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

Address: 2F., No.37, Sec. 2, Jhongyang S. Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)
Tel: (02)2896-5588

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

Consolidated Financial Statements

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Independent Auditors' Review Report

To ASRock Incorporation:

Foreword

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

Scope

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

Basis for Qualified Conclusion

As explained in Note IV(III), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT$66,740 thousand and NT$64,473 thousand, constituting 0.47% and 0.45% of the consolidated total assets, and total liabilities of NT$516 thousand and NT$412 thousand, constituting both 0.01% of the consolidated total liabilities as of June 30, 2023 and 2022, respectively; and total comprehensive income of NT$(945) thousand and NT$(906) thousand as well as NT$(1,967) thousand and NT$(1,738) thousand, constituting (0.38)% and (0.20)% as well as (0.61)% and (0.14)% of the consolidated total comprehensive income for the three- and six-month periods ended June 30, 2023 and 2022, respectively. The information related to above subsidiaries in Note XIII was also not reviewed by independent accountants.

Qualified Conclusion

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

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

Ernst & Young, Taiwan

August 3, 2023

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2023, December 31, 2022, and June 30, 2022

Unit: thousands of NTD

Assets			June 30, 2023		December 31, 2022		June 30, 2022	
Code	Accounting items	Note	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	IV and VI(I)	$3,357,475	24	$3,588,129	24	$1,459,442	10
1136	Financial assets measured at amortized cost - current	IV, VI(II) and VI(XII)	1,013,954	7	339,151	2	796,715	6
1170	Accounts receivable, net	IV, VI(III) and VI(XII)	1,540,691	11	1,606,534	11	1,407,147	10
1180	Accounts receivable - related parties, net	IV, VI(III), VI(XII) and VII	63,184	-	26,411	-	59,610	-
130x	Inventories, net	IV and VI(IV)	7,177,305	50	8,010,393	54	9,490,239	66
1470	Other current assets	VII	289,989	2	422,975	3	416,691	3
11xx	Total current assets		13,442,598	94	13,993,593	94	13,629,844	95
	Non-current assets							
1535	Financial assets measured at amortized cost - non-current	IV, VI(II), VI(XII) and VIII	2,438	-	2,436	-	2,422	-
1600	Property, plant and equipment	IV and VI(V)	406,125	3	461,869	3	360,332	3
1755	Right-of-use assets	IV and VI(XIII)	152,840	1	71,384	1	86,792	1
1780	Intangible assets	IV, VI(VI) and VII	6,778	-	7,411	-	9,697	-
1840	Deferred tax assets	IV, V and VI(XVII)	228,362	2	192,186	2	156,688	1
1920	Guarantee deposits paid		27,293	-	26,861	-	25,392	-
1990	Other non-current assets		25,270	-	12,074	-	12,260	-
15xx	Total non-current assets		849,106	6	774,221	6	653,583	5
1xxx	Total assets		$14,291,704	100	$14,767,814	100	$14,283,427	100

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

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

Unit: thousands of NTD

Liabilities and equity			June 30, 2023		December 31, 2022		June 30, 2022	
Code	Accounting items	Note	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	VI(VII)	$-	-	$625,000	4	$297,220	2
2170	Accounts payable		2,777,696	19	2,934,118	20	1,519,432	11
2180	Accounts payable - related parties	VII	353	-	68,657	-	58,397	-
2200	Other payables	VII	1,260,312	9	1,292,812	9	1,389,372	10
2216	Dividends payable	VI(IX)	1,072,468	7	-	-	1,611,203	11
2230	Current tax liabilities	IV, V and VI(XVII)	274,427	2	418,015	3	400,338	3
2280	Lease liabilities - current	IV, VI(XIII) and VI(XV)	56,612	-	31,896	-	41,218	-
2300	Other current liabilities	VII	542,068	4	443,194	3	399,997	3
21xx	Total current liabilities		5,983,936	41	5,813,692	39	5,717,177	40
	Non-current liabilities							
2570	Deferred tax liabilities	IV, V and VI(XVII)	992	-	2,159	-	20,388	-
2580	Lease liabilities - non-current	IV, VI(XIII) and VI(XV)	96,836	1	39,873	-	46,011	-
2640	Net defined benefit liabilities - non-current	IV, V and VI(VIII)	17,435	-	17,047	-	29,194	-
2670	Other non-current liabilities- others		1,110	-	1,116	-	-	-
25xx	Total non-current liabilities		116,373	1	60,195	-	95,593	-
2xxx	Total liabilities		6,100,309	42	5,873,887	39	5,812,770	40
31xx	Equity attributable to owners of the parent company							
3100	Share capital							
3110	Ordinary share	VI(IX)	1,219,894	9	1,219,930	8	1,229,254	9
3200	Capital surplus	VI(IX), VI(X) and VI(XIX)	3,257,190	23	3,252,907	22	3,332,886	23
3300	Retained earnings							
3310	Legal reserve	VI(IX)	1,691,849	12	1,582,928	11	1,582,928	11
3320	Special reserve	VI(IX)	165,345	1	581,757	4	581,757	4
3350	Unappropriated retained earnings	VI(IX) and VI(X)	1,387,365	10	1,772,619	12	1,548,044	11
	Total retained earnings		3,244,559	23	3,937,304	27	3,712,729	26
3400	Other equity interest	IV	(135,035)	(1)	(217,794)	(1)	(389,847)	(2)
3500	Treasury stock	IV and VI(IX)	(90)	-	(12)	-	-	-
36xx	Non-controlling interests	VI(IX) and VI(XIX)	604,877	4	701,592	5	585,635	4
3xxx	Total equity		8,191,395	58	8,893,927	61	8,470,657	60
	Total liabilities and equity		$14,291,704	100	$14,767,814	100	$14,283,427	100

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

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

Unit: thousands of NTD

Code	Accounting items	Note	For the three-month periods ended June 30				For the six-month periods ended June 30			
			2023		2022		2023		2022	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	IV, V, VI(XI) and VII	$4,086,598	100	$3,617,465	100	$8,481,669	100	$8,655,813	100
5000	Operating costs	VI(IV), VI(VI), VI(VIII), VI(XIII), VI(XIV) and VII	(3,265,411)	(80)	(2,793,608)	(77)	(6,930,256)	(82)	(6,461,814)	(75)
5900	Gross profit		821,187	20	823,857	23	1,551,413	18	2,193,999	25
6000	Operating expenses	VI(VI), VI(VIII), VI(X), VI(XIII), VI(XIV) and VII								
6100	Sales and marketing expenses		(243,339)	(6)	(202,833)	(5)	(430,885)	(5)	(403,427)	(5)
6200	General and administrative expenses		(108,992)	(3)	(102,677)	(3)	(214,562)	(3)	(230,763)	(3)
6300	Research and development expenses		(321,709)	(8)	(312,136)	(9)	(608,443)	(7)	(667,773)	(7)
6450	Expected credit gains (losses)	VI(XII)	(3,132)	-	2,295	-	(2,643)	-	2,320	-
	Total operating expenses		(677,172)	(17)	(615,351)	(17)	(1,256,533)	(15)	(1,299,643)	(15)
6900	Net operating income		144,015	3	208,506	6	294,880	3	894,356	10
7000	Non-operating income and expenses	VI(XV)								
7100	Interest income		24,929	1	3,537	-	50,174	1	5,639	-
7010	Other income	VII	8,924	-	2,944	-	24,383	-	7,182	-
7020	Other gains and losses		37,061	1	97,472	2	5,660	-	190,542	2
7050	Finance costs		(1,642)	-	(1,289)	-	(3,801)	-	(1,639)	-
	Total non-operating income and expenses		69,272	2	102,664	2	76,416	1	201,724	2
7900	Profit before tax		213,287	5	311,170	8	371,296	4	1,096,080	12
7950	Income tax expenses	IV, V and VI(XVII)	(55,013)	(1)	(16,441)	-	(105,054)	(1)	(152,724)	(1)
8200	Net profit		158,274	4	294,729	8	266,242	3	943,356	11
8300	Other comprehensive income (net)	IV and VI(XVI)								
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign financial statements		93,424	2	149,982	4	57,169	1	278,923	3
	Other comprehensive income (after tax)		93,424	2	149,982	4	57,169	1	278,923	3
8500	Total comprehensive income		$251,698	6	$444,711	12	$323,411	4	$1,222,279	14
8600	Profit attributable to:									
8610	Owners of the parent company		$157,980		$248,763		$283,041		$863,409	
8620	Non-controlling interests		294		45,966		(16,799)		79,947	
			$158,274		$294,729		$266,242		$943,356	
8700	Comprehensive income attributable to:									
8710	Owners of the parent company		$251,404		$398,745		$340,210		$1,142,332	
8720	Non-controlling interests		294		45,966		(16,799)		79,947	
			$251,698		$444,711		$323,411		$1,222,279	
	Earnings per share (NT$)	VI(XVIII)								
9750	Basic earnings per share									
9710	Profit from continuing operations		$1.30		$2.02		$2.32		$7.02	
9850	Diluted earnings per share									
9810	Profit from continuing operations		$1.29		$2.01		$2.31		$6.97	

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

ASROCK INCORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGE IN STOCKHOLDERS' EQUITY
For the six-month periods ended June 30, 2023 and 2022

