training:** MSI hosted a supplier ESG conference on January 23, 2024 to explain these topics to suppliers, "Responsible Business Alliance (RBA) Organization and Certification Practices," "Introduction to Responsible Minerals," and "Introduction to the Company's GPM System." . Apart from conveying MSI's sustainability philosophy and vision, MSI's climate commitments and actions, and net zero carbon emission targets, the conference also revealed the supplier's ESG management and goals. These include conducting conflict mineral CMRT and EMRT surveys on suppliers, requesting RBA, ISO and other relevant certifications to be included in the supplier evaluation (e.g.: completion of ISO14064-1 verification for suppliers in Scope 1+2 by mid-2025, and ISO 50001 acquisition by critical suppliers). They serve as a reference for continued collaboration in the future. MSI expects to work with supplier partners to build a low-	None

<table>
<tr><td></td><td></td><td></td><td>carbon value chain.
Recognition of suppliers: The Company conducts the annual excellent supplier evaluation at the end of each year, and publicly praises the outstanding suppliers with grade A in the evaluation.</td><td></td></tr>
<tr><td>5. Does the company prepare the corporate social responsibility reports according to the internationally accepted guidelines or instructions to disclose the company's non-financial information? Has any third-party verification agency provided affirmed or certified opinion for such report?</td><td>V</td><td></td><td>The content structure of MSI's ESG report is prepared in accordance with GRI Standards of the Global Reporting Initiative (GRI) and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and certified by an independent third party (BSI Pacific Limited, Taiwan Branch) in accordance with the AA1000AP (AA1000 AccountAbility Principles) guarantee standard, and obtain the GRI Standard verification statement.
MSI continues to publish the sustainability report every year (2024 sustainability report is expected to be completed by June 30, 2024. It is expected to report to the Board of Directors in the latest period). The report will be uploaded to the Market Observation Post System within the statutory deadline.</td><td>None</td></tr>
<tr><td colspan="5">6. If the Company established any guideline of corporate social responsibility in accordance with "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies" and please state the implementation status of the guideline and any reasons for non-implementation: None.
Pursuant to the "Listed Company Corporate Governance Best Practice Principles" and passed by the Board of Directors, the Company has established the "MSI Corporate Governance Best Practice Principles", of which the Board of Directors.</td></tr>
<tr><td colspan="5">7. Other important information that helps to understand the execution of sustainable development: The Company has set up a page on its website to disclose all information related to corporate social responsibility (https://tw.msi.com/Corporate Social Responsibility)
MSI continues to engage the community and participate in education, charity auction and environmental protection activities through sponsorship and employee volunteers. In Taiwan, we not only get involved in public services through investment of our internal resources, but also joined in the activities of charity groups. Through the process of service to and in the communities, we expand our love and care into the world and unify our employees' values and commitment towards MSI's corporate social responsibilities. MSI will continue to make its presence in services for the rural areas and disadvantaged groups.
(1) Education and care
A. School lunch: This year, we sponsored the school lunch at remote schools in New Taipei City. 68 schools and about 14,529 families benefited.
B. After-school programs: We launched the after-school program "MSI Guide Student Aspire" for disadvantaged students to raise their basic learning ability, their confidence despite of an inferior family background, develop their potential, and build a caring, warm society with mutual support. We opened 191 after-school programs at 51 elementary and junior high schools in New Taipei City, and about3,005 families benefited.
C. Technological creation: We sponsored the summer camps in elementary and junior high schools in New Taipei City, established the on-campus PowerTech club and participated in the New Taipei City contests and national competition. We promoted the PowerTech Youth Technological Creation Contest to every school, increased students' craft skills and general science knowledge. 23 elementary and junior high schools in New Taipei City, and about 1,665 students benefited.
D. Sponsored children from intensive and special education classes at elementary schools in New Taipei City, and integrated the vehicle resources of Taiwan Taxi Lohas Club. Went to Wugu Zun Leisure Park to feed animals, learn about plants, and experience a warm and sustainable ecological journey. Benefited about 400 members from 80 households.
E. Sistema Taiwan sponsorship: We sponsored Sistema Taiwan, a charitable program for music education, and supported the music education for disadvantaged kids to expand the possibility of life by learning music. A total of 3,562 courses were held, benefiting about 6,750 children from 60 schools in New Taipei City, Taoyuan, Hsinchu and Miaoli.
(2) Support for disadvantaged groups
A. Dream-Come-True fund: We supported diligent and hardworking students who come from underprivileged families or experience family crisis to complete school education through the "Implementation Plan for Educational Aid to Realize Dream Fund" We hope that these kids can commit themselves to learning without worrying about their family or personal hardship with the support from the DCT fund, a total of 211 outstanding students under poverty line were benefited.
B. High-risk caregiver support program: We sponsored Hondao Senior Citizen's Welfare Foundation MSI Program – providing the all-in-one services, family care services, respite care, and value-added services to high-risk families，A total of 2051 people were served.
C. Green Charity Flagship: We have sponsored solar panels which give power generation income to Renyou Sanatorium. Expected to generate income to be provided to the institution about NT$130,000 every year, but also contribute to sustainable environment with greater values.
D. Listening training for children with hearing loss: MSI helped provide assistance to kids aged 0 to 6with hearing loss, including hearing checking, assessment, counseling, listening training and auxiliary equipment, to help them open communication to the world, as well as achieving indicators under SDG 3, sound health and social benefit, SDG 4, sound education, SDG 10, inequality reduction. A total of 500 children benefited through the program.
E. Happy Works Association: Support the care of people with disabilities, provide training in diverse talents, contract production, self-care training and stable development, benefiting a total of 35 families
F. Disadvantaged people resettlement program: Support the resettlement plan for the disadvantaged people without welfare status determined by the Social Affairs Bureau, New Taipei City. (50 disadvantaged people benefited)
G. Anjia Food Bank for the disadvantaged - supply project: In collaboration with the Social Affairs Bureau of Taoyuan City Government, the project takes care of disadvantaged families. In addition to providing cash assistance, we also work with the Anjia Food Bank to provide meals and supplies to improve the efficiency of resource allocation and help those in need. This program is expected to serve approximately 35,500 people.</td></tr>
</table>

(3) Corporate Volunteering

A. Volunteer work in a cheerleading competition.

B. The Volunteer Club volunteered in the 32th Ya Teh Sport Day for Disabled People in 2023.

C. Second-hand toy donation to the Toy Library, 75 kg in seven boxes, or a carbon cut by 18 kg.

D. Tree Planting: A total of 106 people joint the event with more than 1,000 tree plants, or a carbon cut by more than 10,000 kg.

E .Pet Loving Club: Volunteer work in Panchiao Animal House by 31 headcounts or 62 hours.

(4) Medical Support

Blood donation: MSI invites the blood donation center to hold the blood donation event “Spread the Love Blood Donation Event” at the company every year. Department managers and colleagues join the blood donation, show care, and help patients to survive. This is a kind behavior with mutual benefits. 293 people donated 472 bags in 2023.

(5) Giving Back to the Community

A. Fire Department, New Taipei City Government Seventh Rescue Unit: Donation of resecue supplies.

B. 1st Disaster Rescue Squadron, Taoyuan Fire Department: Donation of firefighting training gears.

C. Zhonghe Precinct, New Taipei City Police Department: Donation of service gears.

D. Taoyuan Precinct, Taoyuan Fire Department: Donation of death gratuity.

E. Police Department, New Taipei City: Donation to comfort the injuries or deaths.

(6) Computer Donation

We gave support to various institutions to assist the disadvantaged groups for better living and education, The funds have been donated to 1. Zhonghe Tzu Chi 2. Social Affairs Bureau, New Taipei City, 3. Education Bureau, New Taipei City, 4. Taoyuan Social Affairs Bureau 5. Keelung Social Affairs Division, 6. Green Miracle , etc. to assist disadvantaged groups, children living in remote areas, and disadvantaged children in attending classes, further education, distance learning, e-learning and after-school tutoring.

(7) Environmental Protection Activities

A. Good Rice Action sponsorship: Sponsored the rice growing on 0.5 Jia agricultural land in Nan’ao. Donation of 2,112 kg of organic brown rice to the disadvantaged through a charity platform, managed by the Social Welfare Department, New Taipei City.

B. Tea sponsoring: We care about the concept of sustainable global environment and ecological conservation, protect water resources in Pinglin area, maintain the Feitsui Reservoir and take care of the health and life of tea growers in Pinglin area. We sponsor the New Taipei City Organic Agricultural Products Marketing Cooperative to promote organic tea cultivation and promotion project in Pinglin area. Tea leaves (equivalent to 10,000 tea bags), once picked, will be provided to the disadvantaged elderly through a charity platform, managed by the Social Welfare Department, New Taipei City.

C. Tree planting with Tse-Xin Organic Agriculture Foundation:Participated in the public welfare tree planting project of Shimen Reservoir to improve the ecological habitat function and biodiversity of water sources around the reservoir and hillsides. This action increases the adaptability to environmental and climate changes, strengthens natural carbon sink, and achieves the goal of ecological sustainability. 106 people took part in the project and planted 1,000 trees, which is expected to reduce 10,000 kilograms of carbon emissions each year.

D. Toy Library Association: We supported second-hand toys for environmental protection, society sharing, child-friendliness, and fun for all ages, while achieving the indicators of SDG 4, sound education, SDG 11, sustainable city, and SDG 12, responsible consumption and productions.

(8) Culture Development

A. God of Land Culture Festival, Zhonghe District: MSI gave sponsorship to the culture event to honor the God of Land in the area.

(9) Industry–Academia Cooperation

A. MSI Computer Science Talent Pool Cultivation Center: We helped schools and the disadvantaged groups to learn better with fun without limit through our resource sharing program. A total of 35 pieces of equipment were donated.

B. Chung Yuan Christian University: We donated computer facilities to the research labs in Chung Yuan Christian University for AI algorithm operation to support a campus creativity competition under an industry–academia cooperation project.

8. If the company’s CSR report passes the inspection standards of any verification institution, please describe such situation: <MSI 2024 ESG Report> is based on the GRI Standard published by the Global Reporting Initiative (GRI), and verified by British Standards Institution (BSI) Taiwan Branch in accordance with AccountAbility1000 (AA1000) Guarantee Standards, and receives the GRI Standard: Core Option Verification Statement.

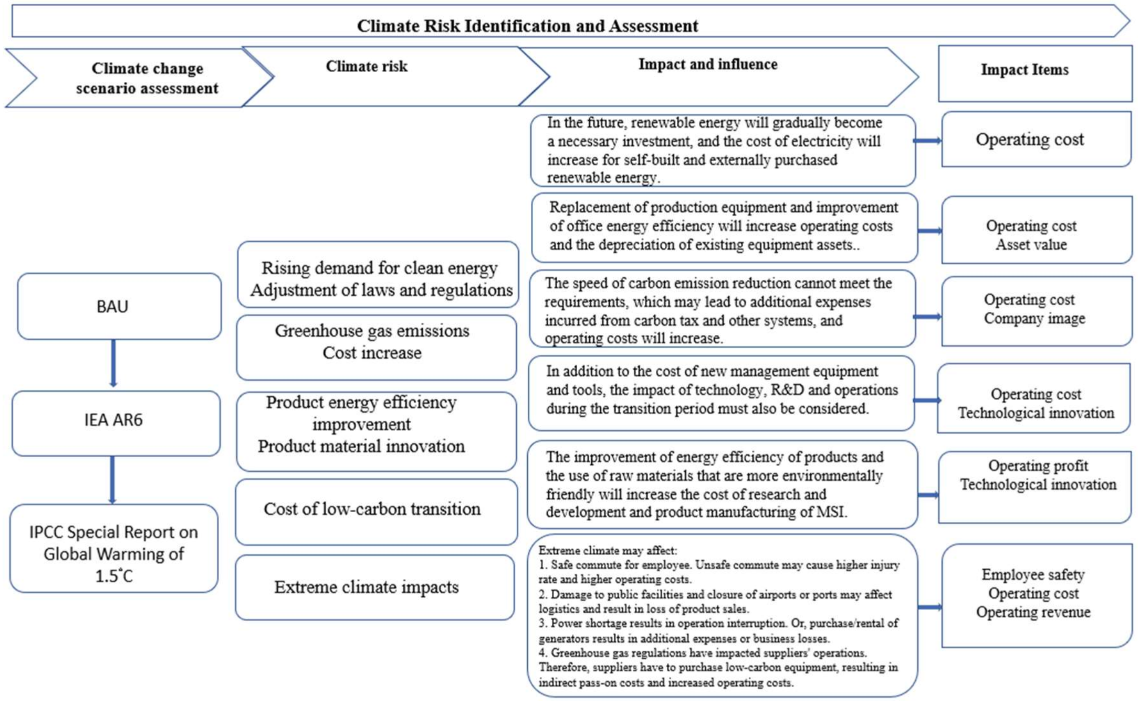
Climate-related information for TWSE/TPEx-listed companies

1. Implementation of climate-related information

Item	Status of implementation
1. Describe the monitoring and governance of climate-related risks and opportunities executed by the board of directors and the management	The possible risks caused by climate change have been included in the scope of corporate risk management. The organizational structure of the Company's risk management is under the overall direction of the President, who directs the promotion and operation of risk management plans. The subordinate businesses and management units are responsible for risk control evaluation such as operational risks, production risks, environmental, safety, and health risks, information security risks, and climate change, and implement daily risk management. The Audit Committee is authorized to supervise the operation and implementation of the Company's risk management, and report to the Board of Directors at least once a year. In addition, the Company has established the ESG Committee (Environmental Protection and Corporate Social Responsibility Committee) as the highest management unit for the management of climate change. The President serves as the chairman and directs all the full-time (and part-time) units to communicate on issues, and supervise and review the goals and progress of all aspects of ESG, including the current condition of promotion of climate change topics. The Vice President of the Operation and Management Center will convene quarterly meetings and report the implementation status and results of related issues to the President during the regular meetings. The outcomes of the implementation of climate change-related issues are disclosed in the Sustainability Report and reported to the Board of Directors at least once a year.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term)	Considering that it may take longer for the organization to be affected by climate-related risks, when MSI determines the schedule for climate change management goal, it defines the short-term goal as within five years, medium-term between 5 and 10 years, and long-term as over 10 years.
3. Describe the financial impact of extreme climate events and transformation actions	At present, the financial impacts of extreme climate events and transition actions are divided into physical risks and transition risks: (1) Physical risk: The impact of natural disasters on plant and business operations may result in property damage, loss and compensation incurred from operational interruption, employee workplace safety, or expenses derived from commuting and industrial accidents. Corporations raise requirements for indoor air-conditioning and factory temperature control due to long-term temperature rise. Therefore, it is important to introduce intelligent energy management in each factory. (2) Transition risk: It mainly comes from the requirements of the market and laws and regulations on enterprises. The most common requirements are the use of renewable energy and the introduction of green labels, which in turn increases the manufacturing cost.

Risk considerations	Risk		Opportunity	
	Impact description	Schedule	Explanation of impacts	Schedule
Total carbon emissions	Limited production capacity	Mid-term	Slow down industrial expansion and improve industry nature	Short-term
Carbon economy (carbon tax/carbon fee, etc.)	Rising operating costs	Mid-term	Reduce the carbon footprint of products, promote the development of the green energy industry, and upgrade corporate energy-saving technologies	Long-term
Voluntary reduction agreement	Rising equipment investment costs	Mid-term	Accelerate enterprises to reduce carbon emissions and strive for carbon credits	Short-term
Product performance standard	Inability to meet corporate commitments and requirements	Short-term	Satisfy customers' demand for energy-saving products and increase revenue	Short-term
Drought	The probability and severity of natural disasters that affect production and operations	Mid-term	Can increase the production demand of highly adaptive factories.	Mid-term
Haze hazard		Short-term		Short-term
Snow disaster		Long-term		Long-term
High temperatures/heat waves		Short-term		Short-term

Typhoon/Heavy rainfall		Short-term	Improve the protection of production sites to reduce the probability of operation interruption and possible losses.	Short-term
Earthquake/Tsunami		Short-term		Short-term
Energy price increase	The use of energy and resources will be affected by the pressure from energy prices and equipment performance improvement.	Mid-term	Improve equipment production efficiency and reduce operating cost pressure	Mid-term
Supply chain management	Poor mitigation and adaptation capabilities lead to increase of operating costs	Short-term	Slow down industrial expansion, improve industry nature, promote the growth of the value chain, and enhance the corporate image.	Short-term
Political and economic attention	Political and economic changes affect corporate profitability	Long-term	Pay attention to the development of climate change and climate justice in the operating regions, and make early operational responses and adjustments to reduce the impact on corporate operations.	Long-term

4.Describe how identification, assessment, and management processes of climate risk are integrated into the overall risk management system.	
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions and analysis factors used, and main financial impacts, shall be described.	Indicators used by MSI to assess climate-related risks include overall electricity intensity, direct and indirect energy consumption intensity, water consumption intensity, and waste generation of product R&D process and main production sites. MSI assesses various physical risks according to the method in the Assessment Report (AR6) released by the Intergovernmental Panel on Climate Change (IPCC) in August 2021 with the 1.5°C scenario. At the same time, we will also continue to pay attention to the reduction targets, policies, regulations, etc. set by global or regional governments to assess their impact on MSI's operations.

6. If there is a transition plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	It is currently under planning, and further results are expected in 2025.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	MSI has evaluated the internal carbon pricing method and it will not implement the method for the time being.
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained. If using carbon offsets or renewable energy certificates (RECs) to achieve the goals, the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs) shall be explained.	In August 2023, MSI has committed to the 1.5°C pathway of science-based carbon reduction target, moving toward the more aggressive target of reducing the emission by 80% by 2030 from 2022. MSI expects to further announce the Scope 3 carbon reduction target in 2025. MSI currently targets 4 major manufacturing sites in Taiwan and China for carbon reduction. It is expected that in 2026, MSI will include the global group in setting carbon reduction targets.
9. Greenhouse gas inventory and assurance, and reduction goals, strategies, and concrete action plans	See Table 1-1 and 1-2.

1-1 The Company's Greenhouse Gas Inventory and Assurance in the Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

State the greenhouse gas emission volume (metric ton CO2e), intensity (metric ton CO2e/NTD million) and data coverage for the most recent two years.

The emission scope of greenhouse gas inventory covers the plants areas in Taiwan and Mainland China. The greenhouse gas emission volume and intensity of Scope 1 and Scope 2 in the last two years are as follows:
Unit: Emission: Ton CO2e; Intensity: Ton CO2e/Revenue in NTD million

Item/Year	Emissions in 2023	Intensity in 2023	Emissions in 2022	Intensity in 2022
Scope 1 emissions (ton CO2e)	1,533	0.006	1,097	0.006
Scope 2 emissions (ton CO2e)	40,778	0.249	45,627	0.252

1-1-2 Greenhouse Gas Assurance Information

The description of the assurance situation in the last two years, including the scope of assurance, body of assurance, criteria of assurance, and opinions of assurance as of the date of publication of the annual report

Year/Item	Verification scope	Verification institution	Assurance criteria	Verification opinion
2023	Plants in Taiwan and Mainland China	BV/CQC	ISO 14064-1	In the verification processes and procedures conducted by Bureau Veritas Certification (Taiwan) Co., Ltd., there is sufficient evidence showing that MSI's Category 1 and 2 GHG data and related information are materially accurate, and fairly present GHG data and related information. These data is prepared according to ISO 14064-1:2018, and meets the reasonable assurance level of the verification agreement.
2022	Plants in Taiwan and Mainland China	BV/CQC	ISO 14064-1	In the verification processes and procedures conducted by Bureau Veritas Certification (Taiwan) Co., Ltd., there is sufficient evidence showing that MSI's Category 1 and 2 GHG data and related information are materially accurate, and fairly present GHG data and related information. These data is prepared according to ISO 14064-1:2018, and meets the reasonable assurance level of the verification agreement.

1-2 Greenhouse gas reduction goals, strategies, and concrete action plans

Greenhouse gas reduction base year and data, reduction targets, strategies and concrete action plans, and achievement of reduction targets

The original goal of greenhouse gas emission in the Company was to reduce greenhouse gas emissions by 60% by 2030 with 2007 as the base year (113,675.33 ton CO2e). Through various energy-saving measures, equipment upgrades, and the installation of renewable energy equipment in the plant, the goal has been achieved ahead of schedule by 2023. In recent years, due to the rapid growth of the overall industry, the pressure for carbon reduction has gradually increased. Therefore, in addition to self-built solar power, MSI has also achieved Scope 2 carbon reduction through externally purchased renewable energy. In August 2023, MSI has committed to the science-based carbon reduction target, moving toward the more aggressive target of reducing the emission by 80% by 2030 from 2022. MSI expects to further announce the Scope 3 carbon reduction target in 2025.

6. Difference between implementation of ethical corporate management and Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons:

Implementation of ethical corporate management

Indicator	Operation			Variation from Corporate Governance Best Practice Principles and Reason
	Yes	No	Summary	
1. Codify Ethical Management Policies and Plans (1)Does the company specify the ethical management policy, which has been passed by the Board of Directors, and specify the policy and measures of ethical management in its regulations and external documents? Do the Board of Directors and Senior Management proactively perform the commitment to ethical management?	V		The Board of Directors and senior management diligently perform their commitment to ethical management. Since we introduced the "Electronic Industry Citizenship Coalition (EICC) in 2008, we and our suppliers follow the highest moral and ethical standards. The requirements of honest business and prohibition of illegal profit are specified in the supplier agreements. In order to prevent unethical conduct during the business activities, our "Procedures of Board of Directors Meetings" and "Responsibilities of Independent Directors" ask directors to recuse from any motion in the Board meeting with which they have conflict of interest without being asked to. The Board of Directors also passed the "Corporate Governance Guidelines," "Ethical Management Guidelines," "Code of Ethics" and "Work Rules" to specify and implement the ethical conduct of directors, managers, employees and suppliers, punishment of perpetrators, and complaint system.	None
(2)Does the company establish the evaluation mechanism of risk of unethical management, periodically analyze and evaluate the business activities with higher risk of unethical management in its course of business, and specify the plans of preventing unethical conduct accordingly, which at least cover the preventions of conduct set forth in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		The company's "Ethical Management Guidelines" specified the measures of preventing unethical conducts set forth in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, including prohibition on giving and receiving bribes, offering illegal political contribution, and engaging in improper charitable donation or sponsorship, providing or accepting unreasonable gifts, treatments, or other improper profits.	None
(3)Does the company specify and implement the procedures, behavioral guidelines, punishment of perpetrators, and complaint system in the plans of preventing unethical conduct, and periodically review and modify such plans?	V		The company complies with the rule of conflict of interest and anti-corruption. In addition to asking all employees and suppliers to sign the moral ethics statements, providing internal and external training to new employees and suppliers, we also prohibit improper profits, or treatment from interested parties and other unethical conduct in the course of business activities. We specify the anti-corruption policy, reward and punishment procedures. The internal audit office develops the periodic audit scheme, accepts report of violation, and reports to the Board to prevent corruption incidents.	None
2.Implementing ethical management (1)Does the Company evaluate the ethical record of its transaction parties and explicitly include clauses on ethical behavior in contracts？	V		The Company has articles about honest behavior in its business contract and avoids doing business with people with records of dishonest behavior.	None
(2)Does the company set up a dedicated division of promoting ethical management under the Board of Directors, and periodically (at least annually) report the ethical management policy and plans of preventing unethical conduct to the Board, and supervise the enforcement?	V		In order to prevent against conflicts of interest and to offer channels for proper statements, independent directors form the part-time unit in charge of ethical management at the Company in order to promote and consolidate honest operations and the unit reports to the Board of Directors periodically.	None
(3)Does the Company have a conflict-of-interest prevention policy with suitable channels for reporting such conflicts, and enforces such a policy？	V		In case of any illegal condition in violation of honest operation, complaints may be filed with or the condition may be reported to the Company's supervisors or the Internal Audit Office.	None
(4)Does the company have an effective accounting system and internal control system in place in order to implement ethical management, and request the internal audit division to prepare the audit plans based on the risk evaluation of unethical conduct in order to inspect non-compliance with the unethical conduct prevention plan, or hire an accounting firm to do so?	V		The Internal Audit Office audits the Company's accounting system, internal control system, and fulfillment of honest operations on a yearly basis according to the Regulations Governing Establishment of Internal Control Systems by Public Companies and the Ethical Management Principles Prepare relevant audit plans and conduct the inspection accordingly	None

(5)Does the Company regularly host internal and external training on ethical management?	V		The company advertises the concept of ethical management on its website, and provides internal and external training to the employees. Substantive measures for implementing ethical management policy in 2023 include the new employee consensus training program. The program covers the introduction to internal control and audit, prevention of unethical conduct, and how to report a violation. There were 165 people who participated in the 100-hours training session.	None
3.Operation of the corporate whistleblower system (1)Does the Company have an explicit whistleblower and incentive scheme in place that protects whistleblowers and assigns appropriate personnel for investigating the target of the whistleblower complaint？	V		In the event that stakeholders discover that the Company's directors and Independent directors, managers, and employees are engaged in illegal behavior in violation of ethical management (including corruption and immoral behavior), they may file a complaint with or report to the Company's supervisors or Internal Audit Office. Internal Audit Office will assign dedicated employees to investigate the filing complaint. If it is found to be true, punishment will be imposed according to the internal rules and applicable laws and regulations. https://tw.msi/about/corporategovernance	None
(2)Does the company specify the standard investigation process for reported violation, subsequent measures upon the completion of investigation, and relevant confidentiality mechanism?	V		The "Regulations Governing the Handling of Whistleblowing Cases" of the Company stipulates the standard operating procedures for the investigation of reported matters , the follow-up measures to be taken after the completion of the investigation, and the related confidentiality mechanism.	None
(3)Does the Company have measures to protect whistleblowers against retaliation？	V		The reporter and the receiving head shall assist the audit unit in conducting an investigation. No unilateral investigation, comments, transcribing the case and the reporter is allowed. No inquiry about or release of the true identity of the reporter or disciplining the reporter and the reported party is allowed, either.	None
4.Greater disclosure (1)Does the Company disclose is ethical management principles and progress on its promotion through its website or the Market Observation Post System website？	V		Besides in the Market Observation Post System, the contents of the Company's Ethical Management Principles and the promotion efficacy are disclosed on the Company's website https://tw.msi.com/.	None
5.If the Company has drafted an ethical management principle according to "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," the operation of the principle and the deviation from the principle should be clearly stated: The Company has established "Code of Ethical" based on TWSE/TPEX's "Ethical Corporate Management Principles".				
6.Other material information that helps to understand the operation of the Company's ethical management (such as the Company's declaration of its resolve and policies to its business partners; the Company's invitation of training to its partners; and the Company's revision of its ethical management principles)：None				

7. How to search for the Corporate Governance Principles and applicable rules:
In order to create a corporate culture of ethical management and normalize its development, the Company has established the Ethical Management Principles, Code of Moral Conduct, and also the Board of Directors Rules of Procedure, Scope of Responsibilities of Independent Directors, and Corporate Governance Principles in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies (all are disclosed on the Market Observation Post System website https://mops.twse.com.tw) in order to promote the operating efficiency, decision-making ability of the Board of Directors and the moral standards.

8. Other Information:
(1)Continuing education for directors: The Company holds seminars on topics relating corporate governance from time to time for directors to attend. The status of continuing education is disclosed on the Market Observation Post System website as required.
For detailed continuing education received by directors and high-ranking managers of the Company over the past few years, refer to Page **29~30**.
(2)Coverage of directors by liability insurance: The Company revised its Articles of Incorporation on June 9, 2004 that the Board of Directors may be authorized to decide to purchase liability insurance for all directors and supervisors to cover liability risk within the scope of their operation when duty. The Company purchases liability insurance for directors every year and disclose the information on the Market Observation Post System website.
(3)Presence of absence of an operating procedure for handling significant information: The Company has stipulated "Procedures for Handling Material Insider Information" and procedures for handling information under its internal control system, with regular audits.

(4)The selection and remuneration of the company's senior executives were approved by the board of directors and the remuneration committee. In order to implement the succession plan of key management and cooperate with the competent authorities to promote corporate governance. The succession plan was drafted several years ago, including assessment of current high-ranking managers based on their professionalism, performance, and personality traits, Continuous cultivation of successors at all levels within the organization and recruitment of excellent talents when needed to achieve internal benign competition and succession through the Leadership College, Sales and Marketing College, R&D College, Technical Skills College, E-School of the MSI University and other comprehensive training courses.continuous cultivation of successors at all levels within the organization (including Director and senior management) and recruitment of excellent talents when needed to achieve internal benign competition and succession.

On June 16, 2009, Mr. Chiang Shengchang, an excellent manager, was recruited into the board of directors and was promoted to be the executive vice president and general manager of the Desktop Platform Division in March 2010 so that he can have a complete experience. With the internal organization adjustment on Jan.1, 2019, the succession plan was formally launched as Mr. Hsu Hsiang becoming the chairman of the company and Mr. Chiang Shengchang the general manager and CEO of the Company，(Mr. Chiang, Sheng-Chang was dismissed on July 7, 2020), on July 8, 2020, the Board of Directors appointed one of the founders, Mr. Huang, Chin-Ching, as the President, adhering to the practice that the chairman and general manager of the Company are not the same person in the corporate governance goal. In addition, on June 15, 2018 the Shareholders’ Meeting nominated outstanding managers Mr. Kuo, Hsu-Kuang, Mr. Liao, Chun-Keng and Mr. Hung, Yu-Sheng for directors again, and promoted the three managers as vice executive presidents and presidents of business units on January 1, 2019. Furthermore, on July 16, 2021, a female director Ms. Chen, Te-Ling was elected. In the future, the Board of Directors and the Operation Management Committee will continue the successor plan, Meanwhile, the directors’ performance evaluation will be referred to for reelection to implement corporate governance and realize sustainable business operation.

(5)Annual work focuses and operational situation of the Audit Committee:

Annual work focuses		Operational situation	
1.	Main items reviewed by the audit committee:	Frequency	The first audit committee of the Company was established on June 15, 2018. It consists of three independent directors This session elected independent director Mr. Hsu, Jun-Shyan as the chief coordinator. As of the print date of the annual report, the committee held 7 meetings. The operation is smooth.
	(1)Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.	Depends on actual needs	
	(2)Assessment of the effectiveness of the internal control system.	Once per year	
	(3)Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act., of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.	Depends on actual needs	
	(4)A matter bearing on the personal interest of a director.	Depends on actual needs	
	(5)A material asset or derivatives transaction.	Depends on actual needs	
	(6)A material monetary loan, endorsement, or provision of guarantee.	Depends on actual needs	
	(7)The offering, issuance, or private placement of any equity-type securities.	Depends on actual needs	
	(8)The hiring or dismissal of an attesting CPA, or the compensation given thereto.	Once per year	
	(9)The appointment or discharge of a financial, accounting, or internal auditing officer.	Personnel change	
	(10)Annual and semi-annual financial reports.	Once per quarter	
	(11)Supervising risk management issues	At least once per year	
	(12)Any other material matter so required by the company or the Competent Authority.	Depends on the situation	
2.	Independent Directors with internal audit supervisors	Once per quarter	Communicate with the audit supervisor on the following matters: the annual audit plan, the implementation of the audit plan for the previous year, internal control deficiencies and the improvement of anomalies, the audit report and the follow-up report, etc.
	Independent Directors with CPA	At least once per year	We communicate with our CPAs in writing or face-to-face about the following topics: Fair presentation of the financial statements, annual financial statement audit plan, individual entity of group audit, and Key Audit Matters.

9. Internal Control System

(1)Statement of Internal Control System

Micro Star International Co., Ltd.
Statement of Internal Control System

March. 14, 2024

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

1. The company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. The aim of the internal control system is to provide reasonable assurance to effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of the company contains self-monitoring mechanism and the company takes corrective actions whenever a deficiency is identified.
3. The company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (A) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. The company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the company believes that, as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning effectiveness and efficiency of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be integral part of the company’s Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors in their meeting held on March. 14, 2024 with neither one of Ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Micro Star International Co., Ltd.

Chairman：HSU,HSIANG

President：Huang,Chin-Ching

(2)If the Company is requested by the SEC to retain CPA’S service for examining internal control system, the Independent Auditor’s Report must be disclosed:None

10. The penalties delivered to the Company and the staffs of the Company, or the penalties delivered by the Company to the staffs for violations of internal control system, the major nonconformity, and the corrective action in the most recent year and up to the date of the annual report: None.
11. The Major Resolutions of Shareholders' Meeting and Board Meetings in the most recent year and up to the date of the annual report:

(1)Major Resolutions of Shareholders' Meeting

Meeting date	Abstract of important proposals	Execution situation
2023.06.15	1. Report Item： (1)Business report of 2022. (2)The Audit Committee's Review Report of 2022 (3)Report of Employees' Compensation and Directors' Compensation for 2022. (4)The 2022 Earnings Distribution of cash dividends. 2. Adoption Items： (1)To adopt 2022 Business Report and Financial Statements. (2)To adopt the proposal for distribution of 2022profits. 3.Extempore motions.	1. The 2023 shareholders' meeting minutes were disclosed on the Market Observation Post System website on June 30, 2023. 2. Remunerations for employees and directors were issued on August 11, 2023. 3. Distribution of 2022 earnings: Shareholders' bonus - dividend in the value of $6.6 per share; September 3, 2023 was set to be the record date and the dividends were paid on September 22, 2023.

