



# **Wayi International Digital Entertainment Co., Ltd.**

## **2023 ANNUAL REPORT**

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<http://mops.twse.com.tw>  
<http://www.wayi.net>

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# Chapter 1 Letter to Shareholders

Dear Shareholders:

## I. 2023 Business Report

### (I) Operating Results for 2023

The Company's 2023 net consolidated operating revenue was NT\$141,428 thousand, which decreased by approximately 4% compared with the net consolidated operating revenue of NT\$147,266 thousand in the same period in 2022.

The consolidated net profit for the period was NT\$33,193 thousand, of which the owner of the Company profit NT\$33,193 thousand, and the non-controlling interest profit NT\$0 thousand. The total consolidated comprehensive profit for the period was NT\$33,193 thousand, of which the owner of the Company profit NT\$33,193 thousand, and the non-controlling interest profit NT\$0 thousand. The Earnings per share after tax is NT\$1.41.

### (II) 2023 Budget implementation:

The Company did not issue financial forecasts for the year 2023, so there is no budget execution.

### (III) Financial Income, Expenditure and Profitability

| Item                             |                                     | 2022                   | 2023  |
|----------------------------------|-------------------------------------|------------------------|-------|
| Financial Income and Expenditure | Interest Income(NT\$ thousands)     | 1,650                  | 6,063 |
|                                  | Interest Expenses(NT\$ thousands)   | 96                     | 93    |
| Profitability                    | Return on Assets (%)                | 9.95                   | 9.34  |
|                                  | Return on Shareholders' Equity (%)  | 11.64                  | 10.26 |
|                                  | Percentage in Paid-in Capital       | Operating Profit (%)   | 9.15  |
|                                  |                                     | Pre-tax Net Profit (%) | 10.93 |
|                                  | Net Margin (%)                      | 16.53                  | 14.13 |
|                                  | EPS (NT\$) - Retroactive adjustment | 24.88                  | 23.47 |
|                                  |                                     | 1.55                   | 1.41  |

### (IV) Research and Development

The Company will keep developing and updating subsequent game versions as per the release schedule, hoping to provide better game services and products for gamers to improve the competitiveness of the Company's game products.

## II. Summary of the Business Plan for 2024

### (I) Operating Strategies

#### **New platform development**

The Company will develop a comprehensive entertainment platform. In addition to the existing agency business of games, we will focus on increasing joint operation-based games and independently developing games, and enhance the player communities, ACG culture and entertainment, etc.

#### **Capability of independent R&D of games**

With an eye to the independent R&D of games, we will set up a Planning Department to train technical teams. This will help reduce our dependence on game developers, allowing us to make breakthroughs in the current predicament of the field of agency for games, and further strengthen the Company's core operational values.

#### **Transformation from agency business to joint operation**

Besides the products in operation or for which contracts have been completed covered in our agency business, our business focus in 2024 will be gradually

adjusted from agency cooperation to joint operation. This will enable us to boost the efficiency of product launch, increase the number of products available, and reduce the cost of servers at the same time.

### **Social platform operation**

We will run a game-based social platform to create traffic and increase the number of members with game-related information and interaction through entertainment options, news, live streaming, clubs, etc., and to direct traffic for project marketing.

### **ESG sustainable management**

In 2024, to ensure our corporate sustainable operations and fulfillment of social responsibility, during the operation and marketing planning of projects, we will continue to take environmental protection, social responsibility and corporate governance as the focuses to be valued and implemented throughout the projects.

### **Enhancement of team performance and expansion of production lines**

In line with the goal of independent R&D of the game center, the Company will strengthen the functions of the teams, train new employees, improve and control the production quality, and organize an independent art team.

This will help us achieve the goal of enhancing department performance through the simultaneous operation of multiple lines, including satisfying internal R&D needs, undertaking external outsourced projects, and engaging in joint operation.

### **Art outsourcing**

We will serve as an art outsourcing company, with our scope of orders covering game consoles, characters, scenes, interface design, dynamic special effects, etc.