Unit: thousands of NTD

		Equity attributable to owners of the parent company										
				Retained earnings			Other equity interest					
	Item	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Deferred compensation cost	Treasury stock	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Code		3100	3200	3310	3320	3350	3410	3491	3500	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	$1,229,254	$3,332,351	$1,345,085	$472,656	$2,628,386	$(581,758)	$(154,834)	$-	$8,271,140	$517,704	$8,788,844
	Appropriation and distribution of 2021 retained earnings											
B1	Legal reserve appropriated	-	-	237,843	-	(237,843)	-	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	109,101	(109,101)	-	-	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(1,598,031)	-	-	-	(1,598,031)	-	(1,598,031)
D1	Net income for the six-month periods ended June 30, 2022	-	-	-	-	863,409	-	-	-	863,409	79,947	943,356
D3	Other comprehensive income for the six-month periods ended June 30, 2022	-	-	-	-	-	278,923	-	-	278,923	-	278,923
D5	Total comprehensive income for the six-month periods ended June 30, 2022	-	-	-	-	863,409	278,923	-	-	1,142,332	79,947	1,222,279
M7	Changes in subsidiaries' ownership	-	535	-	-	-	-	-	-	535	(535)	-
N1	Share-based payment transaction	-	-	-	-	1,224	-	67,822	-	69,046	1,691	70,737
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(13,172)	(13,172)
Z1	Balance as of June 30, 2022	$1,229,254	$3,332,886	$1,582,928	$581,757	$1,548,044	$(302,835)	$(87,012)	$-	$7,885,022	$585,635	$8,470,657
A1	Balance as of January 1, 2023	$1,219,930	$3,252,907	$1,582,928	$581,757	$1,772,619	$(165,345)	$(52,449)	$(12)	$8,192,335	$701,592	$8,893,927
	Appropriation and distribution of 2022 retained earnings											
B1	Legal reserve appropriated	-	-	108,921	-	(108,921)	-	-	-	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(975,934)	-	-	-	(975,934)	-	(975,934)
B17	Special reserve reversed	-	-	-	(416,412)	416,412	-	-	-	-	-	-
D1	Net income for the six-month periods ended June 30, 2023	-	-	-	-	283,041	-	-	-	283,041	(16,799)	266,242
D3	Other comprehensive income for the six-month periods ended June 30, 2023	-	-	-	-	-	57,169	-	-	57,169	-	57,169
D5	Total comprehensive income for the six-month periods ended June 30, 2023	-	-	-	-	283,041	57,169	-	-	340,210	(16,799)	323,411
L3	Treasury stock cancelled	(36)	-	-	-	-	-	-	36	-	-	-
M7	Changes in subsidiaries' ownership	-	4,307	-	-	-	-	-	-	4,307	(4,307)	-
N1	Share-based payment transaction	-	(24)	-	-	148	-	25,590	(114)	25,600	13,266	38,866
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(88,875)	(88,875)
Z1	Balance as of June 30, 2023	$1,219,894	$3,257,190	$1,691,849	$165,345	$1,387,365	$(108,176)	$(26,859)	$(90)	$7,586,518	$604,877	$8,191,395

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

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

Unit: thousands of NTD

Code	Item	For the six-month periods ended June 30 2023	For the six-month periods ended June 30 2022
AAAA	Cash flows from operating activities:		
A10000	Profit before tax	$371,296	$1,096,080
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	89,715	52,950
A20200	Amortization expense	4,782	3,560
A20300	Expected credit losses and gains	2,643	(2,320)
A20900	Interest expenses	3,801	1,639
A21200	Interest income	(50,174)	(5,639)
A21900	Compensation cost arising from employee stock options	38,980	70,737
A22600	Property, plant and equipment reclassified to expenses	1	-
A30000	Changes in operating assets and liabilities:		
A31150	Decrease in accounts receivable	63,020	452,542
A31160	Increase in accounts receivable - related parties	(36,773)	(21,968)
A31200	Decrease in inventories	833,373	164,665
A31240	Decrease (Increase) in other current assets	165,074	(11,964)
A32150	Decrease in accounts payable	(156,422)	(2,870,169)
A32160	Decrease in accounts receivable - related parties	(68,304)	(8,840)
A32180	Decrease in other payables	(32,500)	(30,213)
A32230	Increase (decrease) in other current liabilities	98,874	(155,831)
A32240	Increase (decrease) in net defined benefit liabilities	388	(12,834)
A32250	Decrease in other non-current liabilities	(6)	-
A33000	Cash inflows (outflows) from operations	1,327,768	(1,277,605)
A33500	Income taxes paid	(312,842)	(412,334)
AAAA	Net cash flow from operation activities	1,014,926	(1,689,939)
BBBB	Cash flows from investing activities:		
B00040	Acquisition of financial assets measured at amortized cost	(674,399)	-
B00050	Proceed from disposal of financial assets measured at amortized cost	-	481,531
B02700	Acquisition of property, plant and equipment	(4,652)	(72,136)
B03800	Increase in guarantee deposits paid	(432)	(2,798)
B04500	Acquisition of intangible assets	(4,148)	(7,482)
B06800	Increase in other non-current assets	(13,196)	(841)
B07500	Interest received	46,736	4,809
BBBB	Net cash flows used in investing activities	(650,091)	403,083
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term loans	-	297,220
C00200	Decrease in short-term loans	(625,000)	-
C04020	Repayment of lease principal	(28,461)	(24,638)
C05600	Interest paid	(2,675)	(647)
C05800	Changes in non-controlling interests	7,659	-
C09900	Other	(114)	-
CCCC	Net cash flow from financing activities	(648,591)	271,935
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	53,102	260,374
EEEE	Net decrease in cash and cash equivalents	(230,654)	(754,547)
E00100	Cash and cash equivalents, beginning of the period	3,588,129	2,213,989
E00200	Cash and cash equivalents, end of the period	$3,357,475	$1,459,442

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

ASROCK INCORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the six-month periods ended June 30, 2023 and 2022
(Unless otherwise stated, all amounts are in NTD thousand)

I. Company History

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

II. Date and Procedures for Approval of the Financial Report

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month periods ended June 30, 2023 and 2022 were authorized for issue by the Company's board of directors on August 3, 2023.

III. Application of New and Amended Standards and Interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

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

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

Item	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17, "Insurance Contracts"	January 1, 2023
3	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
4	Lease Liability under Sale and Leaseback (Amendment to IFRS 16)	January 1, 2024
5	Non-current Liabilities in Contracts (Amendments to IAS 1)	January 1, 2024
6	Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	January 1, 2023
7	Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

1. IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

   The plan addresses the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 requires contributions of non-monetary assets to an associate or joint venture in exchange for an equity interest in the associate or joint venture shall eliminate Profits and losses resulting from upstream transactions. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. The amendment restricts the preceding requirements of IAS 28 when the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 shall be recognized in full.

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

2. IFRS 17, "Insurance Contracts"

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

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

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

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

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

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

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

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

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

6. Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

   In the amendments, a temporary exception is adopted to the requirements for the recognition of deferred income tax assets and liabilities related to Pillar II income tax and the disclosure of relevant information; specific requirements for disclosures are adopted for affected enterprises. Enterprises do not need to disclose the information as required during the interim period prior to December 31, 2023.

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

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

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

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements of the Group for the six-month periods ended June 30, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC.

(II) Basis of preparation

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

(III) Consolidation overview

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular, the Group controls an investee only when it has the following three elements of control:

1. Power over the investee (That is having existing rights that give the current ability to direct the relevant activities)

2. Exposure, or rights, to variable returns from its involvement with the investee, and
3. The ability to use its power over the investee to affect its returns

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

1. The contractual arrangement with the other vote holders of the investee
2. Rights arising from other contractual arrangements
3. Voting rights and potential voting rights

The Group shall reassess whether it still controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

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

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

If the Group loses control of a subsidiary, it

1. Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
2. Derecognizes the carrying amount of any non-controlling interest;
3. Recognizes the fair value of consideration received;

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

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

The consolidated financial statements entities are prepared as follows:

			Percentage of ownership			
Name of investor	Name of subsidiaries	Main business	June 30, 2023	December 31, 2022	June 30, 2022	Note
ASRock Incorporation (The Company)	ASIAROCK TECHNOLOGY LIMITED	Investment holding on other business.	100%	100%	100%	
The Company	LEADER INSIGHT HOLDINGS LIMITED	Investment holding on other business.	100%	100%	100%	Note 1
The Company	ASRock Rack Incorporation	Manufacture and sales of computers and peripheral equipment.	59.73%	59.68%	59.67%	Note 4
The Company	ASRock Industrial Computer Corporation	Manufacture and sales of computers and peripheral equipment.	63.46%	64.46%	65.83%	Note 2 and Note 3
The Company	Soaring Asia Limited	International trade.	100%	100%	100%	Note 1
The Company	ASJade Technology Incorporation	Service of computer software.	82.50%	82.50%	78.57%	Note 5
ASIAROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	Data storage and electronic material sales, international trade, etc.	100%	100%	100%	
ASIAROCK TECHNOLOGY LIMITED	CALROCK HOLDINGS, LLC	Rent office building. etc.	100%	100%	100%	Note 1
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	Investment holding on other business.	100%	100%	100%	Note 1
FIRSTPLACE INTERNATIONAL LTD.	ASRock America, Inc.	Data storage and electronic material sales, international trade, etc.	100%	100%	100%	

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

Note 2. The financial statements for the six months ended June 30, 2023 and 2022 were reviewed by CPAs. Although it is not a significant subsidiary, its profit before tax is significant, it is included in the scope of review.

