Micro-Star International Co., Ltd.
2024 Annual Shareholders' Meeting Minutes

(Translation)

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

Time: 9:00 a.m. on Friday, June 14, 2024.

Place: Company's conference room 3102 (1F., No. 488, Bannan Rd., Zhonghe Dist., New Taipei City 235, Taiwan R.O.C.)

Meeting type: Physical meeting

Total shares represented by shareholders present in person or by proxy:
720,780,705 shares were represented by shareholders in person and by proxy(including by exercising voting rights electronically 468,268,859 shares),which are mounted to 85.31% of the Company's 844,856,199 issued and outstanding shares.

Director present:
Hsu, Hsiang，Huang, Chin-Ching，Yu, Hsien-Neng，Lin, Wen-Tung，Kuo, Hsu-Kuang，Liao, Chun-Keng，Hung, Yu-Sheng，Chen, Te-Ling

Independent Director:
Hsu, Jun-Shyan(Chief coordinator of Audit Committee and Commissioner of Renumeration Committee)，
Hsu, Kao-Shan (Chief coordinator of Renumeration Committee and Commissioner of Audit Committee)，
Liu, Cheng-Yi(Commissioner of Audit Committee and Commissioner of Renumeration Committee)

11 seats of Directors attended the meeting and presented 100% seats of Directors. (Independent Directors attendance rate: 100%)

Attendance:
PricewaterhouseCoopers:Liang, Hua-Ling, CPA

Chairman: Hsu, Hsiang **Recorder:** Chen,Nuan-Yun

According to the Chairman's instruction, reading the Shareholders meeting rules and voting method.

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

Chairman's Remarks (Omitted)

I. Report Items:

1. Business Report of 2023.(see Appendix Ⅰ)

2. The Audit Committee's Review Report on the 2023 Financial Statements. (see Appendix Ⅱ)

3. Report of Employees’ Compensation and Directors’ Compensation for 2023.

(1) 2023 Employees’ Compensation and Directors’ Compensation distribution plan is in accordance with Article 235-1 of the Company Act and Article 19-1 of the Articles of Incorporation.

(2) The company's 2023 profit before allocation of Employees’ Compensation and Directors’ Compensation of which an approximate 7.07% is distributed to Employees’ Compensation, count NT$665,300,000 (all cash distribution) ; of which 0.73% is distributed to Directors’ Compensation, count NT$68,200,000.

(3) The distribution above is resolved by the Company’s Remuneration Committee and the Board of Directors. The above figures are no difference from the amount recognized in 2023.

4. The 2023 Earnings Distribution of cash dividends.

(1) The Board of Directors is authorized to decide the distribution of partial or full dividends in cash, and report the decision to the shareholders meeting in accordance with Company Act in Paragraph 5 of Article 240 and Article 19 of the Articles of Incorporation. Shareholders’ meeting may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid 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 reported to the shareholders’ meeting.

(2) The distributable earnings of the year 2023 is NT$4,562,223,474will be distributed in cash totally to Shareholders’ dividends (NT$5.4 per share) have been approved by the board of directors on March 14, 2024. With the approval of the cash dividend by the meeting of shareholders, the Chairman will be authorized to determine the base date and distribution date of dividends. Cash dividends will be distributed up to one dollar (rounded down values below NT$1). The odd amount will be combined to the Company’s non-operating income.

(3) The dividend rate changed after this date as the number of shares circulated on the market under the influence of the following factors: buying back of the company shares and transfer or revocation of treasury shares. Please allow the Chairman to handle the affair. The Chairman is authorized by the Board of Directors to make adjustment to such distribution at his discretion.

Above-mentioned matters are for all shareholders’ reference.

II. Adoption Items

1.

Proposed by the Board

Proposal:

Adoption of the 2023 Business Report and Financial Statements

Explanation:

(1) MSI Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Liang, Hua-Ling and Yu, Chih-Fan of PricewaterhouseCoopers, Taiwan, Also Business Report and Financial Statements have been approved by the Board of Directors and examined by the Audit Committee.