### **Agency and development of demands related to game art design**

To keep in line with the agency business for games, platform operation, and joint operation-based games, we will provide services for 2D pixel drawing, promotion design, motion graphics editing, user interface design, scenes/characters, icon design, dynamic special effects, etc., and increase our scope of services and production capacity in a stepwise manner.

## **(II) Expected Sales Volume Basis**

1. Introduction of new mobile game products and continuous version updates.
2. Income from platform operation (including games based on agency or joint operations, online manga stores, etc.).
3. Income from art design outsourcing business.

## **(III) Important Production and Marketing Policies**

1. Production strategy: Continue to promote the sales of virtual game products and online gift packs to reduce the Company's process cost and physical inventory.
2. Marketing strategy: Continue to optimize online payment channels and strengthen the money flow connection of virtual channels to reduce the cost of channels.

## **III. The Company's Future Development Strategies**

Aiming to build a comprehensive game entrance platform in Taiwan, we will continue to develop and improve the functions of the joint operation platform, provide a diversity of entertainment services, and launch long-term projects to avoid the current problem of being limited to the rare chance of obtaining agency right for games and to the short-term operations.

## **IV. Impact of External Competitive Environment, Legal Environment and Overall Business**

## Environment

In assessing the impact of the external competitive environment, legal environment, and overall business environment, although there's increasingly fierce competitive environment, the company, under the effective control of the management, is taking appropriate measures in rapidly changing digital content industry. In legal environment, the Company will continue to track, update, and comply with current and future changes in the legal system. In overall business environment, there is still room for growth in the whole domestic game market. With increasing popularity of the Internet, the life, consumption, learning, and entertainment habits of the online population are changing accordingly. There still exist considerable number of potential business opportunities and space for development in development and application of the digital content industry. With the combination of Internet, communication, entertainment, and modern game industry, digital entertainment services are worth investing and will become the future direction of business development.

In the future, all members in the Company will continue to focus on the operation and development of game products and improve operational performance, actively achieving the Company's operational objectives in the hope of giving back to shareholders with excellent business results. Thank you, shareholders for your continued support and encouragement.

Finally, give my best wishes to you all.

Chairman: Shih, Shu-Kai

Manager: Shih, Shu-Kai

Accounting Supervisor: Huang, Ya-Ling

## Chapter 2 Company Profile

### I. Date of Founding

August 12, 1993.

### II. Company History

| Time | Principal Activities   |
|------|--|
| 1993 | In August, the Company established, with paid-in capital of NT\$10 million.  |
| 1994 | (1) In August, the first computer game "Boxing Ring Girl" (revised from the Japanese PC-98 version) was released and won the sales champion of the month. The Taipei Computer Association awarded the product the "Best Foreign Sports Game" award in 1995.<br>(2) In November, the game "POWER DOLLS" was released and won the sales championship of that month.  |
| 1995 | (1) In January, the game "First Queen 4" was released and won the sales championship of that month.<br>(2) In July, the Southern District Sales System was established in Kaohsiung to expand the sales network to the central and southern parts of Taiwan.   |
| 1996 | In October, the Central District Sales System was established in Taichung, and the provincial distribution network has been completed.   |
| 1997 | (1) In February, the R&D Department was established and cooperated with the comic industry Dong Li Publishing Co. to adapt its comic book Mr. Right into a computer game.<br>(2) In May, the computer game "Love Story" was released and won the sales champion of the month. The Taipei Computer Association also awarded the product the "Best Foreign Simulation Game" in 1998.   |
| 1998 | (1) In April, the game "Fantasy Restaurant" was released and captured the female market successfully.<br>(2) In October, the game "Pure Love Letters" was released and cooperated with the recording industry to drive a wave of the product endorser in the gaming software industry.   |
| 1999 | (1) In April, "Pure Love Handwriting" was authorized to be issued in Mainland China and received a warm market response.<br>(2) In May, the first self-developed game "Mr. Right" won the sales champion of the month.<br>(3) In June, "Fantasy Restaurant-2" won the sales champion of the month.<br>(4) In June, "Mr. Right" was authorized to be issued in Mainland China and received a warm market response.<br>(5) In July, the "Wayi Online Games" ( <a href="http://www.waei.net">www.waei.net</a> ) was established.  |
| 2000 | (1) The first online game "Blowing in the Wind" was launched, making the Company a pioneer in domestic online game market.<br>(2) "Stone Age" was launched and soon went viral and became the first online game attracted over ten thousands keen players.<br>(3) In June, Wayi International changed its name to Wayi International Digital Entertainment Co., Ltd. and formally transformed into a professional online game company.<br>(4) In July, the Company developed its own "WGS" charging system, which is the inception of the modern online game charging mechanism. |