(2)Major Resolutions of Board Meetings

Board of Directors Meeting	Session	Contents proposed	Opinion of independent director			The company's handling of independent director's opinion
			Independent Director			
			Hsu, Jun-Shyan	Liu , Cheng-Yi	Hsu, Kao-Shan	
2023.01.13	2023/1	1.Report Items: (1)Derivative financial transactions report. (2)Self-evaluation by the board members of themselves (or peers) 2.Adoption and Discussion Items： (1)Procedures for the acquisition and disposal of assets by subsidiaries (2)Approved Salary Compensation Committee's proposal. (3)Approved the Business Plan of 2023.	None	None	None	None
2023.03.14	2023/2	1.Report Items： (1)Internal Audit reports (2)Derivative financial transactions report. (3)Reporting the greenhouse gas check plan for the consolidated subsidiaries. 2.Adoption and Discussion Items： (1)Approved the 2022 Financial Statement. (2)Approved the Statement on Internal Control System of 2022. (3)Passed the evaluation of external auditor's independence and qualification. (4)Approved Salary Compensation Committee's proposal (5)2022 Earnings Distribution and cash dividends plan. (6)Approved matters related to the convening of the 2023 shareholders' meeting. (7)Approved matters related to the shareholders' general meeting acceptance of shareholders' proposals. (8)Approved current Bank credit line and	None	None	None	None

		incremental credit line application.				
2023.05.11	2023/3	1.Report Items: (1)Internal Audit reports (2)Derivative financial transactions report. (3)Reporting the progress of greenhouse gas check for the consolidated subsidiaries. 2.Adoption and Discussion Items： (1)Approved the Financial Statement. first quarter, 2023.	None	None	None	None
2023.08.10	2023/4	1.Report Items: (1)Internal Audit reports. (2)Derivative financial transactions report. (3)Reporting the greenhouse gas check plan for the consolidated subsidiaries. (4)Liability insurance for Directors. 2.Adoption and Discussion Items： (1)Approved the Financial Statement. second quarter, 2023. (2)Approved Salary Compensation Committee's proposal. (3)Approved the proposition to determine the base date for the distribution of cash dividend. (4) Approved By setting up an Indian subsidiary. (5)Approved "The Rules of perform risk management procedures". 3. Extempore motions (1)Approved the Chairman or President to carry out plant planning within the authorized quota.	None	None	None	None
2023.09.27	2023/5	1.Report Items:None. 2.Adoption and Discussion Items： (1)Approved Salary Compensation Committee's proposal	None	None	None	None
2023.11.10	2023/6	1.Report Items: (1)Internal Audit reports (2)Derivative financial transactions report. (3)Reporting the greenhouse gas check plan for the consolidated subsidiaries. (4)Corporate governance report. (5)Corporate ethical management report. (6)Report on the enforcement of intellectual property rights. (7)Sustainable Development report. (8)Communication with each stakeholder report. (9)Risk management report. 2.Adoption and Discussion Items： (1)Approved the Financial Statement. third quarter, 2023. (2)Approved the 2024 audit plan.	None	None	None	None
2024.01.10	2024/1	1.Report Items: (1)Derivative financial transactions report. 2.Adoption and Discussion Items: (1)Approved the acquisition of real estate.	None	None	None	None
2024.01.26	2024/2	1.Report Items: (1)2023 Self-evaluation by the board members of themselves (or peers) 2.Adoption and Discussion Items： (1)Approved Salary Compensation Committee's proposal (2)Approved the Business Plan of 2024.	None	None	None	None
2024.03.14	2024/3	1.Report Items： (1)Internal Audit reports	None	None	None	None

		(2)Derivative financial transactions report. (3)Reporting the greenhouse gas check plan for the consolidated subsidiaries. 2.Adoption and Discussion Items： (1)Approved the 2023 Financial Statement. (2)Approved the Statement on Internal Control System of 2023. (3)Approved amendments to”Internal Control System” , ”Implementation Rules for Internal Auditing”. (4)Adopted the formulation of "Measures for Handling Reporting Cases" (5)Amendment to the “Operational Procedures for Acquisition or Disposal of Assets” (6)Approved Salary Compensation Committee’s proposal (7)2021 Earnings Distribution and cash dividends plan. (8)Approved matters related to the convening of the 2023 shareholders’ meeting. (9) Approved matters related to the shareholders’ general meeting acceptance of shareholders’ proposals. (10)Approved the Election of directors. and Matters related to the shareholders’ general meeting acceptance of directors (independent directors) candidates nominated by shareholders. (11)Approved current Bank credit line and incremental credit line application.				
2024.05.13	2024/4	1.Report Items: (1)Internal Audit reports (2)Derivative financial transactions report. (3)Reporting the greenhouse gas check plan and Verification for the consolidated subsidiaries. 2.Adoption and Discussion Items： (1)Approved the Financial Statement. first quarter, 2024.	None	None	None	None

12.Major Issues of Record or Written Statement Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in most recent year and up to date of the annual report: None.

13.In the most recent year and as of the print and publication date of the annual report, is there any resignation or removal of the company’s chairman, president, controller, financial officer, internal audit office, corporate governance officer, or research and development officer:None.

(Ⅴ)CPAs Fees

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPAs' Audit	Auditing Fees	Non-Auditing Fees	Amount	Remarks
PricewaterhouseCoopers, Taiwan	Liang, Hua-Ling	2023	3,754	1,580	5,334	Transfer pricing study consultant fee, tax compliance services and independent review of information security
	Yu, Chih-Fan					

(Ⅵ)Change of CPA's Information:

CPAs' Information

1. Former CPA: Liang, Hua-Ling

<table>
<tr><td>Date of Change</td><td colspan="4">January 1, 2024</td></tr>
<tr><td>Reason and Explanation of Changes</td><td colspan="4">Due to the internal personal changes of the accounting firm.</td></tr>
<tr><td rowspan="3">State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td>Client
Status</td><td colspan="2">CPA</td><td>Consignor</td></tr>
<tr><td>Appointment terminated automatically</td><td colspan="2">Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>Appointment rejected (discontinued)</td><td colspan="2">Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>The Opinions other than Unqualified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions</td><td colspan="4">Not Applicable</td></tr>
<tr><td rowspan="6">Is there any Disagreement in Opinion with the Issuer</td><td rowspan="4">Yes</td><td colspan="2">Accounting principle or practice</td><td></td></tr>
<tr><td colspan="2">Disclosure of financial statements</td><td></td></tr>
<tr><td colspan="2">Auditing scope or procedures</td><td></td></tr>
<tr><td colspan="2">Others</td><td></td></tr>
<tr><td colspan="3">No</td><td>v</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the standards)</td><td colspan="4">Not Applicable</td></tr>
</table>

1. Successor CPA: Huang, Shih-Chun

Accounting Firm	PricewaterhouseCoopers, Taiwan
CPA	Huang, Shih-Chun
Date of Engagement	January 1, 2024
Prior to the Formal Engagement, any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specified Transactions, and the type of Audit Opinion that might be Rendered on the Financial Report	Not Applicable
Written Opinions from the Successor CPA that are different from the Former CPA's Opinions	Not Applicable

3. The reply of the former CPA on Article 10.6.1 and 10.6.2.3 of the standards: Not Applicable.

(VII)MSI's chairman, president, and managers in charge of its finance and accounting operations did not hold any positions within MSI's independent audit firm or its affiliates in the most recent year.

(Ⅷ)Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Department Heads, and Shareholders of 10% shareholding or more

1.Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders:

Unit: shares

Title	Name	2023		2024/1/1~2024/04/16)	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman (Note1)	Hsu,Hsiang	0	0	0	0
Vice Chairman & President	Huang,Chin-Ching	0	0	0	0
Director & Senior Vice President of Management Committee	Lin,Wen-Tung	0	0	0	0
Director & Senior Vice President of Management Committee	Yu, Hsien-Neng	0	0	0	0
Director & Executive Vice President & NB BU GM	Kuo,Hsu-Kuang	0	0	0	0
Director & Executive Vice President & GNP BU GM	Liao,Chun-Keng	0	0	5,000	0
Director & Executive Vice President & CND BU GM	Hung,Yu-Sheng	0	0	0	0
Director &Vice President of Corp. Supply Chain	Chen,Te-Ling	0	0	5,000	0
Independent Director	Hsu,Jun-Shyan	0	0	0	0
Independent Director	Liu ,Cheng-Yi	0	0	0	0
Independent Director	Hsu,Kao-Shan	0	0	0	0
Senior Vice President of Management Committee	Lu,Chi-Long	0	0	0	0
EPS BU GM (Note2)	Hsu,Yen-Wen	0	0	0	0
ACS BU GM	Huang,Wen-Shan	0	0	0	0
Vice President & CPS BU GM	Wu,Ta-Hsin	0	0	0	0
Vice President of Corp. R&D	Teng,Chi-Hung	0	0	0	0
Vice President of Corp.Manufacture & Quality Assurance	Li,Chao-Ming	0	0	0	0
Vice President of Corp. Sales & Marketing	Chiu,Chih-Keng	0	0	0	0
Vice President of Corp. Sales & Marketing	Tung,Ti-Chun	3,000	0	0	0
Vice President of NB BU R&D Division	Lin,Chin-Kuan	0	0	0	0
Vice President of NB BU R&D Division	Lu,Kuo-Huang	0	0	0	0
Vice President of NB Product Mgt. Division	Peng,Jen-Fang	0	0	0	0
Vice President of NB Operations Mgt. Division	Pan,Tsai-Yu	0	0	0	0
Vice President of NB OEM sales Division	Huang,Wen-Hui	0	0	0	0
Vice President of NB sales Division (Note1)	Chen,Li-Chun	0	0	0	0
Vice President of CND BU	Yeh,Chun-Te	0	0	0	0
Vice President of Corp. Marketing Division	Cheng,Hui-Cheng	0	0	0	0
Vice President of Global Management Center	Tsai,Wei-Hsin	0	0	0	0
Vice President of Information Technology (Chief Information Security Officer) (Note3)	Lin,Hsi-Lung				
Vice President of Finance Center (Chief financial officer & Corporate Governance Officer)	Hung,Pao-Yu	0	0	0	0
Assistant Vice President of Internal Auditing Office	Liu,Chu-Hao	0	0	0	0

Note1: April 1,2023 Newly appointed. Note2：July 17,2023 Newly appointed. Note3: April 1,2024Newly appointed.

2.Information of Shares Transferred: None.

3.Information of Equity Pledged: None.

(Ⅸ)Relationship among the Top Ten Shareholders

As of APR 16,2024 Unit：Share；％

Name	Shareholding		Spouse and Minor		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relations	
Hsu,Hsiang	46,883,151	5.55%	18,508,517	2.19%	9,376,328	1.11%	Hsu,Fen-Lan	Spouse	
Cathay Sustainability High Dividend ETF	43,988,000	5.21%	-	-	-	-	-	-	
Yuanta/P-shares Taiwan Dividend Plus ETF	32,254,800	3.82%	-	-	-	-	-	-	
Lin,Wen-Tung	25,672,499	3.04%	62,895	0.01%	-	-	-	-	
Huang,Chin-Ching	20,937,377	2.48%	2,148,564	0.25%	7,521,761	0.89%	-	-	
Lu,Chi-Lung	18,650,835	2.21%	325,648	0.04%	-	-	-	-	
New Labor Pension Fund	18,580,750	2.20%	-	-	-	-	-	-	
Hsu,Fen-Lan	18,508,517	2.19%	46,883,151	5.55%			Hsu,Hsiang	Spouse	
Yu,Hsien-Neng	17,892,824	2.12%	184,922	0.02%	-	-	-	-	
Nanshan Life Insurance Co.,Ltd.	17,383,000	2.06%	-	-	-	-	-	-	

(Ⅹ)Ownership of Shares in Affiliated Enterprises：

As of Dec. 31, 2023 Unit：Share；%

Long-Term Investment（Note）	Ownership by MSI		Ownership by Directors, Management or Direct/Indirect affiliates		Total	
	Shares	%	Shares	%	Shares	%
MICRO-STAR INTERNATIONAL (B.V.I.) HOLDING CO., LTD.	0	0%	47,465,071	100%	47,465,071	100%
MSI COMPUTER CORP.	575,458	100%	0	0%	575,458	100%
MYSTAR COMPUTER B.V.	0	0%	0	100%	0	100%
MSI COMPUTER (AUSTRALIA) PTY. LTD.	221,836	100%	0	0%	221,836	100%
MICRO-STAR NETHERLANDS HOLDING B.V.	424,000	100%	0	0%	424,000	100%
MSI COMPUTER JAPAN CO., LTD.	1,400	100%	0	0%	1,400	100%
MSI COMPUTER SARL	0	0%	0	100%	0	100%
MSI COMPUTER (SHENZHEN) CO., LTD.	0	0%	0	100%	0	100%
MSI COMPUTER (CAYMAN) CO., LTD.	50,000	100%	0	0%	50,000	100%
MSI COMPUTER (UK) LTD.	0	0%	0	100%	0	100%
MSI ELECTRONICS (KUNGSHAN) CO., LTD.	0	0%	0	100%	0	100%
MSI COMPUTER EUROPE B.V.	0	0%	0	100%	0	100%
MICRO ELECTRONICS HOLDING CO., LTD.	0	0%	33,315,472	100%	33,315,47	100%
MSI PACIFIC INTERNATIONAL HOLDING CO., LTD.	30,204,118	100%	0	0%	30,204,11	100%
MSI KOREA CO., LTD.	0	0%	80,000	100%	80,000	100%
SHENZHEN MEGA INFORMATION CO., LTD.	0	0%	0	100%	0	100%
MSI POLSKA SP. Z O.O.	0	0%	0	100%	0	100%
MEGA TECHNOLOGY HOLDING CO., LTD.	0	0%	3,050,000	100%	3,050,000	100%
MEGA COMPUTER CO., LTD.	0	0%	1	100%	1	100%
LLC“ MSI COMPUTER”	0	0%	0	100%	0	100%
MSI COMPUTER TECHNOLOGIES LIMITED.	0	0%	0	100%	0	100%
MSI ITALY S.R.L.	0	0%	0	100%	0	100%
MHK INTERNATIONAL CO., LTD.	0	0%	1	100%	1	100%
MSI (SHANGHAI)CO., LTD.	0	0%	0	100%	0	100%
RAIDEALS INC.	0	0%	0	100%	0	100%
MSI IBERIA S.L.	0	0%	0	100%	0	100%
MICRO-STAR CANADA LTD.	100,000	100%	0	0%	100,000	100%
INDOMSI COMPUTERS PRIVATE LIMITED	1,627,390	100%	10	0%	1,627,400	100%

Note: Long-term investment accounted for using equity method.

Ⅳ. Capital Overview

(Ⅰ)Capital and Shares

1.Capital and Shares

Unit:1,000 Shares；NT$ thousands

Month /Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$1,000)	Shares	Amount (NT$1,000)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1986.08	—	500	5,000	500	5,000	Incorporation	None	—
1990.06	10	3,000	30,000	3,000	30,000	Issuance of Shares for cash 25,000	None	—
1991.08	10	6,000	60,000	6,000	60,000	Issuance of Shares for cash 30,000	None	—
1994.05	10	10,000	100,000	10,000	100,000	Issuance of Shares for cash 40,000	None	—
1995.07	10	18,000	180,000	18,000	180,000	Issuance of Shares for cash 80,000	None	—
1996.10	16	60,000	600,000	40,750	407,500	Issuance of Shares for cash137,500 and Capitalization of retained earnings 90,000	None	JUL 10,1996 Taiwan-Finance-Securities-I-NO.41320
1997.06	30	100,000	1,000,000	70,800	708,000	Issuance of Shares for cash 48,280 and Capitalization of retained earnings 244,500 and Capitalization of employees' bonuses 7,720	None	APR 28,1997 Taiwan-Finance-Securities-I-No.32301
1998.04	—	126,000	1,260,000	109,200	1,092,000	Capitalization of retained earnings 283,200, Capitalization of reserves 70,800 and Capitalization of employees' bonuses 30,000	None	MAR 9, 1998 Taiwan-Finance-Securities-I- No.23751
1999.03	108	126,000	1,260,000	136,800	1,368,000	Issuance of Shares for cash 276,000	None	DEC 17,1998 Taiwan-Finance-Securities-I-No.98986
1999.07	—	320,000	3,200,000	196,376	1,963,760	Capitalization of retained earnings 547,200 and Capitalization of employees' bonuses 48,560	None	JUN 10,1999 Taiwan-Finance-Securities-I-No. 54332
2000.07	—	320,000	3,200,000	291,000	2,910,000	Capitalization of retained earnings 883,692 and Capitalization of employees' bonuses 62,548	None	MAY 26,2000 Taiwan-Finance-Securities-I-No.45969
2001.01	—	320,000	3,200,000	291,914	2,919,136	Conversion of bonds 9,136	None	—
2001.05	—	680,000	6,800,000	376,582	3,765,818	Capitalization of retained earnings 729,784 and Capitalization of employees' bonuses 116,898	None	MAY 23,2001 Taiwan-Finance-Securities-I-No.132149
2002.01	—	680,000	6,800,000	386,027	3,860,270	Conversion of bonds 94,451	None	—
2002.03	—	680,000	6,800,000	395,283	3,952,834	Conversion of bonds 92,564	None	—
2002.07	—	680,000	6,800,000	555,632	5,556,326	Capitalization of retained earnings 1,383,492 and Capitalization of employees' bonuses 220,000	None	MAY 28,2002 Taiwan-Finance-Securities-I-No.129029
2003.09	—	960,000	9,600,000	660,477	6,604,775	Capitalization of retained earnings 833,448 and Capitalization of employees' bonuses 215,000	None	JUL 17,2003 Taiwan-Finance-Securities-I-No.0920132258
2003.11	—	960,000	9,600,000	670,395	6,703,956	Conversion of bonds 99,181	None	—
2004.09	—	960,000	9,600,000	756,435	7,564,351	Capitalization of retained earnings 670,395 and Capitalization of employees' bonuses 190,000	None	JUN 28 ,2004 Taiwan-Finance-Securities-I-No.0930128388
2005.07	—	1,020,000	10,200,000	782,128	7,821,282	Capitalization of retained earnings 226,931 and Capitalization of employees' bonuses 30,000	None	JUL 11,2005 Taiwan-Finance-Securities-I-No.0940127923
2006.07	—	1,500,000	15,000,000	880,562	8,805,624	Capitalization of retained earnings 860,341 and Capitalization of employees' bonuses 124,000	None	JUL 21,2006 Financial-Supervisory-Securities-I No.0950132069
2007.07	—	1,500,000	15,000,000	882,447	8,824,474	Employee stock option exercise 18,850	None	—

2007.09	—	1,500,000	15,000,000	947,781	9,477,811	Capitalization of retained earnings 528,337 and Capitalization of employees' bonuses 125,000	None	JUL 9,2007 Financial-Supervisory-Securities-I No.0960035165
2007.10	—	1,500,000	15,000,000	950,277	9,502,770	Employee stock option exercise 24,960	None	—
2008.02	—	1,500,000	15,000,000	950,754	9,507,540	Employee stock option exercise 4,770	None	—
2008.05	—	1,500,000	15,000,000	950,937	9,509,372	Employee stock option exercise 1,831	None	—
2008.08	—	1,500,000	15,000,000	951,304	9,513,040	Employee stock option exercise 3,669	None	—
2008.09	—	1,500,000	15,000,000	951,459	9,514,590	Employee stock option exercise 1,550	None	—
2008.10	—	1,500,000	15,000,000	1,007,696	10,076,965	Capitalization of retained earnings 380,374 and Capitalization of employees' bonuses 182,000	None	JUL 1,2008 Financial-Supervisory-Securities-I No.0970032658
2008.10	—	1,500,000	15,000,000	1,008,028	10,080,285	Employee stock option exercise 3,320	None	—
2009.02	—	1,500,000	15,000,000	1,008,074	10,080,745	Employee stock option exercise 460	None	—
2009.04	—	1,500,000	15,000,000	1,008,246	10,082,455	Employee stock option exercise 1,710	None	—
2009.07	—	1,500,000	15,000,000	1,008,742	10,087,416	Employee stock option exercise 4,961	None	—
2009.09	—	1,500,000	15,000,000	1,067,626	10,676,262	Capitalization of retained earnings 504,123 and Capitalization of employees' bonuses 79,533 Employee stock option exercise 5,190	None	JUL 1,2009 Financial-Supervisory-Securities-I No. 0980032766
2009.10	—	1,500,000	15,000,000	1,068,132	10,681,322	Employee stock option exercise 5,060	None	—
2010.01	—	1,500,000	15,000,000	1,068,667	10,686,672	Employee stock option exercise 5,350	None	—
2010.05	—	1,500,000	15,000,000	1,069,191	10,691,912	Employee stock option exercise 5,240	None	—
2010.07	—	1,500,000	15,000,000	1,069,249	10,692,492	Employee stock option exercise 580	None	—
2010.11	—	1,500,000	15,000,000	1,069,347	10,693,472	Employee stock option exercise 980	None	—
2011.01	—	1,500,000	15,000,000	1,070,225	10,702,252	Employee stock option exercise 8,780	None	—
2011.04	—	1,500,000	15,000,000	1,071,223	10,712,232	Employee stock option exercise 9,980	None	—
2011.09	—	1,500,000	15,000,000	996,157	9,961,572	Treasury stock cancellation 750,660	None	JUL 4,2011 Financial-Supervisory-Securities-I No.1000031682 AUG 26,2011 Financial-Supervisory-Securities-I No. 1000040409
2011.11	—	1,500,000	15,000,000	964,157	9,641,572	Treasury stock cancellation 320,000	None	OCT 28,2011 Financial-Supervisory-Securities-I No.1000052520
2012.02	—	1,500,000	15,000,000	924,856	9,248,562	Treasury stock cancellation 393,010	None	FEB 13,2012 Financial-Supervisory-Securities-I No. 1010004861
2012.04	—	1,500,000	15,000,000	884,856	8,848,562	Treasury stock cancellation 400,000	None	APR 18,2012 Financial-Supervisory-Securities-I No.1010016081
2012.07	—	1,500,000	15,000,000	844,856	8,448,562	Treasury stock cancellation 400,000	None	JUL 18,2012 Financial-Supervisory-Securities-I No.1010033145

(1)Type of shares

As of APR 16,2024 Unit：Shares

Type of shares	Authorized Capital			Remarks
	Issued Shares (Note)	Un-issued Shares	Total Shares	
Common stock	844,856,199	655,143,801	1,500,000,000	Authorized capital stock, of which, 150,000 thousand shares are reserved for exercising Conversion of bonds and 80,000 thousand shares are reserved for employee stock options.

Note：Listed stock.

(2)Information for Shelf Registration: None.

2.Status of Shareholders

As of APR 16,2024 Unit：Shares

Status of Shareholders / QTY	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	29	256	55,813	910	57,008
Shareholding (shares)	0	134,364,146	118,087,963	337,495,671	254,908,419	844,856,199
%	0.00%	15.90%	13.98%	39.95%	30.17%	100.00%

3.Shareholding Distribution Status

(1)Common Shares

As of APR 16,2024 Unit：Shares

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	%
1～ 999	26,050	4,106,922	0.49%
1,000～ 5,000	26,231	47,858,174	5.66%
5,001～ 10,000	2,329	17,656,645	2.09%
10,001～ 15,000	716	9,059,712	1.07%
15,001～ 20,000	365	6,665,487	0.79%
20,001～ 30,000	333	8,363,758	0.99%
30,001～ 40,000	160	5,616,638	0.66%
40,001～ 50,000	107	4,904,941	0.58%
50,001～ 100,000	225	16,026,702	1.90%
100,001～ 200,000	157	22,355,063	2.65%
200,001～ 400,000	112	31,935,305	3.78%
400,001～ 600,000	54	26,077,376	3.09%
600,001～ 800,000	30	21,098,138	2.50%
800,001～1,000,000	28	25,457,011	3.01%
1,000,001 or over	111	597,674,327	70.74%
Total	57,008	844,856,199	100.00%

(2)Preferred share：The company did not issue any preferred share.

4.List of Major Shareholders

As of APR 16,2024 Unit：Shares

Holder's Name \ Share holding	Shares	%
Hsu,Hsiang	46,883,151	5.55%
Cathay Sustainability High Dividend ETF	43,988,000	5.21%
Yuanta/P-shares Taiwan Dividend Plus ETF	32,254,800	3.82%
Lin,Wen-Tung	25,672,499	3.04%
Huang,Chin-Ching	20,937,377	2.48%
Lu,Chi-Lung	18,650,835	2.21%
New Labor Pension Fund	18,580,750	2.20%
Hsu,Fen-Lan	18,508,517	2.19%
Yu,Hsien-Neng	17,892,824	2.12%
Nanshan Life Insurance Co.,Ltd.	17,383,000	2.06%

5. Market Price, Net Worth, Earnings, and Dividends per Share

Unit: Shares; NT$

Items \ Year				2023	2022	As of April 30, 2024
Market price per Share	Highest Market Price			216.50	163.00	205.50
	Lowest Market Price			119.00	98.30	152.00
	Average Market Price			169.77	124.06	180.60
Net worth per share	Before Distribution(Note2)			59.40	57.29	57.26
	After Distribution(Note1)			54.00	50.69	-
Earnings per share	Weighted average shares		Basic(Note2)	844,856,199	844,856,199	844,856,199
			Diluted(Note2)	849,715,300	854,967,448	849,686,040
	Earnings per share	Before adjustment	Basic(Note2)	8.92	11.79	2.95
			Diluted(Note2)	8.87	11.65	2.93
		After adjustment	Basic(Note1)	8.92	11.79	-
			Diluted(Note1)	8.87	11.65	-
Dividends per share	Cash dividends	Dividends from Retained earnings(Note1)		NT$5.4/Share	NT$6.6/Share	-
		Dividends from Capital Surplus(Note1)		-	-	-
	Stock dividends	Dividends from Retained earnings		-	-	-
		Dividends from Capital Surplus		-	-	-
	Accumulated undistributed dividends			-	-	-
Analysis of return on investment	Price/Earning Ratio		Basic	18.17	10.72	-
			Diluted	18.28	10.84	-
	Price/Dividend Ratio(Note1)			30.02	19.14	-
	Cash dividends yield rate(Note1)			3.33%	5.22%	-

Note1: The resolution was reached by the Board of Directors on March 14, 2024.
Note2: 2024Q1 financial report was reviewed by CPA.

6.Dividend policy of the company and its implementation

(1)Dividend Policy

The Company is in a highly changeable industry. Many high-end lucrative products are in growth. The distribution of dividends shall be made taking into consideration the needs of Company future development and operation, and the interests of shareholders. If the annual results shall have profit, such profits should first pay all taxes and reimburse accumulative loss, then take 10% legal reserve and special reserve according to the Company Act. After previous deductions and reserves, the Company can take 10% to 90% of the distributable earnings plus undistributed retained earnings as bonus. The Board of Directors shall propose profit distribution plan to be approved by the shareholders' meeting.

Shareholders' bonus shall be distributed in accordance with the percentage of the shares owned among the total outstanding shares of the Company. Shareholders' bonus will be distributed through the forms of both cash and stock dividends. In such distribution combination, cash dividends shall take no less than 30% of the total distributed bonus.

In the event there are deductions under the account of shareholders' equity which cannot be allocated from after-tax profits of the current fiscal year, whether accumulated from previous year or occurred in the current year, the Company shall allocate sufficient special reserves from the beginning aggregate balance of undistributed earnings and subtract such shareholders' equity deductions before profits distribution.

(2)Proposed Distribution of Dividend：

The appropriation of 2023 earnings had been resolved at the Board of Directors on March 14, 2024 ,cash dividend of NT$5.4 per share and will be reported at the annual stockholders'meeting.

(3)Any expected major changes in the dividend policy: None

7.Impact to the company's business performance and earnings per share (EPS) for free shares allotment proposed by this shareholders' meeting: Not applicable.

8.Compensation for employees and directors

(1)Quantity or scope of compensation for employees, directors as prescribed by the articles of association (Article 19-1)

The pre-tax income of the current fiscal year shall first offset the accumulated deficits. If the balance is positive, then the Company shall allocate the remuneration to be distributed to employees and directors in accordance with the following ratio.

A. Employee remuneration in the percentage of 6% to 10%. Individuals eligible for employee remuneration include the Company's employees and the employees of the Company's subsidiaries meeting certain requirements. Such requirements are to be set by the Board of Directors.

B. Remuneration to be distributed to directors shall not exceed 1%.

The decision of the percentage of remuneration to be distributed to employees, directors set forth in the preceding Paragraph, the forms of distribution (cash or stock dividends) and the amounts and shares thereof shall be made through the special resolutions of the Board of Directors and reported to the shareholders' meeting.

(2) Accouting methods for the differences between the remunerations' provision amount and actual distribution amount:

The remunerations provision for employees, directors in 2022 is according to contemporary profits and with reference to the distribution ratio from the year before and the percentage specified in the Articles of Incorporation. In case of any difference between the actual distributed value decided by the Board of Directors, it will be handled as changes in accounting estimates.

(3)Situation of the Board of Directors' passing remuneration distribution：

A. The amount of employee, director remuneration in cash or stock distribution. If it differs from the estimated amount in the recognized expense year, the balance, reason, and handling situation shall be disclosed:

The Board of Directirs passed a resolution, determining that the remuneration of employees in 2023 is NTD665,300,000, and the remuneration of directors in 2023 is NTD 68,200,000, which are the same as the recognized expense amount in 2023.

B. The proportion of employee remuneration amount in stock distribution based on the net profit after tax from stand alone financial statements of this period and the total employee remuneration: None

(4)For the actual distribution situation of employees, directors and supervisors remuneration last year (including distributed shares, amount, and stock price), if it differs from the recognized employees, directors and supervisors remuneration, the balance, reason, and handling situation shall be specified:

In 2020, the relevant information on the employees, directors and supervisors remuneration is summarized below:

Employees bonus distribution:NTD882,000,000; directors remuneration distribution:NTD 74,800,000. It is the same as the recognized expense amount in 2022.

9.Repurchase by the company of its own shares: None.

(Ⅱ)Corporate bond: None.

(Ⅲ)Preferred shares: None.

(Ⅳ)Overseas depositary receipt: None.

(Ⅴ)Employee stock warrant: None.

(Ⅵ)Restricted Employee Shares: None.

(Ⅶ)The section on issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies shall specify the following matters:

1.If, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company：None.

2. Where the board of directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company：None.

(Ⅷ)The status of implementation of capital allocation plans：

1. A description of the plan

Where various issuance or private placement of securities have yet to be completed, or have been completed in the most recent 3 years but where the benefits of the plan have yet to be realized：

All securities of the Company have been issued and no unrealized benefits.

2.Status of implementation: Not Applicable

Ⅴ. Operation summary

(Ⅰ)Business content

1.Scope of business

(1)The purpose for which the Company is formed shall be as follows:

1. Design of various computer hardware and software and manufacture, sale and purchase of computer products, parts and components;
2. Manufacture and sale of electronic components and parts;
3. Import-export trading business in relation of the foregoing businesses;
4. Agency business for quotation, bid and distribution of related products;
5. CC01030 Manufacturing business of electric appliances;
6. CC01060 Manufacturing business of wired communications equipments;
7. CC01070 Manufacturing business of wireless communications equipments;
8. CE01030 Manufacturing business of optical devices;
9. CH01040 Manufacturing business of toys;
10. F109040 Wholesale business of toys and entertainment products;
11. F113020 Wholesale business of electric appliances;
12. F113050 Wholesale business of office machines and equipments;
13. F113070 Wholesale business of telecommunications equipments and materials;
14. F209030 Retail business of toys and entertainment products;
15. F213030 Retail business of office machines and equipments;
16. F213060 Retail business of telecommunications equipments and materials;
17. F213010 Retail business of electric appliances;
18. CC01101 Manufacturing business of regulated RF telecommunications equipments and materials;
19. F401021 Import business of regulated RF telecommunications equipments and materials;
20. CF01011 Manufacturing business of medical equipments;
21. F108031 Wholesale business of medical equipments;
22. F208031 Retail business of medical equipments;
23. CE01010 Manufacturing business of general equipments; and
24. ZZ99999 All other businesses not prohibited or restricted by laws and regulations except businesses requiring special permits.

(2)Proportion of each business

2023

Unit: NT$ thousands

Major product	Sales revenue	%
Computer and peripherals	182,965,688	100%

(3) Current products and services of the Company

A. Motherboard: Intel® and AMD® platform Gaming, Professional Creator and Business Motherboards.

B. Professional Graphics Card: NVIDIA® and AMD® platform Graphics Card.

C.Professional Gaming Gears: Network equipment, SSD, Keyboard, Mouse, Headset, Microphone and Control Devices.

D.Server: Server system, GPGPU system, Workstation, Storage system, Edge computing system, Embedded system, Network application system, Intrusion prevention system (IPS), Unified threat management (UTM), and Telecom next generation firewall (NGFW).

E.Desktop computer: AI High-End Gaming Desktop, AI Professional Gaming Desktop, AI Esports Gaming Desktop, Creator Desktop, Business & Productivity compact Desktop, AI All-in-One PC.