(2) 2023 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements. see Appendix Ⅲ.

Resolution:

Voting Results:

Votes in favor	Votes against	Votes invalid	Votes abstained	Votes in favor of the total represented share present
669,630,339	124,797	0	51,025,569	92.90%

(Including votes casted electronically)

It was resolved that the above proposal is approved as proposed.

2. **Proposed by the Board**

Proposal:

Adoption of the Proposal for Distribution of 2023 Profits

Explanation:

(1) The Board of Directors has proposed the Distribution of 2023 Profits in accordance with Article 19 of the Articles of Incorporation as below

Micro-Star International Co., Ltd.
Earnings Distribution Table of 2023

（Unit: NT＄）

Items	Amount
Beginning retained earnings	24,540,950,029
-2023Retained Earnings Adjustment	(1,223,446)
+2023 Net Profit after Tax	7,532,895,637
-Legal Reserve	(753,167,219)
-Special Reserve	(174,283,100
-Cash Dividends to Shareholders (NT$5.4per share)	(4,562,223,474)
Unappropriated Retained Earnings	26,582,948,427

Note:

1. Profit of 2023 is prioritized for profit distribution this year.
2. The cash dividend distribution earnings of the year 2023 accordance with Company Act in Paragraph 5 of Article 240 and Article 19 of the Articles of Incorporation 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 examined by the Audit Committee on March 14, 2024.

Chairman：Hsu, Hsiang President：Huang,Chin-Ching Accounting Officer：Lin, Hui-Chin

Resolution:

Voting Results:

Votes in favor	Votes against	Votes invalid	Votes abstained	Votes in favor of the total represented share present
671,440,129	96,407	0	49,244,169	93.15%

(Including votes casted electronically)

It was resolved that the above proposal is approved as proposed.

Ⅲ.Election Item

1. Election of Directors. **Proposed by the Board**

Proposal:
Election of Directors. Please vote.

Explanation:

(1) The present directors of the Company were elected at shareholders' meeting on July 16, 2021 for a term of three years and the term will expire on July 15, 2024. The term of present directors will be valid until the shareholders' meeting is completed.

(2) In accordance with Article 14 of MSI's Articles of Incorporation, eleven directors (including three independent directors) shall be elected by this current shareholders' general meeting. The new directors will serve a term of three years that begin on June 14, 2024 and expires on June 13, 2027.

(3) Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Act. The election adopts the candidate nomination system and the shareholders shall elect the directors from the list of the nominated candidates. Candidates for directors and independent directors are listed as below:

Title	Shareholder No. or ID No	Education	Current Job	
	Name	Experience		Representative
Director	1	The electronic engineering from National Cheng Kung University.	Director of MSI The Chairman of MSI **Director & President of** Micro-Star International Netherlands Holding B. V.	Micro Star International Co., Ltd.
	Hsu,Hsiang	The engineer of Sony Industries Taiwan Co., Ltd.		
Director	5	The electronics from Chung Yuan Christian University.	Director of MSI The Vice Chairman and The President of MSI **Director & President of the following companies:** MSI Computer Cayman Co., Ltd. MSI Computer (Australia) Pty. Ltd. **Director of the following company:** MSI Computer Corp. **Executive Director of the following company:** MSI Electronics (Kunshan) Co., Ltd..	Micro Star International Co., Ltd. Micro Star International Co., Ltd. Micro Star International Co., Ltd. Micro Electronics Holding Co., Ltd.
	Huang,Chin-Ching	The engineer of Sony Industries Taiwan Co., Ltd.		
Director	10	The electronic engineering from the Lien Ho Industrial and Technological Junior College.	Director of MSI The Senior Vice President of MSI **Director & President of** MSI Computer Japan Co., Ltd. **Director of the following company:** MSI Computer (Australia) Pty. Ltd..	Micro Star International Co., Ltd. Micro Star International Co., Ltd.
	Lin,Wen-Tung	The engineer of Sony Industries Taiwan Co., Ltd.		
Director	99	The master of business administration from University of Southern Queensland	Director of MSI The **Executive** Vice President &NB BU GM of MSI	
	Kuo,Hsu-Kuang	The manager of Chun-Sheng Computer		
Director	492	The master of business administration from University of South Australia	Director of MSI The **Executive** Vice President &GNP BU GM of MSI	
	Liao,Chun-Keng	The sales manager of Magic Systech Inc		