| Time | Principal Activities  |
|------|---|
| 2001 | <p>(1) In January, Beijing Wayi United Software Development Ltd. was established and officially entered the market of Mainland China.</p> <p>(2) In February, Sichuan Wayi Software Co., Ltd. was established, working hard on self-developed products.</p> <p>(3) In September, the Company became the online game and company with the maximum number of members in Greater China.</p> <p>(4) In November, the Company successfully developed the server-side Map-Based Division technique to distribute data processing and boost the service number and quality.</p>  |
| 2002 | <p>(1) In January, the Game Elite Digital Magazine Co. Ltd was established to open up the magazine and advertising market.</p> <p>(2) In March, 3D sound technology was applied to develop the game products, adding Creative EAX environmental sound processing, and using a new generation of compression technology to store music, and strive to reproduce the original sound as accurately as possible.</p> <p>(3) In May, the Company held the online game design competition with open source code to enhance the cultivation and development of talent in the industry.</p> <p>(4) In July, the Company entered the Singapore market and was the first company in the industry to enter the English-speaking countries.</p> <p>(5) In October, the Company utilized the "Stone Magic Card" to create a new online game profit model, the first to transform a virtual online game into a real paper game.</p>   |
| 2003 | <p>(1) In January, the first domestic developed large-scale swordsman online game "Ely Sium Online" started online testing and was launched in September. It is the largest swordsman myth work developed by Wayi International in recent years.</p> <p>(2) In April, the Company acquired the agency rights of Korea's "A3" game in Taiwan and Hong Kong, which went public in the summer vacation.</p> <p>(3) In May, the Company officially launched the New Silk Road Project and started the introduction of the New CIS. Starting from the game and based on the Asian market, Wayi International is expected to become a global digital entertainment service provider gradually.</p> <p>(4) In June, "Wayi Electronic Distributor System" was launched to provide partners with the safest and most effective business and sales channels through the perfect vendor on-shelf mechanism and Wayi's WGS (Wayi Global Settlement) cash flow system.</p> <p>(5) August 12 was the tenth operation anniversary of the Wayi International Digital Entertainment Co., Ltd.</p> <p>(6) In September, Wayi's first elaborate game work "Ely Sium Online" officially joined the charging operation.</p> <p>(7) In October, "SA2" was awarded the Digital Content Prototype Design Awards by Industrial Development Bureau of the Ministry of Economic Affairs.</p> |
| 2004 | <p>(1) In February, the Taipei Computer Association Game Star Selection assessment committee awarded Wayi's self-developed game "Ely Sium Online" the special award.</p> <p>(2) On March 29, Wayi International Digital Entertainment Co., Ltd. was listed on the Taiwan Stock Exchange.</p> <p>(3) In July, "Ely Sium Online" officially entered the Japanese market.</p>  |