F.Telematics and Automotive Electronics: Ruggedized In-Vehicle Communication Gateway System, Ruggedized Display System, Cloud based Fleet Management solution, Public Transport Fleet Information and Advertising Management Solution, and Bus Interactive Entertainment System Solution

G.Laptop: Flagship in high-performance Gaming Notebooks, Ultra-thin Gaming Notebooks, high-performance multimedia and entry-level Gaming Notebooks, Creators Notebook, Mobile Workstation Notebooks, Thin and Light business Mobile Notebooks, Notebook computer related peripheral hardware (Such as stylus pen or docking station) and Claw gaming handheld.

H.Monitors: Curved Gaming Monitors, Esports Gaming Monitors, Console Gaming Monitors, Portable Monitors, Business & Productivity Monitors.

I. AMR (Autonomous Mobile Robot)

J. Smart Electric Vehicle Charger

K.Others (Case, Liquid Cooler, Power Supply and Gaming Chair):

(4) New products (services) planned to be developed

A. Motherboard:

- Development of the Intel® 800 Series motherboards with multi-core processors for better performance.
- Development of the AMD® AM5 Series brand-new chipset motherboard with multi-core processors for better performance.
- Development of the Back-connect motherboard.
- Development of add-on cards and accessory cards for the latest technology and new standards.

B. Professional Graphics Cards:

- Development of more powerful and high-efficiency graphics cards.
- Development of graphics card with “AI deep learning” and “Real-Time Ray Tracing” technologies.
- Development of Creator Series graphics card solution.
- Development of graphics cards using advanced technology and components.
- Continue to develop cooling modules and fans with better cooling performance and low noise.
- Development of graphics card with optimized RGB lighting functions and effects.
- Continuous improvement and integration of graphics card S/W applications.

Professional Gaming Gears:

- Development of Professional Network equipment and peripherals, such as "E-sports routers" and "E-sports wireless network cards".
- Development of SSD products with higher reading and writing performance and stability.
- Catering to the users’ needs, we plan to develop professional Gaming and Creator Series products such as: “Keyboard”, “Mouse”, “Headset” and “Wireless Devices” with innovative functions and effects.
- Development of Professional Gaming peripherals, like “Gaming Control Devices”, “Gaming Mouse Pad”, etc.
- Development of Professional Creator Series peripherals, like “Wireless Bluetooth thin and light Keyboard”, “Silent Wireless Mouse”, “Wireless Earbuds”, “Professional streaming Microphone”, etc.
- Development of peripheral products with optimized RGB lighting functions and effects.

C. Server:

- We will design and offer the wide range of computer platforms that are the datacenter building block for the majority of next-generation products with Intel® and AMD® platform, and AI server solutions to integrate GPU appliance. These products and solutions are designed to serve data centers, cloud computing, AI and 5G/edge computing.

- Develop the multi-node products with air-cooling and liquid-cooling solutions for high performance computing to serve a variety of applications.
- Develop GPGPU servers for AI training and inference appliance.
- Develop the general-purpose servers for mainstream computing.

D. Desktop computer:

- Continuously developing the AI High-End Gaming Desktop series (Trident series)
- Continuously developing the AI Professional Gaming Desktop series (Infinite series)
- Continuously developing the AI Esports Gaming Desktop series (Codex series).
- Ongoing development of Gaming Desktops integrating AI and HMI technologies.
- Ongoing development of Gaming Desktops that seamlessly connect with the MSI Gaming Ecosystem.
- Continuous advancement in AI cooling technology with Frozr AI Cooling.
- Continuous innovation in exclusive cooling design - Silent Storm Cooling.
- Consistent development of enhanced component cooling modules with Glacier Armor.
- Continue to develop Business & Productivity desktop computer series (PRO DP series).
- Continue to develop Business & Productivity Mini desktop computer series (Cubi series).
- Continue to develop All-in-One PC series (Modern AM & PRO AP series) with AI & Eye-care technologies.
- Continuous development of application software tailored to customer needs - MSI Center.
- Continue to develop MSI's exclusive software, MSI Cloud Center, which can back up files from smartphones or tablets (Android & iOS).
- Develop software for an energy monitoring and energy saving system called MSI Power Meter.

E. Telematics and Automotive Electronics:

- Next-generation wireless voice/music system for vehicles: Utilizing wireless broadcasting technology, plan to develop a new multi-channel voice and music broadcast system. Targeting for long-distance buses, tourist buses, and trains.
- Next-generation in-vehicle intelligent display systems: Integrating the latest cutting-edge System-on-Chip (SOC) with built-in Neural Processing Unit (NPU) artificial intelligence computing capabilities, plan to develop a new generation in-vehicle intelligent displays for agricultural machinery and heavy construction vehicles. The ruggedized display will support multiple camera inputs and artificial intelligence functions such as danger warnings and vehicle control with high-brightness LCD, weather-resistant, shock-resistant and wide temperature range design.
- Continued development of the latest generation ruggedized intelligent tablet computers: Adopting a powerful SOC with built-in NPU AI computing capabilities, this ruggedized tablet will offer long battery life, high durability, drop resistance, and weather resistance, enhancing user efficiency and reliability in outdoor construction sites, logistics, warehouses, and similar environments.
- Wireless intelligent conference video system: Developing an intelligent video conferencing system with AI-powered audio and visual intelligence. This system automatically detects and assesses the meeting room environment, participant positions, and sound sources to make optimal adjustments for the best user experience.

F. Laptop:

- Leading the industry, MSI has fully implemented gaming laptops featuring Intel® Core™ Ultra processors with NPU, high-performance Intel® 14th Gen HX processors, and NVIDIA® 40 series graphics chips across its entire lineup. Collaborating with industry partners, MSI has been at the forefront in adopting various new platform AI technologies, achieving top-notch performance in the same class. The entire lineup has transitioned to new platforms, establishing MSI as having the most complete AI PC product line in the industry.
- Expanding further in the gaming domain, after introducing the Claw gaming handheld equipped with Intel® Core™ Ultra processors with NPU, MSI continues to focus on the research and development of subsequent models, designing devices that cater to the usage environment of handheld users.
- In the past, MSI was the first to introduce a 16:10 golden ratio screen in creator and business series laptops. As support for special aspect ratios becomes more prevalent in games, the gaming series has also increased the adoption of 16:10 screens this year. This allows the products to achieve truly narrow bezels on all four sides, presenting a more modern and refined appearance and increasing the working area by 10% for daily productivity applications.
- The laptop panels offer a complete range of options paired with exclusive color calibration technology. The

highest-end 18” MiniLED UHD+/120Hz and OLED QHD+/240 screens create rich colors, true depth, and incredibly sharp high contrast. This enhancement caters to both professional creation and elevated gaming experiences, ensuring no detail is missed.

- Continuing the collaboration with the top gaming brand "SteelSeries®," and through MSI's exclusive Mystic Light lighting effects, deeply integrating with games, allowing the keyboard to blend into the gaming scenario. Furthermore, MSI applies lighting to the product body, not just the keyboard, allowing the overall body lighting to blend into the gaming environment, providing players with a more immersive gaming experience.
- With the vibrant development of various social media and self-media, the demand for audio and video editing is experiencing significant growth. In response to the needs of various creators, MSI thoughtfully creates an exclusive creator series of laptops, coupled with intelligent detection of editing software in use, optimizing the system. Whether it is 3D modeling, dynamic imaging, or static image editing, corresponding product lines are provided.
- The latest version of "MSI Center" integrates software from different product lines, combining intelligent judgment of system usage scenarios. Utilizing AI intelligent technology brings a series of innovative user experiences. Through factors such as activating software and remaining battery life, the system can autonomously switch between various AI intelligent modes, providing users with a seamless intelligent optimal experience.
- In response to the arrival of the AI era, the research and development team is committed to developing AI application software. Not resting on the considerable response brought by this year's AI Artist for creative assistance, MSI is dedicated to providing a better AI usage environment and experience in the future.
- MSI Design Center conducts big data research on craft techniques and color trends to assist in setting development directions. In addition to focusing on macro trends, attention is also given to industries closely related to people. Choosing the most popular representative colors from the ever-changing trend pulse, injecting them into the color scheme of MSI laptops, and customizing an exclusive MSI color plan.
- Continuously strengthening the laptop market in the high-end professional field of mobile workstations, combining product design with high-performance graphics cards dedicated to graphics drawing, creating more professional, efficient, and portable professional drawing laptops.
- In the aspect of environmental sustainability, continuous efforts are made to explore new attempts. Some models have started using environmentally friendly materials, and the entire series is striving to achieve global EPEAT environmental certification, actively contributing to society and the environment.

G. Monitors:

- Developing the world's first human-machine interactive AI gaming monitor, the MEG 321URX QD-OLED. It enables players to apply pre-trained profiles to other games through intelligent learning, breaking through gaming limitations and truly realizing an AI-intelligent extended experience.
- Development of the high-end curved gaming monitors, and expand the product line of large-size and ultra-wide (21:9) gaming monitors equipped with QD-OLED technology, so that curved gaming monitors can have a wider audience of high-end users.
- Continuing the development of gaming monitors that satisfy the demands of gaming users and expanding the product coverage to the flat-screen market. Successfully developed the 4K/240Hz gaming monitor, named MPG 321URX QD-OLED.
- Development of a technology that can deeply integrate Gaming monitors with Gaming desktops and achieve the best gaming experience. This technology was implemented and upgraded on all supported models in 2024.
- Continuing the development of Gaming monitors that can show game-related status and information on the monitor panel, successfully developed the SpectrumBar – Glow Sync function which allows the RGB lighting effect of the screen to link with the real-time image color displayed.
- Optimized the gamer experience, use the RGB light of SpectrumBar to inform consumers of the progress of OLED monitor maintenance status, reducing consumers' sense of uncertainty when waiting.
- Applying AI technology to Gaming monitors. With the information captured in big data, Gaming monitors now offers more personalized and user-friendly applications, and successfully applied the active noise reduction microphone and optical sensor to the new generation of QD-OLED monitors.
- Deep into the field of large-size gaming screens, and successfully developed the world's first 49”240Hz Super Ultra-wide QD-OLED Curved gaming monitor, earning recognition with dual awards at the 2024 CES.
- Innovating monitors that are suitable for professionals within the Multimedia and Content Creation industry. Fine tuning the wide color gamut element that all the artists and creators care about.
- Continuing the development of Professional monitors that can help enhance the productivity for users with MSI

eye-care technology & ergonomic design, both in the hardware and software aspect.
- Development of application software with intuitive UI and enhanced workflow for improving working performance – Productivity Intelligence.
- Considered up-to-date user scenarios, developed AI lighting sensor and built-in anti-noise canceling microphone on commercial monitors for enhanced eye care and optimized WFH experience.

H. AMR (Autonomous Mobile Robot):
- AMR Factory Automation related products.
- AMR Logistics and Warehouse Automation related products.

I. Smart EV Charger:
- Electric vehicle charging products and cloud application solutions.
- Green energy applications and products.
- Smart parking management applications and products.

J.Others (Case, Liquid Cooler and Power Supply):
- Add AI smart functions through MSI Center that can be integrated with MSI products. Starting from user experience, create a new AI gaming experience with three major themes: temperature control, lighting effects, and hardware monitoring.
- Develop a liquid cooler fan AI technology that can automatically detect the temperature and independently adjust the speed of each fan to achieve the best performance and silence.
- Continue to invest in MSI gaming spirits to fulfill different users' needs in the three product segments of MEG / MPG / MAG. MAG provides the stable and reliable quality of products. MPG optimizes assemble experience and customization. MEG is designed to provide ultimate experience, AI integration and MSI exclusive features.
- Develop high wattage power supply units to meet the high-performance needs of future processors and graphics cards.
- Develop mid-tier non-modular power supplies in response to the demand for systems in the commercial market, with stability and easy installation as the main focus. Also launch low-end power supplies to expand the SI market.
- Develop Back-connect motherboard compatible chassis.

2.Industry Overview

(1) Current Status and Development of the Industry

Consumer confidence was affected by geopolitics, inflation, and various financial impacts in 2023. However, channel inventories have gradually adjusted to a healthy level by the second half of the year. Consumption in Europe and the United States has gradually recovered. Products launched in the upstream wafer factories.

Various generative AI applications have been announced continuously, stimulating the demand for high-end computing PCs. In addition, the new version of software is also conducive to the replacement of old commercial PCs. Many other products have the opportunity to incorporate AI applications, including monitors, peripheral products and various AIoT products, contributing to the Company's business growth.

Current development of business market：

A. Parts and components:

In 2023, with the end of the pandemic benefits, the high inventory problem in the industry caused by the reversal of terminal supply and demand has been alleviated. The Company continues to work hard in the core e-sports business, and coupled with the new product iterations of NVIDIA/Intel/ AMD, the inventory destocking progress is relatively smooth. Looking forward to 2024, upstream manufacturers all have new products launched. At the same time, the application of generative AI and the upgrade of Windows OS will bring about a trend of replacement, leading to a gradual recovery of PC demand. With the launch of new CPUs and 40 series SUPER graphics cards, the shipment volume will continue to grow, and it will even drive the demand for DIY peripheral products such as power modules and SSDs, continue to promote the Powered By MSI concept, and strengthen the profitability of core products such as motherboards and graphics cards.

B. Systematic products:

The gradual expansion of AI applications and the major update of Windows will stimulate the demand for replacement in the PC market. As for the e-sports market, it is expected that the demand for e-sports will continue to grow, driven by factors such as the cooling of the pandemic, the resumption of brick-and-mortar league competitions, and the launch of new masterpieces. The Company has launched handheld products to meet various needs of e-sports gamers.

C. Servers, industrial computers, and automobile electronics:

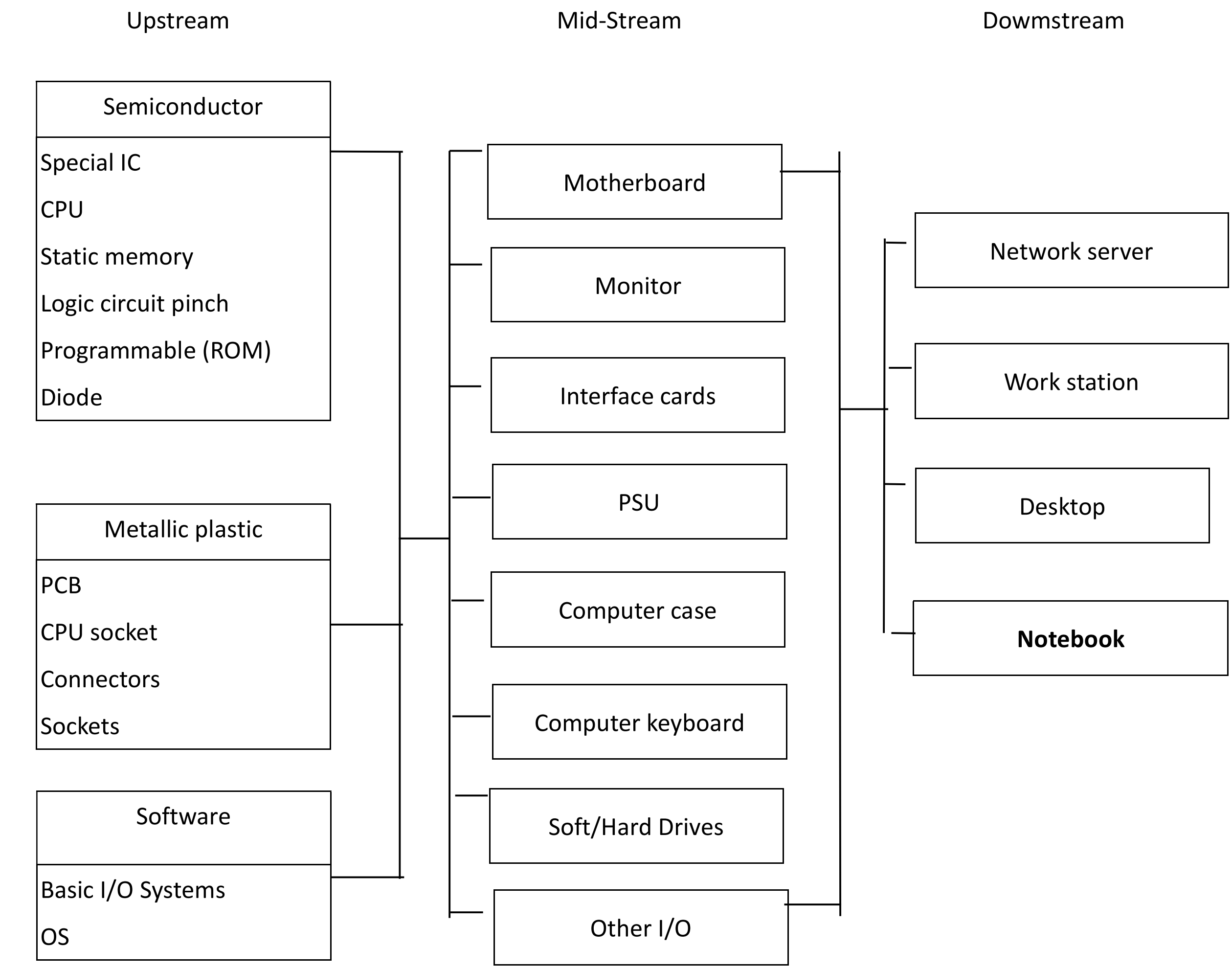
Industrial computers are a business of small-volume, large-variety, as the products are tailor-made to suit customers of distinct needs from different industries. Therefore, it normally generates superior margins. The average gross margin from global industrial PC makers ranged from 30% to 40%.

IDC statistics show that global server shipments are expected to decline by 16% in 2023 to a total of 12.59 million units, and are expected to grow by 17% in 2024 to a total of 14.68 million units.

According to Digitimes, the global auto industry sales in 2023 are 89 million units, with an annual growth of 8.6%. The sales volume in 2024 is estimated to be 90 million units. Among them, the global sales of electric vehicles in 2023 will be 14.22 million units, with an annual growth rate of 39%. Among them, China will be 8.5 million units, growing by 35%, accounting for 60% of the global sales; Europe will be 3 million units, growing by 20%, accounting for 21%; the United States will be 1.6 million units, growing by 78%, accounting for 11%, and the market is growing rapidly.

In 2023, the global penetration rate of electric vehicles is 16%, which is 34% in China, 21% in Europe, and 11% in the United States. Sales in 2024 are expected to be 18.42 million units, a growth of 29.6%. In the future, under the trend of AI, 5G, and electrification, the integration of automobiles with in-vehicle information and communication systems will continue to be the trend of the industry in the future.

(2)Correlation of the upstream, midstream, and downstream of the industry:



(3)Product development trends：

A. Parts and components:

The NVIDIA 40-series Super was overwhelmingly well-received in the first quarter. Other new products from Intel, AMD, and NVIDIA were mainly released in the second half of the year. In addition to the existing core e-sports market, the new exclusive AI Engine software was introduced to all product lines. The artificial intelligent technology is used to focus on the scenario and the adjusts the hardware settings automatically to achieve the best performance. In addition, the demand for audio and video content creation is also increasing with the extensive development of live broadcast and social media platforms. In the short run, we will work with strategic partners to increase product awareness in the emerging content creation market. In the long run, we provide personalized experience of software and hardware through product development, and expand flexible overseas assembly lines, to respond to the customization needs of the market more quickly.

B.Systematic products:

As a leading e-sports PC manufacturer, MSI continues to develop high-performance notebooks and desktops with high performance and both of great sound and light effects in response to technological development and market trends. In response to the needs of gamers, MSI has also introduced portable high-performance e-sports handheld consoles. In addition, the products must meet the business people's demand for high performance, lightweight feature and portability, users' requirements for stability and performance of system products at the same time are increasing day by day. MSI also develops corresponding commercial laptops to meet the needs of enterprises in one purchase. In addition to the consideration of chip supply and product portfolio diversification, the Company will continue to focus on integration of the ecology of software, hardware and cross-product to provide and create differentiated value.

MSI will launch the new AI software AI-Artist and AI Engine solutions for AI PC product planning, which will be applied to the new generation of notebooks, desktops, motherboards and graphics cards to be launched in January 2024. They will become one of the biggest highlights.

C. Servers, industrial computers, and automobile electronics:

The era of AIoT has arrived, and industrial computers have always been the core operating platform of various industries. In recent years, the industry has continued to face digital transformation, and the importance of industrial computers has increased day by day,Industrial computers are developing toward total solutions from hardware to software and from the front end to the back end. Vertical integration of services and applications requires the capability to develop the firmware and the technicality for vertical integration so that high-performance, integrative, expansive, and highly compatible system platforms may be applied to a variety of sectors. Therefore, individual manufacturers are developing the vertical integration application market and expediting their technicality required for a high level of integration. A flexible operational pattern and cost leadership will be the new wave of challenges.

Cloud computing brings the structural change to the server market. Although the deployment of large data centers can increase the shipment and revenue of server business, the demand of new servers will decrease since the business world utilizes the server applications through virtualization, or receives the services directly from the cloud service providers. ODM model and SI management stand side by side for MSI's server business. At the same time, another growth engine of the server industry is the rise of computing power and wide application of AI servers. For the server business of MSI, in addition to maintaining the original ODM business, MSI will invest more in the development of server products and services, focusing on the operation layout of SI. Applications include network security server, AI server, data center server, and HPC server.

We have been making deployment in Telematics for many years, and are specialized in offering total customized solutions, covering hardware designs, software development and vehicle fleet management on Cloud. In addition, the knowledge accumulated above is extended to various fields, including boats, business uses and related AIoT applications. Under the trend of going green, we have tapped into charging stations for electric vehicles, which will sell globally through industrial channels.

3. Overview of Technology and Research and Development

Research and development expenses and technologies or products successfully developed in the most recent year and up to the date the annual report was printed

Unit: NT$thousands

Annual research and development expenditure	Research and development outcome
2023.1.1~ 2023.12.31 $4,282,955 2024.1.1~ 2024.3.31 $1,112,282	A. Motherboard ● Intel® 700 MAX series motherboards support the 14th generation core processors. ● AMD® AM5 series motherboards support the Ryzen™ 7000 / 8000 series processors. ● MSI Z790 MAX series motherboards feature the latest Wi-Fi 7 solution that takes a huge leap forward with multiple improvements to meet the traffic demand brought and the growing number of wireless devices. ● Developed Back-connect motherboard and provided products of Z790/B760/B650 chipsets. The Back-connect design moves connectors to the back of PCB that optimized the assemble process and experience. ● Utilizing server-grade PCB, 2oz thickened copper PCB, and optimized circuit to ensure that high-speed signal such as PCIe 5.0 can stably run for a long time. ● Developed CPU Cooler Tuning, a BIOS function made to improve the CPU performance for a non-overclocking platform, which gives the best system thermal solution and achieves higher performance. ● The M-Vision Dashboard adopts a 4.5-inch IPS touch panel and speaker to showcase system status and tuning settings. It supports customized content such as static images or videos. It also has a magnetic design that allows gamers to put it on the side of case easily and use it as a remote controller via a dedicated cable. ● Core Boost is designed to maximize performance for processors with more cores. Adopting optimized circuitry and high-performance components, Core Boost perfectly supports high-end processors. ● The brand-new Memory Boost inherits the famous DDR4 Boost, which not only optimizes compatibility and performance of DDR4 but also for the latest DDR5. ● The patented Screwless M.2 Shield Frozr design allows you to set your M.2 and Shield Frozr without the annoying screws, provides the easiest way for M.2 installation. Moreover, the exclusive magnetic RGB connection simplifies the process of installing the RGB M.2 Heatsink and makes the DIY process easier. ● Direct-touch Cross Heat-pipe(U-Shape) helps heat dissipation of VRM, makes VRM at lower temperature and higher CPU performance. ● Aluminum Backplate cools down MOSFET by making contact with dedicated thermal pads. It also strengthens the motherboard by protecting components and preventing PCB bending. ● The brand new MSI Center integrates all exclusive functions in one app to provide convenience to users. B. Professional Graphics Cards ● Developed a new generation of graphics card that combines AI artificial intelligence, real-time ray tracing, and GPU accelerated hardware shading technology for a new gaming experience ● Developed a new generation of ultra-high-performance graphics card with the MSI exclusive patented "TriFrozr" advanced heat dissipation design. This design is equipped with 3 optimized fans and utilized the latest Torx fan, a huge heatsink, numerous heat pipes and temperature plates to provide maximum heat dissipation efficiency. ● Developed a new generation of water-cooling architecture, combining water-cooling and air-cooling dual-power cooling system to assist high-end graphics card to effectively dissipate heat, achieve better cooling, and provide more stable performance. ● Developed a total S/W and H/W solution which utilized the latest GPU and visualization software for accelerated operation, to provide stunning images. ● Developed professional graphics cards dedicated for multi-purpose high-end block chain application. ● Developed exclusive square heat pipe, high-efficiency contact surface design with large-diameter superconducting heat pipe and uniform temperature plate to ensure the largest contact surface with

GPU, greatly improving heat conduction efficiency.

- MSI exclusive patented “Zero Frozr” energy-saving low-noise technology with temperature monitoring function, which automatically adjusts fan speed based on actual usage, to provide low temperature, silent and highly efficient cooling solution.
- Developed the new generation of MSI exclusive patented "Torx Fan 5.0" technology, another breakthrough in performance. The exclusive drainage fan blade design creates a more concentrated air flow and air pressure, prompting the third-generation TRI FROZR to dissipate heat faster.
- Utilized high quality components: tantalum capacitors (Hi-c CAP), high-performance plug-in inductors (HCI) and solid capacitors (Solid CAP). Solid and reliable materials make MSI synonymous with the highest quality and stability.
- Optimized “MSI CENTER” which combines a variety of MSI calibration software and uses an integrated interface. The built-in AI intelligent engine can prioritize the allocation of system resources based on the most commonly used software by users, allowing users to optimize software applications, bringing superior experience and higher work efficiency.
- Continued to optimize the MSI exclusive graphics card tuning software "MSI Afterburner", which can accurately monitor and adjust important parameters such as clock pulse and voltage value.
- MSI and BlueStacks® exclusively cooperate to develop MSI APP Player, allowing mobile games to seamlessly integrate with personal computers. With the powerful performance of the graphics card, mobile gamers on the Android platform can enjoy better performance brought by the graphics card, allowing players to enjoy large screen view and game control, and experiencing the high-performance PC gaming experience.
- Developed gaming routers, using the latest Wi-Fi technology and equipped with exclusive RGB antennas with changing color lights according to the mode. Also equipped with AI QoS function which can greatly reduce the delay, and provide gamers with an extremely fast network experience. The top-level heat dissipation module contains multiple heat pipes to ensure that the router can exert extreme performance even under heavy network traffic.
- Developed a new generation of mesh routing system, using the latest WiFi technology to provide more connections and less latency. It can provide network support for various IoT devices such as desktop computers, mobile devices, home hosts, etc., automatically scan connected devices, and an independent IoT network to eliminate hacker threats.
- Developed PCIe 5.0 SSD products with an excellent exclusive cooling module, providing higher reading performance and stability, with an astonishing speed of up to 10GB/s. We have a variety of capacity options to provide cutting-edge performance and experience for professionals, content creators and gamers.
- Developed a new variety of Gaming mouse designed for the needs of gamers, equipped with top-level optical sensors and special highly durable gaming micro switches. Light and balanced weight distribution and excellent ergonomic appearance provide gamers with the most comfortable experience and overall gaming comfort.
- Developed a new gaming keyboard, equipped with MSI's latest mechanical switch body - "MSI SONIC BLUE". With a trigger pressure of only 45g, it provides seamless and instant quick response, with excellent, light pressing feel and crisp key sound, allowing gamers to achieve "tap to kill". Together with "MSI CLEARCAPS" technology, it adopts a double-layer design to increase the light transmission range, and can create richer and more gorgeous full-key RGB colorful illusions. Equipped with a two-way volume control knob, you can adjust the volume through the top or side to quickly make customized adjustments as needed. The intuitive design of the multimedia buttons lets users enjoy excellent convenience in addition to entertainment.
- Developed FORCE wireless joystick that is compatible with Xbox, equipped with replaceable joystick heads and customizable back buttons to achieve agile response across platforms.

C. Servers

- Developed Intel® Eagle Stream and AMD® Genoa GPGPU server.
- Launched Intel® Eagle Stream and AMD® Genoa general-purpose server systems with EVAC solution.
- Launched Intel® Raptor Lake and AMD® Raphael single-socket server systems with air-cooling and liquid-cooling solution.
- Launched Intel® Alder Lake workstation system, and Intel® Coffee Lake embedded product.
- Launched Intel® Rapter Lake network appliance system, Intel® Elkhart Lake SD-WAN product, and

AMD® V3000 the next generation firewall (NGFW).

D. Desktop computers

- Introducing the 14th generation Intel® platform High-End AI Gaming Desktop series, with the release of Gaming Desktops featuring the latest NVIDIA® GeForce RTX™ 40 SUPER series later this year.
- Expanding the AI high-end Gaming Desktop market by launching the latest MEG Trident X2 and MPG Trident AS Gaming Desktops powered by the 14th generation Intel® processors.
- Introducing AI cooling technology Frozr AI Cooling across the entire Gaming Desktop series, effectively reducing processor and graphics card temperatures (by 12°C and 5°C, respectively) and noise (by 5dB), thereby enhancing gaming and generative AI performance.
- Incorporating MSI AI Engine for automatic adjustments in performance, lighting, audio, and screen color across the entire Gaming Desktop series.
- Integrating AI software into all Gaming Desktops, applied in gaming, game streaming, and overall gaming experiences.
- Developing Glacier Armor for targeted component cooling, reinforcing MSI's proprietary motherboard cooling, resulting in a 21% performance improvement in Gaming Desktops.
- Introducing Air Baffle flow guide hood to bring MSI graphics card temperatures close to bare test temperatures, maximizing graphics card performance.
- Expanding the Tower Gaming Desktop market with the release of Intel®'s latest series, including MPG Infinite X2, MAG Infinite S3, MAG Codex 6.
- Ongoing research and development of HMI (Human-Machine Interface) technology in the MEG Trident X2 Gaming Desktop, enhancing interconnectivity between MSI products to create a more comprehensive MSI gaming ecosystem.
- Developing MSI Game Stadium software to enhance the experience of using game controllers for players on Windows systems.
- Equipping the entire Gaming Desktop series with DDR5 memory, optimizing material usage in addition to performance improvements.
- To strengthen product identity, incorporating exclusive design styles and features for different product tiers within MEG, MPG, and MAG categories.
- Launched the mini business desktops PRO DT & Cubi series, and launched desktop computer products that meet the needs of the business market, including the Thunderbolt & 4-Display technology.
- To enhance the user experience, we improved the eye protection, ergonomic design, and performance of our All-in-One PC product line, which introduced a 100 Hz screen and the latest DDR5 memory to provide our users with a more comfortable and efficient computing environment.
- MSI Power Link system allows users to power on the mini PC simultaneously by pressing the screen power button, enhancing the convenience of the PRO DP series and Cubi desktops.
- Develop energy monitoring and energy-saving software for commercial desktops and All-in-One PC to provide environmentally friendly products.
- Continue to develop the MSI Center and import cross-platform concept apps, including MSI Cloud Center, which can back up files from smartphones and tablet (Android & iOS).
- Protect users' privacy with the software Tobii® Aware on the All-in-One PC.

E. Telematics and Automotive Electronics

- Vehicle Communication Gateway System: Completed the development of a ruggedized in-vehicle communication gateway system for logistics trucks and construction vehicles. This system features 5G/LTE communication capabilities, enhances vehicle communication protocol compatibility, and supports various interfaces.
- Ruggedized In-vehicle Display System for Agricultural Machinery: Used high performance vehicle-grade processor, developed a ruggedized in-vehicle display system suitable for agricultural machinery and heavy vehicles. This display system supports high brightness LCD, wide operating temperature and ensures reliability through ruggedized and shock resistance design.
- Wireless VOD (Video On-Demand) System: Developed new generation wireless VOD system. Leverage AI and wireless streaming technology, this new generation intelligent wireless VOD system includes AI-driven content push notifications, touchless gesture control, operational statistics, and other advance functionalities. Already popular used on long-distance buses and trains.