Note 3. ASRock Industrial Computer Corporation adopted the employee stock option plan on July 19, 2022 and after the capital increase, the original shareholding ratio of the Company decreased from 65.83% to 64.46%. Later, the company adopted the employee stock option plan on May 5, 2023 and after the capital increase, the original shareholding ratio of the Company decreased from 64.46% to 63.46%.

Note 4. ASRock Rack Incorporation issued stock dividends to increase capital from earnings on July 26, 2022. Due to the existence of treasury shares, the original shareholding ratio of the Company increased from 59.67% to 59.68%. Later, on March 6, 2023, the company cancelled its treasury shares, resulting in an increase in the Company’s original shareholding ratio from 59.68% to 59.73%.

Note 5. On December 16, 2022, the Company increased its investment by $113,438 thousand to purchase 9,075 thousand shares of ASJade Technology Incorporation, resulting in an increase in the Company’s original shareholding ratio from 78.57% to 82.5% after the capital increase.

Among the above subsidiaries included in the consolidated financial statements, the financial statements of certain insignificant subsidiaries were not reviewed by CPAs. The total assets of these subsidiaries as of June 30, 2023 and 2022 were $66,740 thousand and $64,473 thousand, respectively, and the total liabilities were $516 thousand and $412 thousand, respectively. The total consolidated income for the three-month and six-month periods ended June 30, 2023 and 2022 amounted to $(945) thousand, $(906) thousand, $(1,967) thousand, and $(1,738) thousand, respectively.

(IV) Foreign currency transactions

The Group's consolidated financial statements are presented in NTD, which is also the Company's functional currency. Each individual entity within the Group determines its own functional currency and that functional currency shall be used to measure its financial statements.

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

All exchange differences arising on the settlement of monetary items or on translating monetary items shall be recognized in profit or loss in the period in which they arise except for the following:

1. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

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

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

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

(V) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on translation are recognized in other comprehensive income, and the cumulative exchange differences that were previously recognized as a separate component of other comprehensive income and accumulated in equity are reclassified from equity to profit or loss upon the disposal of the foreign operation. After a partial disposal involving a loss of control over a subsidiary that includes a foreign operation, and a partial disposal of an interest in an affiliated enterprise or joint agreement that includes a foreign operation, where the retained interest is a financial asset that includes the foreign operation, it shall also be treated as a disposal.

On the partial disposal of a subsidiary that includes a foreign operation that without loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that without loss of significant influence or joint arrangement control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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

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

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

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

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

1. The Group expects to settle the liability in its normal operating cycle.
2. The Group holds the liability primarily for the purpose of trading.
3. The liability is due to be settled within twelve months after the reporting period.
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where a liability may be settled by the issuance of equity instruments at the option of the counterparty, the classification shall not be affected.

(VII) Cash and cash equivalents

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

(VIII) Financial instruments

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

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

1. Recognition and measurement of financial instruments

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

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

(1) The business model for managing the financial assets
(2) The contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

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

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

Such financial assets, other than those involved in hedging relationships, are subsequently measured at amortized cost (the amount measured at original recognition, less principal payments made, plus or minus the cumulative amortization of the difference between the original amount and the amount due (using the effective interest method), and adjusted for an allowance loss). A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest calculated using the effective interest method (by multiplying the total carrying amount of the financial asset by the effective interest rate) is recognized in profit or loss if:

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

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and presented as a financial asset at fair value through other comprehensive on the balance sheet:

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

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

(1) A gain or loss on the type of financial asset recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(2) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

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

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

Financial assets at fair value through profit or loss

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

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

2. Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

(1) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk has increased significantly since initial recognition is no longer met.

(2) Measure at an amount equal to the lifetime expected credit losses: Including the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(3) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(4) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

3. Derecognition of financial assets

A financial asset held by the Group is derecognized when:

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

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

4. Financial liabilities and equity instruments

Classification between liabilities or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized as the amount of consideration received, less the direct cost of issuing.

Financial liabilities

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

5. Offsetting financial assets and financial liabilities

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

(IX) Fair value measurement

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

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

(X) Inventories

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

Costs incurred in bringing each inventory to its present location and condition for sale and production:

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

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

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

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

(XI) Property, plant and equipment

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

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

Houses and buildings	5-39 years
Machinery and equipment	2-5 years
Office equipment	3-5 years
Leasehold improvements	Shorter of the lease period or the useful life
Other equipment	2-7 years

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

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

(XII) Leases

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

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

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

The Group as a lessee

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

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

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

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

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

1. The amount of the lease liability initially measured;
2. Any lease payments made at or before the commencement date, less any lease incentives received;
3. Any initial direct costs incurred by the lessee; and
4. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

(XIII) Intangible assets

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

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

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

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

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

Intangible assets under development-research and development costs

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

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

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

Computer software

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

(XIV) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount is the greater of its net fair value and its value in use.

For assets excluding goodwill, an assessment is made by the Group at each end of reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal carrying amount of the asset does not exceed the carrying amount less the appropriated depreciation or after amortization, had no impairment loss been recognized for the asset.

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

(XV) Provision for liabilities

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

Provision for warranty

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

(XVI) Treasury stock

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

(XVII) Revenue recognition

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

Sale of goods

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

The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

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

Rendering of services

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

(XVIII) Post-employment benefits plans

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

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

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

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

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

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

(XIX) Share-based payment transaction

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

The cost of share-based payment for equity-settled transactions is recognized on a period-by-period, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each end of reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. Changes in cumulative costs recognized for share-based payment transactions at the beginning and end of each reporting period shall be recognized in profit or loss for that period.

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

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

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

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

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

(XX) Income tax

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

Current income tax

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

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

Deferred income tax

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

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

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

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

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

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

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

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

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

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

Estimates and assumptions

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

(I) Fair value of financial instruments

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

(II) Post-employment benefits plans

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

(III) Revenue recognition - sales returns and allowance

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

(IV) Income tax

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

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

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

(V) Trade receivables - estimation of impairment loss

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

(VI) Inventories

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

VI. Explanation of Significant Accounts

(I) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$926	$1,198	$1,281
Cash in banks	916,742	795,326	779,760
Time deposits	1,289,221	1,562,598	515,524
Cash equivalents - bonds with repurchase agreements	1,150,586	1,229,007	162,877
Total	$3,357,475	$3,588,129	$1,459,442

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

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

(II) Financial assets measured at amortized cost

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits with initial duration of over three months	$994,181	$339,151	$796,715
Pledged time deposits	22,211	2,436	2,422
Total	$1,016,392	$341,587	$799,137

	June 30, 2023	December 31, 2022	June 30, 2022
Current	$1,013,954	$339,151	$796,715
Non-current	$2,438	$2,436	$2,422

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

(III) Accounts receivable and accounts receivable - related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable (total carrying amount)	$1,564,019	$1,628,839	$1,429,136
Less: loss allowances	(23,328)	(22,305)	(21,989)
Subtotal	1,540,691	1,606,534	1,407,147
Accounts receivable - related parties (total carrying amount)	63,184	26,411	59,610
Less: loss allowances	-	-	-
Subtotal	63,184	26,411	59,610
Total	$1,603,875	$1,632,945	1,466,757

Accounts receivable were not pledged.

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

Accounts receivable credit period are generally on 30-90 days. The total carrying amount as of June 30, 2023, December 31, 2022 and June 30, 2022 were $1,627,203 thousand, $1,655,250 thousand, and $1,488,746 thousand, respectively. Please refer to Note VI(XII) for more details on loss allowance of accounts receivable for the six-month periods ended June 30, 2023 and 2022. Please refer to Note XII for more details on credit risk management.

(IV) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	2,663,678	$4,024,423	$4,117,120
Work in process	882,752	1,032,860	1,565,995
Finished products	3,630,875	2,953,110	3,807,124
Net	7,177,305	$8,010,393	$9,490,239

For the three-month periods ended June 30, 2023 and 2022, the Group recognized $3,265,411 thousand and $2,793,608 thousand, respectively, in cost of inventories, including the recognition of inventory depreciation losses of $70,366 thousand and of $140,608 thousand, respectively.

For the six-month periods ended June 30, 2023 and 2022, the Group recognized $6,930,256 thousand and $6,461,814 thousand, respectively, in cost of inventories, including the recognition of inventory depreciation losses of $224,840 thousand and of $123,274 thousand, respectively.

The inventories mentioned above are not pledged.