| Time | Principal Activities   |
|------|--|
|      | <p>(4) In September, three self-developed games, "San Guo Online," "UE Online" and "Ely Sium Online" appeared at the Tokyo Game Show; Wayi International Digital Entertainment relished the pride and glory in Tokyo.</p> <p>(5) In October, the Company formed an alliance with new force, InterServ International, to work together in development and sales.</p> <p>(6) Sichuan Wayi Software Co., Ltd, Mainland China, was selected by Sichuan Provincial Government as one of the top ten digital game companies in Sichuan in 2004.</p>  |
| 2005 | <p>(1) In January, the Company established the Integrated Marketing Company and formed a strategic alliance for game marketing activities.</p> <p>(2) In February, Wayi's self-developed games "Wayi Casino" and "UE Online" won the Taipei Computer Association Game Star awards, "Best Casual Game" and "Annual Innovation Award."</p> <p>(3) In February, "Wayi Casino" successfully entered the casual game market and went online operation.</p> <p>(4) In April, "Stone Age" marked its 5th anniversary.</p> <p>(5) In April, the original soundtrack of Wayi's self-developed game "San Guo Online" got nominated at the 16th Golden Melody Awards, writing a new history page of online game fighting into the music industry.</p> <p>(6) Wayi International acquired the exclusive operation rights of "Yulgang Online" in Taiwan, Hong Kong, and Macao.</p> <p>(7) In May, Wayi International cooperated with the Sony Ericsson Innovation Center to launch the first online game of 3G mobile phone "Stone Age M."</p> <p>(8) In June, Wayi International acquired the agency rights of "Granado Espada" in Taiwan. Wayi International and Hanbitsoft jointly dropped a bombshell in MMORPG domain.</p> <p>(9) In June, "Yulgang Online" was warmly put online on the official website of Taiwan.</p> <p>(10) In December, Wayi International announced a strategic alliance with Kingsoft, Mainland China, to jointly build the game market in the Greater China region.</p> |
| 2006 | <p>(1) In February, Taiwan's official website of Wayi International Granado Espada was officially established.</p> <p>(2) In April, "Three Princes Online" was open for public testing.</p> <p>(3) In May, the most radical chapter of "A3" was released with a new edition. And "The Settlers: Rise of an Empire" came on the scene and launched.</p> <p>(4) In July, the Company acquired the agency rights of South Korea's highest market share online shooting game "SF online," dominating the market of the online battle games.</p> <p>(5) In October, "SF Online" was open for public testing.</p>  |
| 2007 | <p>(1) In May, Wayi's self-developed leisure game "Taike Mahjong" was officially launched.</p> <p>(2) In August, "GE Online" was open for public testing.</p> <p>(3) In November, Wayi Villa Entertainment Company was established to diversify and expand the business of the amusement machine market.</p> <p>(4) In December, the Company acquired the agency rights of Mainland China's "Shushan Online," which was expected to be</p>   |

| Time | Principal Activities   |
|------|--|
|      | <p>launched in the next year.</p> <p>(5) In December, "GE Online" was officially exempted from monthly fees, and the Taiwan version was officially named "Granado Espada R."</p>   |
| 2008 | <p>(1) In January, Wayi's self-developed leisure game "Taike Card Game" was open for public testing.</p> <p>(2) In February, Wayi made its own "Computer Lock" for free.</p> <p>(3) In March, the Company announced the Taiwan version of "Shushan Online" was renamed "Feixian Online," and conducted closed beta testing.</p> <p>(4) In April, "Feixian Online" launched OB in Taiwan, and the web game "Might and Hero WEB" launched OB.</p> <p>(5) In May, Wayi launched its "Wayi WEB GAME" platform. In the same month, "San Guo WEB" became the top web page online game in Taiwan.</p> <p>(6) In June, the Company acted as the agent of "Aircraft Warfare Online" of Netdragon, Mainland China, which was then officially launched and went viral of universal warfare in the summer vacation.</p> <p>(7) In July, Wayi launched "The Decision of the Monarch WEB" on the WEB GAME platform. The "Wayi Spider Professional Esports Competition Team" was established, and the first year of Taiwan Esports Competition was officially started.</p> <p>(8) In August, the Wayi WEB GAME platform launched "Atlantic War Records WEB." Wayi celebrated its fifteenth anniversary, holding a grand event to invite nearly 300 players to celebrate together.</p> <p>(9) In September, the Wayi WEB GAME platform launched "Yanlong Knight's Expedition WEB." The launch of "Wayi Communication Lock" provides players with a variety of new anti-theft options.</p> <p>(10) In September, Wayi's self-developed masterwork "81 Keys" launched the first experience, leading player fantasy trend across Taiwan.</p> <p>(11) In September, the Wayi WEB GAME platform launched "Warm Blood San Guo WEB."</p> <p>(12) In December, "81 Keys" started closed beta testing and attracted a large number of players. The test went well, and the game was officially launched in the first quarter of 2009.</p> |
| 2009 | <p>(1) In January, Wayi's self-developed masterwork "81 Keys" was officially open for public testing.</p> <p>(2) In April, the first overseas authorization of "81 Keys" was announced, and the agency rights of Hong Kong and Macao was acquired by GameCyber.</p> <p>(3) In May, the Company launched the new leisure shooting game "Apiao Online."</p> <p>(4) In May, the Company co-hosted with TROPA Entertainment Technology the first Mahjong Contest "Easy Internet Mahjong" finals, with a total bonus of NT\$15 million.</p> <p>(5) In June, "81 Keys" won the Bahamut Game Award "Popular Domestic Online Game Gold Award."</p> <p>(6) In June, Wayi Entertainment Network conducted a new revision, which was launched with a new look.</p> <p>(7) In July, the Wayi WEB GAME platform launched a brand new game "No Two in the World WEB," and cooperated with Hong Kong GameCyber to introduce eight web games to Hong Kong and Macao.</p>   |