F. Laptops

- MSI has been in the gaming laptop field for over 10 years and currently has the most complete gaming laptop product line in the world. It covers large flagship models, ultra-thin gaming laptops, and mainstream gaming laptops, allowing consumers to choose the most suitable gaming laptop according to different experience needs.
- The market is the first to adopt notebooks with Intel's latest Core™ Ultra series processors, built-in dedicated AI engine AI® Boost, and a built-in graphics card with twice the performance of the previous generation.
- Introduced gaming laptops equipped with Intel's 14th generation processors and NVIDIA's 40 series display chips, and cooperated with partners to be the first in the industry to fully introduce various new platform technologies, creating the best performance in the same class. From high-end flagships to mainstream models, all have switched to new platforms, with the most complete product line in the industry.
- The laptop panel provides a complete selection of options with exclusive color calibration technology. The highest-end MiniLED 4K/144Hz, K/120Hz, and OLED QHD+/240 can create rich color depth and unparalleled sharp high contrast. Whether it is for professional creation or gaming experience, it is elevated to a new visual level, and no details will be missed.
- Launched several flagship performance 18-inch gaming laptops. In addition to emphasizing the highest gaming performance of the 18-inch flagship model on the market, there is also the lightest 18-inch gaming laptop design on the market, providing players with different orientations with more diverse product choices.
- MSI's exclusive full-blood boost design, ultra-high TGP allows players not to sacrifice the CPU in the extreme performance state of the system's dual burn, thereby reaching a full-blood 270W dual burn. Moreover, with the Intel® i9-14900HX processor, it can reach 8 cores at 5.2GHz, and the highest 5.8GHz dual-core meets various different performance requirements, and further pushes the CPU wattage to the desktop level of 200W.
- The 18-inch flagship gaming laptop is the first in the industry to develop an edgeless RGB gaming touchpad, supplemented by Haptic feedback technology, so that the gaming laptop's touchpad can also have a high experience.
- Launching the world's first high-performance gaming handheld equipped with an Intel Core Ultra processor, supporting the latest Intel XeSS technology, which can significantly increase the FPS of games and easily handle 3A game masterpieces.
- After entering the business field, the "light and thin business mobile laptop" performed excellently. Not only does it combine encryption technology and business functions, but this year it has delved deeper into the development of thin and light laptops. In addition to continuously updating the Prestige 13 AI Evo with high performance and less than 1KG, it further develops the ultra-thin Prestige 16 AI Evo with only 1.5KG to meet the market's demand for various different size applications.
- Continuing to cooperate with the top brand in the gaming world, "SteelSeries®", and through MSI's own exclusive Mystic Light lighting effect, it is highly integrated with the game, allowing the player's exclusive keyboard to be integrated into the game situation. In addition, MSI applies the application of lights to the body of the product, so that the lights are not only in the keyboard, but also the lights of the entire body can be integrated into the game situation, making players have a more immersive game experience.
- With the vigorous development of various social media and self-media, the demand for editing audio and video and pictures is growing towards a high degree. For the needs of various creators, MSI has thoughtfully created a dedicated creator series of laptops, and at the same time, it is equipped with intelligent detection of the editing software used, for the system to do optimized processing. Whether it is 3D modeling, dynamic video or static image editing, corresponding product lines are provided.
- Combining the intelligent judgment of system usage scenarios, using AI intelligent technology to bring innovative user experience "AI Engine", through the judgment of multiple factor variables such as startup software and remaining battery power, the system can automatically switch usage modes and related hardware parameters (such as panels, sound effects, lights, etc.) according to the situation, bringing users a seamless intelligent optimal experience.
- Published the AI model "AI Artist", users can easily use the popular generative AI "Text to Picture, Picture to Text, Picture to Picture" without connecting to the internet. In addition to showing MSI's advantages in local hardware computing power, it also combines the application ecology of creators,

can quickly produce corresponding format image files, and even directly perform layer separation for designers.

- Combining spatial audio three-array microphones and AI noise reduction technology, it provides a precise directional video recording experience, or a 360-degree omnidirectional creation like a hands-free microphone effect. At the same time, it can also create a studio-level sound field performance through AI technology, bringing an unprecedented listening experience for video conferences.

G. Monitors

- Enhancing the computational technology of AI-human interaction in displays.
- Supporting DP 2.1 to accommodate future graphics card designs and to support uncompressed high-quality images in the future.
- Strengthening support for HDMI 2.1 to provide lossless images and Variable Refresh Rate (VRR) support.
- Optimize monitor color display technology and preset color adjustment.
- Integrate all MSI product lines' features and build a whole new MSI ECO System.
- Enhancing the connection with consoles and Control-Enabled Consumer Electronics (CEC) functionality to expand the demand in the console market.
- Develop and optimize the PD (Power Delivery) charging solution to enhance the charging function with greater wattage.
- Develop Business series monitor with high refresh rate above 100Hz to enhance eye protection and user comfort. Additionally, optimizing features to meet the demands of casual gaming.
- Develop a hardware blue light filter solution to enhance the eye protection effect and reduce the color loss of the display.
- Development of the OLED panel on Esports professional monitors.
- Development of the Mini LED technology and G-SYNC Pulsar Tech monitors for Esports professionals.
- Develop a new generation of QD-OLED new quantum dot and OLED displays to enhance consumer entertainment experience.
- Strengthening the QD-OLED burn-in protection mechanism to extend the lifespan of QD-OLED and enhance user experience.
- Develop Smart Sensor and Active Noise Cancellation (ANC) Business monitor to help users optimize the experience and improve work efficiency.
- Development of Curved business monitors that are designed for comfort and ease to protect users' eyes.
- Develop thin and light portable Business monitors to enhance the connection between products and handheld devices.

H.AMR (Autonomous Mobile Robot)

- Develop AMR intelligent mobile robot and Fleet Management System based on AIOT and service.
- Develop several applications and field verifications of AMR-based service compound assistive robots, including intelligent epidemic prevention and disinfection fleets and intelligent transportation fleets.
- Develop several modules in order to integrate with 5G、RFID、collaborative robot、warehouse management system(WMS), service, etc.
- Offer integrated modules and third-party application programing interface (API) to system integrators (SI) for software integration.

I. Smart Electric Vehicle Charger

- Electric vehicle charging products and cloud application solutions.
- Green energy applications and products.
- Smart parking management applications and products.

J.Others (Case, Liquid Cooler, Power Supply)

- Develop high-end gaming PC cases that are compatible with the latest Intel® / AMD® / NVIDIA® products and optimize thermal solution to solve the heat generated by high performance components.
- Develop multiple patented design, such as built-in Omnidirectional GPU stand that perfect match all different size graphics cards, optimized space of cable management by Sliding HDD Tray, and

	Switchable PCIe Brackets to support both horizonal and vertical GPU installation. ● Develop case with panoramic view, from Micro-ATX to mid-tower, to satisfy the needs of users who desire to show off their gaming rigs. ● Develop case compatible with Back-connect motherboard. ● Introduce brand-new gaming case concept with single piece curved tempered glass and uni body aluminum chassis, presenting the aesthetics and material itself. ● Develop case products used by professional designers and content creators to further support their needs. ● Develop liquid coolers to meet the high core heat dissipation requirements of current Intel® and AMD® processors and match MSI gaming cases and motherboards to provide a complete user experience. ● Introduce 270-degree rotatable blockhead design to fulfill different installation. ● Introduce the dual chambers design for cold and hot coolant, and enlarged the copper surface and base to optimized heat dissipation. ● Introduce power supply units that can meet the wattage requirements of current Intel® and AMD® processors and high-end graphics cards, with MSI gaming cases to provide a complete user experience. ● The case is equipped with a 4.3” touch LCD panel to provide players with a faster and more intuitive way of operating the software. ● Continue to develop and invest in the latest 12V-2x6 (16-pin) SPECs of graphics card, a corresponding high-end power supply was launched to meet the demand for high-wattage demanding products. In addition, there’s an easier way for users to connect cable well by adopting dual-color cable design.

4.Short-term and long-term development plan

(1)Short-term development plan：

Brand marketing: We continue to deepen the channel management with the self-expectation to be the first choice for e-sports products. After the success of the e-sports market, we have extended to the fields of content creators and business and productivity, pursuing laptops. At this stage, the main development direction of business marketing is to pursue the overall stable growth of various products such as laptops, desktops, motherboards, graphics cards, industrial computers, servers, and automotive electronics.

OEM: The Company works closely with international heavyweights in order to find out profitable commercial models. The economics of scale approach is adopted to continue bring down the production cost and to enhance the overall profits for the customers and the company.

Research and development, manufacturing, and service: From research and development of products to manufacturing, and mass production, customers are provided with high-quality products and after-sales services.

(2)Long-term development plan：

The Company builds on its solid R&D capabilities and has been well received among customers and users with its outstanding quality of products and optimal services. In the future, it will continue to be devoted to creating instant competitive advantages for its core capabilities and seeking opportunities to diversify its operations. Besides motherboards, display cards, laptops, servers, and desktop computers that it specializes in, it will also work hard to gradually become a profitable leader in other products such as industrial computers and automobile electronics.

(Ⅱ) Market Analysis and The Conditions of Sales and Production:

1. Market Analysis

(1)Sales Regions:

Unit: NT$ thousands

Sales Region \ Year		2023		2022	
		Net Sales	%	Net Sales	%
Export sales	Europe	42,419,955	23.18%	41,082,362	22.77%
	Asia	73,908,658	40.40%	76,855,705	42.60%
	America	58,021,865	31.71%	53,851,988	29.85%
	Others	4,298,586	2.35%	3,403,562	1.89%
Subtotal		178,649,064	97.64%	175,193,617	97.11%
Domestic sales		4,316,624	2.36%	5,217,625	2.89%
Total		182,965,688	100.00%	180,411,242	100.00%

(2)Market share and market demand and supply and market growth

A. Market Share

The Company is one of the heavyweight PC manufacturers in the world, with product lines including motherboards, display cards, desktop computers, laptops, AIoT and other commercial products. Because of its continuous devotion to increasing investment in research and development and brand management and focus on high-end markets with high gross profits such as that for Gaming, the Company is able to secure a steady leading position in terms of the sales and market shares of laptops and display cards. The motherboards, on the other hand, remain steady as one of the Top 3 on the market.

B. Supply

According to the forecast of IDC, a research firm, the global PC shipment will be about 260 million units in 2024, a growth of 3% from 2023, and close to the 268 million units shipped in 2019. This indicates that the PC market will return to normal. In the e-sports market, business opportunities in the commercial field continue to grow. Many brands continue to invest in the R&D and marketing of related products. In the face of competition, the Company not only launched AI PC to respond to the booming demand for generative AI applications, but also combined advanced AI application solutions with professional R&D capabilities and production technologies to create products that meet the needs of users. MSI has become the top high-end brand that users demand for.

C. Demand

The personal computer industry continues to grow. E-sports players seek the sound and light effects of games. Stability and high performance are essential to business people. In the past two years, various applications of generative AI are on the rise, large-scale language modeling, graphics, sound effects and videos enable users to master the tool and improve work efficiency through high performance of AI PC. According to IDC, a research firm, the global AI PC shipments will reach 50 million units in 2024, and will exceed 160 million units in 2027.

D. Competitive niche and advantageous and disadvantageous factors for future developments as well as response measures

① Competitive niche and advantageous factors for future developments

a. Outstanding product development capabilities

The Company has a management team with more than 20 years of experiences in research and development and technical experiences. The members are heads of respective business groups and supervisors at the main office. As such, they have a deep understanding of promising technologies and are efficient in making decisions. Meanwhile, they can combine numerous technical trends to make the best of teamwork. Research and development staff, on the other hand, are highly experienced professionals; they contribute to the outstanding R&D accomplishments of the Company and the award-winning stream of its products over the past years. The excellent rating with regard to its performance by professional media and user referral on respective major markets are the best proof.

b. Productivity featuring high quality and flexibility

From design, development, to mass production, the Company is known for its quality mass production technology and highly efficient productivity. Meanwhile, the Company constantly introduces and updates automatic and smart equipment in order to improve production quality and to bring down the cost, We also have the flexibility to produce in line with customer's demand for small quantity and variety, In addition, the Company has a systematic management process and complete educational training programs for operators so that the product yield rate exceeds 99%, which contributes significantly to both improved quality and product image.

c. Outstanding management capability

Information technology products are known for their short life cycle and fast changing prices. Potential competitors do not necessarily come from the same sector. In response to the quick changes in competition on the market, the Company pays attention to market dynamics at all times in order to respond quickly and to reduce the inventory stress. Risk management is concerned, the Company adheres to its credit policy for the security of outstanding accounts recevibable to keep the actual bad debt amount low. Therefore, its management capability demonstrated through both its management of the inventory and accounts receivable is highly recognized.

d. Excellent management system and Good product quality

Each step of production, starting from order processing, material preparation, production control and management, shipment handling, to environment protection and safety and health, risk management, and quality assurance, is under standardized management. In addition, our R&D and production personnel are continually pushing for production improvement and material replacement from reasonable and automation aspects for better yield and lower environmental impacts.

e. Pursuit of satisfying services for customers

Customers have increased demand for technical support and after-sales service. In order to increase customer satisfaction, the Company has after-sales service centers and online customer service available on major markets so that real-time assistance can be provided to customers and customers are entitled to convenient and quick services and technical support. The Company can also quickly keep track of market and user dynamics and investigate customer satisfaction to be the basis for quality advancement.

f. Flourishing developments of the E-sports and gaming industry

The global emphasis on the e-sports industry, includes the hosting and broadcast of large-scale e-sports events at home and abroad, as well as the e-sports channels that provide live broadcasts of games. These e-sports events and channels are viewed by an average of nearly 2.5 million people every month. According to the statistics of the market research agency Newzoo, there are more than 3.3 billion gamers worldwide in 2023, with an annual growth rate of 4.3%. The overall game market revenue will reach US$184 billion in 2023, and it is expected to reach US$205.4 billion by 2026. There is still room for growth in the e-sports market.

g. Great potential in the commercial market

The annual growth rate and market appetite of the commercial market are greater than those of the consumer market. According to IDC data, the CAGR of the commercial PC market is close to 4% by 2027, and the overall market scale will be about 160 million units a year. The Company's outstanding product development capabilities meets the various needs of corporate users, and injects new momentum into revenue and profits combining with global sales and service channels.

② Disadvantageous factors for future developments

a. Short life span of information technology products. Spearheaded by main suppliers that have an effect on product development, downstream manufacturers can only follow market trends or the footsteps of international heavyweights in producing homogeneous products, which tends to result in price cut competition on the market and the difficulty to maintain reasonable profits. Many manufacturers in the industry try to secure their market share by reducing their prices, which, however, also squeezes the room for profitability.

b. Sectors accounting for a higher ratio in exportation is more easily affected by the volatility of exchange rate. Drastic changes in the exchange rate will affect their profitability.

C.The information and communication applications continue to innovate, and the demand for semiconductors is increasing. If the global wafer production capacity cannot be expanded immediately, it will affect product production.

③ Countermeasures

a. Reinforced collaboration with key part suppliers in the upstream to develop competitive new products early on; devotion to R&D to help improve product efficacy and create high value-added and touching products for strengthened brand value and for creating reasonable profits for the Company; maintaining sufficient throughput to be capable of accepting ODM/OEM orders from international heavyweight clients and to improve income; and introduction of automatic and smart manufacturing to deal with diversification of products in small quantities and to more flexibly meet customers' demand by adjusting the production lines.

b. Increased ratio of paying in foreign currencies to bring up the natural hedging ratio to counterbalance assets and liabilities in foreign currencies and continued adoption of hedging measures such as foreign exchange hedging transactions to reduce risks associated with the volatility in exchange rate along with close attention paid to impacts of various policies of major countries, We will respond cautiously to the impact of regional political and economic uncertainties on the capital flows, global exchange rates and financial credit of countries around the world.

c. Fully grasp the needs of channel customers, and work closely with upstream suppliers to flexibly adjust production capacity to respond to changes in supply and demand in a timely manner and fulfill order shipments.

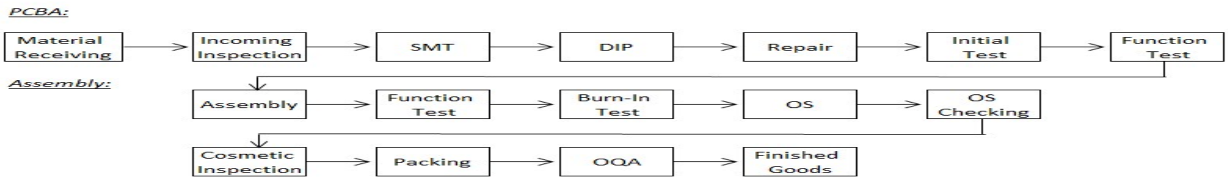
2. Important purposes and production/preparation processes of primary products

(1) Purposes of main products

The Company mainly manufactures and sells computers, motherboards, and interface cards. Motherboards are important components of computers that are responsible for output and input features, including sending images, controlling the network, sound effects, and other multi-media features; they are indispensable for computers.

Name of product	Purpose
Motherboard	Important component of personal computers, taking care of internal computing, output, and input features of a computer system, the backbone of a computer
Laptop	A mobile PC with high-performance calculation.
Interface card	One of the important components of a PC, which converts the display information required by the computer system, drives and controls the display to present correct information, and an important component for human-machine dialogue.

(2) Production processes



3. Supply of Major Raw Materials:

Major Products	Major Raw Materials	Suppliers	Supply Status
Motherboard	Integrated Circuit	B	Stable supply available
		C	Stable supply available
	Printed Circuit Board	Global Brands Manufacture Ltd.	Stable supply available
		Chin Wang Technology Co., Ltd.	Stable supply available

Note: Due to confidential business information and nondisclosure agreement concerns, some real vendors' names are substituted with codes.

.

4. Major Customers with over 10% Net Sales and Suppliers with over 10% total Purchases of the Last Two Fiscal Years:

(1) Purchases

Major Suppliers of the Last Two Fiscal Years

Unit: NT$ thousands

Year	2023				2022				2024Q1			
Item	Name	Amount	Percentage of net annual purchase 〔%〕	Relation with issuer	Name	Amount	Percentage of net annual purchase 〔%〕	Relation with issuer	Name	Amount	Percentage of net purchase of Q1〔%〕	Relation with issuer
1	B	47,483,320	28.06	None	B	38,640,669	25.49	None	B	13,904,427	42.91	None
	Others	121,729,925	71.94		Others	112,950,372	74.51		Others	18,497,206	57.09	
	Net purchase amount	169,213,245	100.00		Net purchase amount	151,591,041	100.00		Net purchase amount	32,401,633	100.00	

Note1: Due to confidential business information and nondisclosure agreement concerns, some real vendors' names are substituted with codes.

Note2: Causes of increase and decrease—Supply chain diversification.

(2) Sales: Not Applicable.

5. Production Quantities and Values of the Last Two Fiscal Years:

Unit: 1000 pieces; NT$ thousands

Year / Product	2023			2022		
	Capacity	Output	Amount	Capacity	Output	Amount
Computer and peripherals	25,099	26,684	159,167,362	23,500	23,189	150,422,346

6. Sales Quantities and Values of the Last Two Fiscal Years:

Unit: 1000 pieces; NT$ thousands

Year / Product	2023				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
Computer and peripherals	519	4,316,624	23,366	178,649,064	552	5,217,625	21,239	175,193,617

(Ⅲ)Employees

Status of employees over the past two years and up to the date of the report printed

Year / Item		2023	2022	As of April 30,2024
Employee	Sales & Management	1,068	1,078	1,082
	Technician	1,987	1,969	2,025
	Total	3,055	3,047	3,107
Average age(years)		39.44	38.71	39.52
Average years of service(years)		9.80	9.20	9.86
Education (%)	Ph.D	0.20	0.16	0.19
	Masters	23.24	21.99	23.62
	College/University	69.13	68.79	68.68
	Senior High School	6.58	6.86	6.73
	Junior High School and below	0.85	2.20	0.77
	Total	100.00	100.00	100.00

(Ⅳ)Environmental expenditures information

The company's operating activities are mainly about the production, assembly, research and development, sales of electronic products and related administrative operations as it belongs to the non-high pollution and high energy consumption industry, but the MSI is still committed to improving environmental protection and green product management. The relevant performance is as follows:

1. In the most recent year and as of the print and publication date of the annual report, is there any loss due to environmental contamination? Disclose the estimated amount now and possibly occurring in the future and responsive measures: None.
2. The management performance of the green products:
   (1) The total amount of fines or derivative losses incurred in the most recent year due to product violations of international environmental laws or clients' requirements on hazardous substances: None.
   (2) Issued "Green Product Control Regulations" and regularly revises them according to the latest international environmental protection laws and clients' requirements as the basis for the management of hazardous substances in the supply chain, as well as the internal green product design and selection criteria.
   (3)More than 190,000 components have been certified by Green Products since 2010.
3.Environmental Management Performance:
   The MSI operating activities are based on compliance with environmental laws 、continuous improvement of processes、work environment and equipment to reduce pollutant emissions、energy consumption and safety and health risks. Each environmental performance has a dedicated unit responsible for management and regular monitoring. The following will describe the status of various environmental performances during the reporting period.
   (1) Passed the ISO 14001 environmental management system certification.
   (2) Passed the 14064-1 Greenhouse Gas Accounting and Verification Certification for continuous improvement of greenhouse gas reduction.
   (3)Passed the ISO 50001 Energy Management System to reduce energy consumption and expenditure while continuing to improve energy efficiency.
   (4)Our facilities and products' waste disposal management meet environmental protection requirements.
   (5) The air/noise/sewage test results meet the requirements of the regional regulatory authorities.
4. Greenhouse Gas Management:
   (1)The Company has carried out verification of greenhouse gas emission data since 2008 and has continually and actively implemented energy conservation practices.
   (2)In 2010, the Company began to be surveyed for the Carbon Disclosure Project (CDP).
   (3)In recent years, due to the rapid growth of the overall industry, the pressure for carbon reduction has gradually increased. Therefore, in addition to self-built solar power, MSI has also achieved Scope 2 carbon reduction through externally purchased renewable energy. In August 2023, MSI has committed to the science-based carbon reduction target, moving toward the more aggressive target of reducing the emission by 80% by 2030 from 2022. MSI expects to further announce the Scope 3 carbon reduction target in 2025.
   (4)Environmental related emissions data for the past two years are as follows:
   (Complete assurance information will be disclosed in the Sustainability Report (MOPS https://mops.twse.com.tw/)

Item / Year	2023	2022	Change +/(-)	Third-party verification status
Amount of greenhouse gas emissions (Metric Tons CO2e)	42,311	46,724	(4,413)	Verification has been conducted by Bureau Veritas Certification (Taiwan) Co., Ltd. (BVC) in accordance with ISO14064-1 2024/04 Obtained the certification (ISO 14064-1:2018)
Total water consumption (Megalitre)	661.288	877.089	(215.801)	Disclosed in the Corporate Social Responsibility Report, and verified by the British Standards Institution (BSI) Taiwan branch 2024: Expected to obtain Corporate Social Responsibility Report verification statement in June.
Amount of waste generated (Kilogram)	8,714,959	9,723,690	(1,008,731)	Disclosed in the Corporate Social Responsibility Report (CSR), and verified by the British Standards Institution (BSI) Taiwan branch 2024: Expected to obtain Corporate Social Responsibility Report verficiation statement in June.

Note: 1. Scope of GHG emissions statistics: Scope 1 + Scope 2. The 51,627 ton CO2e for 2022 disclosed in the annual report of the previous year was classified as the Scope 1, 2, and 3 emissions. Starting this year, the scope of greenhouse gas emission statistics has been adjusted to 46,724 ton CO2e in order to ensure the same disclosure boundary.

2. Both greenhouse gas emissions and total water consumption in 2023 are lower than those in 2022. This is because of installation of new energy saving facilities and equipment, and installation of solar power generators in factories. Meanwhile, water-saving activities are promoted and smart water meters are installed. Less waste is generated comparing to last year and it is because of better recycling and sorting, and reduction of the use of disposable tableware.

5. The electricity saving measures management:

MSI assumes its corporate responsibility in environmental protection, pollution prevention, and green production and introduces an international environmental management system and occupational safety and health management system with environmentally friendly policies. Each year, we establish a management plan and action plan for the continued improvement of implementation performance, mitigation of the influence of operation on the environment and the local communities. We fulfill our commitments to being environmentally friendly with the application of the environment management policy and supervision measures to identify potential risks, cut down operational and product impacts, and exercise regular checks for legal compliance to ensure the efficacy of the environment management operation. Also, we conduct internal and external audits to ensure our management for environmental protection follows the planning, execution, audit and action plans to reach the goal of sustainable improvement. For management systems for ISO 14001, ISO 50001 and IECQ/QC 080000 and certification for ISO 14064-1, please check the website: https://csr.msi.com/tw/management-system-certificate. Our operation mainly includes assembly production and R&D which require mostly water and electricity and are not high energy-consuming operations. Therefore, we uphold water and power conservation and power efficiency with the related measures as follows：

Power Usage Adjustment	**Lighting Management**
● For hot water usage, some employee dorms use solar water heaters with an extra heat pump and recycled air compressor ● Temperature adjustment of out-going cold water and reduce the machine time for cold water machines to reduce power usage ● Regular patrol to check the temperature of air conditioning (26 degrees Celsius)	● Regular patrol to turn off unnecessary lighting facilities ● Light off during lunch break ● Lighting control in the office area after office hour (except emergency lighting)
Public Facility Management	**Concept Reinforcement Advocacy**
● Copiers: power-saving mode in office hours and power-off after office hours and on weekends ● Water Dispenser: power-saving mode and power-off after office hours and on weekends ● AC: management by areas and power-on when needed ● Replace energy conservation facilities according to useful life	● Incentive rewards offered to employees who practice energy conservation ● Advocacy to employees (such as posters and emails) ● Various environmental events, such as Earth Day to help employees increase the awareness

2023 Results from environmental management measures:

Management item	Short-term goals	Mid- and long-term goals	Compared to the results in the previous year (2022)
			Absolute emissions/consumption/generation
Category 1+2 greenhouse gas reduction by volume	Reduction of at least 1% per year.	Reduce emissions 80% by 2030 based on the emissions in 2022.	The target of a 60% reduction by 2030 (with 2007 as the base year, 113,675 ton CO2e) has been achieved ahead of schedule, so the mid-term and long-term target have been reset.
Reduction of fossil fuel energy	Reduction of at least 1% per year.		Increase by 5.9%
Reduction of water resources	The total water consumption volume reduced by 1% from the previous reporting period.		Reduce by 24%
Reduction of wastes	The total waste capacity reduced by 1% from the previous reporting period		Reduce by 10%
Legal Compliance	Assure the operation of MSI is in compliance with the environmental rules and regulations, as well as the local requirements for each individual plant site.		No punishment imposed due to violation of environmental regulations.
Use of green power	Continue to assess the installation of renewable energy generation facilities and green power purchase.		4,940MWh from the self-built PV generator, which accounted for 6.8% of the MSI Group.

<table>
<tr><td colspan="2">Wastewater</td><td colspan="2">Test on wastewater from the plant sites indicated conformity to local requirements of the plant sites.</td><td rowspan="3">Routine inspection and testing and continue to assure conformity to applicable legal rules or standards.</td></tr>
<tr><td colspan="2">Air quality inspection and testing</td><td colspan="2">Quarterly inspection of CO_2 and $PM_{2.5}$, for indoor air, which is conforming to standards.</td></tr>
<tr><td colspan="2">Testing of air pollution and noise in the perimeter</td><td colspan="2">Routine inspection and testing.</td></tr>
<tr><td>Acquired energy conservation facilities</td><td colspan="2">Energy-saving machinery and equipment were purchased in succession for the Company's Taoyuan, Shenzhen and Kunshan plants, such as:
CEM lines (inverter nitrogen air compressor) auto screwing, auto packing, auto laser coding, X-ray part counter, AOI packaging, unmanned autoloader, centralized smart emergency illumination, solder machine replacement, auto AC controller in workshop, auto visitor pass generator, printing machine, and auto patching system in our plant sites.
In 2023, the Company invested about NTD 18.98 million in the purchase of air-conditioner condensate recovery equipment, renovation of fire pool filtration system, trial of the glass power generation system, and purchase of green electricity.</td><td>Energy conservation Achievements</td><td>Purchase of energy-saving machinery and equipment in 2023: IT UPS, efficiency improved by 4%, 56,064 kWh/year saved by using new machines, power saving performance of Tektronix R&D equipment increased by 5%, and power saving performance of MSI thermostat and humidistat increased by 1 ~3%.
Shenzhen Plant: Purchased the chiller in 2023, which saved about 829,400 kWh/year; purchased green power: 7,818,690 kWh.
Kunshan Plant: The actual power generation of solar photovoltaic in 2023: 2,456,439 kWh/year, the inverter nitrogen air compressor saves 1,909,440 kWh/year, and the ice machine saves 630,768 kWh/year.</td></tr>
</table>

6. Waste Electrical and Electronic Equipment Management:
   (1)EU zone: entered into recycling system or undertaken waste product recycling plans according to EU's Waste Electrical and Electronic Equipment (WEEE) Directive and legal requirements in various EU nations. Products sold in EU zones should be entered into local recycling systems, and products need to be labeled with WEEE recycle bin to clearly ensure that we are in full compliance with WEEE Directive's regulations.
   (2)Taiwan: recycling process of waste IT products is primarily handled by the Environmental Protection Administration (EPA) in Taiwan. The Company pays fees pertaining to recycle processing according to regulations for imported products, and these fees will be used toward recycling, issuing subsidies, audit approval for quantities processed, management of recycling firms, and administration duties by the EPA.
   (3)Other zones: the Company undertakes relevant procedures and registers at qualified recycling systems according to local governmental requirements at different regions.

7. Corporate environmental protection expenditure and investments in 2023 are described as follows:

Amount (NTD)

Item	2023	2022	The goal and benefits
The total expenditure on environmental protection	65,458,424	28,650,074	Includes waste disposal, sewage control and inspection, external environment management services, management system verification etc.
The total amount of investments in environmental protection	2,479,632	308,010,680	The company's environmental equipment operation and maintenance cost ensure that the equipment is working properly.

8. The information of corporate governance, environmental sustainability, supply chain management, friendly product and service, ISO certifications can be found at Sustainable MSI:https://storage-asset.msi.com/html/popup/csr_tw/about_management.html

(V) Employer-employee relations

1. The various employee benefits, continuing education, training, retirement system available at the Company and their implementation and the agreement between the employer and employees as well as protection of the various rights of employees

(1)Employee benefits:

The Company believes in sharing its operational accomplishments with its employees. We have the Employee Welfare Committee in place and we plan benefits for employees according to the Employee Welfare Guidelines so that our employees have a steady life and their rights are protected. The various benefits we offer to employees include group insurance, birthday giftfund, child birth and wedding giftfund, funeral and illness consolationfund, gifts (vouchers) on Labor Day and Mid-autumn Festival, arts and cultural events, society activities, periodic health examinations, travel subsidies, employee restaurants, cafeteria, dormitory, subsidies for gatherings, library, medical assistance room, nursery room, outstanding performance reward, year-end bonus, employee rewards, and other preferred solutions from time to time.

(2) Employee health management:

The Company cares about the health of its employees. There are professional medical assistance rooms available on respective premises and health examinations are organized periodically in order to keep track of and care about employees with abnormal health conditions. During flue seasons, there are reminders for employees so that they reduce visiting public areas and pay closer attention to personal hygiene. The Company also reinforce cleaning and disinfection of office areas and pay for the Sanofi Pasteur vaccine that it arranges for staff to receive.

(3)Employee Assistance Program (EAP)：

The Employee Assistance Project (EAP) was initiated on 1 November, 2011. By dialing 8585 (help me, help me in Taiwanese), employees can get help for the following issues: work stress, emotional problems, tax, legal affairs, medical care, and others. By combing internal and external services, EAP helps employees to solve related problems and release work stress and emotions to regain mental health, so that their family will not need to worry about their physical and mental condition.

(4)Employee Development:

Employee development is our focus. Given employees are indispensable from the future development of MSI; therefore, we begin with the selection, education, and retention of employees. As for employee education, we start from plan and implement internal and external training for employees. We have also established the Training and Education Management Regulations as the reference of continuing education and internal training of employees. Employees at MSI can receive continuing education and seek self-development through comprehensive learning channels and resources, such as internal training, external training, and expatriation.

Our training courses in 2023 focused on management skills for supervision, employee care with coaching skills, intellectual property rights, information security, and culture development for digital transformation, etc.

A.Newcomer general education

Regularly held newcomer consensus trainings with contents including work rules, employees' rights and related channels, the introduction to the MSI management system, green product concept, and corporate laws, general education of hazardous substance, business continuity management, first-aid knowledge, introduction of infirmary, fire safety, labor safety and health education, IT Center, and other trainings with basic concepts and case studies of current events. The training ratio for newcomers is 100%.

B.MSI University

We began planning the MSI University (MSIU) in 2009 to cope with the highly competitive business environment in the electronics industry with talent cultivation. By improving the R&D and innovation capacity in key technology and with the improvement of managerial competency and efficiency, we aim to enhance MSI employees' competitiveness in the electronics industry.

① Leadership College

With the planning focus of strengthening the awareness of the supervisors' role, understanding the Company's internal systems and operating procedures, and providing supervisors with leadership/management skills/employee care as the planning focus, a complete and fast compulsory management course has been designed, so that supervisors can have further training targeting their inadequate abilities, review what have been learned and learn something new, and the new supervisors can also quickly get the hang of the job. In 2021, we focused on leadership courses in aspects such as development of supervisory management skills, employee care and labor act practice, self-management and Coaching communication.

②Sales and Marketing College

This series of courses include semi-annually skill development activities aimed at reinforcing the sales and management skills of overseas managers. A series of courses is also planned for sales executives overseas and at the head office to reinforce their abilities in market information surveying, selling and management and marketing. These courses simulate actual market scenarios in Europe and the US, and cover product knowledge, surveying customer needs, and actual selling at different stages. They focus on hands-on skills that can be directly applied to everyday operations.

③R & D College

Carry out industry-academia collaboration, and invite college professors to offer a series of courses on the theory and practice of three-phase AC charging piles. Combined with after-course technical guidance and consultation, staffs can review what has been learned, acquire new knowledge, and strengthen the basic concepts of design Focuses on helping the staff expand their research and development vision and think about breakthrough methods. At the same time, the Company will study the application and development of artificial intelligence (AI), and continue to strengthen R&D management capabilities such as market analysis and product planning and problem analysis and resolution. At the same time, our internal R&D Technology Committee hosts R&D Managers' Conference quarterly to enable sharing and discussion of technology resources and applications through a cross-division information exchange platform for new technologies

④ Technology Collage

Through team building, we can build the best tacit understanding and cohesion of the GCS team and demonstrate the momentum of a high-performance team. At the same time, we will continue to strengthen the innovative service capabilities of the call center, improve customer care, pre-sales service and sales communication skills, and continue to practice to relieve stress.