Director	11864	ITI International Business Administration Program Shih Chien College of Design and Management	Director of MSI The **Executive** Vice President &CND BU GM of MSI	
	Hung,Yu-Sheng	MA of Pou Chen Group		
Director	87186	Department of Foreign Languages and Literatures,National Taiwan University .	Director of MSI Vice President of MSI Corp. Supply Chain	
	Chen,Te-Ling	D-LINK CORPORATION Administrator		
Director	84920	The master of mechanical system from University of Liverpool	Vice President of MSI Corp. Manufacture & Quality Assurance **President of the following companies**: MSI Computer (Shenzhen) Co., Ltd. MSI Electronics (Kunshan) Co., Ltd. Shenzhen Mega Information Co., Ltd.	
	Li,Chao-Ming	ACER INCORPORATED Manager		

Title	Shareholder No. or ID No / Name	Education / Experience	Current Job
Independent Director	461	Criminal investigation of Central Police University.	Independent Director of MSI Li Tsai Attorneys-At-Law
	Hsu,Kao-Shan	Attorney of Yung Jan Attorneys-At-Law	
Independent Director	26	The master of accounting from National Taipei University.	Independent Director of MSI Accountant of Chung Feng Accounting Firm
	Hsu,Jun-Shyan	Tung Shing & Co. C.P.A.	
Independent Director	P12034****	The master of business administration from National Chengchi University.	Director of the following company: Kae Lee Investment Co., Ltd. Hai Shen Investment Co., Ltd. Rui Hui Food Co., Ltd. Chen Ho Co., Ltd. Supervisor of the following companies: Chien Ta Investment Co., Ltd. KK Enterprise Co., Ltd. Taiwan Sports Lottery Co., Ltd.
	Wang,Sung-Chou	Independent Director of MSI Director of the KGI Securities Investment Advisory Co., Ltd. Supervisor of the China Securities Co., Ltd. (now KGI Securities Co., Ltd.) 、Grand Pacific Petrochemical Corporation..	

(4) The “Procedures for Election of Directors” of the Company. Please refer to page 38~39 in the Meeting Agenda Handbook.

Election Results:

Title	Shareholders’ No	Name	Elected voting number(votes)
Director	1	Hsu,Hsiang	895,815,692
Director	5	Huang,Chin-Ching	779,973,718
Director	10	Lin,Wen-Tung	698,216,596
Director	99	Kuo,Hsu-Kuang	551,606,320
Director	87186	Chen,Te-Ling	499,687,721
Director	492	Liao,Chun-Keng	491,326,912
Director	11864	Hung,Yu-Sheng	490,350,583
Director	84920	Li,Chao-Ming	438,314,501
Independent Director	P12034****	Wang,Sung-Chou	460,067,554
Independent Director	26	Hsu,Jun-Shyan	399,443,104
Independent Director	461	Hsu,Kao-Shan	397,585,594

Ⅳ. Extempore motions：None.

Shareholder (Account Number 32927) Please share the limitations, difficulties and countermeasures in the company's carbon reduction process?

Shareholder (Account Number 386236) asked about the Company’s ESG issue.

The Chairman and President gave detailed explanations and responses to the shareholder’s questions. The shareholder has no further questions.