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

(V) Property, plant and equipment

	Land	Houses and buildings	Machinery and equipment	Office equipment	Leasehold improvements	Other assets	Total
Costs:							
January 1, 2023	$43,018	$169,285	$147,588	$16,446	$40,011	$259,859	$676,207
Additions	-	-	989	128	1,131	2,404	4,652
Disposals	-	-	(8,301)	(747)	(2,916)	(796)	(12,760)
Reclassifications	-	-	-	-	-	(286)	(286)
Effects of the exchange rate	590	2,323	228	108	39	114	3,402
June 30, 2023	$43,608	$171,608	$140,504	$15,935	$38,265	$261,295	$671,215
January 1, 2022	$38,768	$152,560	$115,296	$11,732	$28,062	$67,397	$413,815
Additions	-	-	40,074	4,773	9,640	17,649	72,136
Disposals	-	-	(854)	(1,087)	(394)	(23,252)	(25,587)
Reclassifications	-	-	-	-	-	63,584	63,584
Effects of the exchange rate	2,855	11,237	1,101	516	188	511	16,408
June 30, 2022	$41,623	$163,797	$155,617	$15,934	$37,496	$125,889	$540,356
Depreciation and impairment loss:							
January 1, 2023	$-	$63,229	$72,583	$11,272	$20,180	$47,074	$214,338
Depreciation	-	3,088	12,788	1,051	3,849	41,380	62,156
Disposals	-	-	(8,301)	(747)	(2,916)	(796)	(12,760)
Effects of the exchange rate	-	925	217	107	39	68	1,356
June 30, 2023	$-	$67,242	$77,287	$11,683	$21,152	$87,726	$265,090
January 1, 2022	$-	$51,376	$54,634	$9,929	$13,638	$42,262	$171,839
Depreciation	-	2,867	13,728	793	3,600	8,059	29,047
Disposals	-	-	(854)	(1,087)	(394)	(23,252)	(25,587)
Reclassifications	-	-	-	-	-	(916)	(916)
Effects of the exchange rate	-	3,894	836	515	163	233	5,641
June 30, 2022	$-	$58,137	$68,344	$10,150	$17,007	$26,386	$180,024

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

	Land	Houses and buildings	Machinery and equipment	Office equipment	Leasehold improvements	Other assets	Total
Net carrying amount:							
June 30, 2023	$43,608	$104,366	$63,217	$4,252	$17,113	$173,569	$406,125
December 31, 2022	$43,018	$106,056	$75,005	$5,174	$19,831	$212,785	$461,869
June 30, 2022	$41,623	$105,660	$87,273	$5,784	$20,489	$99,503	$360,332

No Property, plant and equipment were pledged.

(VI) Intangible assets

	For the six-month periods ended June 30	
Other	2023	2022
Costs:		
Beginning amount	$31,545	$42,455
Addition-acquired separately	4,148	7,482
Disposals	(929)	(20,626)
Effects of the exchange rate	29	122
Ending amount	$34,793	$29,433
Amortization and impairment:		
Beginning amount	$24,134	$36,680
Amortization	4,782	3,560
Disposals	(929)	(20,626)
Effects of the exchange rate	28	122
Ending amount	$28,015	$19,736

	June 30, 2023	December 31, 2022	June 30, 2022
Net carrying amount:	$6,778	$7,411	$9,697

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

Amortization amount of intangible assets is as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Sales and marketing expenses	$254	$166	$462	$328
General and administrative expenses	$459	$118	$906	$231
R&D expenses	$1,714	$1,515	$3,414	$3,001

(VII) Short-term loans

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank borrowings	$-	$625,000	$297,220
Interest rate range for borrowings (%)	-	1.85%~1.94%	2.65%

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had unused short-term borrowings of approximately $2,018,089 thousand, $1,341,593 thousand and $459,444 thousand, respectively.

(VIII) Post-employment benefits plans

Defined contribution plans

The Group recognized the expenses of the defined contribution plans for the three-month periods ended June 30, 2023 and 2022 in the amounts of $10,132 thousand and $9,184 thousand, respectively, and for the six-month periods ended June 30, 2023 and 2022 in the amounts of $20,056 thousand and $18,341 thousand, respectively.

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

Defined benefit plans

The Group recognized the expenses of the defined benefit plans for the three-month periods ended June 30, 2023 and 2022 in the amounts of $226 thousand and $319 thousand, respectively, and for the six-month periods ended June 30, 2023 and 2022 in the amounts of $452 thousand and $638 thousand, respectively.

(IX) Equity

1. Ordinary shares

As of June 30, 2023, December 31, 2022, and June 30, 2022, the Company's authorized capital were all $1,500,000 thousand (all reserve $40,000 thousand of shares for employee stock options), the Company's issued capital were $1,219,894 thousand, $1,219,930 thousand, and $1,229,254 thousand respectively, with each at a par value of $10, and the Company issued 121,989,429, 121,993,029 and 122,925,429 common shares respectively. Each share has one voting right and a right to receive dividends.

2. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
Additional paid-in capital	$3,127,994	$3,127,994	$3,127,994
Difference between consideration and carrying amount of subsidiaries acquired or disposed	335	335	335
Changes in ownership interests in subsidiaries	12,101	7,818	10,547
Restricted employee shares	116,760	116,760	194,010
Total	$3,257,190	$3,252,907	$3,332,886

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

3. Treasury stock

During the six-month periods ended June 30, 2023, the treasury stocks in the amount of $114 thousand in 11,400 shares has been repurchased due to the expiration of restricted employee shares and 3,600 shares were canceled by the resolution of the board of directors on March 7, 2023. The base date for a capital reduction was set on March 13, 2023. The statutory change of registration procedure has been completed. As of June 30, 2023, the remaining 9,000 shares have not yet been approved to be canceled by the resolution of the board of directors.

4. Retained earnings and dividend policies

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

(1) Payment of all taxes and dues.
(2) Deficit compensation.
(3) Set aside 10% as legal reserve;
(4) Set aside or reverse special reserve in accordance with law and regulations or as requested by the authorities.
(5) The distribution of the remaining portion shall be proposed and formulated by the Board of Directors and submitted to the shareholders’ meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, dividend appropriateness and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and the Company held a general meeting of shareholders on June 12, 2019 and passed a resolution to amend the company’s articles of association, stating that all or part of the dividends and bonuses are distributed in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders’ meeting; the share dividends must be submitted to the shareholders’ meeting for resolution of distribution. For distribution of shareholder dividends, cash dividends shall not be less than 10% of the total amount of cash and stock dividends.

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

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

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

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

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

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

Note: The Board of Directors of the Company was authorized by the Articles of Incorporation and approved the cash dividends on ordinary shares for the years of 2022 and 2021 by special resolutions on March 7, 2023 and February 23, 2022, respectively.

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

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

5. Non-controlling interests

	For the six-month periods ended June 30	
	2023	2022
Beginning balance	$701,592	$517,704
Profit (loss) for the period attributable to non-controlling interests	(16,799)	79,947
Changes in subsidiaries’ ownership	(4,307)	(535)
Changes in non-controlling interests (including share based payment)	(75,609)	(11,481)
Ending balance	$604,877	$585,635

(X) Share-based payment plans

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

1. Restricted stock for employees of the parent company

The parent company issued 2,300 thousand shares of restricted stock awards, which was resolved at the shareholders’ meeting held on August 20, 2021. The grantees are limited to full-time employees of the parent company who meet specific requirements. The Company has already filed the approved 2,300 thousand shares with the Securities and Futures Bureau of the FSC. The total number of new shares issued on October 28, 2021 was 2,283 thousand shares. The stock price on the grant date was $145 per share.

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

(1) The Company's overall performance:

A. If EPS in the previous year is higher than $10, the overall weight will be 100%.
B. If EPS in the previous year is between $7.5 and $10, the overall weight will be 50%.
C. If EPS in the previous year is below $7.5, the overall weight will be 0%.

(2) Personal performance:
A. If the mid-year assessment is higher than A (include A), the personal weight will be 100%.
B. If the mid-year assessment is between B+ to A (excluding A), the personal will be weight 80%.
C. If the mid-year assessment is between B to B+ (excluding B+), the personal will be weight 60%.
D. If the mid-year assessment is C, the personal weight will be 0%.

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

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

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

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

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

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

	Restricted stock for employees			
Vested period	Year 1	Year 2	Year 3	Total
Original number of shares	913,200	684,900	684,900	2,283,000
Operating performance issue ratio	100.00%	98.37%	90.79%	
Estimated turnover rate	0.02%	8.82%	17.73%	
Qualified rate of performance	0.00%	76.92%	76.92%	
Vested shares	0	471,908	392,984	864,892
Fair value	$145	$145	$145	
Labor cost	$0	$63,707	$53,053	$116,760

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

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

(1) ASRock Rack Incorporation

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

Type of agreement	Date of grant	Number of shares granted (thousands of shares)	Contract period	Vested conditions
Restricted stock for employees	February 27, 2019	1,490	4 years	Employees who have continued to serve in the Company for three years will get 50%. Employees who have continued to serve in the Company for four years will get 50%.
Employee stock option plan (Note)	June 30, 2022	2,300	3 years and 6 months	Employees who have continued to serve in the Company for two years will get 50%. Employees who have continued to serve in the Company for three years will get 50%.

Note: After the issuance of this warrant, except for the issuance of shares of common stock in exchange for various securities issued by the Company with common stock conversion rights or warrants, or the issuance of new shares for employee bonuses, in the event of an increase in the number of shares of common stock of the Company, a decrease in the number of shares of common stock not due to a capital reduction resulting from the cancellation of treasury stock, or if the ratio of cash dividends paid on common stock to the current price per share exceeds 1.5%, adjustment shall be made in accordance with the Company's regulations governing the issuance and subscription of employee stock option certificates.