Assist staff of tele customer service to explore innovative service capabilities and practice emotion relief and positive thinking. Development guidelines and blueprint for factory technology developments with the establishment of technology courses of all levels have been continued in each plant site.

⑤E-School

In response to the sweeping wave of digital transformation, companies' business models, business strategies, and marketing tactics are all facing the challenges of digital transformation. In view of this, the newly established "E-School" under MSI University will focus on the development of digital thinking, professional knowledge and key skills required by digital talents, and establish a complete set of training courses from various aspects such as digital trends, digital technology and digital management to cultivate cross-field digital transformation talents.

Main education and training courses for employees in 2022.

2023	Educational training	Expenditures (NT$)	Headcounts	Total hours
External training	Professional technical training	643,931	133	1,579
Internal training	Management skills training, professional training, general education	2,677,861	5,775	17,825

(5)Pension plan

The wage and pension system at MSI complies with local laws and regulations. The employee pension benefit plans are constituted precisely and apply to the length of service for all formal employees before the implementation of Labor Pension Act in July 1, in 2005. The plans are also applied to the seniority of those who choose to fall under the Labor Standards Act after the implementation of Labor Pension Act. In the name of Supervisory Committee of Business Entities Labor Retirement Reserve, retirement accounts are opened in Bank of Taiwan. In accordance with the old-age insurance system in the P.R.C., the MSIS and MSIK allocate pension premium for local workers based on a certain proportions of their payroll every month. The pensions of all staff would be made overall arrangements by the government. Please refer to **page 156~159 & 222~225.**

(6)Labor – management agreements

Since MSI was first established, in addition to constructing a positive, fair work environment and planning comprehensive employee benefits, we have also established the "Work Protocols" as the basic set of behavioral guide for employees to comply with. This is to clearly state the rights and obligations of both that the employees and the management, as well as employee behavior and ethics. The content of which is as follows:

A. Employees should abide by the law and the Articles of Association and to abide by the supervision of their supervisors.

B. Employees should not harm the good name and reputation of the Company, nor should employees use their positions to receive gifts.

C. Employees shall not disclose the company's business, technical, and other confidential information.

D. Establish the standards of employee salaries, cash rewards, bonuses, retirement, leaves, and standards of incentives and disincentives.

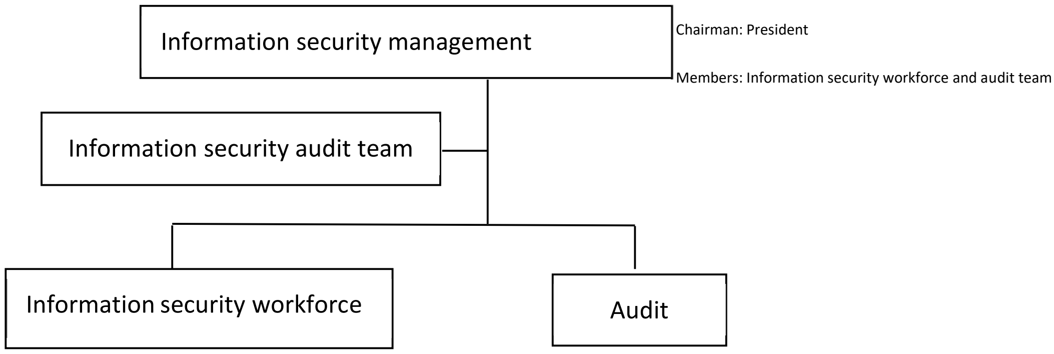
E. Sexual harassment prevention.

2.Losses borne due to employer-employee conflicts in the most recent year and up to the date the annual report was printed, possible estimated values at present and in the future, and countermeasures: There were no major employer-employee conflicts in the most recent year and up to the date the annual report was printed.

(Ⅵ)Information security management

1. Information security management

(1) Information security management structure



(2)Information security policy

The Company has prepared the information security statement of applicability, and developed the information security policy with reference to the provisions of ISO 27001, including one brochure, 15 rocedures, and one policy, a total of 17 ocuments of information security management.

(3)Substantive management policies, and resources invested in information security management

In order to enhance information security management, prevent information misappropriation, alternation, loss or omission, ensure the confidentiality, integrity, and availability, the Company established the Information Security Management Committee in 2020, and appointed the Chief Information Security Officer, information security management, and information security staff to review the information security management and monitor such operation at MSI. It is expected that the information security management, monitoring and promotion will effectively increase the Company's ability of information security safeguards, and the employees' awareness of information security. In addition, the Company introduced ISO 27001:2013 information security systems in 2020, The Company has completed the ISO 27001:2022 version update in 2023 and obtain third-party certification (certificate obtained on February 1, 2024); In addition, we have joined Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) to make necessary adjustments and protection through reference to the latest updates on information security, protecting the Company's information security by reviewing the confidentiality, integrity, and availability of the Company's information and technology from top down.

2.As of the print date of the annual report, if there is any critical information security incident in the last year, please specify the loss, possible impact and responsive measures; if reasonable estimation is impossible, please describe the facts that cannot be reasonably estimated:

In April 2023, some of the Company's information systems were attacked by hackers. After detecting the network anomaly, the information department activated the relevant defense mechanisms and carried out recovery as soon as possible, reported to the law-enforcing department and information security unit, and announced material information at the same time.

Fortunately, due to the early detection and proper handling of this encryption and extortion incident, only the servers/PCs/NBs in some office areas were affected, and the Company had to reset or restore the backup data, but no business or financial impact has occurred.

In addition to updating the new version of information security software for behavior detection, the Company has also added multi-factor authentication for VPN connections to enhance the security verification of VPN connections. In the future, the Company will continue to improve its network and information infrastructure to prevent the recurrence of similar hacker attacks.

(Ⅶ)Material Contracts

Important contracts that remained effective as of the date the annual report was printed and expired in the most recent year on supply and distribution, technical collaboration, engineering projects, long-term loans and that are sufficient to impact shareholders' equities:

Nature of contract	Contracting Party	Term of Agreement	Main contents	Restrictions
Large authorization contract	Microsoft Corporation	From Aug.1, 2018 till termination by either party	GLOBAL PARTNER AGREEMENT Windows, Office, Apps & DSB software licensing	No transfer

Ⅵ. Financial Information

(Ⅰ) Five-Year Financial Summary

1. Condensed Balance Sheet

(1) Condensed Balances Sheet (Consolidated)

Unit: NT$ thousands

Item	Year	Financial Summary for The Last Five Years (Note1)					As of March 31,2024 (Note2)
		2023	2022	2021	2020	2019	
Current assets		82,173,798	78,598,457	93,388,309	71,361,468	53,761,821	86,254,845
Property, plant and equipment (Note3)		5,238,639	5,522,073	5,710,853	5,130,094	4,893,433	5,238,172
Intangible assets		-	-	-	-	-	-
Other assets		3,111,377	2,732,373	2,360,428	1,905,953	1,693,454	3,479,566
Total assets		90,523,814	86,852,903	101,459,590	78,397,515	60,348,708	94,972,583
Current liabilities	Before distribution	39,427,392	37,640,785	53,706,424	42,192,490	28,625,273	45,605,320
	After distribution (Note4)	43,989,615	43,216,836	62,577,414	47,346,113	32,173,669	-
Non-current liabilities		916,158	813,529	672,846	665,173	710,970	991,805
Total liabilities	Before distribution	40,343,550	38,454,314	54,379,270	42,857,663	29,336,243	46,597,125
	After distribution (Note4)	44,905,773	44,030,365	63,250,260	48,011,286	32,884,639	-
Equity attributable to shareholders of the parent		50,180,264	48,398,589	47,080,320	35,539,852	31,012,465	48,375,458
Share capital		8,448,562	8,448,562	8,448,562	8,448,562	8,448,562	8,448,562
Capital surplus	Before distribution	805,408	805,068	804,516	804,214	803,918	805,393
	After distribution (Note4)	805,408	805,068	804,516	804,214	803,918	-
Retained earnings	Before distribution	41,803,699	39,848,080	38,729,036	26,961,534	22,554,510	39,733,635
	After distribution (Note4)	37,241,476	34,272,029	29,858,046	21,807,911	19,006,114	-
Other equity interest		(877,405)	(703,121)	(901,794)	(674,458)	(794,525)	(612,132)
Treasury shares		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	50,180,264	48,398,589	47,080,320	35,539,852	31,012,465	48,375,458
	After distribution (Note4)	45,618,041	42,822,538	38,209,330	30,386,229	27,464,069	-

Note1: The above financial information for each year was audited by CPA.

Note2: 2024Q1 financial report was reviewed by CPA.

Note3: MSI did not carry out asset revaluation from 2019 to 2024Q1.

Note4: The resolution was reached by the Board of Directors on March 14, 2024.

(2) Condensed Balance Sheet (Stand alone)

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years (Note1)				
		2023	2022	2021	2020	2019
Current assets		86,805,176	77,878,432	91,247,710	68,862,669	51,885,809
Property, plant and equipment (Note2)		2,622,560	2,669,341	2,654,661	2,660,668	2,567,030
Intangible assets		-	-	-	-	-
Other assets		12,800,744	11,659,994	10,767,475	9,335,885	8,254,456
Total assets		102,228,480	92,207,767	104,669,846	80,859,222	62,707,295
Current liabilities	Before distribution	51,702,324	43,366,626	57,233,945	44,922,050	31,246,204
	After distribution(Note3)	56,264,547	48,942,677	66,104,935	50,075,673	34,794,600
Non-current liabilities		345,892	442,552	355,581	397,320	448,626
Total liabilities	Before distribution	52,048,216	43,809,178	57,589,526	45,319,370	31,694,830
	After distribution(Note3)	56,610,439	49,385,229	66,460,516	50,472,993	35,243,226
Equity attributable to shareholders of the parent		50,180,264	48,398,589	47,080,320	35,539,852	31,012,465
Share capital		8,448,562	8,448,562	8,448,562	8,448,562	8,448,562
Capital surplus	Before distribution	805,408	805,068	804,516	804,214	803,918
	After distribution(Note3)	805,408	805,068	804,516	804,214	803,918
Retained earnings	Before distribution	41,803,699	39,848,080	38,729,036	26,961,534	22,554,510
	After distribution(Note3)	37,241,476	34,272,029	29,858,046	21,807,911	19,006,114
Other equity interest		(877,405)	(703,121)	(901,794)	(674,458)	(794,525)
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	50,180,264	48,398,589	47,080,320	35,539,852	31,012,465
	After distribution(Note3)	45,618,041	42,822,538	38,209,330	30,386,229	27,464,069

Note1：The above financial information for each year was audited by CPA.
Note2：MSI did not carry out asset revaluation from 2019 to 2023.
Note3：The resolution was reached by the Board of Directors on March 14, 2024.

2. Condensed Statement of Comprehensive Income

(1) Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note1)					As of March 31,2024(Note2)
	2023	2022	2021	2020	2019	
Sales revenue	182,965,688	180,411,242	201,810,152	146,502,789	120,491,417	47,626,534
Net operating margin	22,845,651	25,728,080	38,244,276	21,302,840	15,862,156	6,039,684
Operating profit	8,810,029	10,695,886	19,974,644	9,187,828	5,952,406	2,229,155
Non-operating income and expenses	366,658	1,587,799	656,028	409,065	566,027	761,755
Profit before income tax	9,176,687	12,283,685	20,630,672	9,596,893	6,518,433	2,990,910
Income (Losses) from continuing operations for the year	7,532,896	9,962,520	16,921,005	7,959,505	5,587,210	2,492,159
Losses from discontinued operations	-	-	-	-	-	-
Profit for the year	7,532,896	9,962,520	16,921,005	7,959,505	5,587,210	2,492,159
Other comprehensive income for the year (Net of income tax)	(175,510)	226,187	(227,216)	115,982	(296,622)	265,273
Total comprehensive income for the year	7,357,386	10,188,707	16,693,789	8,075,487	5,290,588	2,757,432
Profit attributable to shareholders of the parent	7,532,896	9,962,520	16,921,005	7,959,505	5,587,210	2,492,159
Profit attributalbe to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to shareholders of the parent	7,357,386	10,188,707	16,693,789	8,075,487	5,290,588	2,757,432
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share (NT$)	8.92	11.79	20.03	9.42	6.61	2.95

Note1: The above financial information for each year was audited by CPA.

Note2: 2024Q1 financial report was reviewed by CPA.

Note3: MSI did not capitalize its annual interest expense from 2019 to 2024Q1.

(2) Condensed Statement of Comprehensive Income (Stand alone)

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note1)				
	2023	2022	2021	2020	2019
Sales revenue	186,040,491	177,538,166	197,058,352	144,805,966	118,740,373
Net operating margin	17,790,579	21,239,199	34,329,260	18,928,040	13,642,788
Operating profit	6,825,806	9,396,121	18,609,604	8,654,445	5,485,208
Non-operating income and expenses	1,847,365	2,653,718	1,656,070	773,635	919,011
Profit before income tax	8,673,171	12,049,839	20,265,674	9,428,080	6,404,219
Income (Losses) from continuting operations for the year	7,532,896	9,962,520	16,921,005	7,959,505	5,587,210
Losses from discontinued operations	-	-	-	-	-
Profit for the year	7,532,896	9,962,520	16,921,005	7,959,505	5,587,210
Other comprehensive income for the year (Net of income tax)	(175,510)	226,187	(227,216)	115,982	(296,622)
Total Comprehensive income for the year	7,357,386	10,188,707	16,693,789	8,075,487	5,290,588
Profit attributable to shareholders of the parent	7,532,896	9,962,520	16,921,005	7,959,505	5,587,210
Profit attributalbe to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to shareholders of the parent	7,357,386	10,188,707	16,693,789	8,075,487	5,290,588
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NT$)	8.92	11.79	20.03	9.42	6.61

Note1: The above financial information for each year was audited by CPA.
Note2: MSI did not capitalize its annual interest expense from 2019 to 2023.

3. Auditors' Opinions from 2019 to 2023

Auditing Year	Accounting Firm	CPAs	Audit Opinion
2019	PricewaterhouseCoopers	Liang, Hua-Ling Lai,Chung-Hsi	Unqualified opinion with other matters paragraphs
2020	PricewaterhouseCoopers	Liang, Hua-Ling Lai,Chung-Hsi	Unqualified opinion with other matters paragraphs
2021	PricewaterhouseCoopers	Liang, Hua-Ling Lai,Chung-Hsi	Unqualified opinion with other matters paragraphs
2022	PricewaterhouseCoopers	Liang, Hua-Ling Lai,Chung-Hsi	Unqualified opinion with other matters paragraphs
2023	PricewaterhouseCoopers	Liang, Hua-Ling Yu, Chih-Fan	Unqualified opinion with other matters paragraphs

(Ⅱ) Five-Year Financial Analysis

1. Financial Analysis for Consolidated Report

Financial Analysis for Consolidated Report

Item	Year	2023	2022	2021	2020	2019	As of March 31,2024 (Note2)
		Financial Analysis in the past Five Years (Note1)					
Financial structure %	Ratio of liabilities to assets	44.57	44.28	53.60	54.67	48.61	49.06
	Ratio of long-term capital to property, plant and equipment	975.38	891.19	836.18	705.74	648.29	942.45
Solvency %	Current ratio	208.42	208.81	173.89	169.13	188.25	189.13
	Quick ratio	118.09	125.09	99.29	99.71	103.70	102.97
	Times interest earned	33,280.34	32,224.29	110,389.06	30,141.93	27,783.82	72,730.16
Operating performance	Accounts receivable turnover	9.26	7.39	7.87	7.46	7.22	8.51
	Average collection period	39	49	46	49	51	43
	Inventory turnover (times)	4.95	4.49	4.92	4.91	4.56	4.61
	Accounts payable turnover (times)	6.52	5.28	5.35	5.26	5.92	6.62
	Average days in sales	74	81	74	74	80	79
	Property, plant and equipment turnover (times)	34.01	32.12	37.23	29.23	25.02	36.37
	Total assets turnover (times)	2.06	1.91	2.24	2.11	2.09	2.05
Profitability	Ratio of return on total assets (%)	8.52	10.59	18.83	11.51	9.71	10.76
	Ratio of return on equity (%)	15.28	20.87	40.96	23.92	18.33	20.23
	Ratio of Profit before tax to paid-in capital (%)	108.62	145.39	244.19	113.59	77.15	141.61
	Profit ratio (%)	4.12	5.52	8.38	5.43	4.64	5.23
	Earnings per share (NT$)	8.92	11.79	20.03	9.42	6.61	2.95
Cash flow	Cash flow ratio (%)	12.58	41.55	23.48	25.66	32.40	(7.68)
	Cash flow adequacy ratio (%)	101.85	93.12	75.22	79.89	80.93	84.02
	Cash reinvestment ratio (%)	(1.03)	12.16	13.97	17.54	13.84	(6.02)
Leverage	Operating leverage	1.68	1.57	1.35	1.55	1.74	1.73
	Financial leverage	1.00	1.00	1.00	1.00	1.00	1.00

Note1: The above financial information for each year was audited by CPA.

Note2: 2024Q1 financial report was reviewed by CPA.

Analysis of financial ratio differences over 20% for the last two years:

Accounts receivable turnover (times)	Net sales increased while average accounts receivable decreased, causing the increase in accounts receivable turnover (times).
Average collection period	The decrease was mainly due to increase in accounts receivable turnover (times).
Accounts payable turnover (times)	Cost of goods sold increased while average accounts payable decreased, causing the increase in accounts payable turnover (times).
Ratio of return on total assets	The decrease was mainly due to decrease in profit for the year.
Ratio of return on equity	The decrease was mainly due to decrease in profit for the year.
Ratio of Profit before tax to paid-in capital	The decrease was mainly due to decrease in profit before income tax.
Profit ratio	The decrease was mainly due to decrease in profit for the year.
Earnings per share	The decrease was mainly due to decrease in profit for the year.
Cash flow ratio	The decrease was mainly due to decrease in net cash flow from operating activities and increase in current liabilities.
Cash reinvestment ratio	The decrease was mainly due to decrease in net cash flow from operating activities.

2.Financial Analysis for separate report

Financial Analysis for Stand Alone Report

Item		Financial Analysis in the past Five Years(Note1)				
	Year	2023	2022	2021	2020	2019
Financial structure %	Ratio of liabilities to assets	50.91	47.51	55.02	56.05	50.54
	Ratio of long-term capital to property, plant and equipment	1,926.60	1,829.71	1,786.89	1,350.68	1,225.58
Solvency %	Current ratio	167.89	179.58	159.43	153.29	166.05
	Quick ratio	121.83	133.64	90.53	89.86	88.90
	Times interest earned	78,896.87	46,698.24	182,345.27	44,061.95	47,524.61
Operating performance	Accounts receivable turnover (times)(Note 2)	4.82	5.42	7.31	7.10	6.96
	Average collection period(Note 2)	76	67	50	51	52
	Accounts receivable turnover (times)(Note 3)	7.43	10.15	7.31	7.10	6.96
	Average collection period(Note 3)	49	36	50	51	52
	Inventory turnover (times)	8.04	5.46	4.95	4.97	4.58
	Accounts payable turnover (times)	4.80	4.80	5.44	5.45	6.11
	Average days in sales	45	67	74	73	80
	Property, plant and equipment turnover (times)	70.31	66.69	74.15	55.40	48.17
	Total assets turnover (times)	1.91	1.80	2.12	2.02	1.97
Profitability	Ratio of return on total assets (%)	7.76	10.12	18.25	11.11	9.31
	Ratio of return on equity (%)	15.28	20.87	40.96	23.92	18.33
	Ratio of Profit before tax to paid-in capital (%)	102.66	142.63	239.87	111.59	75.80
	Profit ratio (%)	4.05	5.61	8.59	5.50	4.71
	Earnings per share (NT$)	8.92	11.79	20.03	9.42	6.61
Cash flow	Cash flow ratio (%)	5.55	30.93	18.45	20.28	26.24
	Cash flow adequacy ratio (%)	91.87	83.82	64.83	67.52	70.28
	Cash reinvestment ratio (%)	(5.30)	9.22	11.31	15.36	12.49
Leverage	Operating leverage	1.69	1.51	1.32	1.48	1.63
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Note1: The above financial information for each year was audited by CPA.
Note2: The calculation does not include net sales of materials from the parent company to subsidiaries in China.
Note3: The calculation includes net sales of materials from the parent company to subsidiaries in China.

Analysis of financial ratio differences over 20% for the last two years:

Times interest earned	The increase was mainly due to decrease in interest expense of the year.
Accounts receivable turnover (times)(Note 1)	The decrease was mainly due to decrease in net sales of materials from the parent company to subsidiaries in China.
Average collection period(Note 1)	The increase was mainly due to decrease in net sales of materials from the parent company to subsidiaries in China.
Inventory turnover (times)	Cost of goods sold increased while average inventory amount decreased, causing the increase in inventory turnover (times).
Average days in sales	The decrease was mainly due to increase in Inventory turnover (times).
Ratio of return on total assets	The decrease was mainly due to decrease in profit for the year.
Ratio of return on equity	The decrease was mainly due to decrease in profit for the year.
Ratio of Profit before tax to paid-in capital	The decrease was mainly due to decrease in profit before income tax.
Profit ratio	The decrease was mainly due to decrease in profit for the year.
Earnings per share	The decrease was mainly due to decrease in profit for the year.
Cash flow ratio	The decrease was mainly due to decrease in net cash flow from operating activities and increase in current liabilities.
Cash reinvestment ratio	The decrease was mainly due to decrease in net cash flow from operating activities.

Note1: The calculation includes net sales of materials from the parent company to subsidiaries in China.

Glossary:
1. Financial structure
(1) Ratio of liabilities to assets = Total liabilities / Total assets
(2) Ratio of long-term capital to property, plant, and equipment = (Total equity +Non-current liabilities) / Net property, plant, and equipment

2. Solvency
(1) Current ratio = Current assets / Current liabilities
(2) Quick ratio = (Current assets- Inventory-Prepaid expenses) / Current liabilities
(3) Times interest earned = Net income before tax and interest expense/ Interest expense of the year

3. Operating ability
(1) Accounts receivable turnover (including accounts receivable and notes receivable derived from business operation) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation).
(2) Average collection period = 365 / Accounts receivable turnover
(3) Inventory turnover = Cost of goods sold / Average inventory amount
(4) Accounts payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)
(5) Average days in sales = 365 / Inventory turnover
(6) Property, plant, and equipment turnover = Net sales / Average net property, plant, and equipment
(7) Total assets turnover = Net sales / Average total assets

4. Profitability
(1) Ratio of return on total assets= [Net income (loss) + Interest expense x (1 - tax rate)] / Average total assets
(2) Ratio of return on Equity = Net income (loss) / Average total equity
(3) Profit ratio = Net income (loss) / Net sales
(4) Earnings per share = (Profit attributable to shareholders of the parent – preferred stock dividend) / Weighted average stock shares issued

5. Cash flow
(1) Cash flow ratio = Net cash flow from operating activity / Current liabilities
(2) Net cash flow adequacy ratio = Net cash flow from operating activity in the past five years / (Capital expenditure + Inventory increase + Cash dividend) in the past five years
(3) Cash reinvestment ratio = (Net cash flow from operating activity - Cash dividend) / (Gross property, plant, and equipment + Long-term investment + Other non-current assets + working capital)

6. Leverage
(1) Operating leverage = (Net Sales revenue – Variable operating cost and expense) / Operating profit
(2) Financial leverage = Operating profit / (Operating profit - interest expense)

(Ⅲ)Supervisors' /Audit Committee's Report for the most recent year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for earnings distribution and the Financial Statements have been audited by CPA Liang, Hua-Ling and Yu, Chih-Fan of PwC . The Business Report, Financial Statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Micro-Star International Co., Ltd.
Therefore, we are in accordance with Article #14-4 under the Securities and Exchange Act and Article #219 under Company Act, we hereby submit this report.

Micro-Star International Co., Ltd.

Chairman of the Audit Committee:
Hsu,Jun-Shyan

March 14, 2024

(Ⅳ)Financial statements in the most recent years : Please refer to page**118～188**

(Ⅴ) Corporation-only financial report audited and attested by a CPA from the most recent year: Please refer to page **189～245**

(Ⅵ)State the financial position of the Company if any insolvency occurs in the Company or affiliates in the most recent year until the date this report is printed：None.

Ⅶ. Review of Financial Conditions, Financial Performance, and Risk Management

(Ⅰ) Analysis of Financial Status

Comparison and Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	82,173,798	78,598,457	3,575,341	4.55%
Property, plant, and equipment	5,238,639	5,522,073	(283,434)	(5.13%)
Intangible assets	-	-	-	-
Other Assets	3,111,377	2,732,373	379,004	13.87%
Total Assets	90,523,814	86,852,903	3,670,911	4.23%
Current Liabilities	39,427,392	37,640,785	1,786,607	4.75%
Non-current liabilities	916,158	813,529	102,629	12.62%
Total Liabilities	40,343,550	38,454,314	1,889,236	4.91%
Equity attributable to shareholders of the parent	50,180,264	48,398,589	1,781,675	3.68%
Share capital	8,448,562	8,448,562	0	0.00%
Capital surplus	805,408	805,068	340	0.04%
Retained Earnings	41,803,699	39,848,080	1,955,619	4.91%
Other equity interest	(877,405)	(703,121)	(174,284)	(24.79%)
Treasury shares	-	-	-	-
Non-controlling interests	-	-	-	-
Total Equity	50,180,264	48,398,589	1,781,675	3.68%

(1) Analysis of significant changes in assets, liabilities and equity for the last two years:
Other equity interest: The decrease was mainly due to increase in losses on financial statements translation differences from foreign entities.

(2) Future plans for the major impact on financial position: The above deviations were caused by general business operations, having no major impact on MSI's financial position.

(Ⅱ) Analysis of Financial Performance

Comparison and Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2023	2022	Amount	%
Sales revenue	182,965,688	180,411,242	2,554,446	1.42%
Net operating margin	22,845,651	25,728,080	(2,882,429)	(11.20%)
Operating profit	8,810,029	10,695,886	(1,885,857)	(17.63%)
Non-operating income and expenses	366,658	1,587,799	(1,221,141)	(76.91%)
Profit before income tax	9,176,687	12,283,685	(3,106,998)	(25.29%)
Income (Losses) from continuting operations	7,532,896	9,962,520	(2,429,624)	(24.39%)
Losses from discontinued operations	-	-	-	-
Profit for the year	7,532,896	9,962,520	(2,429,624)	(24.39%)
Other comprehensive income for the year (Net of income tax)	(175,510)	226,187	(401,697)	(177.60%)
Total comprehensive income for the year	7,357,386	10,188,707	(2,831,321)	(27.79%)
Profit attributable to sharholders of the parent	7,532,896	9,962,520	(2,429,624)	(24.39%)
Profit attributable to non-controlling interests	-	-	-	-
Total comprehensive income attributable to shareholders of the parent	7,357,386	10,188,707	(2,831,321)	(27.79%)
Total comprehensive income attributable to Non-controlling interests	-	-	-	-
Earnings per share	8.92	11.79	(2.87)	(24.34%)

1. Analysis of significant changes in sales revenue, operating profit, and profit before income tax for the last two years:

   Non-operating income and expenses: The decrease was mainly due to increase in other losses.

   Profit before income tax: The decrease was mainly due to decrease in net operating income.

   Income from continuting operations: The decrease was mainly due to decrease in net operating income.

   Profit for the year: The decrease was mainly due to decrease in net operating income.

   Other comprehensive income for the year: The decrease was mainly due to increase in losses on financial statements translation differences from foreign entities.

   Total comprehensive income for the year: The decrease was mainly due to decrease in profit for the year.

   Earnings per share: The decrease was mainly due to decrease in profit for the year.

2.Possible impact on financial performance and future plans:

There is no disadvantage on future finance and business.

(Ⅲ)Analysis of Cash Flow

Unit：NT$ thousands

Beginning cash balance (A)	Net cash flow from operating activities (B)	Cash inflow(outflow) (C)	Cash surplus (deficit) (A)+(B)+(C)	Remedial measures for the expected insufficient cash	
				Investment plan	Financing plan
27,475,487	4,961,653	(6,664,618)	25,772,522	-	-

1. Analysis of Cash flow change:
   (1) Operating activities: cash inflow 4,961,653
   (2) Investing activities: cash outflow 604,976
   (3) Financing activities: cash outflow 5,898,479
   (4) Exchange rate changes: cash ouflow 161,163

2. Remedial actions for liquidity shortfall: Not Applicable.

Item \ Year	2023	2022	Variance
Cash flow ratio	12.58%	41.55%	(69.72%)
Cash flow adequacy ratio	101.85%	93.12%	9.38%
Cash reinvestment ratio	(1.03%)	12.16%	(108.47%)

Analysis of financial ratio change:
The decrease in cash flow ratio was mainly due to decrease in net cash flow from operating activities and increase in current liabilities.
The decrease in cash reinvestment ratio was mainly due to decrease in net cash flow from operating activities.

3. Cash flow analysis for the coming year:

Unit：NT$ thousands

Beginning cash balance	Estimated net cash flow from operating activities	Estimated cash inflow(outflow)	Estimated Cash surplus (deficit)	Remedial measures for the expected insufficient cash	
				Investment plan	Financing plan
25,772,522	7,200,000	(7,000,000)	25,972,522	-	-

(1) Analysis of cash flow change in current period:
   A. Operating activities: Cash inflow this year is expected to be due to profit and working capital changes.
   B. Investing and financing activities：Cash outflow this year is expected to be due to the issuance of cash dividend , real estate acquirement and equipments replacement.

(2) Remedial actions for liquidity shortfall: Not Applicable.

(Ⅳ) Recent years major capital expenditures and impact on financial and business: The Company had no capital expenditures that have a significant impact on the financial and business in 2023.

(Ⅴ)Reinvestment in recent years:

1.The company's reinvestment policy for the most recent fiscal year:

The re-investment policy of the Company is meant mainly to explore overseas markets and provide in-depth services in major countries so that the revenue and worldwide market shares can be increased.

2.The main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability: Income from reinvested businesses of the Company in 2023 totaled NT$2,003,655 thousand mainly due to worldwide inflation rate were slow down in 2023. PCchannel inventory issues had been relief in 2023 and subsidiaries' net income can increase comparing with 2022.

3.Investment plans for the coming year: Currently, no significant investment plans will be processed this year.

(Ⅵ)Risk analysis and evaluation in recent years and up to the date of the annual report printed

1.The impact of interest rate, exchange rate, and inflation on the Company's income and expense and the responsive measures:

(1) Interest rate

The changing interest rate can impact the Company in two parts. As far as assets are concerned, income for the Company from cash and cash equivalents increases or decreases as the interest rate changes. For liabilities, expenditure on interest charged for short-term loans also increases or decreases as the interest rate changes. The impacts on the assets and liabilities from the changing interest rate as described above can be counterbalancing. If it is expected that the interest rate will significantly change, the Company can reduce its impact on the Company's profits and losses by adjusting durations of deposits and borrowings or through interest rate swap.

(2) Exchange rate

Sales of the Company are mainly export-oriented. Among them, more than 70% are priced in USD. Among the materials purchased, also more than 90% are paid in USD. The natural hedging ratio is high. Plus the current exchange rate hedging that is adopted to reduce risks associated with the changing exchange rate, the impacts of changing exchange rate on the Company are not too huge. The Company will continue to reduce the impacts that the changing exchange rate has on profits and losses by undertaking hedging transactions.

(3) Inflation

Generally speaking, inflation affects the purchasing power and willingness of consumers and reduces the demand for consumer products; it will have a negative influence on the overall revenue and profits and losses of the Company. Impacts of inflation, however, are comprehensive; that is, not only individual companies are affected. In other words, the government financial departments shall stipulate related measures with macroeconomics in mind. Nevertheless, the Company will devoted to bringing down its production cost in order to keep its revenue by introducing products at a price that can better inspire consumers to buy and to accordingly reduce the negative impacts that inflation has on the Company's profits and losses.

2.Conducting high-risk and high-leverage investment, granting loans to others, endorsement & guarantee and directives policy, root cause of profit and loss, and the responsive measures:

The Company's policy is not to undertake high-risk, high-leverage investments and not to lend funds to others or serve as endorser or guarantor. In terms of its policy on derivatives, it only engages itself in hedging transactions. The exchange rate hedging transactions the Company undertook in the most recent year accordingly reduced the impacts of the changing exchange rate on the Company's profits and losses. In the future, such undertaking will keep going in order to reduce the impacts that the volatility in exchange rate on the Company's profitability.

3.R&D plans and budgeted R&D expense：

Products development planned in 2024

(1)Products development

A. Motherboards

- Intel® 800 series motherboards support the latest generation core processors.
- AMD® AM5 series motherboards support the Ryzen™ 7000/8000 series processors.
- Develop more AI applications/utilities/experience of motherboard.
- Development of add-on cards and accessory cards for the latest technology and new standards.
- Develop more functions and structures for easy user installation.
- Continuously develop Back-connect motherboard.
- Optimize motherboard intuitive hardware and software functions, such as: Smart Button, MSI Center.
- Continuously optimize BIOS functions and interfaces, such as: Memory Force, Frozr AI Cooling.