Adjournment(09:39am)

Appendix Ⅰ

Reports Items

Business Report

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

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

I. Operating Performance in 2023

1. Consolidated financial results

Unit: NT$ thousands

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

2. Profitability analysis

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

3. Research and Development Status

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

II. Operating Plan for 2024

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

1. operation guideline
   (1) Sales and marketing aspect: progressively explore new markets and new customers and establish a long-term entrusted stable business relationship with customers with potentials and sound financial status to create mutual benefits.
   (2) Product R&D aspect: Develop products which meet users' needs.
   (3) Manufacturing, quality and service aspect: continue implementing automated manufacturing to increase quality and efficiency. Improve repair and services to enhance customer satisfaction.
   (4) In business management: Continue to improve operational efficiency.
   (5) Finance aspect: uphold the principle of steady and stable operation, and control various financial risks.
2. Sales forecast and the analysis
   We cover a wide range of products. While we continuously devote our efforts in the market of high-end products and pursuit of stable growth of each product, we will seek to increase the shipment in new product development and marketing, including display cards, PCs, motherboards, gaming monitors, gaming peripherals, laptops, servers, industrial computers, auto electronics and charging pile. We anticipate room for growth in the market. The company's objective is to increase the overall revenue, and will proactively broaden the market share of every product.
3. Important production and sales policy
   (1) Production policy aspect: Always paying attention to the global major political and economic situations to respond to the possible change in market demand and the suppliers' productivity. To increase capacity utilization rate by adopting planned procurement of components. To adopt flexible production to reduce stock level yet fulfilling customer's order demand. To observe the dynamic of supply chains and to ensure an effective production of employees, equipment, materials, and manufacturing methods.
   (2) Sales policy aspect: to provide good quality products that suit customers' need. To gain a mutual success in sales target with our customers.

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

Sincerely yours,

Chairman：Hsu, Hsiang　　President：Huang,Chin-Ching　　Accounting Officer：Lin, Hui-Chin

Appendix Ⅱ

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for earnings distribution and the Financial Statements have been audited by CPA Liang, Hua-Ling and Yu, Chih-Fan of PwC . The Business Report, Financial Statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Micro-Star International Co., Ltd.

Therefore, we are in accordance with Article #14-4 under the Securities and Exchange Act and Article #219 under Company Act, we hereby submit this report.

Micro-Star International Co., Ltd.

Chairman of the Audit Committee: Hsu,Jun-Shyan

March 14, 2024

Appendix Ⅲ

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Recognition of sales revenue generated from own-brand products

Description

Please refer to Note 4(26) for accounting policies on revenue recognition. Other than international brands, the

Group sells its products to customers in various countries. The Group also actively develops own-brand products. The recognition of sales revenue generated from own-brand products is critical to the Group's consolidated financial statements. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

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

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

Estimation of allowance for inventory valuation losses

Description

Please refer to Note 4(14) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(7) for details of inventories.

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

How our audit addressed the matter

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

A. Inquired with management, and assessed the reasonableness in relation to the provision of allowance for inventory valuation losses.
B. Validated the accuracy of the system logic in calculating the ageing of inventories, and confirmed the consistency with the Group's policies.
C. Validated the appropriateness of system logic of the report of individually identified obsolete inventory prepared by management and confirmed the consistency with the Group's policies.
D. Sampled and tested the net realisable value basis of the individual inventory and validated the appropriateness.

Other matter –Reference to audits of other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements. Those financial statements were audited by other independent auditors, whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on reports of the other independent auditors. Total assets of the above-mentioned entities (including investments accounted for under the equity method) amounted to NT$21,764,418 thousand and NT$19,245,391 thousand as of December 31, 2023 and 2022, constituting 24% and 22% of consolidated total assets, respectively. Sales revenue of the above-mentioned entities amounted to NT$50,514,919 thousand and NT$46,950,980 thousand for the years ended December 31, 2023 and 2022, constituting 28% and 26% of consolidated total sales revenue, respectively.