If the Company needs to apply for a public offering of stocks due to its plan to get its shares listed on the emerging stock market, it does not be subject to the regulations under paragraph 1 of the Regulations on Employee Stock Options, and the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages. The stock option holders shall exercise all or part of their stock options within 60 days after receiving the Company's notification of the date to resolve on the public offering. Those who fail to exercise the options prior to the deadline shall be deemed to have waived their rights to exercise the options, and they may not be able to claim their stock option rights again.

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

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

	Restricted stock for employees				
Vested period	Year 1	Year 2	Year 3	Year 4	Total
Original number of shares	-	-	745,000	745,000	1,490,000
Estimated turnover rate	-	-	14.19%	20.00%	
Vested shares after considering the turnover rate	-	-	639,250	596,000	1,235,250
Fair value	-	-	$5.53	$5.53	
Labor cost	$-	$-	$3,535	$3,296	$6,831

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

The following table lists the inputs to the model used for the plan granted on June 30, 2022:

	June 30, 2022
Fair value at grant date	1.85~2.26
Exercise price	22
Expected volatility (%)	41.16~44.34
Risk-free interest rate (%)	0.9867~1.0237
Expected option life (Years)	2.5~3.5
Weighted average share price ($)	13.74
Option pricing model	Binomial option pricing model

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

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

June 30, 2022

	For the six-month periods ended June 30			
	2023		2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding stock options as of January 1	2,300	$19.45	-	$-
Grant of stock options in the period	-	-	2,300	22
Forfeit of stock options in the period	-	-	-	-
Exercise of stock options in the period	-	-	-	-
Outstanding stock options as of June 30	2,300	19.45	2,300	22
Exercisable as of June 30	2,300	19.45	-	

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

	Exercise price (Note)	Weighted average remaining contractual life (Years)
June 30, 2023		
Outstanding stock options	$19.45	0.12
June 30, 2022		
Outstanding stock options	$22.00	3.5

Note: The exercise price of employee stock options shall be adjusted in accordance with the Regulations on Employee Stock Options.

On June 13, 2023, the Company notified the stock option holders to resolve a decision on the public offering, and the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages in accordance with the Regulations on Employee Stock Options.

(2) ASRock Industrial Computer Corporation

As of June 30, 2023, the share-based payment transaction issued by ASRock Industrial Computer Corporation are as follows:

Type of agreement	Date of grant	Number of shares granted (thousands of shares)	Contract period	Vested conditions
Employee stock option plan (Note)	April 20, 2021	2,200	3 years and 6 months	Employees who have continued to serve in the Company for one year will get 35%. Employees who have continued to serve in the Company for two years will get 35%. Employees who have continued to serve in the Company for three years will get 30%.
Employee stock option plan (Note)	July 8, 2022	2,100	3 years and 6 months	Employees who have continued to serve in the Company for two years will get 50%. Employees who have continued to serve in the Company for three years will get 50%.

Note: After the issuance of this warrant, except for the issuance of shares of common stock in exchange for various securities issued by the Company with common stock conversion rights or warrants, or the issuance of new shares for employee bonuses, in the event of an increase in the number of shares of common stock of the Company, a decrease in the number of shares of common stock not due to a capital reduction resulting from the cancellation of treasury stock, or if the ratio of cash dividends paid on common stock to the current price per share exceeds 1.5%, adjustment shall be made in accordance with the Company's regulations governing the issuance and subscription of employee stock option certificates.

If the Company needs to apply for a public offering of stocks due to its plan to get its shares listed on the emerging stock market, it does not be subject to the regulations under paragraph 1 of the Regulations on Employee Stock Options, and the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages. The stock option holders shall exercise all or part of their stock options within 60 days after receiving the Company's notification of the date to resolve on the public offering. Those who fail to exercise the options prior to the deadline shall be deemed to have waived their rights to exercise the options, and they may not be able to claim their stock option rights again.

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

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

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

	April 20, 2021	July 8, 2022
Fair value at grant date	1.2~2.16	3.94~4.41
Exercise price	14.5	22
Expected volatility (%)	29.61~31.19	26.4~28.49
Risk-free interest rate (%)	0.1185~0.2523	0.8988~0.9707
Expected option life (Years)	1.5~3.5	2.5~3.5
Weighted average share price ($)	12.49	21.69
Option pricing model	Binomial option pricing model	

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

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

April 20, 2021

	For the six-month periods ended June 30			
	2023		2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding stock options as of January 1	1,430	$10	2,200	$12.5
Grant of stock options in the period	-	-	-	-
Exercise of stock options in the period	(766)	10	-	-
Stock options that expired during this period	(4)	-	-	-
Outstanding stock options as of June 30	660	10	2,200	12.5
Exercisable as of June 30	660	10	-	

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

	Exercise price (Note)	Weighted average remaining contractual life (Years)
June 30, 2023		
Outstanding stock options	$10	0.04
June 30, 2022		
Outstanding stock options	$12.5	2.30

Note: The exercise price of employee stock options shall be adjusted in accordance with the Regulations on Employee Stock Options.

On May 16, 2023, the Company notified the stock option holders to resolve a decision on the public offering, and the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages in accordance with the Regulations on Employee Stock Options.

July 8, 2022

	For the six-month periods ended June 30, 2023	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding stock options as of January 1	2,100	$16.15
Grant of stock options in the period	-	-
Exercise of stock options in the period	-	-
Outstanding stock options as of June 30	2,100	16.15
Exercisable as of June 30	2,100	16.15

The information on the outstanding share options as of June 30, 2023, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
June 30, 2023		
Outstanding stock options	$16.15	0.04

Note: The exercise price of employee stock options shall be adjusted in accordance with the Regulations on Employee Stock Options.

On May 16, 2023, the Company notified the stock option holders to resolve a decision on the public offering, and the stock warrants not yet exercisable may be automatically accelerated to be exercised without being subject to the aforementioned periods and percentages in accordance with the Regulations on Employee Stock Options.

(3) ASJade Technology Incorporation

As of June 30, 2023, the share-based payment transaction issued by ASJade Technology Incorporation are as follows:

Type of agreement	Date of grant	Number of shares granted (thousands of shares)	Contract period	Vested conditions
Employee stock option plan	September 7, 2022	3,240	10 years	Cumulative proportion of share options that can be exercised. Employees who have continued to serve in the Company for two years will get 50%. Employees who have continued to serve in the Company for three years will get 100%.

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

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

	September 7, 2022
Fair value at grant date	6.16
Exercise price	10
Expected volatility (%)	22.71
Risk-free interest rate (%)	1.3170
Expected option life (Years)	10
Weighted average share price ($)	13.69
Option pricing model	Binomial option pricing model

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

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

September 7, 2022

	For the six-month periods ended June 30, 2023	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options ($)
Outstanding stock options as of January 1	3,240	$10
Grant of stock options in the period	-	-
Exercise of stock options in the period	-	-
Outstanding stock options as of June 30	3,240	10
Exercisable as of June 30	-	

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

The information on the outstanding share options as of June 30, 2023, is as follows:

	Exercise price (Note)	Weighted average remaining contractual life (Years)
June 30, 2023		
Outstanding stock options	$10	9.15

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

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

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

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Expense arising from share-based payment transaction (All of arising from equity-settled share-based payment transaction)	$23,195	$34,497	$38,980	$70,737

(XI) Operating revenues

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

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

1. Disaggregation of revenue

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from sale of goods	$4,057,780	$3,604,942	$8,429,702	$8,628,873
Revenue from rendering services	28,818	12,523	51,967	26,940
Total	$4,086,598	$3,617,465	$8,481,669	$8,655,813

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

(XII) Expected credit impairment losses (gains)

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Operating expenses - expected credit impairment losses (gains)				
Accounts receivable	$3,132	$(2,295)	$2,643	$(2,320)

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

The credit risk for the Group’s financial assets measured at amortized cost are assessed as low as of June 30, 2023, December 31, 2022, and June 30, 2022 (The same as the assessment result of January 1, 2022). Since the transaction counterparties of the Group are all financial institutions such as banks with good credit, all of them are calculated based on the expected credit loss rate of 0% and the allowance loss amount is $0.

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

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of June 30, 2023, December 31, 2022, and June 30, 2022 are as follows:

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

June 30, 2023

		Overdue					
	Not yet due	Under 30 days	31-60 days	61-90 days	91-120 days	Over 121 days	Total
Total carrying amount	$1,410,395	$170,162	$12,810	$243	$19,606	$13,987	$1,627,203
Loss ratio	1.35%	1.3%	1.41%	1.87%	1.98%	10.64%	
Lifetime expected credit losses	19,057	2,210	181	5	387	1,488	23,328
Carrying amount	$1,391,338	$167,952	$12,629	$238	$19,219	$12,499	$1,603,875

December 31, 2022

		Overdue					
	Not yet due	Under 30 days	31-60 days	61-90 days	91-120 days	Over 121 days	Total
Total carrying amount	$1,355,215	$272,714	$13,626	$1,313	$11,049	$1,333	$1,655,250
Loss ratio	1.27%	1.51%	2.25%	2.08%	1.94%	32.69%	
Lifetime expected credit losses	17,205	4,116	306	27	215	436	22,305
Carrying amount	$1,338,010	$268,598	$13,320	$1,286	$10,834	$897	$1,632,945

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

June 30, 2022

		Overdue					
	Not yet due	Under 30 days	31-60 days	61-90 days	91-120 days	Over 121 days	Total
Total carrying amount	$1,260,392	$163,527	$27,061	$17,508	$20,008	$250	$1,488,746
Loss ratio	1.43%	1.41%	2.69%	3.52%	1.65%	14.28%	
Lifetime expected credit losses	17,967	2,314	727	616	329	36	21,989
Carrying amount	$1,242,425	$161,213	$26,334	$16,892	$19,679	$214	$1,466,757

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

	Accounts receivable
January 1, 2023	$22,305
Addition/ (reversal) for the current period	2,643
Write-off due to uncollectibility in the current period	(1,801)
Effects of the exchange rate	181
June 30, 2023	$23,328
January 1, 2022	$25,071
Addition/ (reversal) for the current period	(2,320)
Write-off due to uncollectibility in the current period	(1,631)
Effects of the exchange rate	869
June 30, 2022	$21,989

(XIII) Leases

Group as a lessee

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

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

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

1. Amounts recognized in the balance sheet

(1) Right-of-use assets

The carrying amount of right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
Houses and buildings	$152,840	$71,384	$86,792

The Group added $108,868 thousand and $19,410 thousand to the right-of-use assets during the six-month periods ended June 30, 2023 and 2022.