B. Professional Graphics Card and Professional Gaming Gears

- Develop more powerful and high-efficiency graphics cards.
- Develop graphics card with “AI deep learning” technologies.
- Develop graphics cards using advanced technology and components.
- Continue to develop cooling modules and fans with better cooling performance and low noise.
- Develop high-quality and functional graphics card products.
- Continuous improvement and integration of graphics card S/W applications.
- Develop faster and larger capacity SSD products.
- Develop more Professional Gaming peripherals.
- Develop more Network products and peripherals.
- Develop and integrate Creator Series graphics card solution.

C. Servers

- Develop the new generation AI GPGPU systems and Server systems with Intel® and AMD® platform.
- Develop the air-cooling and liquid-cooling solutions for high performance computing.
- Develop the new generation Workstation and Embedded systems with Intel® platform
- Develop the next generation firewall (NGFW) with Intel® and AMD® platform to integrate ethernet switch chip.

D. Desktop Computers

- Developing desktop based on Intel®'s latest platform.
- Developing desktop based on NVIDIA®'s latest platform.
- Expanding and developing the application of AI in gaming desktops to provide players with a more convenient product usage experience.
- Continuously exploring the application of generative AI in gaming desktops.
- Ongoing development of exclusive cooling design - Silent Storm Cooling.
- Expanding into new market opportunities by promoting gaming desktops to the creator market.
- Continued development of features and applications for human-machine interfaces.
- Continuous strengthening of interconnectivity between MSI products and streamlining setup processes through AI.
- Development of Workstations suitable for the professional market.
- Developing business desktop PCs and All-in-One PCs with enhanced data security, such as business computers that support vPro Enterprise.
- Develop and acquire business computers and All-in-One PCs that meet international environmental certifications, such as EPEAT.

E. Telematics and Automotive Electronics

- New generation In-Vehicle wireless multi-channel Voice/Music broadcasting system.
- New generation In-Vehicle ruggedized Intelligent Display System.
- New generation ruggedized Tablet Computer with AI and communication functions.
- Wireless Intelligent Conference Video System.

F. Laptops

- Leading the industry, MSI has fully implemented gaming laptops featuring Intel® Core™ Ultra processors with NPU, high-performance Intel® 14th Gen HX processors, and NVIDIA® 40 series graphics chips across its entire lineup. Collaborating with industry partners, MSI has been at the forefront in adopting various new platform AI technologies, achieving top-notch performance in the same class. The entire lineup has transitioned to new platforms, establishing MSI as having the most complete AI PC product line in the industry.
- Expanding further in the gaming domain, after introducing the Claw gaming handheld equipped with Intel® Core™ Ultra processors with NPU, MSI continues to focus on the research and development of subsequent

models, designing devices that cater to the usage environment of handheld users.

- In the past, MSI was the first to introduce a 16:10 golden ratio screen in creator and business series laptops. As support for special aspect ratios becomes more prevalent in games, the gaming series has also increased the adoption of 16:10 screens this year. This allows the products to achieve truly narrow bezels on all four sides, presenting a more modern and refined appearance and increasing the working area by 10% for daily productivity applications.
- The laptop panels offer a complete range of options paired with exclusive color calibration technology. The highest-end 18” MiniLED UHD+/120Hz and OLED QHD+/240 screens create rich colors, true depth, and incredibly sharp high contrast. This enhancement caters to both professional creation and elevated gaming experiences, ensuring no detail is missed.
- Continuing the collaboration with the top gaming brand "SteelSeries®," and through MSI's exclusive Mystic Light lighting effects, deeply integrating with games, allowing the keyboard to blend into the gaming scenario. Furthermore, MSI applies lighting to the product body, not just the keyboard, allowing the overall body lighting to blend into the gaming environment, providing players with a more immersive gaming experience.
- With the vibrant development of various social media and self-media, the demand for audio and video editing is experiencing significant growth. In response to the needs of various creators, MSI thoughtfully creates an exclusive creator series of laptops, coupled with intelligent detection of editing software in use, optimizing the system. Whether it is 3D modeling, dynamic imaging, or static image editing, corresponding product lines are provided.
- The latest version of "MSI Center" integrates software from different product lines, combining intelligent judgment of system usage scenarios. Utilizing AI intelligent technology brings a series of innovative user experiences. Through factors such as activating software and remaining battery life, the system can autonomously switch between various AI intelligent modes, providing users with a seamless intelligent optimal experience.
- In response to the arrival of the AI era, the research and development team is committed to developing AI application software. Not resting on the considerable response brought by this year's AI Artist for creative assistance, MSI is dedicated to providing a better AI usage environment and experience in the future.
- MSI Design Center conducts big data research on craft techniques and color trends to assist in setting development directions. In addition to focusing on macro trends, attention is also given to industries closely related to people. Choosing the most popular representative colors from the ever-changing trend pulse, injecting them into the color scheme of MSI laptops, and customizing an exclusive MSI color plan.
- Continuously strengthening the laptop market in the high-end professional field of mobile workstations, combining product design with high-performance graphics cards dedicated to graphics drawing, creating more professional, efficient, and portable professional drawing laptops.
- In the aspect of environmental sustainability, continuous efforts are made to explore new attempts. Some models have started using environmentally friendly materials, and the entire series is striving to achieve global EPEAT environmental certification, actively contributing to society and the environment.

G. Monitors

- Enhancing the computational technology of AI-human interaction in displays.
- Supporting DP 2.1 to accommodate future graphics card designs and to support uncompressed high-quality images in the future.
- Strengthening support for HDMI 2.1 to provide lossless images and Variable Refresh Rate (VRR) support.
- Development of the Mini LED technology and G-SYNC Pulsar Tech monitors for Esports professionals.
- Optimized the monitor color display technology and preset color calibration.
- Integrate the features of all product lines to establish a new MSI ECO System.
- Continuing the development of consumer control CEC functions, strengthen the connection with the Console machine and expand the market.
- Develop the Power Delivery charging scheme is optimized to enhance the charging function of higher wattage.
- Added high refresh rate 100Hz above commercial monitors to enhance eye protection and user comfort.
- Develop a hardware less blue light solution to enhance the eye protection effect and reduce the color loss of the display.
- Develop the new generation of panel technology OLED for Esports dedicated monitors.
- Develop the new generation of QD-OLED new quantum dot and OLED displays to enhance consumer entertainment experience.
- Innovating professional monitors with Smart Sensor and Active Noise Cancellation (ANC) Technology that bring the best viewing experience & enhance the productivity for users.
- Innovating curved professional monitor that bring the most comfortable environment for users while working

for long time.

- Developing the portable monitor that can enhance the connection the smartphone, and others mobile devices.

H. AMR (Autonomous Mobile Robot)

- AMR Factory Automation related products.
- AMR Logistics and Warehouse Automation related products.

I. Smart Electric Vehicle Charger

- Electric vehicle charging products and cloud application solutions.
- Green energy applications and products.
- Smart parking management applications and products.

J. Others (Case, Liquid Cooler, Power Supply)

- Develop an AI intelligent sensor control device to provide better AI environment setting experience.
- Enhance the MSI Center software connection for all MSI products.
- From the perspective of user experience and convenience, develop case and liquid cooler that are easier to assemble and supports future peripheral accessories.
- Provide peripheral cable accessories for the installation of vertical graphics cards.
- Develop enhanced fan stop technology, for water cooling, chassis and power supply, allowing users to save energy and provide a quieter user experience in low-efficiency usage scenarios.
- Develop more functions and structures for easy user installation, including Back-connect compatible case.
- Optimize the intuitive hardware and software functions of the case and computer components, such as: MSI CENTER, COOLING WIZARD.

(2) Progress of unaccomplished R&D plans: Product design and development stage.

(3) Current progress of R&D projects yet to be completed: The overall progress is about 20% to 80% at present, depending on respective products involved.

(4) Major factors that affect the future success of R&D：A. Market factor B. Delayed key parts and components C. Shortage of parts and components.

(5)R&D budget in 2024：NT$5.09 billion.

(6)Projection on mass production:2023～2024.

4.The impact of domestic and international policies and law change on the Company’s finance and the responsive measures：None

5.The impact of technology change and industrial change on the Company’s finance and the responsive measures：The Company always pays attention to the technological changes in its industry, and sets up the Information Security Committee to assign a member or form an ad hoc taskforce to evaluate the impact on the Company’s future development, finance and business, and study the responsive measures. There is no significant technological changes that will have serious impact on the Company’s finance and business.

6.The impact of industrial image change on business risk management and the responsive measures：None

7.The expected effect, potential risk, and responsive measures of merger：None

8.The expected effect, potential risk. and responsive measures of plant expansion：None

9.The risk relating to excessive concentration on procurement and customer：None

10.The impact of massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding, the risk, and the responsive measures：None

11.The impact of right to operate change on the Company. The risk, and the responsive measures：None

12.Legal and non-legal events：

(1)As of the publication date of annual report, whether the directors, supervisors, President, and shareholders with shareholding ratio over ten percent of the Company are involved in any significant litigation, non-litigation or administrative litigation cases, such cases have been sentenced or are currently pending, and the results there of have a significant impact on shareholders’ equity or securities price：None

(2) Significant litigation, non-litigation or administrative litigation cases of the Company in the most recent years and up to the date, such cases that have been sentenced or are currently pending, and the results thereof that have a significant impact on shareholders’ equity or securities price：None

13.Other significant risks and responsive measure：

(1) Risk management policy: The Company’s policy towards risk management is to evaluate possible impacts of the various risk matters on the profits and losses of the Company and to stipulate respective response policies accordingly.

Risk assessment	Impacts on profits and losses	Countermeasure
1. Financial risk	The Company has an optimal financial structure; its debt ratio is 45% and net worth reaches 50.2 billion. Financial risk is hence not high.	Continue with the optimal financial structure in order to reduce financial risk
(1) Market risk (including exchange rate and interest rate)	Major products of the Company are sold to Europe, Asia, and America; they are not overly focused on a specific single market. Therefore, market risk is not high.	Continue to diversify areas of distribution in order to reduce market risk
(2) Credit risk	The primary credit risk of the Company comes from accounts receivable from its customers. Insurance has been purchased for the accounts receivable as safety measure to reduce such risk. Therefore, credit risk is not high.	Continue to have accounts receivable covered by insurance as safety measure to reduce credit risk
(3) Liquidity risk	The current ratio of the Company is up to 208%; the liquidity risk is not high.	Continue with the optimal current ratio in order to reduce liquidity risk
(4) For the nature and extent of significant financial risks, refer to Pages **170～177** , **238～245** for details.		
2. Legal risk	MSI management closely monitors all domestic and foreign governmental policies and regulations that might impact MSI's business and financial operations. In 2023 and as of the date of this Annual Report, there were no governmental policies or regulatory changes would materially impact MSI's operations or financial condition.	
3. Evaluation of strategic and operational risks	The Company has successfully extended its business to displays, PC peripherals, servers, and auto-electronics from its core business of computer motherboards, display cards and laptops., among other diversified fields. As far as operation is concerned, as the management complexity increases, daily response mechanisms need to be developed for the evaluation of strategic and operational risks. In terms of management, the strategy is to extend core specialties and combine the many technologies researched and developed over the years and to keep track of demand on the market for the industry. The hope is to create another wave of growths for the Company and to bring about maximum benefits for the Company's shareholders. In order for strategic goals to be precisely fulfilled, the Company operates by connecting the value chain through its business departments and the functional main part when it comes to organization and operation. Annual goals are set according to the competition in the industry facing product business departments and managerial meetings are called for periodically to discuss the strategy and operational efficacy in order to adopt immediate countermeasures that help bring down operational risk.	(1) Periodically review the growths in core sectors Set goals for growth, market share, and profitability that are higher than industrial averages (2) Set reasonable return on investment based on the careful evaluation in advance and the management plan for a new business and demand that profits and losses reach a balance within a given period of time. Set phased strategic goals reflective of the nature of the sector involved, such as obtaining purchase orders from prospective customers, timely mass production, and securing a certain market share on the strategic target market. (3) Related departments meet on a monthly basis to review the operational efficacy and examine and adjust the strategies on a quarterly basis; related organizational adjustment is made right away for unachievable ones in order to control risk. (4) Keep timely track of daily operations around the world through the real-time information system, including shipment, stock and Inventory turnover, purchase order, operating fund, among others, and set the alert criteria. (5) Gather managers around the world periodically to discuss management strategies that concern where the Company will go next. High-raking management is to adjust strategies taking into consideration resources available throughout the Company and the operational status. (6) We aim to improve information security protection and response capabilities to lower

		information security risks, through the Business Continuity Plan (BCP), regular testing, network management monitoring, external consulting services, and internal and external audits to ensure the system implementation, and employee education and training.

4. Information security risk

The Company introduced ISO27001 in 2020 to establish relevant systems and documents in accordance with the specification content for compliance, after verification by a third party, the Company obtained the certificate on February 1, 2024.

Item	Policy Document Name	Content
1	Handbook for information security	Guidelines for information security, covering information security policy, review and evaluation
2	Management procedures for information security	Structure and responsibilities of the information security organization, including: 1. Basic information security structure 2. Stakeholder group
3	Statement of suitability of information security	Implementation status of security control measures meeting ISO/IEC 27001 to strengthen the information security of the Company
4	Procedures for managing personal information security	Explanations about safety management processes before, during, and after the employment, or change of employment, including: 1. Word descriptions and safety of resource allocation 2. User training 3. Safety and failure event reactions
5	Management procedures for system access, development and maintenance	1. Access control for the information system. 2. Access control for program source code. 3. Data input/output controls. 4. System development, change and maintenance. 5. Maintenance for system management. 6. System capacity planning and monitoring. 7. Management of privileged tool programs. 8. Duty segregation.
6	Procedures of communication security	1. Network usage policy. 2. Network security management. 3. Network routing management. 4. Monitoring network facilities and the connection. 5. Regulations for security management of remote diagnosis. 6. Management for basic services of network facilities. 7. Email management. 8. Management of network firewall. 9. Management of network security audit. 10. Document control on network.
7	Measures for access control	1. Operational requirements of access control 2. User access management 3. User responsibility 4. Internet access control 5. Operating system access control measures 6. Application system access control 7. Monitoring system access and use 8. Mobile computer process, and remote work access control 9. Third party access security
8	Physical and environmental safety management	1. Security management for facility security. 2. Management of computer room security. 3. Maintenance of computer room. 4. Security management for storage media. 5. Security management for purchase order, procurement and maintenance of information software and hardware facilities. 6. Transfer and disposition of assets of information system (including

		scrapping, sale and loss). 7. Usage of portable storage media. 8. Protection of intellectual property rights, personal identification and privacy
9	Management procedures for continuous operation	1. BCM planning and framework 2. Business impact analysis 3. Business Continuity Plans (BCP) preparation and implementation 4. BCP testing, maintenance, and revaluation
10	Procedures for managing information security incidents	1. Information security breach management procedures 2. Information security breach handling and follow-up 3. Information security breach analysis and statistics
11	Procedures for internal audit	1. Annual audit planning and schedule making 2. Security policy and technical conformity review 3. System and operation management audit considerations
12	Management procedures for public key certificate	1. Management principles of public key certificate. 2. Principles of certificate agency selection. 3. Operation policy of the certificate agency.
13	Management procedures for evaluation of IT assets and risks	1. Asset authentication 2. Risk analysis 3. Risk handling 4. Legal compliance
14	Management procedures for outsourced IT operation	1. Security policy for outsourced IT operation. 2. Requirements and confidentiality agreement for outsourced IT operation.
15	Measure for IT operation management	1. Principles of information hierarchy. 2. Principles of handling records of confidential information. 3. Methods for destroying information.
16	Procedures for managing operation security	1. Change of management. 2. Capacity management. 3. Management of system environment (development, testing and operation). 4. Management for anti-virus software usage. 5. Backup management. 6. Log management. 7. Time sync management. 8. Management of technology vulnerability. 9. Management of software installation.
17	Procedures for auditing management system	Procedures and guidance for management review

5. Climate risks	The probability and severity of natural disasters (including drought, mites, snowstorms, high temperature/heat waves, typhoons/strong rainfall) brought about by extreme weathers may affect the Company's production and operations. The risks may include production constraints, operations, equipment, and investment cost rise and inefficiency, etc. There is no significant impact at present.	For impacts of climate change to the electronics industry, risk analysis and extreme event impacts are important issues from the disaster perspectives. We have made the disclosure based on the framework including “governance, strategy, risk management, metrics & targets recommend in Task Force on Climate-Related Financial Disclosures (TCFD) from the Financial Stability Board (FSB). We also conducted impact analysis in vulnerability and risk assessments, applying factors for climate and environmental changes, in order to examine the current protection for better risk control, as well as new business opportunities. Disclosed in the Sustainability Report: https://tw.msi.com/about/company/Despite the fact that MSI is not an energy-intensive

		manufacturer,In addition to actively announcing its controls of greenhouse gas emission and signing covenants, MSI also develops the strategies of reducing greenhouse gas during production and operation. (1) Management Strategy ● Resilience to climate change: Implement risk identification, response and prevention measures in relation to climate change and avoid impact to operations. ● Promote low-carbon production: Adopt optimized technologies to reduce greenhouse gas emission, and set reduction goals. ● Incorporate green energy equipment: Acquire and utilize renewable energy equipment such as solar-powered heaters to reduce dependency on power grid. ● Improve energy efficiency: Devise energy and carbon reduction measures and enforce action plans for improved energy efficiency. (2)Control Measures ● Identification、evaluation and analysis of impacts and risks associated with future climate. ● Adaptation planning and review. ● Energy/resource coordination. ● New protection facilities or improved disaster prevention equipment. ● Regular examination of asset and commercial insurance coverage to determine whether they are adequate for compensating losses caused by climate change.

(2) Organizational structure of risk management

Our risk management policy is to evaluate the likely impacts to the Company’s operations in the course of operating activities and to formulate countermeasures accordingly. Through the Board’s approval on November 11, 2022, our “Risk Management Policy and Procedures”，On August 10, 2023, the Board of Directors passed the amendment to adjust the organizational structure of risk management, and authorized the Audit Committee to supervise the operation and execution of the Company's risk management, and report to the Board of Directors at least once a year. The risk management status in 2023 was reported to the Board of Directors on November 10, 2023.

The Company has the “Continued Operational Management Procedure” in place to help reduce impacts and damages derived from emergency events facing the organization and to ensure normal operations of the Company for the sake of sustainable management, according to the three aspects of economy, environment, and society, risk policies are divided into financial, business management, ethical integrity, information security, climate change, suppliers, human resources, occupational safety and health, and other areas and legal compliances. Risk control measures include the Code of Corporate Governance, Code of Corporate Social Responsibility, Code of Integrity Management, and Code of Ethical Conduct have all been approved by the Company's Board of Directors.

The organization structure of the Company's risk management is implemented and operated by the President who coordinates and directs the risk management plan. The businesses and units responsible for management under the President are responsible for assessing the operational risks, production risks, environmental safety risks, information security risks, climate change risks, etc. and executes daily risk management. The President reports to the board of directors at least once a year.

Risk controlled management by functions:

A.Board of Directors: The Board is the top decision management of the whole Group's risk controlled. To cope with the whole operational risk and business environment, the Board rules the risk management policy and supervise the operational risk can be controlled effectively and improve the management efficiency.

B.Internal Audit office: Responsible for the internal control system's establishment and implement, Internal Audit procedures' planning and execution, strengthen internal control function and make sure the effect contributes continuously to achieve the Group's operation performance effective and efficiency and business result is reliable,on time, disclousure in line with Authority's regulations.

C.Finance: Responsible for the Group's financial operation, cash management and risk management to minimize the financial risk. Plan for the short, mid, long term finance and investment strategy.

D.Legal: Responsible not only documentation's legal compliance, but also legal risk management, to comply with government's supervision and hadle contracts and law suits dispute to minimize the Group's legal risk.

E.Information: Responsible for the Group's IT hardware and software's planning, establishment, operation and maintanence.Evaluate each kind of information risks and take necessary actions to make sure the safty and minimize the risk.

F.Business: Responsible for marketing strategy, products promotion and control the market trend to minimize the operation risk.

(Ⅶ)Other material events：None.

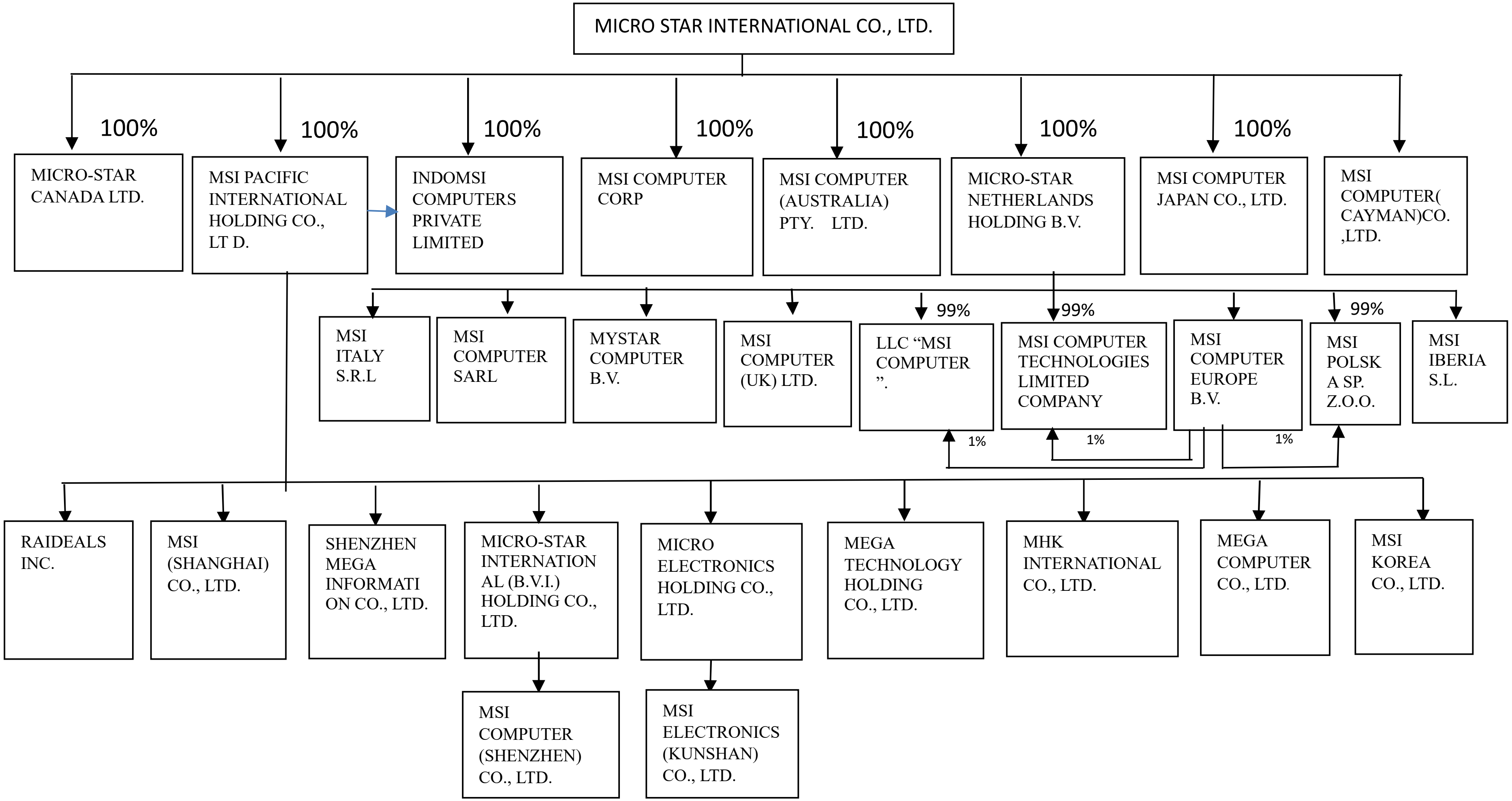
Ⅷ.Special disclosures

(Ⅰ)Related party

1、Organizational structure of related party:

MICRO STAR INTERNATIONAL CO., LTD.

2023 Consolidated financial statements of the related party



2.Company profile of related party

(Unit: thousands)

Name of corporation	Date of Establishment	Address	Capital	Major Business Scope
MICRO-STAR INTERNATIONAL (B.V.I.) HOLDING CO., LTD.	1998.02.04	TORTOLA,BRITISH VIRGIN ISLANDS	USD 47,521	Holding company
MSI COMPUTER CORP.	1998.03.25	CA,U.S.A.	USD 460	Sales and after-sales service of computers and electronic components
MYSTAR COMPUTER B.V.	1998.05.28	EINDHOVEN,THE NETHERLANDS	EUR 2,027	Sales support of computers and electronic components
MSI COMPUTER (AUSTRALIA) PTY. LTD.	1998.07.31	NSW,AUSTRALIA	AUD 222	Sales support and after-sales service of computers and electronic components
MICRO-STAR NETHERLANDS HOLDING B.V.	1998.12.21	EINDHOVEN,THE NETHERLANDS	EUR 1,102	Holding company
MSI COMPUTER JAPAN CO., LTD.	1999.01.21	TOKYO,JAPAN	JPY 20,000	Sales support and after-sales service of computers and electronic components
MSI COMPUTER SARL	1993.10.01 (1999.6.30 purchase)	JOSSIGNY,FRANCE	EUR 730	Sales support of computers and electronic components
MSI COMPUTER (SHENZHEN) CO., LTD.	2000.04.12	SHENZHEN,CHINA	USD 51,800	Manufacture and after-sales service of computers and electronic components
MSI COMPUTER (CAYMAN) CO., LTD.	2001.02.13	GEORGE TOWN,CAYMAN ISLANDS	USD 3,040	Holding company
MSI COMPUTER (UK) LTD.	2000.10.12	LONDON,UK	EUR 1,130	Sales support of computers and electronic components
MSI ELECTRONICS (KUNSHAN) CO., LTD.	2001.12.18	KUNSHAN,CHINA	USD 51,000	Manufacture and after-sales service of computers and electronic components
MSI COMPUTER EUROPE B.V.	2002.04.09	EINDHOVEN,THE NETHERLANDS	EUR 1,149	Logistic
MICRO ELECTRONICS HOLDING CO., LTD.	2002.06.14	TORTOLA,BRITISH VIRGIN ISLANDS	USD 33,315	Holding company
MSI PACIFIC INTERNATIONAL HOLDING CO., LTD.	2002.06.18	GEORGE TOWN,CAYMAN ISLANDS	USD 30,204	Holding company
MSI KOREA CO., LTD.	2002.12.27	SEOUL,KOREA	KRW800,000	Sales and after-sales service of computers and electronic components

SHENZHEN MEGA INFORMATION CO., LTD.	2003.11.19	SHENZHEN,CHINA	USD 700	After-sales service of computers and electronic components
MSI POLSKA SP. Z O.O.	2006.04.24	WROCLAWSKIE,POLAND	EUR1,171	Sales support and after-sales service of computers and electronic components
MEGA TECHNOLOGY HOLDING CO., LTD.	2008.04.01	TORTOLA,BRITISH VIRGIN ISLANDS	USD3,050	Holding company
MEGA COMPUTER CO., LTD.	2008.02.25	HONG KONG	HKD -	Sales support of computers and electronic components
LLC “MSI COMPUTER”	2009.10.09	MOSCOW,RUSSIA	EUR1,647	Sales support and after-sales service of computers and electronic components
MSI COMPUTER TECHNOLOGIES LIMITED COMPANY	2010.11.04	ISTANBUL,TURKEY	EUR77	under liquidation
MSI ITALY S.R.L.	2010.11.12	BERGAMO,ITALY	EUR50	Sales support of computers and electronic components
MHK INTERNATIONAL CO., LTD.	2008.02.25	HONG KONG	HKD -	Sales support of computers and electronic components
MSI (SHANGHAI) CO., LTD.	2017.12.12	SHANGHAI, CHINA	USD 1,000	Sales and after-sales service of computers and electronic components
RAIDEALS INC.	2018.03.23	CA, U.S.A.	USD 50	Sales of computers and electronic components
MSI IBERIA S.L.	2019.05.06	BARCELONA, SPAIN	EUR 150	Sales support of computers and electronic components
MICRO-STAR CANADA LTD.	2020.01.30	CANADA	CAD100	Sales support and after-sales service of computers and electronic components
INDOMSI COMPUTERS PRIVATE LIMITED	2023.3.12	BENGALURU, INDIA	INR16,274	Sales support of computers and electronic components

3.A controlling and hierarchical relationship according to Article 369.3 of Company Law：None

4.Business scope of MSI Group:

MICRO-STAR NETHERLANDS HOLDING B.V.、MICRO-STAR INTERNATIONAL（B.V.I.）HOLDING CO.,LTD.、MSI COMPUTER (CAYMAN) CO.,LTD.、MICRO ELECTRONICS HOLDING CO., LTD.、MSI PACIFIC INTERNATIONAL HOLDING CO., LTD.、MEGA TECHNOLOGY HOLDING CO., LTD. are holding and investment company. MSI headquarter and rest of affiliated companies are focused in IT industry. MSI Headquarter is focused on manufacturing and sales, MSI COMPUTER (SHENZHEN) CO., LTD. and MSI ELECTRONICS (KUNSHAN) CO., LTD. are MSI’s contract manufacture, SHENZHEN MEGA INFORMATION CO., LTD. is worldwide repair center, rest overseas companies are focus on sales and marketing, selling MSI own brand products.