Other matter – Parent company only financial reports

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

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

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

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

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

Auditors’ responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Liang, Hua-Ling　　　　　　Yu, Chih-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 25,772,522	29	$ 27,475,487	32
1110	Financial assets at fair value through profit or loss - current	6(2)	133,160	-	297,392	-
1136	Current financial assets at amortised cost	6(4)	464	-	454	-
1150	Notes receivable, net	6(5)	61,660	-	179,588	-
1170	Accounts receivable, net	6(5)	20,261,289	22	18,826,732	22
1200	Other receivables		207,557	-	298,360	-
1220	Current income tax assets		123,312	-	6,171	-
130X	Inventories, net	6(7)	33,395,003	37	29,295,155	34
1410	Prepayments	6(8)	2,218,831	3	2,219,118	3
11XX	**Total current assets**		82,173,798	91	78,598,457	91
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	86,991	-	71,791	-
1535	Non-current financial assets at amortised cost	6(4) and 8	666,475	1	654,607	1
1600	Property, plant and equipment	6(9)	5,238,639	6	5,522,073	6
1755	Right-of-use assets	6(10)	718,580	1	633,607	1
1760	Investment property - net	6(12)	34,195	-	96,348	-
1840	Deferred income tax assets	6(25)	1,482,297	1	1,142,233	1
1900	Other non-current assets		122,839	-	133,787	-
15XX	**Total non-current assets**		8,350,016	9	8,254,446	9
1XXX	**Total assets**		$ 90,523,814	100	$ 86,852,903	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - current	6(2)	$ 181,097	-	$ 167,284	-
2130	Current contract liabilities	6(19)	202,581	-	1,297,414	2
2170	Accounts payable		24,435,180	27	24,670,649	28
2200	Other payables	6(13)	6,964,146	8	5,918,276	7
2230	Current income tax liabilities		2,034,571	2	515,756	1
2250	Provision for liabilities - current	6(15)	1,276,692	1	1,139,739	1
2280	Current lease liabilities		312,506	1	222,272	-
2365	Refund liabilities- current		3,935,285	5	3,600,984	4
2399	Other current liabilities, others		85,334	-	108,411	-
21XX	**Total current liabilities**		39,427,392	44	37,640,785	43
	Non-current liabilities					
2570	Deferred income tax liabilities	6(25)	4,300	-	12,694	-
2580	Non-current lease liabilities		359,944	-	358,411	1
2640	Net defined benefit liability, non-current	6(14)	164,451	-	169,988	-
2670	Other non-current liabilities, others		387,463	1	272,436	-
25XX	**Total non-current liabilities**		916,158	1	813,529	1
2XXX	**Total liabilities**		40,343,550	45	38,454,314	44
	Equity attributable to owners of parent					
	Share capital	6(16)				
3110	Share capital - common stock		8,448,562	9	8,448,562	10
	Capital surplus	6(17)				
3200	Capital surplus		805,408	1	805,068	1
	Retained earnings	6(18)				
3310	Legal reserve		9,027,956	9	8,028,953	9
3320	Special reserve		703,121	1	901,794	1
3350	Unappropriated retained earnings		32,072,622	36	30,917,333	36
	Other equity interest					
3400	Other equity interest		(877,405)	(1)	(703,121)	(1)
31XX	**Equity attributable to owners of the parent**		50,180,264	55	48,398,589	56
3XXX	**Total equity**		50,180,264	55	48,398,589	56
3X2X	**Total liabilities and equity**		$ 90,523,814	100	$ 86,852,903	100