(2) Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Lease liabilities	$153,448	$71,769	$87,229
Current	$56,612	$31,896	$41,218
Non-current	$96,836	$39,873	$46,011

Please refer to Note VI(XV) 4. for the interest on lease liabilities recognized during the three-month and six-month periods ended June 30, 2023 and 2022 and refer to Note XII(V) Liquidity Risk Management for the maturity analysis for lease liabilities.

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

2. Amounts recognized in the statement of profit or loss

Depreciation of right-of-use assets

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Houses and buildings	$14,042	$12,001	$27,559	$23,903

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

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
The expenses relating to variable lease payments not included in the measurement of lease liabilities	$4,602	$3,286	$9,984	$7,067

4. Cash outflow relating to leasing activities

During the six-month periods ended June 30, 2023 and 2022, the Group's total cash outflows for leases amounting to $38,445 thousand and $31,705 thousand, respectively.

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

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

By function / By nature	For the three-month periods ended June 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	$-	$349,231	$349,231	$-	$344,858	$344,858
Labor and health insurance expenses	-	18,806	18,806	-	17,099	17,099
Pension expenses	-	10,358	10,358	-	9,503	9,503
Other employee benefit expenses	-	13,017	13,017	-	11,893	11,893
Depreciation expense	2,137	42,746	44,883	2,243	27,125	29,368
Amortization expense	-	2,427	2,427	-	1,799	1,799

By function / By nature	For the six-month periods ended June 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	$-	$630,087	$630,087	$-	$759,946	$759,946
Labor and health insurance expenses	-	42,308	42,308	-	39,260	39,260
Pension expenses	-	20,508	20,508	-	18,979	18,979
Other employee benefit expenses	-	25,093	25,093	-	23,845	23,845
Depreciation expense	4,560	85,155	89,715	3,768	49,182	52,950
Amortization expense	-	4,782	4,782	-	3,560	3,560

According to the Articles of Incorporation, 5% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is reported to the shareholders' meeting. Information on the board meeting resolution approval of the employees' compensation and remuneration to directors and supervisors can be inquired to the "Market Observation Post System" website of the TWSE.

In the first half of 2023, the Company estimated the employee remuneration and the director and supervisor remuneration at 7.61% and 0.761% respectively based on the profitability. The amounts of employee remuneration and director and supervisor remuneration recognized for the three-month and six-month periods ended June 30, 2023 totaled $17,488 thousand and $1,749 thousand as well as $32,430 thousand and $3,243 thousand, respectively, which were recorded under salary expenses; In the first half of 2022, the employee remuneration and the director and supervisor compensation were estimated at 7.61% and 0.761%, respectively, based on the profitability. The amounts of employee remuneration and director and supervisor remuneration recognized for the three-month and six-month periods ended June 30, 2022 totaled $21,026 thousand and $2,102 thousand as well as $83,134 thousand and $8,313 thousand, respectively, which were recorded under salary expenses.

A resolution was passed at the board meeting held on March 7, 2023 to distribute $95,787 thousand and $9,579 thousand in cash as employees' compensation and remuneration to directors of 2022, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2022.

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

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

(XV) Non-operating income and expenses

1. Interest income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Interest income				
Financial assets measured at amortized cost	$24,929	$3,537	$50,174	$5,639

2. Other income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Other income - others	$8,924	$2,944	$24,383	$7,182

3. Other gains and losses

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Foreign exchange losses, net	$38,458	$98,584	$8,498	$192,717
Other losses - others	(1,397)	(1,112)	(2,838)	(2,175)
Total	$37,061	$97,472	$5,660	$190,542

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

4. Finance costs

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Interest on bank loans	$964	$886	$2,675	$886
Interest on lease liabilities	678	403	1,126	751
Other	-	-	-	2
Total	$1,642	$1,289	$3,801	$1,639

(XVI) Components of other comprehensive income

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

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	$93,424	$-	$93,424	$-	$93,424

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

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	$149,982	$-	$149,982	$-	$149,982

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

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

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	$57,169	$-	$57,169	$-	$57,169

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

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amount after tax
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	$278,923	$-	$278,923	$-	$278,923

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

(XVII) Income tax

The main components of income tax expenses (income) for the three-month and six-month periods ended June 30, 2023 and 2022 are as follows:

<u>Total income tax recognized in profit or loss</u>

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Current income tax expense:				
Current income tax charge	$66,074	$94,812	$142,035	$243,123
Current income taxes for the prior years adjusted in this period	-	(51,932)	-	(51,932)
Deferred tax expense (income):				
Deferred tax relating to origination and reversal of temporary differences	(8,547)	(27,706)	(28,212)	(40,244)
Deferred tax (income) expense relating to origination and reversal of tax loss and tax credit	(2,476)	-	(8,724)	-
Effects of the exchange rate	(38)	1,267	(45)	1,777
Income tax expenses	$55,013	$16,441	$105,054	$152,724

The assessment of income tax returns

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

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2020	None
Subsidiary - ASIAROCK TECHNOLOGY LIMITED	None	Exempt from income tax accordance with local regulations
Subsidiary - LEADER INSIGHT HOLDINGS LIMITED	None	Exempt from income tax accordance with local regulations
Subsidiary - ASRock Rack Incorporation	Assessed and approved up to 2020	None
Subsidiary - ASRock Industrial Computer Corporation	Assessed and approved up to 2020	None
Subsidiary - ASJade Technology Incorporation	Assessed and approved up to 2021	None
Subsidiary - Soaring Asia Limited	None	Exemption from income tax accordance with local regulations
Sub-subsidiary - ASRock Europe B.V.	Assessed and approved up to 2021	None
Sub-subsidiary - Calrock Holdings, LLC	Assessed and approved up to 2021	None
Sub-subsidiary - FIRSTPLACE INTERNATIONAL LTD.	None	Exempt from income tax accordance with local regulations
Great-subsidiary - ASRock America, Inc.	Assessed and approved up to 2021	None

(XVIII) Earnings per share

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

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

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
1. Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand $)	$157,980	$248,763	$283,041	$863,409
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	121,986	122,925	121,989	122,925
Basic earnings per share ($)	$1.30	$2.02	$2.32	$7.02

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
2. Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand $)	$157,980	$248,763	$283,041	$863,409
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	121,986	122,925	121,989	122,925
Effect of dilution:				
Employee compensation - stock (in thousands)	146	763	349	949
Weighted average number of ordinary shares outstanding after dilution (in thousands)	122,132	123,688	122,338	123,874
Diluted earnings per share ($)	$1.29	$2.01	$2.31	$6.97

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

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

(XIX) Changes in parent's interest in subsidiaries

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

ASRock Industrial Computer Corporation issued employee stock options for capital increase on May 5, 2023 and July 19, 2022, which were not subscribed for by the Company, thus reducing its ownership to 63.46% and 64.46%, respectively. The related interest in ASRock Industrial Computer Corporation reduced, including changes in non-controlling interests, is as follows:

	May 5, 2023	July 19, 2022
Increase (decrease) to non-controlling interests	$(4,893)	$(4,464)
Difference recognized in capital surplus within equity	$(4,893)	$(4,464)

ASJade Technology Incorporation issued new shares for cash capital increase on December 16, 2022, and the Company participated in the subscription of $113,438 thousand, increasing its ownership to 82.50%. The related interest in ASJade Technology Incorporation increased, including changes in non-controlling interests, is as follows:

	December 16, 2022
Additional cash received from the issuance of new shares	$17,812
Increase (decrease) to non-controlling interests	(19,674)
Difference recognized in capital surplus within equity	$(1,862)

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

Buying back treasury shares by the subsidiary

ASRock Rack Incorporation recovered 42 thousand shares of treasury shares from non-controlling interests and cancelled them on March 6, 2023. As a result, the Company's ownership of ASRock Rack Incorporation increased to 59.73%. The additional equity interest acquired including changes in non-controlling interests is as follows:

	March 6, 2023
Increase (decrease) to non-controlling interests	$393
Difference recognized in capital surplus within equity	$393

Subsidiary issued stock dividend

ASRock Rack Incorporation issued stock dividends on July 26, 2022, increasing the Company's ownership to 59.68%. The additional equity interest acquired including changes in non-controlling interests in ASRock Rack Incorporation is as follows:

	July 26, 2022
Increase (decrease) to non-controlling interests	$43
Difference recognized in capital surplus within equity	$43

VII. Related Party Transactions

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

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

Name and nature of relationship of the related parties

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

Material transactions with related parties

(I) Sales

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Parent company	$58,998	$48,346	$62,466	$49,287

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period for related parties sales was O/A 90 days. The collection period for non-related parties sales were TT or 1 to 3 months from FOB shipping point. The outstanding balance at the end of the quarter was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed. In addition, the amount of sales to related parties for the three-month and six-month periods ended June 30, 2023 and 2022, has eliminated amounts paid for outsourcing. The elimination amounted to $0 thousand, $11,466 thousand, $0 thousand, and $29,595 thousand, respectively.