5.Directors, Supervisors and Presidents of related party

Unit：shares

Name of corporation	Title	Name of representative	Shareholding	
			Shares	%
MICRO STAR INTERNATIONAL (B.V.I.) HOLDING CO., LTD.	Director & President	MICRO STAR INTERNATIONAL CO., LTD.	0	0%
		Representative：Yu,Hsien-Neng	0	0%
MSI COMPUTER CORP.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	575,458	100%
		Representative：Tung,Ti-Chun	0	0%
	Director	Huang,Chin-Ching	0	0%
	Director	Yu,Hsien-Neng	0	0%
MYSTAR COMPUTER B.V.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Chiu, Chih-Chien	0	0%
	Director	Wang,Ming-Jung	0	0%
MSI COMPUTER (AUSTRALIA) PTY. LTD.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	221,836	100%
		Representative：Huang,Chin-Ching	0	0%
	Director	Lin,Wen-Tung	0	0%
MICRO-STAR NETHERLANDS HOLDING B.V.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	424,000	100%
		Representative：Hsu,Hsiang	0	0%
MSI COMPUTER JAPAN CO., LTD.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	1,400	100%
		Representative：Lin,Wen-Tung	0	0%
	Supervisor	Liu, Chu-Hao	0	0%
MSI COMPUTER SARL	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Chiu, Chih-Chien	0	0%
	Director	Wang,Ming-Jung	0	0%
MSI COMPUTER (SHENZHEN) CO., LTD.	Executive Director	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Yu,Hsien-Neng	0	0%
	Supervisor	Hung, Pao-Yu	0	0%
	President	Li, Chao-Ming	0	0%
MSI COMPUTER (CAYMAN) CO., LTD.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	50,000	100%
		Representative：Huang,Chin-Ching	0	0%
MSI COMPUTER (UK) LTD.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Chiu, Chih-Chien	0	0%
	Director	Wang,Ming-Jung	0	0%

MSI ELECTRONICS (KUNSHAN) CO., LTD.	Executive Director	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Huang,Chin-Ching	0	0%
	Supervisor	Liu,Chu-Hao	0	0%
	President	Li, Chao-Ming	0	0%
MSI COMPUTER EUROPE B.V.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Chiu, Chih-Chien	0	0%
MICRO ELECTRONICS HOLDING CO., LTD.	Director	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Hung, Pao-Yu	0	0%
MSI PACIFIC INTERNATIONAL HOLDING CO., LTD.	Director	MICRO STAR INTERNATIONAL CO.,LTD.	30,204,118	100%
		Representative：Hung, Pao-Yu	0	0%
MSI KOREA CO., LTD.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Kung,Fan-Shu	0	0%
	Supervisor	Liu, Chu-Hao	0	0%
SHENZHEN MEGA INFORMATION CO., LTD.	Executive Director	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Yu,Hsien-Neng	0	0%
	Supervisor	Hung, Pao-Yu	0	0%
	President	Li, Chao-Ming	0	0%
MSI POLSKA SP. Z O.O.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Yu,Hsien-Neng	0	0%
MEGA TECHNOLOGY HOLDING CO., LTD.	Director	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Hung, Pao-Yu	0	0%
MEGA COMPUTER CO., LTD.	Director	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Hung, Pao-Yu	0	0%
LLC “MSI COMPUTER”	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Chiu, Chih-Chien	0	0%
	Director	Wang,Ming-Jung	0	0%
MSI COMPUTER TECHNOLOGIES LIMITED COMPANY	liquidator	Cevat Binici	0	0%
MSI ITALY S.R.L.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Chiu, Chih-Chien	0	0%
	Director	Wang,Ming-Jung	0	0%
MHK INTERNATIONAL CO., LTD.	Director	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Hung, Pao-Yu	0	0%
MSI (SHANGHAI) CO., LTD.	Executive Director	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%

		Representative：Wang, Yu-Pao	0	0%
	Supervisor	Hung,Pao-Yu	0	0%
RAIDEALS INC.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Hung, Pao-Yu	0	0%
MSI IBERIA S.L.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	0	0%
		Representative：Chiu, Chih-Chien	0	0%
	Director	Wang,Ming-Jung	0	0%
MICRO-STAR CANADA LTD.	Director & President	MICRO STAR INTERNATIONAL CO.,LTD.	100,000	100%
		Representative：Tung,Ti-Chun	0	0%
	Director	Liu,Yu-Hsien	0	0%
INDOMSI COMPUTERS PRIVATE LIMITED	Director	MICRO STAR INTERNATIONAL CO.,LTD.	1,627,390	100%
		Representative：Hung, Pao-Yu		
	Director	Shridhar Vidyadhar Magadum	0	0%
	Director	Li, yi ting	0	0%

6.Business operation of the related party

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of corporation	Capital (unit: thousands)	Total Assets	Total Liabilities	Net Worth	Revenue	Operating Income (Loss)	Net Income (Loss)	Earning(Loss) Per Share NTD) (after tax)
MICRO-STAR INTERNATIONAL (B.V.I.) HOLDING CO., LTD.	USD47,521 (Rate30.705)	6,678,108	0	6,678,108	0	(64)	1,070,804	0.73 (Note2)
MSI COMPUTER CORP.	USD 460 (Rate30.705)	19,529,568	19,242,079	287,489	43,526,118	549	91,203	6.46 (Note2)
MYSTAR COMPUTER B.V.	EUR2,027 (Note1) (Rate33.98)	520,020	343,538	176,482	2,567,794	27,314	20,518	0.30 (Note2)
MSI COMPUTER (AUSTRALIA) PTY.LTD.	AUD222 (Rate20.98)	29,817	13,600	16,217	66,337	5,086	4,183	0.90 (Note2)
MICRO-STAR NETHERLANDS HOLDING B.V.	EUR1,102 (Note1) (Rate33.98)	871,695	37,378	834,317	233,931	2,726	59,150	1.58 (Note2)
MSI COMPUTER JAPAN CO., LTD.	JPY20,000 (Rate0.2172)	75,517	51,516	24,001	203,107	6,895	2,865	0.66 (Note2)
MSI COMPUTER SARL	EUR730 (Note1) (Rate33.98)	103,003	61,926	41,077	143,912	6,830	5,065	0.20 (Note2)
MSI COMPUTER (SHENZHEN) CO., LTD.	USD51,800 (Rate30.705)	26,915,662	20,399,652	6,516,010	88,055,545	976,877	1,070,667	0.67 (Note2)
MSI COMPUTER (CAYMAN) CO., LTD.	USD3,040 (Rate30.705)	130,524	1,212	129,312	10,468	2,435	1,360	0.01 (Note2)
MSI COMPUTER (UK) LTD.	EUR1,130 (Note1) (Rate33.98)	78,202	35,796	42,406	123,165	5,865	12,862	0.33 (Note2)

MSI ELECTRONIC (KUNSHAN) CO., LTD.	USD51,000 (Rate30.705)	21,291,438	17,203,652	4,087,786	61,789,332	839,617	723,045	0.46 (Note2)
MSI COMPUTER EUROPE B.V.	EUR1,149 (Rate33.98)	97,878	33,062	64,816	303,358	6,666	4,950	0.13 (Note2)
MICRO ELECTRONICS HOLDING CO., LTD.	USD33,315 (Rate30.705)	4,195,976	0	4,195,976	0	(64)	723,118	0.71 (Note2)
MSI PACIFIC INTERNATIONAL HOLDING CO., LTD.	USD30,204 (Rate30.705)	11,613,469	1,638,300	9,975,169	0	(483)	1,833,626	1.98 (Note2)
MSI KOREA CO., LTD.	KRW800,000 (Rate0.0237)	751,755	361,804	389,951	4,824,316	46,477	25,433	1.34 (Note2)
SHENZHEN MEGA INFORMATION CO., LTD.	USD700 (Rate30.705)	30,887	7,154	23,733	43,969	69	304	0.01 (Note2)
MSI POLSKA SP. Z O.O.	EUR1,171 (Note1) (Rate33.98)	77,000	29,682	47,318	228,555	6,397	4,262	0.11 (Note2)
MEGA TECHNOLOGY HOLDING CO., LTD.	USD3,050 (Rate30.705)	3,485	0	3,485	0	(64)	54	0.00 (Note2)
MEGA COMPUTER CO., LTD.	HKD- (Rate3.929)	2,883,242	2,879,361	3,881	10,756,661	(191)	(73)	- (Note2)
LLC “MSI COMPUTER”	EUR1,647 (Rate33.98)	52,533	14,764	37,769	94,557	5,992	2,939	0.05 (Note2)

MSI COMPUTER TECHNOLOGIES LIMITED COMPANY	EUR77 (Rate33.98)	2	13	(11)	0	0	0	0 (Note3)
MSI ITALY S.R.L.	EUR50 (Rate33.98)	52,568	41,860	10,708	84,268	3,574	2,623	1.54 (Note2)
MHK INTERNATIONAL CO., LTD.	HKD- (Rate3.929)	139,541	102,678	36,863	190,268	8,750	4,077	- (Note2)
MSI (SHANGHAI) Co., LTD.	USD1,000 (Rate30.705)	3,119,848	3,194,303	(74,455)	11,644,328	13,677	5,139	0.17 (Note2)
RAIDEALS INC.	USD50 (Rate30.705)	12,445	9,838	2,607	118,393	264	191	0.12 (Note2)
MSI IBERIA S.L.	EUR150 (Rate33.98)	59,003	44,817	14,186	64,547	2,732	2,313	0.45 (Note2)
Micro-Star Canada Ltd.	CAD100 (Rate23.2)	51,987	40,238	11,749	108,920	4,516	3,557	1.53 (Note2)
INDOMSI COMPUTERS PRIVATE LIMITED	INR16,274 (Rate0.3689)	6,924	646	6,278	6,019	423	287	0.05 (Note2)

Note 1：Capital includes surplus.
Note 2：Earnings per share was calculated based on each NTD of capital instead of each share.
Note 3：MSI COMPUTER TECHNOLOGIES LIMITED COMPANY is under liquidation.

7.Consolidated Financial Statements of the parent company and subsidiaries：Please refer to **page 118～188**

8.Related Party Report：Not Applicable

9.Affiliated companies' transaction on guarantee, endorsement, loans to others and derivatives: please refer to **page 177**

(Ⅱ)Subscription of marketable securities privately in the most recent years and up to the date of the report printed：None

(Ⅲ)Status of MSI Common Shares Acquired, Disposed of, and Held by Subsidiaries: None

(Ⅳ)Other Necessary Supplement: None.

(Ⅴ)Occurrence of events defined in Securities Transaction Law Article 36.2.2 that has great impact on shareholders' equity or security price in the most recent years and up to the date of the repost printed：None.

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of MICRO-STAR INTERNATIONAL CO., LTD. and its subsidiaries (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2023 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of MICRO-STAR INTERNATIONAL CO., LTD. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Additionally, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, MICRO-STAR INTERNATIONAL CO., LTD. and its subsidiaries do not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
MICRO-STAR INTERNATIONAL CO., LTD.
By

Joseph Hsu, Chairman
March 14, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other independent auditors, we believe that the audit evidences 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 judgement, were of most significance in our audit of Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2023 consolidated financial statements are stated as follows:

Recognition of sales revenue generated from own-brand products

Description

Please refer to Note 4(26) for accounting policies on revenue recognition. Other than international brands, the Group sells its products to customers in various countries. The Group also actively develops own-brand products. The recognition of sales revenue generated from own-brand products is critical to the Group's consolidated 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 evidences 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(14) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(7) for details of inventories.

The Group 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 Group 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 Group'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 Group'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 consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated 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 entities (including investments accounted for under the equity method) amounted to NT$21,764,418 thousand and NT$19,245,391 thousand as of December 31, 2023 and 2022, constituting 24% and 22% of consolidated total assets, respectively. Sales revenue of the above-mentioned entities amounted to NT$50,514,919 thousand and NT$46,950,980 thousand for the years ended December 31, 2023 and 2022, constituting 28% and 26% of consolidated total sales revenue, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of MICRO-STAR INTERNATIONAL CO., LTD. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’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 Group’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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where 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 consolidated 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 consolidated 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 consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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)	$ 25,772,522	29	$ 27,475,487	32
1110	Financial assets at fair value through profit or loss - current	6(2)	133,160	-	297,392	-
1136	Current financial assets at amortised cost	6(4)	464	-	454	-
1150	Notes receivable, net	6(5)	61,660	-	179,588	-
1170	Accounts receivable, net	6(5)	20,261,289	22	18,826,732	22
1200	Other receivables		207,557	-	298,360	-
1220	Current income tax assets		123,312	-	6,171	-
130X	Inventories, net	6(7)	33,395,003	37	29,295,155	34
1410	Prepayments	6(8)	2,218,831	3	2,219,118	3
11XX	**Total current assets**		82,173,798	91	78,598,457	91
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	86,991	-	71,791	-
1535	Non-current financial assets at amortised cost	6(4) and 8	666,475	1	654,607	1
1600	Property, plant and equipment	6(9)	5,238,639	6	5,522,073	6
1755	Right-of-use assets	6(10)	718,580	1	633,607	1
1760	Investment property - net	6(12)	34,195	-	96,348	-
1840	Deferred income tax assets	6(25)	1,482,297	1	1,142,233	1
1900	Other non-current assets		122,839	-	133,787	-
15XX	**Total non-current assets**		8,350,016	9	8,254,446	9
1XXX	**Total assets**		$ 90,523,814	100	$ 86,852,903	100

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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(19)	202,581	-	1,297,414	2
2170	Accounts payable		24,435,180	27	24,670,649	28
2200	Other payables	6(13)	6,964,146	8	5,918,276	7
2230	Current income tax liabilities		2,034,571	2	515,756	1
2250	Provision for liabilities - current	6(15)	1,276,692	1	1,139,739	1
2280	Current lease liabilities		312,506	1	222,272	-
2365	Refund liabilities- current		3,935,285	5	3,600,984	4
2399	Other current liabilities, others		85,334	-	108,411	-
21XX	**Total current liabilities**		39,427,392	44	37,640,785	43
	Non-current liabilities					
2570	Deferred income tax liabilities	6(25)	4,300	-	12,694	-
2580	Non-current lease liabilities		359,944	-	358,411	1
2640	Net defined benefit liability, non-current	6(14)	164,451	-	169,988	-
2670	Other non-current liabilities, others		387,463	1	272,436	-
25XX	**Total non-current liabilities**		916,158	1	813,529	1
2XXX	**Total liabilities**		40,343,550	45	38,454,314	44
	Equity attributable to owners of parent					
	Share capital	6(16)				
3110	Share capital - common stock		8,448,562	9	8,448,562	10
	Capital surplus	6(17)				
3200	Capital surplus		805,408	1	805,068	1
	Retained earnings	6(18)				
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	36	30,917,333	36
	Other equity interest					
3400	Other equity interest		(877,405)	(1)	(703,121)	(1)
31XX	**Equity attributable to owners of the parent**		50,180,264	55	48,398,589	56
3XXX	**Total equity**		50,180,264	55	48,398,589	56
3X2X	**Total liabilities and equity**		$ 90,523,814	100	$ 86,852,903	100

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

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(19)	$ 182,965,688	100	$ 180,411,242	100
5000	Operating costs	6(7)(23)	(160,120,037)	(88)	(154,683,162)	(86)
5900	Net operating margin		22,845,651	12	25,728,080	14
	Operating expenses	6(23)				
6100	Selling expenses		(8,034,888)	(4)	(8,884,636)	(5)
6200	General and administrative expenses		(1,699,803)	(1)	(1,704,253)	(1)
6300	Research and development expenses		(4,282,955)	(2)	(4,396,924)	(2)
6450	Expected credit loss		(17,976)	-	(46,381)	-
6000	Total operating expenses		(14,035,622)	(7)	(15,032,194)	(8)
6900	Operating profit		8,810,029	5	10,695,886	6
	Non-operating income and expenses					
7100	Interest income	6(4)(20)	456,735	-	145,683	-
7010	Other income	6(21)	698,178	-	639,825	-
7020	Other gains and losses	6(22)	(760,598)	-	840,529	1
7050	Finance costs		(27,657)	-	(38,238)	-
7000	Total non-operating income and expenses		366,658	-	1,587,799	1
7900	**Profit before income tax**		9,176,687	5	12,283,685	7
7950	Income tax expense	6(25)	(1,643,791)	(1)	(2,321,165)	(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 plan	6(14)	($ 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(25)	(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 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
	Profit attributable to:					
8610	Owners of the parent		$ 7,532,896	4	$ 9,962,520	6
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 7,357,386	4	$ 10,188,707	6
	Earnings per share (in dollars)	6(26)				
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 consolidated financial statements.

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

		Equity attributable to owners of the parent										
			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 ended December 31, 2022		-	-	-	-	-	-	-	9,962,520	-	-	9,962,520
Other comprehensive income (loss) for the year ended December 31, 2022		-	-	-	-	-	-	-	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(18)											
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 ended December 31, 2023		-	-	-	-	-	-	-	7,532,896	-	-	7,532,896
Other comprehensive income (loss) for the year ended December 31, 2023		-	-	-	-	-	-	-	(1,226)	(186,443)	12,159	(175,510)
Total comprehensive income (loss)		-	-	-	-	-	-	-	7,531,670	(186,443)	12,159	7,357,386
Appropriation of 2022 earnings	6(18)											
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 consolidated financial statements.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
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		$ 9,176,687	$ 12,283,685
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets and investment properties)	6(23)	1,374,142	1,402,814
Amortization	6(23)	535	439
Expected credit loss		17,976	46,381
Net loss on financial assets and liabilities at fair value through profit or loss		142,672	50,058
Interest expense		27,657	38,238
Interest income	6(20)	(456,735)	(145,683)
(Gain) loss on disposal of property, plant and equipment	6(22)	(31,556)	748
Gain on lease modification	6(10)	(99)	(196)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		40,035	(97,029)
Notes receivable, net		117,928	(86,368)
Accounts receivable		(1,452,322)	10,713,349
Other receivables		100,086	(215)
Inventories, net		(4,099,848)	8,644,507
Prepayments		287	(93,405)
Other non-current assets		26,128	(36,736)
Changes in operating liabilities			
Current contract liabilities		(1,094,833)	841,490
Accounts payable		(235,469)	(9,260,537)
Other payables		914,750	(1,972,776)
Provision for liabilities - current		136,953	(63,758)
Refund liabilities- current		334,301	(1,132,220)
Other current liabilities, others		(23,077)	(586,063)
Net defined benefit liability		(7,067)	(7,438)
Other non-current liabilities		120,441	(56,718)
Cash inflow generated from operations		5,129,572	20,482,567
Interest received		445,850	140,624
Interest paid		(27,437)	(39,627)
Income tax paid		(586,332)	(4,944,268)
Net cash flows from operating activities		4,961,653	15,639,296

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
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 financial assets at amortised cost		($ 11,878)	($ 52,875)
Acquisition of property, plant and equipment	6(9)	(643,585)	(821,223)
Proceeds from disposal of property, plant and equipment		66,458	1,203
(Increase) decrease in refundable deposits		(15,767)	31,068
Acquisition of investment properties	6(12)	(204)	(512)
Net cash flows used in investing activities		(604,976)	(842,339)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(27)	-	(2,000,000)
Repayment of the principal portion of lease liabilities	6(27)	(317,354)	(295,601)
(Decrease) increase in guarantee deposits received	6(27)	(5,414)	30,576
Cash dividends paid	6(18)	(5,576,051)	(8,870,990)
Due to donated assets received		340	552
Net cash flows used in financing activities		(5,898,479)	(11,135,463)
Effect of exchange rate		(161,163)	159,192
Net (decrease) increase in cash and cash equivalents		(1,702,965)	3,820,686
Cash and cash equivalents at beginning of year	6(1)	27,475,487	23,654,801
Cash and cash equivalents at end of year	6(1)	$ 25,772,522	$ 27,475,487

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

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED 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 provisions of the Company Act of the Republic of China (R.O.C.) in August 1986 and started its operations in the same year. The Company and its subsidiaries (collectively referred herein as the "Group") are 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. The Company is the Group's ultimate parent company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated 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 Group's financial condition and financial performance based on the Group'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 Group

New standards, interpretations and amendments endorsed by the FSC and will became 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 Group's financial condition and financial performance based on the Group'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
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 Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group 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 consolidated 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) 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.

(d) When the Group loses control of a subsidiary, the Group 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 Group 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership(%) 2023/12/31	2022/12/31	Note
MICRO-STAR INTERNATIONAL CO., LTD.	MICRO-STAR NETHERLANDS HOLDING B.V. [MSI (HOLDING)]	Holding company	100	100	B
〃	MSI COMPUTER CORP. [MSI (LA)]	Sales and after-sales service of computers and electronic components	100	100	〃
〃	MSI PACIFIC INTERNATIONAL HOLDING CO., LTD. [MSI (PACIFIC)]	Holding company	100	100	A
〃	MSI COMPUTER JAPAN CO., LTD. [MSI (JAPAN)]	Sales support and after-sales service of computers and electronic components	100	100	〃
〃	MSI COMPUTER (AUSTRALIA) PTY. LTD. [MSI (AUSTRALIA)]	〃	100	100	〃
〃	MSI COMPUTER (CAYMAN) CO., LTD. [MSI COMPUTER (CAYMAN)]	Holding company	100	100	B
〃	MICRO-STAR CANADA LTD. [MSI (CANADA)]	Sales support and after-sales service of computers and electronic components	100	100	A
〃	INDOMSI COMPUTERS PRIVATE LTD. [INDOMSI]	Sales support of computers and electronic components	100	100	A and D
MSI (HOLDING)	MYSTAR COMPUTER B.V. [MYSTAR]	〃	100	100	B
〃	MSI COMPUTER SARL [MSI (SARL)]	〃	100	100	〃
〃	MSI COMPUTER (UK) LTD. [MSI (UK)]	〃	100	100	〃

Name of investor	Name of subsidiaries	Main business activities	Ownership(%) 2023/12/31	2022/12/31	Note
MSI (HOLDING)	MSI POLSKA SP. Z O. O. [MSI (POLSKA)]	Sales support andafter-sales services of computers and electronic components	99	99	B
〃	MSI COMPUTER EUROPE B.V. [MSI (EUROPE)]	Logistics services of computers and electronic components	100	100	〃
〃	LLC MSI COMPUTER [MSI (RUSSIA)]	Sales support and after-sales service of computers and electronic components	99	99	〃
〃	MSI COMPUTER TECHNOLOGIES LIMITED COMPANY [MSI (TURKEY)]	Sales support of computers and electronic components	99	99	B and C
〃	MSI ITALY S.R.L. [MSI (ITALY)]	〃	100	100	B
〃	MSI IBERIA S.L. [MSI (IBERIA)]	〃	100	100	〃
MSI (EUROPE)	MSI POLSKA SP. Z O. O. [MSI (POLSKA)]	Sales support and after-sales services of computers and electronic components	1	1	〃
〃	LLC MSI COMPUTER [MSI (RUSSIA)]	〃	1	1	〃
〃	MSI COMPUTER TECHNOLOGIES LIMITED COMPANY [MSI (TURKEY)]	Sales support of computers and electronic components	1	1	B and C
MSI (PACIFIC)	MSI KOREA CO., LTD. [MSI (KOREA)]	Sales and after-sales service of computers and electronic components	100	100	B
〃	MICRO-STAR INTERNATIONAL (B.V.I) HOLDING CO., LTD. [MSI (B.V.I.)]	Holding company	100	100	A
〃	MICRO ELECTRONICS HOLDING CO., LTD. [MICRO ELECTRONICS]	〃	100	100	〃
〃	MEGA TECHNOLOGY HOLDING CO., LTD. [MEGA TECHNOLOGY]	〃	100	100	〃

Name of investor	Name of subsidiaries	Main business activities	Ownership(%) 2023/12/31	2022/12/31	Note
MSI (PACIFIC)	MEGA COMPUTER CO., LTD. [MEGA COMPUTER]	Sales support of computers and electronic components	100	100	B
〃	MHK INTERNATIONAL CO., LTD. [MSI (MHK)]	〃	100	100	〃
〃	MSI (SHANGHAI) CO., LTD. [MSI (SHANGHAI)]	Sales and after-sales service of computers and electronic components	100	100	A
〃	SHENZHEN MEGA INFORMATION CO., LTD. [SHENZHEN MEGA INFORMATION]	After-sales service of computers, and electronic components	100	100	〃
〃	INDOMSI COMPUTERS PRIVATE LTD. [INDOMSI]	Sales support of computers and electronic components	-	-	A and D
〃	RAIDEALS INC. [RAIDEALS]	Sales computers and electronic components	100	-	A and E
MICRO ELECTRONICS	MSI ELECTRONICS (KUNSHAN) CO., LTD. [MSI ELECTRONICS (KUNSHAN)]	Manufacture and after-sales service of computers, and electronic components	100	100	A
MSI (B.V.I.)	MSI COMPUTER (SHENZHEN) CO., LTD. [MSI COMPUTER (SHENZHEN)]	Manufacture and after-sales service of computers, and electronic components	100	100	〃
MEGA TECHNOLOGY	RAIDEALS INC. [RAIDEALS]	Sales computers and electronic components	-	100	A and E

Note A: These investee companies are included in the consolidated financial statements based on their financial statements which were audited by the Group's independent auditors for the corresponding period.

Note B: There investee companies are included in the consolidated financial statements based on their financial statements which were audited by other independent auditors for the corresponding period.

Note C: The subsidiary is in the process of liquidation.
Note D: On March 12, 2023, this subsidiary's establishment has been approved.
Note E: On November 30, 2023, this subsidiary completed the equity transfer, and it's equity was directly held by MSI (PACIFIC).

C. Subsidiaries not included in the consolidated financial statements: None.
D. Adjustments for subsidiaries with different balance sheet dates: None.
E. Significant restrictions: None.
F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances
   (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are 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 Group 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.

(5) 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 settled within twelve months from the balance sheet date;

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

(6) Cash equivalents

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

(7) 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 Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) 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 Group 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 Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represents 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 Group measures the financial assets at fair value plus transaction costs. The Group 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 Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

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

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group 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.

(11) 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 Group 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 Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group 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 Group 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 Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor)－Operating leases

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(14) 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 process comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. 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 costs of completion and the estimated costs necessary to make the sale.

(15) Property, plant and equipment

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 Group 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 financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

(16) 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 Group. 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 Group 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.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(18) Impairment of non-financial assets

The Group 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.

(19) 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.

(20) 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 Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Provisions

Provisions of warranties are recognised when the Group 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.

(22) 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 Group 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. 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 high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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 Group'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 Group 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' remuneration 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 Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) 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 consolidated 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 Group 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.

(24) 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.

(25) Dividends

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

(26) Revenue recognition

A. Sales of goods

(a) The Group 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 customer's 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 either the customer has accepted the products in accordance with the sales contract, or the Group 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 Group does not adjust any of the transaction prices for the time value of money.

(c) The Group'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 Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 Group'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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, 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 $33,395,003.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 5,358	$ 4,218
Checking accounts and demand deposits	12,490,368	17,846,069
Time deposits	13,276,796	9,625,200
Total	$ 25,772,522	$ 27,475,487

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's time deposits with maturity periods over three months or pledged to others are reclassified as "financial assets at amortised cost." Details of financial assets at amortised cost are provided in Notes 6(4) and 8.

(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		
Stock of publicly traded or listed companies	$ 91,787	$ 106,200

Derivatives – Forward exchange contract	1,816	6,426
Derivatives – Foreign exchange swap	55,890	193,364
	149,493	305,990
Evaluation adjustment	(16,333)	(8,598)
Total	$ 133,160	$ 297,392

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

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	2023	2022
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	$ 13,222	$ 542
Derivatives	(695,590)	(1,042,669)
	($ 682,368)	($ 1,042,127)

B. The Group 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

Derivative Financial Liabilities	Contract AmountNotional 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	CNY	172,308	2022.12.05~2023.05.24
〃	GBP	4,800	2022.12.07~2023.03.01
〃	CAD	7,500	2022.11.07~2023.03.24
〃	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	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
〃	GBP	4,300	2022.11.30~2023.03.31
〃	JPY	292,820	2022.12.28~2023.01.31
〃	KRW	31,827,600	2022.11.29~2023.03.15

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

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

D. Information relating to price risk and fair value of financial assets at fair value through profit or loss is provided in Note 12(2)(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 Group 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 Group were $86,991 and $71,791, respectively.

C. The Group 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) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits over three months	$ 464	$ 454
Non-current items:		
Pledge bank deposits	$ 660,545	$ 650,401
Others	5,930	4,206
Total	$ 666,475	$ 654,607

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

	2023	2022
Interest income	$ 158,695	$ 17,914

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 amortised cost held by the Group were $666,939 and $665,061, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 61,660	$ 179,588
Accounts receivable	$ 20,357,448	$ 18,905,127
Less: Allowance for doubtful accounts	(96,159)	(78,395)
	$ 20,261,289	$ 18,826,732

A. The ageing analysis of accounts receivable and notes receivable:

December 31, 2023		December 31, 2022	
Accounts	Notes	Accounts	Notes

	receivable	receivable	receivable	receivable	
Not past due	$ 13,595,375		$ 61,660	$ 14,146,762	$ 179,588
1 to 75 days	6,327,058		-	4,455,391	-
76 to 365 days	411,072		-	278,741	-
Over 365 days	23,943		-	24,233	-
	$ 20,357,448		$ 61,660	$ 18,905,127	$ 179,588

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables (include notes receivable) from contracts with customers amounted to $29,711,695.

C. Most of the Group's accounts receivable have been insured or have collateral as security, and the Group will be able to obtain insurance claims or enforce a collateral in case these accounts default.

D. 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 Group's notes and accounts receivable were $61,660 and $179,588; $20,261,289 and $18,826,732, respectively.

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

(6) Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

The Group entered into a factoring agreement with a bank to sell its accounts receivable. Under the agreement, the Group 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 Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group 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	-	-	-

(7) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 8,210,228	($ 155,571)	$ 8,054,657
Work-in-process	1,623,980	(2,727)	1,621,253
Finished goods	24,344,862	(625,769)	23,719,093
	$ 34,179,070	($ 784,067)	$ 33,395,003

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 7,333,816	($ 172,673)	$ 7,161,143
Work-in-process	1,938,064	(5,184)	1,932,880
Finished goods	21,208,148	(1,007,016)	20,201,132
	$ 30,480,028	($ 1,184,873)	$ 29,295,155

The cost of inventories recognised as expense for the year:

	2023	2022
Cost of inventories recognised as expense	$ 160,120,037	$ 154,683,162
(Gain on reversal) loss on decline in market value	(401,661)	608,004

The Group reversed a previous inventory write-down because some inventories which were recognised as expense have been sold for the year ended December 31, 2023.

(8) Prepayments

	December 31, 2023	December 31, 2022
Office supplies	$ 954,219	$ 928,289
Overpaid tax for offsetting the future tax payable	941,073	899,190
Prepayment for goods	11,196	2,782
Others	312,343	388,857
	$ 2,218,831	$ 2,219,118

(9) Property, plant and equipment

2023	Land	Buildings	Machineries	Others	Total
At January 1					
Cost	$ 1,460,830	$ 6,054,186	$ 4,721,046	$ 2,336,730	$ 14,572,792
Accumulated depreciation	-	(4,598,573)	(2,720,106)	(1,732,040)	(9,050,719)

	Land	Buildings	Machineries	Others	Total
	$ 1,460,830	$ 1,455,613	$ 2,000,940	$ 604,690	$ 5,522,073
Balance at January 1	$ 1,460,830	$ 1,455,613	$ 2,000,940	$ 604,690	$ 5,522,073
Additions	-	52,241	443,982	278,626	774,849
Reclassifications	-	143,558	4,990	(110,024)	38,524
Disposals	-	(996)	(32,316)	(1,590)	(34,902)
Depreciation charge	-	(241,241)	(577,216)	(210,009)	(1,028,466)
Net exchange differences	2,103	(5,070)	(25,748)	(4,724)	(33,439)
Balance at December 31	$ 1,462,933	$ 1,404,105	$ 1,814,632	$ 556,969	$ 5,238,639
At December 31					
Cost	$ 1,462,933	$ 6,387,928	$ 4,925,836	$ 2,404,545	$ 15,181,242
Accumulated depreciation	-	(4,983,823)	(3,111,204)	(1,847,576)	(9,942,603)
	$ 1,462,933	$ 1,404,105	$ 1,814,632	$ 556,969	$ 5,238,639

2022	Land	Buildings	Machineries	Others	Total
At January 1					
Cost	$ 1,452,444	$ 5,752,635	$ 4,259,943	$ 2,142,379	$ 13,607,401
Accumulated depreciation	-	(4,154,909)	(2,192,522)	(1,549,117)	(7,896,548)
	$ 1,452,444	$ 1,597,726	$ 2,067,421	$ 593,262	$ 5,710,853
Balance at January 1	$ 1,452,444	$ 1,597,726	$ 2,067,421	$ 593,262	$ 5,710,853
Additions	-	73,336	285,654	462,233	821,223
Reclassifications	-	55,764	176,503	(235,365)	(3,098)
Disposals	-	(954)	(33)	(964)	(1,951)
Depreciation charge	-	(286,218)	(557,081)	(223,407)	(1,066,706)
Net exchange differences	8,386	15,959	28,476	8,931	61,752
Balance at December 31	$ 1,460,830	$ 1,455,613	$ 2,000,940	$ 604,690	$ 5,522,073
At December 31					
Cost	$ 1,460,830	$ 6,054,186	$ 4,721,046	$ 2,336,730	$ 14,572,792
Accumulated depreciation	-	(4,598,573)	(2,720,106)	(1,732,040)	(9,050,719)
	$ 1,460,830	$ 1,455,613	$ 2,000,940	$ 604,690	$ 5,522,073

(10) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, machinery and equipment, and other 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 Carrying amount	December 31, 2022 Carrying amount
Land	$ 52,840	$ 55,729
Buildings	619,600	536,100
Machinery and equipment	6,146	6,151
Other equipment	39,994	35,627
	$ 718,580	$ 633,607

	2023 Depreciation charge	2022 Depreciation charge
Land	$ 1,895	$ 1,906
Buildings	298,200	268,942
Machinery and equipment	3,071	2,596
Other equipment	20,016	22,833
	$ 323,182	$ 296,277

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $370,104 and $537,302, 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	$ 13,815	$ 7,374
Expense on leases of low-value or short-term assets	73,338	50,965
Expense on variable lease payments	12,969	20,072
Gain on lease modification	99	196

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $417,331 and $374,202, respectively.

(11) Leasing arrangements – lessor

A. The Group leases buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Group recognised rental income of $67,070 and $88,839 based on operating lease contracts for the years ended December 31, 2023 and 2022, respectively. None of these included variable lease payments.

C. The maturity analysis of lease payments in the operating lease is as follows:

	December 31, 2023	December 31, 2022
Less than 1 year	$ 43,466	$ 52,362

Between 1 and 5 years	42,707	8,547
	$ 86,173	$ 60,909

(12) Investment property

	2023 Buildings	2022 Buildings
At January 1		
Cost	$ 792,241	$ 888,248
Accumulated depreciation	(695,893)	(742,331)
	$ 96,348	$ 145,917
Balance at January 1	$ 96,348	$ 145,917
Additions	204	512
Reclassifications	(38,472)	(12,519)
Depreciation charge	(22,494)	(39,831)
Net exchange differences	(1,391)	2,269
Balance at December 31	$ 34,195	$ 96,348
At December 31		
Cost	$ 532,630	$ 792,241
Accumulated depreciation	(498,435)	(695,893)
	$ 34,195	$ 96,348

A. Rental income from the lease of the investment and direct operating expenses arising from the investment property:

	2023	2022
Rental income from the lease of the investment property	$ 67,070	$ 88,839
Direct operating expenses arising from the investment property	$ 33,317	$ 54,316

B. As of December 31, 2023 and 2022, the fair value of the Group's investments in property amounting to $1,329,336 and $1,880,320, respectively, as derived from market prices in the nearby area, are under Level 2 fair value measurement.

(13) Other payables

	December 31, 2023	December 31, 2022
Accrued salary and bonus	$ 2,111,950	$ 1,851,577
Advertising expenses payable	1,466,813	495,235
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	1,171,236	1,189,213
	$ 6,964,146	$ 5,918,276

(14) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by 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 securitisation 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 authorised 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 Group 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 year(s)		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 Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $411,608 and $383,763, respectively.

(15) Provisions for liabilities

Warranty		2023		2022
At January 1	$	1,139,739	$	1,203,497
Additional provisions		1,101,137		850,281
Used during the period	(	964,032)	(	914,033)
Exchange differences	(	152)	(	6)
At December 31	$	1,276,692	$	1,139,739

Analysis of total provisions:

		December 31, 2023		December 31, 2022
Current	$	1,276,692	$	1,139,739

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

(16) Share capital

As of December 31, 2023, the Company's authorised 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.