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

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

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(19)	$ 182,965,688	100	$ 180,411,242	100
5000	Operating costs	6(7)(23)	(160,120,037)	(88)	(154,683,162)	(86)
5900	Net operating margin		22,845,651	12	25,728,080	14
	Operating expenses	6(23)				
6100	Selling expenses		(8,034,888)	(4)	(8,884,636)	(5)
6200	General and administrative expenses		(1,699,803)	(1)	(1,704,253)	(1)
6300	Research and development expenses		(4,282,955)	(2)	(4,396,924)	(2)
6450	Expected credit loss		(17,976)	-	(46,381)	-
6000	Total operating expenses		(14,035,622)	(7)	(15,032,194)	(8)
6900	Operating profit		8,810,029	5	10,695,886	6
	Non-operating income and expenses					
7100	Interest income	6(4)(20)	456,735	-	145,683	-
7010	Other income	6(21)	698,178	-	639,825	-
7020	Other gains and losses	6(22)	(760,598)	-	840,529	1
7050	Finance costs		(27,657)	-	(38,238)	-
7000	Total non-operating income and expenses		366,658	-	1,587,799	1
7900	**Profit before income tax**		9,176,687	5	12,283,685	7
7950	Income tax expense	6(25)	(1,643,791)	(1)	(2,321,165)	(1)
8200	**Profit for the year**		$ 7,532,896	4	$ 9,962,520	6
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(14)	($ 1,530)	-	$ 34,392	-
8316	Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	15,200	-	(33,056)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(2,737)	-	(266)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		10,933	-	1,070	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(186,443)	-	225,117	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(186,443)	-	225,117	-
8300	**Total other comprehensive (loss) income for the year**		($ 175,510)	-	$ 226,187	-
8500	**Total comprehensive income for the year**		$ 7,357,386	4	$ 10,188,707	6
	Profit attributable to:					
8610	Owners of the parent		$ 7,532,896	4	$ 9,962,520	6
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 7,357,386	4	$ 10,188,707	6
	Earnings per share (in dollars)	6(26)				
9750	Basic earnings per share		$	8.92	$	11.79
9850	Diluted earnings per share		$	8.87	$	11.65

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

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

		Equity attributable to owners of the parent										
			Capital surplus				Retained earnings			Other equity interest		
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Donated assets received	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2022												
Balance at January 1, 2022		$ 8,448,562	$ 628,134	$ 130,592	$ 1,330	$ 44,460	$ 6,336,840	$ 674,458	$ 31,717,738	($ 864,091)	($ 37,703)	$ 47,080,320
Profit for the year ended December 31, 2022		-	-	-	-	-	-	-	9,962,520	-	-	9,962,520
Other comprehensive income (loss) for the year ended December 31, 2022		-	-	-	-	-	-	-	27,514	225,117	(26,444)	226,187
Total comprehensive income (loss)		-	-	-	-	-	-	-	9,990,034	225,117	(26,444)	10,188,707
Appropriation of 2021 earnings	6(18)											
Legal reserve		-	-	-	-	-	1,692,113	-	(1,692,113)	-	-	-
Special reserve		-	-	-	-	-	-	227,336	(227,336)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(8,870,990)	-	-	(8,870,990)
Due to donated assets received		-	-	-	552	-	-	-	-	-	-	552
Balance at December 31, 2022		$ 8,448,562	$ 628,134	$ 130,592	$ 1,882	$ 44,460	$ 8,028,953	$ 901,794	$ 30,917,333	($ 638,974)	($ 64,147)	$ 48,398,589
2023												
Balance at January 1, 2023		$ 8,448,562	$ 628,134	$ 130,592	$ 1,882	$ 44,460	$ 8,028,953	$ 901,794	$ 30,917,333	($ 638,974)	($ 64,147)	$ 48,398,589
Profit for the year ended December 31, 2023		-	-	-	-	-	-	-	7,532,896	-	-	7,532,896
Other comprehensive income (loss) for the year ended December 31, 2023		-	-	-	-	-	-	-	(1,226)	(186,443)	12,159	(175,510)
Total comprehensive income (loss)		-	-	-	-	-	-	-	7,531,670	(186,443)	12,159	7,357,386
Appropriation of 2022 earnings	6(18)											
Legal reserve		-	-	-	-	-	999,003	-	(999,003)	-	-	-
Special reserve		-	-	-	-	-	-	(198,673)	198,673	-	-	-
Cash dividends		-	-	-	-	-	-	-	(5,576,051)	-	-	(5,576,051)
Due to donated assets received		-	-	-	340	-	-	-	-	-	-	340
Balance at December 31, 2023		$ 8,448,562	$ 628,134	$ 130,592	$ 2,222	$ 44,460	$ 9,027,956	$ 703,121	$ 32,072,622	($ 825,417)	($ 51,988)	$ 50,180,264