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

(II) Purchases

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Parent company	$373	$14,229	$4,550	$25,943
Other related parties	-	3,232	(7)	15,141
Total	$373	$17,461	$4,543	$41,084

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are TT or 1 to 3 months. In addition, the amount of purchases from related parties for the three-month and six-month periods ended June 30, 2023 and 2022, has eliminated amounts paid for outsourcing. The elimination amounted to $0 thousand, $ 40,570 thousand, $0 thousand, and $111,796 thousand, respectively.

(III) Accounts receivable - related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	$63,184	$26,411	$59,610

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

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	$3,928	$18	$-

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

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	$577	$891	$1,206

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

(VI) Temporary payments (accounted for under "Other current assets")

	June 30, 2023	December 31, 2022	June 30, 2022
Other related parties	$1,127	$795	$-

(VII) Accounts payable - related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	$353	$68,469	$55,019
Other related parties	-	188	3,378
Total	$353	$68,657	$58,397

(VIII) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	$11,189	$44,059	$69,151
Other related parties	769	15	2
Total	$11,958	$44,074	$69,153

(IX) Other current liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Parent company	$97	$68	$65

(X) Other operating revenues

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Parent company	$3,677	$-	$3,703	$-

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

(XI) Other income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Parent company	$-	$-	$1,062	$1,000

(XII) Operating costs and expenses

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Parent company	$2,685	$60,497	$4,635	$129,965
Other related parties	2,775	14	3,763	38
Total	$5,460	$60,511	$8,398	$130,003

(XIII) Property transaction

		For the three-month periods ended June 30		For the six-month periods ended June 30	
	Assets	2023	2022	2023	2022
Parent company	Computer software	$240	$2,831	$240	$2,831

(XIV) Key management personnel compensation

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	$14,365	$10,155	$26,204	$40,699
Post-employment benefits	293	237	533	413
Share-based payment	2,079	3,787	3,510	7,712
Total	$16,737	$14,179	$30,247	$48,824

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

VIII. Pledged Assets

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

	Carrying amount			
Item	June 30, 2023	December 31, 2022	June 30, 2022	Secured liabilities content
Financial assets measured at amortized cost - current	$19,773	$-	$-	R&D Center Project of the Ministry of Economic Affairs
Financial assets measured at amortized cost - non-current	2,438	2,436	2,422	Tariffs
Total	$22,211	$2,436	$2,422	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

X. Major Disaster Losses

None.

XI. Material Subsequent Events

None.

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

XII. Other

(I) Category of financial instruments

Financial assets

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	$3,356,549	$3,586,931	$1,458,161
Financial assets measured at amortized cost	1,016,392	341,587	799,137
Trade receivables	1,603,875	1,632,945	1,466,757
Other receivables (accounted for under current assets-other assets)	34,039	162,304	42,183
Total	$6,010,855	$5,723,767	$3,766,238

Financial liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities measured at amortized cost:			
Short-term loans	$-	$625,000	$297,220
Accounts payable	2,778,049	3,002,775	1,577,829
Lease liabilities	153,448	71,769	87,230
Other payables	1,260,312	1,292,812	1,389,372
Dividends payable	1,072,468	-	1,611,203
Total	$5,264,277	$4,992,356	$4,962,854

(II) Financial risk management objectives and policies

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. During the execution of the financial management activities, the Group is required to ensure compliance with the relevant requirements of financial risk management as prescribed.

(III) Market risk

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

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

<u>Foreign currency risk</u>

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

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

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

When NTD appreciated/depreciated against USD by 1%, the profit for the six-month periods ended June 30, 2023 and 2022 would have decreased/increased by $5,598 thousand and $2,065 thousand, respectively, the equity decreased/increased by $42,229 thousand and $40,360 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit/loss for the six-month periods ended June 30, 2023 and 2022 to increase /decrease by $6,192 thousand and $2,808 thousand, respectively.

(IV) Credit risk management

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

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

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, amounts receivables from top ten customers represent 41.39%, 46.83% and 41.62% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

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

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

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

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

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

(V) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
June 30, 2023					
Accounts payable	$2,778,049	$-	$-	$-	$2,778,049
Lease liabilities	58,961	89,012	9,524	-	157,497
Other payables	1,260,312	-	-	-	1,260,312
Dividends payable	1,072,468	-	-	-	1,072,468
December 31, 2022					
Short-term loans	$627,092	$-	$-	$-	$627,092
Accounts payable	3,002,775	-	-	-	3,002,775
Lease liabilities	32,916	33,281	7,197	-	73,394
Other payables	1,292,812	-	-	-	1,292,812
June 30, 2022					
Short-term loans	$298,555	$-	$-	$-	$298,555
Accounts payable	1,577,829	-	-	-	1,577,829
Lease liabilities	42,431	35,480	11,516	-	89,427
Other payables	1,389,372	-	-	-	1,389,372
Dividends payable	1,611,203	-	-	-	1,611,203

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

(VI) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six-month periods ended June 30, 2023:

	Short-term loans	Lease liabilities	Liabilities from financing gross
January 1, 2023	$625,000	$71,769	$696,769
Cash flow	(625,000)	(28,461)	(653,461)
Non-cash change	-	109,994	109,994
Effects of the exchange rate	-	146	146
June 30, 2023	$-	$153,448	$153,448

Reconciliation of liabilities for the six-month periods ended June 30, 2022:

	Short-term loans	Lease liabilities	Liabilities from financing gross
January 1, 2022	$-	$91,022	$91,022
Cash flow	297,220	(24,638)	272,582
Non-cash change	-	20,161	20,161
Effects of the exchange rate	-	685	685
June 30, 2022	$297,220	$87,230	$384,450

(VII) Fair value of financial instruments

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

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

(1) The carrying amount of cash and cash equivalents, trade receivables, other receivables, payables and other payables approximate their fair value mainly due to their short maturities.

(2) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

2. Fair value of financial instruments measured at amortized cost

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

(VIII) Information on foreign currency financial assets and liabilities with significant impact

The Group's information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: thousands of NTD

	June 30, 2023		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$125,833	31.139	$3,918,314
Financial liabilities			
Monetary items:			
USD	$107,856	31.139	$3,358,531

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

	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$139,794	30.7175	$4,294,124
Financial liabilities			
Monetary items:			
USD	$115,484	30.7175	$3,547,365

	June 30, 2022		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$86,514	29.7220	$2,571,370
Financial liabilities			
Monetary items:			
USD	79,566	29.7220	2,364,856

Since there were various functional currencies used within the subsidiaries of the Group, the Group was unable to disclose foreign exchange (losses) gains towards each foreign currency with significant impact. The realized and unrealized foreign exchange (losses) gains for the three-month and six-month periods ended June 30, 2023 and 2022 were $38,458 thousand, $98,584 thousand, $8,498 thousand, and $192,717 thousand, respectively.

(IX) Capital management

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

XIII. <u>Other/Additional</u>

(I) Relevant information on significant transactions

1. Loaning to others: None.

2. Endorsement/Guarantee for others: Please refer to Attachment 1.

3. Marketable securities held at the end of the period: None.

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

5. Acquisition of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

6. Disposal of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

7. Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20 percent of the capital stock: Please refer to Attachment 2.

8. Receivables from related parties with amounts exceeding the lower of $100 million or 20 percent of capital stock: Please refer to Attachment 3.

9. Financial instruments and derivative transactions: None.

10. Others - Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between term: Please refer to Attachment 4.

(II) Information on investees

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

(III) Investment in Mainland China

None.

(IV) Information on Major Shareholders

Shareholding / Name of major shareholders	Number of shareholding (share)	Ratio of shareholding (%)
Asus Investment Co., Ltd.	57,217,754	46.90%
Asustek Investment Co., Ltd.	7,453,405	6.10%
Hong hung Investment Limited	6,526,897	5.35%

XIV. <u>Segment Information</u>

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

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

ATTACHMENT 1, Endorsement/ Guarantee for Others

Unit: thousands of NTD

No.	Name of the Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Endorsement/ Guarantee Balance for the Period	Endorsement/ Guarantee Balance in this period	Amount Actually Drawn	Amount of Endorsement/ Guarantee by Properties	Ratio of Accumulated Endorsement/ Guarantee Amount to the Net Equity in the Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 4)	Endorsement Provided by Parent Company to Subsidiaries	Endorsement Provided by Subsidiaries to Parent Company	Endorsement Provided to Entities in Mainland
		Company Name	Nature of Relationship (Note 2)										
0	ASRock Incorporation	ASIARock Technology Limited. (Note 1)	(2)	$ 5,310,563	$ 2,491,120	$ 2,491,120	$ 1,868,340	-	32.84%	$ 5,310,563	Y	N	N

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

(1) The Company is coded “0”.