(17) 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 Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, 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 authorise 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 summarised 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 Group 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 earnings had been resolved at the stockholders' meeting on June 15, 2023, and the appropriations of 2021 earnings had been resolved at the stockholders' meeting on June 10, 2022, respectively, were as follows:

	2022		2021	
	Amount	Dividends per share (in NT dollar)	Amount	Dividends per share (in NT 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

Information about earnings appropriation of the Company as resolved by Board of Directors is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

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

	2023	
	Amount	Dividends per share (in NT 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.

(19) Operating revenue

A. The Group 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	$ 182,942,411	$ 23,277	$ 182,965,688

2022	Computer and peripherals segment	Other	Total
Timing of revenue recognition			
At a point in time	$ 180,363,369	$ 47,873	$ 180,411,242

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities – advance sales receipts	$ 202,581	$ 1,297,414	$ 455,924

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

	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	$ 1,276,651	$ 431,729

(20) Interest income

	2023	2022
Interest income from bank deposits	$ 298,040	$ 127,769
Interest income from financial assets measured at amortised cost	158,695	17,914
	$ 456,735	$ 145,683

(21) Other income

	2023	2022
Rental revenue	$ 67,070	$ 88,839
Others	631,108	550,986
	$ 698,178	$ 639,825

(22) Other gains and losses

	2023	2022
Net currency exchange (losses) gains	($ 14,354)	$ 1,953,452
Losses on financial assets and liabilities at fair value through profit or loss	(682,368)	(1,042,127)
Net gains (losses) on disposal of property, plant and equipment	31,556	(748)
Other expenses	(95,432)	(70,048)
	($ 760,598)	$ 840,529

(23) Expenses by nature

	2023	2022
Employee benefit expense	$ 10,303,444	$ 10,088,220
Depreciation charges	1,374,142	1,402,814

Amortisation charges	535	439
	$ 11,678,121	$ 11,491,473

(24) Employee benefit expense

	2023	2022
Wages and salaries	$ 8,926,309	$ 8,737,956
Labor and health insurance fees	574,150	579,777
Pension costs	416,730	388,346
Other personnel expenses	386,255	382,141
Total	$ 10,303,444	$ 10,088,220

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 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' remuneration were accrued at $665,300 and $882,000 respectively; while directors' remuneration were accrued at $68,200 and $74,800, respectively. The aforementioned amounts were recognised in salary expenses.
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 as resolved by the 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 will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	2023	2022
Current tax:		
Current tax on profits for the period	$ 1,959,206	$ 2,501,861
Prior year income tax underestimation (overestimation)	35,780	(37,923)
Total current tax	1,994,986	2,463,938
Deferred tax:		
Origination and reversal of temporary differences	(351,195)	(142,773)
Total deferred tax	(351,195)	(142,773)
Income tax expense	$ 1,643,791	$ 2,321,165

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

	2023	2022
Remeasurement of defined benefit obligations	$ 304	($ 6,878)
Unrealised (losses) gains from investments in equityinstruments measured at fair value through other comprehensive income	(3,041)	6,612
	($ 2,737)	($ 266)

(c) The income tax charged/(credited) to equity during the year: None.

B. Reconciliation between income tax expense and accounting profit

	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 2,164,844	$ 2,609,526
Effect from items disallowed by tax regulation	54,251	74,000
Temporary differences not recognised as deferred tax liabilities	(400,139)	(135,476)
Effect from investment tax credits	(366,773)	(494,113)
Prior year income tax underestimation (overestimation)	35,780	(37,923)
Effect of different tax rates in countries in which the group operates	(15,399)	5,324
Tax on undistributed earnings	171,530	298,381
Other	(303)	1,446
Income tax expense	$ 1,643,791	$ 2,321,165

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised gross profit	$ 531,834	$ 171,468	$ -	$ 703,302
Loss on inventory	258,833	(38,053)	-	220,780
Remeasurement of defined benefit obligations	28,248	-	304	28,552
Unrealised exchange loss	18,156	126,478	-	144,634
Unrealised loss on financial assets at fair value through other comprehensive income	16,037	-	(3,041)	12,996
Allowance for bad debts excess tax limitation	12,100	2,237	-	14,337
Unrealised loss on financial assets (liabilities) at fair value through profit or loss	-	24,678	-	24,678
Unrealized losses on forward exchange contract	-	-	-	-
Others	277,025	55,993	-	333,018
Subtotal	1,142,233	342,801	(2,737)	1,482,297
-Deferred tax liabilities:				
Unrealised gain on financial assets (liabilities) at fair value through profit or loss	(6,501)	6,501	-	-
Others	(6,193)	1,893	-	(4,300)
Subtotal	(12,694)	8,394	-	(4,300)
Total	$ 1,129,539	$ 351,195	($ 2,737)	$ 1,477,997

2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised gross profit	$ 568,203	($ 36,369)	$ -	$ 531,834
Loss on inventory	113,908	144,925	-	258,833
Remeasurement of defined benefit obligations	35,126	-	(6,878)	28,248
Unrealised exchange loss	15,254	2,902	-	18,156
Unrealised loss on financial assets at fair value through other comprehensive income	9,425	-	6,612	16,037
Allowance for bad debts excess tax limitation	7,201	4,899	-	12,100
Others	255,051	21,974	-	277,025
Subtotal	1,004,168	138,331	(266)	1,142,233
-Deferred tax liabilities:				
Unrealised gain on financial assets (liabilities) at fair value through profit or loss	(16,621)	10,120	-	(6,501)
Others	(515)	(5,678)	-	(6,193)
Subtotal	(17,136)	4,442	-	(12,694)
Total	$ 987,032	$ 142,773	($ 266)	$ 1,129,539

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 unrecognised 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.

G. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

H. The Group's exposure to Pillar Two income taxes arising from the Pillar Two legislation is as follows:

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). Since Pillar Two legislation was enacted in Netherlands, France, United Kingdom, Japan, Australia, South Korea and Canada, the jurisdiction in which some subsidiaries are incorporated, and will come into effect from January 1, 2024, the Group has no related current tax exposure as of December 31, 2023. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

(26) 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

(27) Changes in liabilities from financing activities

2023

	Short-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ -	$ 580,683	$ 241,993	$ 822,676
Changes in cash flow from financing activities	-	(317,354)	(5,414)	(322,768)
Impact of changes in foreign exchange rate	-	4,521	-	4,521
Changes in other non-cash items	-	404,600	-	404,600
At December 31	$ -	$ 672,450	$ 236,579	$ 909,029

2022

	Short-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 2,000,000	$ 338,166	$ 211,417	$ 2,549,583
Changes in cash flow from financing activities	(2,000,000)	(295,601)	30,576	(2,265,025)
Impact of changes in foreign exchange rate	-	5,661	-	5,661
Changes in other non-cash items	-	532,457	-	532,457
At December 31	$ -	$ 580,683	$ 241,993	$ 822,676

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

None.

(2) Significant related party transactions

None.

(3) Key management compensation

	2023	2022
Salaries and other employee benefits	$ 474,790	$ 596,943

8. PLEDGED ASSETS

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

	Book value		
Asset items	December 31, 2023	December 31, 2022	Purpose

Non-current financial assets at amortised cost	$ 660,545	$ 650,401	Performance security guarantee

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 passed the appropriations of 2023 earnings through the Board of Directors on March 14, 2024, please refer to Note 6(18).
    (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 Gueishan District Taoyuan City, with a contract price of $ 1,540,800.

12. OTHERS
    (1) Capital management
    The Group's objectives when managing capital are to safeguard the Group'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 Group 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	$ 133,160	$ 297,392
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	25,772,522	27,475,487
Financial assets at amortised cost	666,939	655,061
Notes receivable	61,660	179,588
Accounts receivable	20,261,289	18,826,732
Other receivables	207,557	298,360
Guarantee deposits paid	83,715	67,948
	$ 47,273,833	$ 47,872,359

	December 31, 2023	December 31, 2022
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	24,435,180	24,670,649
Other payables	6,964,146	5,918,276
Guarantee deposits received	236,579	241,993
	$ 31,817,002	$ 30,998,202
Lease liabilities	$ 672,450	$ 580,683

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group 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 require group companies to manage their foreign exchange risk against their functional currency.

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

iv. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group 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 Group'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:

(Foreign currency: functional currency)	December 31, 2023 Foreign Currency Amount (In Thousands)	Exchange rate	Book Value (NTD)
Financial assets			
Monetary items			
USD: NTD	$ 331,057	30.7050	$ 10,165,116
USD: CNY	99,843	7.0961	3,065,691
EUR: NTD	52,990	33.9800	1,800,608
CNY: NTD	215,698	4.3270	933,325
CAD: NTD	24,138	23.2000	560,006
AUD: NTD	18,359	20.9800	385,167
Financial liabilities			
Monetary items			
USD: NTD	455,173	30.7050	13,976,074
USD: CNY	424,913	7.0961	13,046,947
EUR: NTD	18,980	33.9800	644,932

(Foreign currency: functional currency)	December 31, 2022 Foreign Currency Amount (In Thousands)	Exchange rate	Book Value (NTD)
Financial assets			
Monetary items			
USD: NTD	$ 335,012	30.7100	$ 10,288,221
USD: CNY	61,904	6.9669	1,901,064
EUR: NTD	23,601	32.7200	772,237
Financial liabilities			
Monetary items			
USD: NTD	510,649	30.7100	15,682,033
USD: CNY	355,726	6.9669	10,924,345

vi. The exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to ($14,354) and $1,953,452, respectively.

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

2023

(Foreign currency: functional currency)	Sensitivity analysis: Degree of variation	Sensitivity analysis: Effect on profit or loss (before tax)	Effect on other comprehensive income
Financial assets			
Monetary items			
USD: NTD	1%	$ 101,651	$ -
USD: CNY	1%	30,657	-
EUR: NTD	1%	18,006	-
CNY: NTD	1%	9,333	-
CAD: NTD	1%	5,600	-
AUD: NTD	1%	3,852	-
Financial liabilities			
Monetary items			
USD: NTD	1%	139,761	-
USD: CNY	1%	130,469	-
EUR: NTD	1%	6,449	-

2022

(Foreign currency: functional currency)	Sensitivity analysis: Degree of variation	Sensitivity analysis: Effect on profit or loss (before tax)	Effect on other comprehensive income
Financial assets			
Monetary items			
USD: NTD	1%	$ 102,882	$ -
USD: CNY	1%	19,011	-
EUR: NTD	1%	7,722	-
Financial liabilities			
Monetary items			
USD: NTD	1%	156,820	-
USD: CNY	1%	109,243	-

Price risk

i. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group has investments in equity securities. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $604 and $781, as a result of gain or loss of equity instruments at fair value through profit or loss. Also, other components of equity 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.

<u>Cash flow and fair value interest rate risk</u>

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 Group 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, notes receivable and financial assets at amortised cost cash flow based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only parties with a rating of investment grade are accepted. According to the Group's credit policy, each local entity in the Group 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 Group adopts the 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 Group adopts the assumptions, 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 Group applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

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

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable.

ix. The expected credit loss rate of the Group's overdue accounts receivable was not material as of December 31, 2023 and 2022.

(c) Liquidity risk

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

ii. The table below analyses the Group'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	$ 24,435,180	$ -	$ -	$ -
Other payables	6,964,146	-	-	-
Lease liabilities	313,026	232,761	91,124	44,308
Other financial liabilities	100	100,681	139	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	$ 24,670,649	$ -	$ -	$ -
Other payables	5,918,277	-	-	-
Lease liabilities	223,855	174,918	119,736	67,803
Other financial liabilities	960	104,134	-	136,899

Derivative financial liabilities

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

iii. The Group 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 ongoing 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. The fair value information of the Group’s investments in property is provided in Note 6(12).

C. Financial instruments not measured at fair value

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

D. 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				
-Equity securities	$ 75,454	$ -	$ -	$ 75,454
-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	$ 75,454	$ 57,706	$ 86,991	$ 220,151
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				
-Equity securities	$ 97,602	$ -	$ -	$ 97,602
-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	$ 97,602	$ 199,790	$ 71,791	$ 369,183
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contract	$ -	$ 167,284	$ -	$ 167,284

E. The methods and assumptions the Group used to measure fair value are as follows:
  (a) The level 1 financial instruments-equity security held by the Group are listed shares, and the market quoted price is determined by the closing price of the security.
  (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) 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 Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) 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.

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

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

H. The Group 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 Note 6(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) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information and measurement of segment information

The Group operates business only in the manufacture and sale of motherboards and computer hardware and peripherals. The chief operating decision-maker is the Board of Directors, who considers the whole business as a single performance entity, and assesses performance, makes decisions and allocates resources based on financial information. It has identified that the Group has only one reportable operating segment.

(2) Information about segment profit or loss, assets and liabilities:

The Group's Board of Directors mainly evaluates the performance of the operating segments based on the Group's quarterly financial statements.

(3) Reconciliation for segment income

The Group is a single reportable segment. The profit and loss, assets and liabilities of the segment are consistent with the profit and loss, assets and liabilities shown in the financial statements, so there is no reconciliation required.

(4) Information on products and services

Revenue from external customers is mainly from the sales of computer and peripherals and related components. Details of revenue are as follows:

	2023	2022
Computer and peripherals sale revenue	$ 182,965,688	$ 180,411,242

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Asia	$ 78,225,282	$ 5,339,961	$ 82,073,330	$ 5,755,126
Europe	42,419,955	311,168	41,082,362	257,362
America	58,021,865	458,718	53,851,988	371,151
Others	4,298,586	4,406	3,403,562	2,176
	$ 182,965,688	$ 6,114,253	$ 180,411,242	$ 6,385,815

(6) Major customer information

The Group had no individual customer whose sales amount accounts for more than 10% of net operating revenue in the consolidated statement of comprehensive income.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
MSI (HOLDING)	BAYER-Common stock	-	Financial assets at fair value through profit or loss - current	21,000	$ 23,998	-	$ 23,998	-
MSI (HOLDING)	Volkswagen Preferential-Common stock	-	Financial assets at fair value through profit or loss - current	7,000	26,593	-	26,593	-
MSI (HOLDING)	BASF-Common stock	-	Financial assets at fair value through profit or loss - current	15,000	24,863	-	24,863	-
MICRO-STAR INTERNATIONAL CO., LTD.	Now.gg, Inc.(Original Name: BLUESTACK SYSTEMS, INC.)-Preferred stock	-	Financial assets at fair value through other comprehensive income - non current	516,052	86,991	-	86,991	-

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Expressed in thousands of NTD

Table 2

(Except as otherwise indicated)

Transaction company (Note 3)	Name of the counter party (Note 3)	Relationship with the counterparty	Description of the transaction				Description and reasons of difference in transaction terms compared to third party transactions		Accounts or notes receivable (payable)		Footnote
			Purchases/ (Sales)	Amount (Note 2)	% of total purchase (sale)	Credit terms	Unit price	Credit terms	Balance (Note 2)	% of total accounts or notes receivable/(payable)	
MICRO-STAR INTERNATIONAL CO., LTD.	MSI (LA)	Subsidiary	Sales	($ 41,525,119)	(22)	60~100 days	-	-	$ 8,707,522	20	-
MICRO-STAR INTERNATIONAL CO., LTD.	MEGA COMPUTER	Second-tier Subsidiary	Sales	(10,420,917)	(6)	40~70 days	-	-	1,481,186	3	-
MICRO-STAR INTERNATIONAL CO., LTD.	MYSTAR	Second-tier Subsidiary	Sales	(2,470,216)	(1)	30~100 days	-	-	297,701	1	-
MICRO-STAR INTERNATIONAL CO., LTD.	MSI (KOREA)	Second-tier Subsidiary	Sales	(4,606,975)	(2)	40~70 days	-	-	31,255	-	-
MICRO-STAR INTERNATIONAL CO., LTD.	MSI COMPUTER (SHENZHEN)	Second-tier Subsidiary	Purchase	89,152,710	31	90-150 days	Note 1	Note 1	(16,974,566)	(44)	Note 4
MICRO-STAR INTERNATIONAL CO., LTD.	MSI ELECTRONICS (KUNSHAN)	Second-tier Subsidiary	Purchase	62,060,441	22	90-150 days	Note 1	Note 1	(11,593,868)	(30)	Note 4
MEGA COMPUTER	MSI (SHANGHAI)	Affiliated company	Sales	(10,788,504)	(100)	40-70 days	-	-	2,871,762	100	-

Note 1: The are no counterparties for comparison and the relevant transactions have been eliminated in the preparation of the consolidated financial statment.
Note 2: Balances after elimination in conformity with regulations.
Note 3: Corresponding transactions are not disclosed.
Note 4: The Group sold materials to the above related parties for processing and repurchased the finished goods. The sales amount of materials were offset and shown at net amount in the financial statements.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 3

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
MICRO-STAR INTERNATIONAL CO., LTD.	MSI (LA)	Subsidiary	$ 8,707,522	5.18	$ -	-	$ 4,938,341	$ -	-
MICRO-STAR INTERNATIONAL CO., LTD.	MEGA COMPUTER	Second-tier Subsidiary	1,481,186	6.86	-	-	735,590	-	-
MICRO-STAR INTERNATIONAL CO., LTD.	MYSTAR	Second-tier Subsidiary	297,701	10.05	-	-	243,448	-	-
MICRO-STAR INTERNATIONAL CO., LTD.	MSI COMPUTER (SHENZHEN)	Second-tier Subsidiary	9,744,984	-	-	-	5,339,485	-	(Note)
MICRO-STAR INTERNATIONAL CO., LTD.	MSI ELECTRONICS (KUNSHAN)	Second-tier Subsidiary	12,224,323	-	-	-	5,971,989	-	(Note)
MSI (PACIFIC)	MICRO-STAR INTERNATIONAL CO., LTD.	Ultimate parent company	239,053	-	-	-	-	-	-
MSI COMPUTER (SHENZHEN)	MICRO-STAR INTERNATIONAL CO., LTD.	Ultimate parent company	16,974,566	6.29	-	-	7,612,269	-	-
MSI ELECTRONICS (KUNSHAN)	MICRO-STAR INTERNATIONAL CO., LTD.	Ultimate parent company	11,593,868	6.24	-	-	7,295,594	-	-
MSI (B.V.I.)	MSI (PACIFIC)	Parent Company	143,492	-	-	-	-	-	-
MEGA COMPUTER	MSI (SHANGHAI)	Affiliated company	2,871,762	3.96	-	-	-	-	-

Note: The Group sold materials to the above related parties for processing and repurchased the finished goods. The sales amount of materials were offset and shown at net amount in the financial statements.

Significant inter-company transactions during the year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 4

Number	Company name (Note 4)	Counterparty (Note 4)	Relationship	Transaction			
				General ledger account	Amount (Note 1)	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (KOREA)	Parent company to second-tier subsidiary	Sales	$ 4,606,975	Note 2	2.52%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (LA)	Parent company to subsidiary	Sales	41,525,119	Note 2	22.70%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MEGA COMPUTER	Parent company to second-tier subsidiary	Sales	10,420,917	Note 2	5.70%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MYSTAR	Parent company to second-tier subsidiary	Sales	2,470,216	Note 2	1.35%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (LA)	Parent company to subsidiary	Accounts receivable	8,707,522	Note 2	9.62%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MEGA COMPUTER	Parent company to second-tier subsidiary	Accounts receivable	1,481,186	Note 2	1.64%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MYSTAR	Parent company to second-tier subsidiary	Accounts receivable	297,701	Note 2	0.33%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI COMPUTER (SHENZHEN)	Parent company to second-tier subsidiary	Accounts receivable	9,744,984	Note 3	10.77%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI ELECTRONICS (KUNSHAN)	Parent company to second-tier subsidiary	Accounts receivable	12,224,323	Note 3	13.50%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI COMPUTER (SHENZHEN)	Parent company to second-tier subsidiary	Purchase	89,152,710	Note 3	48.73%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI ELECTRONICS (KUNSHAN)	Parent company to second-tier subsidiary	Purchase	62,060,441	Note 3	33.92%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI COMPUTER (SHENZHEN)	Parent company to second-tier subsidiary	Accounts payable	16,974,566	Note 3	18.75%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI ELECTRONICS (KUNSHAN)	Parent company to second-tier subsidiary	Accounts payable	11,593,868	Note 3	12.81%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MEGA COMPUTER	Parent company to second-tier subsidiary	Manufacturing and operating expense	$ 220,969	Note 2	0.12%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (EUROPE)	Parent company to second-tier subsidiary	Manufacturing and operating expense	288,940	Note 2	0.16%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MYSTAR	Parent company to second-tier subsidiary	Manufacturing and operating expense	185,674	Note 2	0.10%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (MHK)	Parent company to second-tier subsidiary	Manufacturing and operating expense	184,214	Note 2	0.10%

Table 4 Page 1

Number	Company name (Note 4)	Counterparty (Note 4)	Relationship	Transaction			
				General ledger account	Amount (Note 1)	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (POLSKA)	Parent company to second-tier subsidiary	Manufacturing and operating expense	217,935	Note 2	0.12%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (RUSSIA)	Parent company to second-tier subsidiary	Manufacturing and operating expense	156,589	Note 2	0.09%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (LA)	Parent company to subsidiary	Manufacturing and operating expense	513,554	Note 2	0.28%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (SARL)	Parent company to second-tier subsidiary	Manufacturing and operating expense	123,994	Note 2	0.07%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (JAPAN)	Parent company to subsidiary	Manufacturing and operating expense	195,608	Note 2	0.11%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (KOREA)	Parent company to second-tier subsidiary	Manufacturing and operating expense	114,331	Note 2	0.06%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (UK)	Parent company to second-tier subsidiary	Manufacturing and operating expense	121,254	Note 2	0.07%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (CANADA)	Parent company to subsidiary	Manufacturing and operating expense	56,689	Note 2	0.03%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (HOLDING)	Parent company to subsidiary	Manufacturing and operating expense	238,333	Note 2	0.13%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (AUSTRALIA)	Parent company to subsidiary	Manufacturing and operating expense	83,595	Note 2	0.05%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (ITALY)	Parent company to second-tier subsidiary	Manufacturing and operating expense	74,142	Note 2	0.04%
0	MICRO-STAR INTERNATIONAL CO., LTD.	MSI (LA)	Parent company to subsidiary	Other payables	$ 87,410	Note 2	0.10%
1	MSI (PACIFIC)	MICRO ELECTRONICS	Subsidiary to second-tier subsidiary	Other payables	95,561	Note 3	0.11%
1	MSI (PACIFIC)	MSI (B.V.I.)	Subsidiary to second-tier subsidiary	Other payables	143,492	Note 3	0.16%
1	MSI (PACIFIC)	MICRO-STAR INTERNATIONAL CO., LTD.	Subsidiary to parent	Other receivables	239,053	Note 3	0.26%
2	MEGA COMPUTER	MSI (SHANGHAI)	Second-tier subsidiary to second-tier subsidiary	Sales	10,788,504	Note 2	5.90%
2	MEGA COMPUTER	MSI (SHANGHAI)	Second-tier subsidiary to second-tier subsidiary	Accounts receivable	2,871,762	Note 2	3.17%
3	MSI (LA)	RAIDEALS	Subsidiary to second-tier subsidiary	Sales	112,796	Note 2	0.06%

Note 1: Balances after elimination in conformity with regulations.
Note 2: Transaction terms were approximately the same as those to third parties.
Note 3: Determined based on the quantities, contract amount and delivery time.
Note 4: Individual transactions not exceeding $50,000 and their corresponding transactions are not disclosed.

Table 4 Page 2

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Information on investees (not including investees in Mainland China)
For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership(%)	Book value			
MICRO-STAR INTERNATIONAL CO., LTD.	MSI (LA)	U.S.A	Sales and after-sales service of computers and electronic components	$ 258,468	$ 258,468	575,458	100.00	$ 287,489	$ 91,203	$ 91,203	Direct subsidiary
MICRO-STAR INTERNATIONAL CO., LTD.	MSI (AUSTRALIA)	Australia	Sales support and after-sales service of computers and electronic components	57,420	57,420	221,836	100.00	-	4,183	4,183	Direct subsidiary
MICRO-STAR INTERNATIONAL CO., LTD.	MSI (JAPAN)	Japan	Sales support and after-sales service of computers and electronic components	20,411	20,411	1,400	100.00	24,001	2,865	2,865	Direct subsidiary
MICRO-STAR INTERNATIONAL CO., LTD.	MSI (PACIFIC)	Cayman Islands	Holding company	1,511,382	1,511,382	30,204,118	100.00	9,975,169	1,833,626	1,841,050	Direct subsidiary
MICRO-STAR INTERNATIONAL CO., LTD.	MSI (HOLDING)	Netherlands	Holding company	45,724	45,724	424,000	100.00	834,317	59,150	59,150	Direct subsidiary
MICRO-STAR INTERNATIONAL CO., LTD.	MSI COMPUTER (CAYMAN)	Cayman Islands	Holding company	99,093	99,093	50,000	100.00	129,312	1,360	1,360	Direct subsidiary
MICRO-STAR INTERNATIONAL CO., LTD.	MSI (CANADA)	Canada	Sales support and after-sales service of computers and electronic components	2,150	2,150	100,000	100.00	11,749	3,557	3,557	Direct subsidiary
MICRO-STAR INTERNATIONAL CO., LTD.	INDOMSI	India	Sales support of computers and electronic components	6,137	-	1,627,390	100.00	6,278	287	287	Direct subsidiary
MSI (PACIFIC)	MSI (KOREA)	South Korea	Sales and after-sales service of computers and electronic components	24,374	24,374	80,000	100.00	389,951	25,433	-	Indirect subsidiary
MSI (PACIFIC)	MSI (B.V.I.)	British Virgin Island	Holding company	1,784,681	1,784,681	47,465,071	100.00	6,678,108	1,070,804	-	Indirect subsidiary
MSI (PACIFIC)	MICRO ELECTRONICS	British Virgin Island	Holding company	1,168,593	1,168,593	33,315,472	100.00	4,195,976	723,118	-	Indirect subsidiary
MSI (PACIFIC)	MEGA TECHNOLOGY	British Virgin Island	Holding company	$ 92,819	$ 92,819	3,050,000	100.00	$ 3,485	$ 54	$ -	Indirect subsidiary
MSI (PACIFIC)	MEGA COMPUTER	Hong Kong	Sales support of computers and electronic components	-	-	1	100.00	3,881	(73)	-	Indirect subsidiary
MSI (PACIFIC)	MSI (MHK)	Hong Kong	Sales support of computers and electronic components	-	-	1	100.00	36,863	4,077	-	Indirect subsidiary
MSI (PACIFIC)	INDOMSI	India	Sales support of computers and electronic components	-	-	10	-	-	-	-	Indirect subsidiary

Table 5 Page 1

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership(%)	Book value			
MSI (PACIFIC)	RAIDEALS	U.S.A	Sales and electronic components	1,523	-	-	100.00	2,607	191	-	Indirect subsidiary (Note 3)
MSI (HOLDING)	MYSTAR	Netherlands	Sales support of computers and electronic components	71,353	71,353	-	100.00	176,482	20,518	-	Indirect subsidiary
MSI (HOLDING)	MSI (RUSSIA)	Russia	Sales support and after-sales service of computers and electronic components	68,258	68,258	-	99.00	37,226	2,939	-	Indirect subsidiary
MSI (HOLDING)	MSI (POLSKA)	Poland	Sales support and after-sales service of computers and electronic components	46,077	46,077	-	99.00	47,144	4,262	-	Indirect subsidiary
MSI (HOLDING)	MSI (SARL)	France	Sales support of computers and electronic components	26,646	26,646	-	100.00	41,077	5,065	-	Indirect subsidiary
MSI (HOLDING)	MSI (UK)	Britan	Sales support of computers and electronic components	37,226	37,226	-	100.00	42,406	12,862	-	Indirect subsidiary
MSI (HOLDING)	MSI (TURKEY)	Turkey	Sales support of computers and electronic components	3,229	3,229	-	99.00	(37)	-	-	Indirect subsidiary (Note 2)
MSI (HOLDING)	MSI (ITALY)	Italy	Sales support of computers and electronic components	2,153	2,153	-	100.00	10,708	2,623	-	Indirect subsidiary
MSI (HOLDING)	MSI (EUROPE)	Netherlands	Logistics services of computers and electronic components	37,620	37,620	-	100.00	64,816	4,950	-	Indirect subsidiary
MSI (HOLDING)	MSI (IBERIA)	Spain	Sales support of computers and electronic components	$ 5,177	$ 5,177	-	100.00	$ 14,186	$ 2,313	$ -	Indirect subsidiary
MSI (EUROPE)	MSI (RUSSIA)	Russia	Sales support and after-sales service of computers and electronic components	689	689	-	1.00	543	2,939	-	Indirect subsidiary
MSI (EUROPE)	MSI (POLSKA)	Poland	Sales support and after-sales service of computers and electronic components	467	467	-	1.00	174	4,262	-	Indirect subsidiary
MSI (EUROPE)	MSI (TURKEY)	Turkey	Sales support of computers and electronic components	33	33	-	1.00	26	-	-	Indirect subsidiary (Note 2)
MEGA TECHNOLOGY	RAIDEALS	U.S.A	Sales of computers and electronic components	-	1,523	-	-	-	191	-	Indirect subsidiary (Note 3)

Note 1: The table is presented in New Taiwan dollars. Except for the initial investment amount is valued at historical exchange rate, the others are valued with exchange rate 1USD=30.705NTD；1EUR=33.98 NTD on December 31, 2023 and average rate with 1USD=31.1554 NTD;1EUR=33.6842 NTD for the year ended December 31, 2023.

Note 2: As of December 31, 2023, the liquidation process has not been completed.

Note 3: On November 30, 2023, this subsidiary completed the equity transfer, and it's equity was directly held by MSI (PACIFIC)

Table 5 Page 2

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China - Basic information
For the year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MSI COMPUTER (SHENZHEN)	Manufacture and after-sales service of computers, and electronic components	$ 1,726,857	Note 1	$ 1,726,857	$ -	$ -	$ 1,726,857	$ 1,070,667	100.00	$ 1,070,667	$ 6,516,010	$ -	-
MSI ELECTRONICS (KUNSHAN)	Manufacture and after-sales service of computers, and electronic components	1,772,675	Note 1	1,772,675	-	-	1,772,675	723,045	100.00	723,045	4,087,786	-	-
SHENZHEN MEGA INFORMATION	After-sales service of computers, and electronic components	23,940	Note 1	23,940	-	-	23,940	304	100.00	304	23,733	-	-
MSI (SHANGHAI)	Sales and after-sales service of computers and electronic components	29,275	Note 1	-	-	-	-	5,139	100.00	5,139	(74 455	-	Note 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
MICRO-STAR INTERNATIONAL CO., LTD.	$ 3,602,547	$ 3,850,987	$ 30,108,158

Note 1: The investments were made indirectly through 100% owned subsidiary of the Company.
Note 2: Evaluated based on financial statement not reviewed by other auditors of the investee companies.
Note 3: The amount of US $1,000 thousand was remitted by the Company's subsidiary, MSI (Pacific), to MSI (SHANGHAI).
Note 4: In pursuance of Shen-Zi Letter No.09704604680 from the Ministry of Economic Affairs dated August 29, 2008. The amended "Regulations for examination of investments and technical cooperation in Mainland Area" sets the limitation for investments in Mainland China to be higher of net book value or 60% of consolidated net book value.
Note 5: The table is presented in New Taiwan dollars. Except for the initial investment amount is valued at historical exchange rate, the others are valued with exchange rate 1USD=30.705 NTD on December 31, 2023 and average rate with 1USD=31.1554 NTD for the year ended December 31, 2023.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China - Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in third areas

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sales/ (Purchase)		Property transaction		Accounts receivable/ (payable)		Amount of endorsements/guarantees secured with collaterals		Accommodation of funds				Others
	Amount	%	Amount	%	Balance as of December 31, 2023	%	Balance as of December 31, 2023	Purpose	Ceiling amount	Balance as of December 31, 2023	Interest rate range	Interest expense	
MSI COMPUTER (SHENZHEN)	$ -	-	$ -	-	$ 9,744,984	23	$ -	-	$ -	$ -	-	$ -	$ -
MSI ELECTRONICS (KUNSHAN)	-	-	-	-	12,224,323	29	-	-	-	-	-	-	-
MSI COMPUTER (SHENZHEN)	(89,152,710)	(31)	-	-	(16,974,566)	(44)	-	-	-	-	-	-	-
MSI ELECTRONICS (KUNSHAN)	(62,060,441)	(22)	-	-	(11,593,868)	(30)	-	-	-	-	-	-	-
MSI (SHANGHAI)	10,788,504	100	-	-	2,871,762	100	-	-	-	-	-	-	-

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Major shareholders information
December 31, 2023

Table 8

Name of major shareholders	Shares held as at December 31, 2023	
	Number of shares	Ownership(%)
Hsu Hsiang	46,883,151	5.55%
Cathay Sustainability High Dividend ETF	43,140,000	5.11%

Table 8 Page 1

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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

(Continued)

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

(Continued)

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)

		Year ended December 31	
	Notes	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) Property, plant and equipment

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

	Land	Buildings	Machineries	Others	Total
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

	Land	Buildings	Machineries	Others	Total
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

	Land	Buildings	Machineries	Others	Total
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

	Land	Buildings	Machineries	Others	Total
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 passed the appropriations of 2023 earnings through the Board of Directors 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

December 31, 2022

(Foreign currency: functional currency)	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

(Foreign currency: functional currency)	Sensitivity analysis 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

(Foreign currency: functional currency)	Sensitivity analysis 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 significanty 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

	Level 1	Level 2	Level 3	Total
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.

Detailed tables are attached from **Page 179 to 188.**

Micro Star International Co., Ltd.

Chairman: Hsu, Hsiang