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

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

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 9,176,687	$ 12,283,685
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets and investment properties)	6(23)	1,374,142	1,402,814
Amortization	6(23)	535	439
Expected credit loss		17,976	46,381
Net loss on financial assets and liabilities at fair value through profit or loss		142,672	50,058
Interest expense		27,657	38,238
Interest income	6(20)	(456,735)	(145,683)
(Gain) loss on disposal of property, plant and equipment	6(22)	(31,556)	748
Gain on lease modification	6(10)	(99)	(196)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		40,035	(97,029)
Notes receivable, net		117,928	(86,368)
Accounts receivable		(1,452,322)	10,713,349
Other receivables		100,086	(215)
Inventories, net		(4,099,848)	8,644,507
Prepayments		287	(93,405)
Other non-current assets		26,128	(36,736)
Changes in operating liabilities			
Current contract liabilities		(1,094,833)	841,490
Accounts payable		(235,469)	(9,260,537)
Other payables		914,750	(1,972,776)
Provision for liabilities - current		136,953	(63,758)
Refund liabilities- current		334,301	(1,132,220)
Other current liabilities, others		(23,077)	(586,063)
Net defined benefit liability		(7,067)	(7,438)
Other non-current liabilities		120,441	(56,718)
Cash inflow generated from operations		5,129,572	20,482,567
Interest received		445,850	140,624
Interest paid		(27,437)	(39,627)
Income tax paid		(586,332)	(4,944,268)
Net cash flows from operating activities		4,961,653	15,639,296

(Continued)

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

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 11,878)	($ 52,875)
Acquisition of property, plant and equipment	6(9)	(643,585)	(821,223)
Proceeds from disposal of property, plant and equipment		66,458	1,203
(Increase) decrease in refundable deposits		(15,767)	31,068
Acquisition of investment properties	6(12)	(204)	(512)
Net cash flows used in investing activities		(604,976)	(842,339)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(27)	-	(2,000,000)
Repayment of the principal portion of lease liabilities	6(27)	(317,354)	(295,601)
(Decrease) increase in guarantee deposits received	6(27)	(5,414)	30,576
Cash dividends paid	6(18)	(5,576,051)	(8,870,990)
Due to donated assets received		340	552
Net cash flows used in financing activities		(5,898,479)	(11,135,463)
Effect of exchange rate		(161,163)	159,192
Net (decrease) increase in cash and cash equivalents		(1,702,965)	3,820,686
Cash and cash equivalents at beginning of year	6(1)	27,475,487	23,654,801
Cash and cash equivalents at end of year	6(1)	$ 25,772,522	$ 27,475,487

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

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

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

Recognition of sales revenue generated from own-brand products

Description

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

How our audit addressed the matter

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

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

Estimation of allowance for inventory valuation losses

Description

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

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

How our audit addressed the matter

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

A. Inquired with management, and assessed the reasonableness in relation to the provision of allowance for inventory valuation losses.
B. Validated the accuracy of the system logic in calculating the ageing of inventories, and confirmed the consistency with the Company's policies.
C. Validated the appropriateness of system logic of the report of individually identified obsolete inventory prepared by management and confirmed the consistency with the Company's policies.
D. Sampled and tested the net realisable value basis of the individual inventory and validated the appropriateness.

Other matter-Reference to audits of other independent auditors

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

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

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

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

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

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

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

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

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

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

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

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

Liang, Hua-Ling　　　　　　Yu, Chih-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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