| Time | Principal Activities  |
|------|---|
|      | <p>(8) In August, Wayi WEB GAME launched a new game "Black Shop WEB" and launched the "Mini Game" platform which targeting on flash games.</p> <p>(9) In August, "Three Princes" conducted comprehensive revision of "Heaven and Earth."</p> <p>(10) In October, the Company acquired the agency rights of the Korean Joymax game "Bumpy Crash Online," which was launched the following year.</p> <p>(11) In November, the Wayi WEB GAME platform launched a brand-new game "Wen Ding Feng Shen WEB."</p> <p>(12) In November, Taiwan hosted the first Live broadcast of the large international event "World Cup of SFonline 2009" and won the second consecutive championship by Wayi Spider. At the same time, it also won the annual championship of Taiwan Esports Competition League.</p>  |
| 2010 | <p>(1) In January, the Company set up the reinvestment company "Primary Explosion Point Digital Technology Co., Ltd."</p> <p>(2) In January, the Company signed a contract, authorizing "81 Keys" for YNK JAPAN to be officially launched in Japan in May.</p> <p>(3) In January, the Company officially announced acquiring the agency rights from the South Korea WeMade of its leisure sports game "Avalon," and named it "Dou Ta Zheng Ba."</p> <p>(4) In February, Wayi Entertainment Network conducted a comprehensive revision, striving towards an omnidirectional entertainment information website.</p> <p>(5) In April, the Company announced the contract renewal of "Yulgang Online" with the original company.</p> <p>(6) In May, the new green online game "Qitian Dasheng Online" was officially launched for public testing.</p> <p>(7) In June, "81 Keys" participated in the Electronic Entertainment Expo, one of the three largest video games exhibitions in the world.</p> <p>(8) In August, "81 Keys" was authorized to Soochow S.F Soft to enter the Mainland China market, and also participated in the Cologne Game Show in Germany in the same month.</p> <p>(9) In October, "Bounty Hounds" conducted its first elite test.</p> <p>(10) In October, the Company announced acquiring agency rights of the adult game "Kabod Online."</p> <p>(11) In November, "81 Keys" participated in the Korea G-Star Game Exhibition.</p> <p>(12) In November, the Company contracted with Guangzhou Baiyou to obtain the authorized agency of "Qing Guo Qing Cheng."</p> <p>(13) In December, the Company renewed the contract of "The Sword of King GE" with HanbitSoft, the original Korean company.</p> |
| 2011 | <p>(1) In January, the Company co-sponsored the Taiwan Esports Open and held the SF Legion Cup and the SF Inter-School Cup Final Championship.</p> <p>(2) In February, the self-developed Mengzhi style game "Shen Yao Wang" went public testing.</p> <p>(3) In March, "Expedition Online" was officially launched for public testing.</p> <p>(4) In March, the Company announced to act as agent in Taiwan for the action game "Dark Blood" of Actoz Soft, South Korea.</p> <p>(5) In March, "Avalon Online" conducted a CCB elite closed beta testing.</p> <p>(6) In March, the Company announced the official resale authorization of "81Keys" in Turkey.</p>  |