(2) The subsidiaries are coded starting from “1” in the order, and the code of the same company should be the same.

Note 2: The relationship between the endorser and the endorsee can be divided into the following seven categories, which can be indicated as follows:

(1) A company with which it does business.

(2)A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

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

Note 5: If the original currency amount in the above table is foreign currency, it shall be converted into NTD at the exchange rate as stated in the 2023Q2 financial report (June 30, 2023), and the spot exchange rate of June 30, 2023 is USD/NTD 31.1390.

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

ATTACHMENT 2, Related Party Transactions for Purchases and Sales Amounts to NT$100 million or more than 20 percent of the Paid-in Capital

Unit: thousands of NTD

Purchaser/seller Company Name	Name of Counterparty	Relationship (Note 4)	Transaction Details				Details of Non-arm's Length Transactions (Note 1)		Notes and Accounts Receivable (Payable)		Remarks (Note 2)
			Purchases (Sales)	Amount	Percentage of Total Purchases (sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes (accounts) Receivable and Accounts Payable	
ASRock Incorporation	ASRock Europe B.V.	1	(Sales)	$(1,880,304)	(27.06%)	45 days	Same as other clients	Same as other clients	$181,969	6.64%	
〃	ASRock America Inc.	1	(Sales)	(2,183,911)	(31.43%)	90 days	Same as other clients	Same as other clients	1,928,583	70.38%	
ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	(Sales)	(6,417,537)	(88.32%)	90 days	Same as other clients	Same as other clients	2,690,884	85.87%	
〃	ASRock Rack Incorporation	3	(Sales)	(413,340)	(5.69%)	60 days	Same as other clients	Same as other clients	174,866	5.58%	
〃	ASRock Industrial Computer Corporation	3	(Sales)	(177,084)	(2.44%)	60 days	Same as other clients	Same as other clients	70,122	2.24%	
ASRock Rack Incorporation	ASRock America Inc.	3	(Sales)	(155,176)	(16.87%)	90 days	Same as other clients	Same as other clients	144,607	37.11%	
ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	(Sales)	(143,066)	(20.77%)	60 days	Same as other clients	Same as other clients	59,107	65.79%	

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

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

Note 3: The paid-in capital shall refer to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity attributable to the owners of the parent company on the balance sheet.

Note 4: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty.) For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

1. Transactions from parent company to subsidiary is “1”.
2. Transactions from subsidiary to parent company is “2”.
3. Transactions between subsidiaries is “3”.

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

ATTACHMENT 3, Receivables from Related Parties with amounts exceeding the lower of $100 million or 20 percent of Capital Stock

Unit: thousands of NTD

Company Under the Accounts Receivable	Name of Counterparty	Nature of Relationship (Note 3)	Ending Balance of Receivables from Related Parties (Note 1)	Turnover	Overdue Receivable		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Handling Method		
ASRock Incorporation	ASRock Europe B.V.	1	$181,969	31.61	$-	-	$136,277	-
〃	ASRock America Inc.	1	1,928,583	2.22	-	-	60,850	-
ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	2,690,884	6.90	-	-	219,317	-
〃	ASRock Rack Incorporation	3	174,866	2.91	-	-	52,175	-
ASRock Rack Incorporation	ASRock America Inc.	3	144,607	2.49	-	-	-	-

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

Note 2: The paid-in capital shall refer to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity attributable to the owners of the parent company on the balance sheet.

Note 3: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty.) For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

1. Transactions from parent company to subsidiary is “1”.
2. Transactions from subsidiary to parent company is “2”.
3. Transactions between subsidiaries is “3”.

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

ATTACHMENT 4, Business Relationship, and significant transactions and amounts between the Parent and its Subsidiaries and between each Subsidiary Unit: thousands of NTD

No. (Note 1)	Name of Trader	Counterparty	Relationship (Note 2)	Transaction Details			
				Ledger Account	Amount (Note 4)	Terms	Percentage of Consolidated Total Operating Revenues or Total Assets (Note 3)
0	ASRock Incorporation	ASRock Europe B.V.	1	Sales	$1,880,304	Same as other clients	22.17%
				Accounts receivable	181,969	45 days	1.27%
	〃	ASRock America Inc.	1	Sales	2,183,911	Same as other clients	25.75%
				Accounts receivable	1,928,583	90 days	13.49%
1	ASIAROCK TECHNOLOGY LIMITED	ASRock Incorporation	2	Sales	6,417,537	Same as other clients	75.66%
				Accounts receivable	2,690,884	90 days	18.83%
	〃	ASRock Rack Incorporation	3	Sales	413,340	Same as other clients	4.87%
				Accounts receivable	174,866	60 days	1.22%
	〃	ASRock Industrial Computer Corporation	3	Sales	177,084	Same as other clients	2.09%
				Accounts receivable	70,122	60 days	0.49%
2	ASRock Rack Incorporation	ASRock America Inc.	3	Sales	155,176	Same as other clients	1.83%
				Accounts receivable	144,607	90 days	1.01%
3	ASRock Industrial Computer Corporation	ASRock Europe B.V.	3	Sales	143,066	Same as other clients	1.69%
				Accounts receivable	59,107	60 days	0.41%

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered according to the following:

1. For the parent company, fill in 0.
2. The subsidiaries are coded starting from “1” in the order.

Note 2: The following lists the three types of intercompany transactions (any transaction between parent company and subsidiary or between subsidiaries is disclosed as one transaction by either transaction counterparty.) For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

1. Transactions from parent company to subsidiary is “1”.
2. Transactions from subsidiary to parent company is “2”.
3. Transactions between subsidiaries is “3”.

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

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

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

ATTACHMENT 5, Information on Investees (Unit: thousands of NTD / dollar of USD)

Name of Investor	Investee company (Note 1, Note 2(1))	Location	Main Business Items	Initial Investment Amount		Investment held at the end of the period			Investee Company Net Income (Loss) of Investee Company (Note 2 (2))	Investment Income Recognized for the Current Period (Note 2(3))	Remark
				At the End of the Period	End of Last Year	Number of Shares	Proportion	Carrying Amount			
ASRock Incorporation	ASRock Rack Incorporation	Taiwan	Manufacture and sales of computers and peripheral equipment.	$390,240	$390,240	30,884,308	59.73%	$410,223	$(99,156)	$(59,205)	
〃	ASIAROCK TECHNOLOGY LIMITED	British Virgin Islands	Investment holding on other business.	1,320,886	1,320,886	40,000,000	100.00%	3,963,523 (Note 3)	88,707	98,866	
〃	LEADER INSIGHT HOLDINGS LTD.	British Virgin Islands	Investment holding on other business.	71,559	71,559	2,100,000	100.00%	(29,626)	(88,451)	(88,451)	
〃	ASRock Industrial Computer Corporation	Taiwan	Manufacture and sales of computers and peripheral equipment.	239,683	239,683	31,064,410	63.46%	515,367	80,094	51,316	
〃	ASJade Technology Incorporation	Taiwan	Service of computer software.	216,563	216,563	17,325,000	82.50%	148,287	(32,149)	(26,523)	
〃	Soaring Asia Limited	Hong Kong	International trade.	592	592	150,000	100.00%	599	2	2	
	Total									(23,995)	
ASIAROCK TECHNOLOGY LIMITED	ASRock Europe B.V.	The Netherlands	Data storage and electronic material sales, international trade, etc.	USD 194,000	USD 194,000	200,000	100.00%	USD 24,312,179	USD 277,795	USD 277,795	
〃	CALROCK HOLDINGS, LLC	U.S.A.	Renting office building.	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	USD 2,087,163	(USD 28,165)	(USD 28,165)	
〃	Orbweb Inc. (BVI)	British Virgin Islands	Computer equipment installation and peripheral equipment wholesale and service.	USD 1,000,000	USD 1,000,000	4,000,000	27.59%	USD 0	USD 0	USD 0	
LEADER INSIGHT HOLDINGS LTD.	FIRSTPLACE INTERNATIONAL LTD.	British Virgin Islands	Investment holding on other business.	USD 2,050,000	USD 2,050,000	2,050,000	100.00%	(USD 952,959)	(USD 2,893,762)	(USD 2,893,762)	
FIRSTPLACE INTERNATIONAL LTD.	ASRock America Inc.	U.S.A.	Data storage and electronic material sales, international trade, etc.	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	(USD 986,827)	(USD 2,893,966)	(USD 2,893,966)	

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

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

(1) The “name of the investee company”, “location”, “main business item”, “original investment amount” and “end-of-term shareholding situation” should be based on the company’s reinvestment status and fill in the reinvestment situation of each invested company directly or indirectly controlled in order, and indicate the relationship between each invested company and the (public offering) company (if it is a subsidiary or a grandson company) in the remarks column.

(2) In column B of “Invested Company Current Profit and Loss”, the amount of current profit and loss of each invested company should be filled in.

(3) In column B of “Investment Profits and Losses Recognized in the Current Period”, only the amount of profit and loss of the subsidiaries recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method is required. When filling in the “recognition of the current profit and loss amount of each subsidiary for direct reinvestment”, it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

Note 3: Book value = net equity NT$4,274,881 thousand + deferred credit NT$(311,358) thousand.