| Time | Principal Activities   |
|------|--|
|      | <p>(7) In April, the Texas Hold'em game "MoneyMoney Club" was launched, and a debut press conference was held.</p> <p>(8) In May, "Dou Ta Zheng Ba Online," which combines the characteristics of DotA and MMO, was officially opened for public beta testing.</p> <p>(9) In June, the "2011 SF Inter-School Cup Summer Competition" was held.</p> <p>(10) In July, the Company co-sponsored the "2011 Taiwan Esports Open Championship," in which the "SF Inter-School Cup Final Competition" was held.</p> <p>(11) In August, the "Wayi Carnival" was held to gather all the game products of Wayi for an exciting feast of competition.</p> <p>(12) In October, the Company announced to act as the agent in Taiwan for the fight game masterwork "Rusty Heart" of WindySoft, South Korea.</p> <p>(13) In October, the "SF Autumn Challenge," which was presented for the first time in the form of challenging, was held.</p> <p>(14) In October, the 2D swordsman game "Dragon Sword Online" was officially opened for public beta testing.</p> <p>(15) In November, the Company announced to act as the agent in Taiwan for the leisure game "Point Blank" of Zepetto, South Korea.</p> <p>(16) In December, the "2012 SF Inter-School Cup Winter Competition" was held.</p>   |
| 2012 | <p>(1) In January, the Company co-sponsored the "2012 Taiwan Esports Open Championship," in which the "SF Inter-School Cup Final Competition" was held.</p> <p>(2) In February, the Moon Fairy game "Tian Jian Shen Chiu" was officially opened for public beta testing.</p> <p>(3) In March, the SNS type web game "Rainbow Zoo" was launched.</p> <p>(4) In April, the ARPG game "Dak Brad" was endorsed by the sexy singer Weng Nan, and was launched with public testing for the enthusiastic players.</p> <p>(5) In May, the FPS game "Heart of Freedom" was launched under the endorsement of the goddess of electronic music, Xie Jinyan.</p> <p>(6) In July, Wayi's 20th birthday, "2012 Wayi Carnival" was expanded with combination of entertainment and Esports.</p> <p>(7) In July, Wayi's two new self-developed games participated in the 10th ChinaJoy.</p> <p>(8) In August, "SF Super Legion Racing Competition" was held, and the "Super Legion Headquarters" system was officially launched.</p> <p>(9) In September, the classic SLG online game "Warm Blood San Guo 2" was launched for public beat testing.</p> <p>(10) In October, the "2012 SF Autumn Challenge Competition" was held across Taiwan.</p> <p>(11) In November, a metamorphosed version of "SF Online" was launched, and a dream-themed microcinema was launched.</p> <p>(12) In December, the "2013 SF Inter-School Cup Winter Competition" was held.</p> |
| 2013 | <p>(1) In January, the "Wayi SPIDER" team represented Taiwan in the 7th SF World Cup to win the third place.</p> <p>(2) In February, the swordsman game "Du Gu Qiu Bai" was officially opened for public beta testing.</p> <p>(3) In March, the Taiwan team participated in the first "GE Granado Espada R World Championship."</p> <p>(4) In May, the first "2013 SF National Strongest Individual Competition" was held, and the war spread over all Internet cafes across Taiwan.</p>   |

| Time | Principal Activities  |
|------|---|
|      | <p>(5) In June, the Company held the first Asia-Pacific Cup Competition of the game "Warm Blood San Guo 2," which was the world's first multinational online PK competition.</p> <p>(6) In June, the Company officially announced to act as the agent for the 3D double-ended super-combat RPG game "Light of Dawn."</p> <p>(7) In July, the leisure competition game "Free Heart" launched a new campaign of "100,000 young people for the competition" to summon the people across the nation to participate in the competition.</p> <p>(8) In August, the final Carnival of the "2013 SF Inter-School Cup Summer Competition" opened at Core Pacific City, Living Mall.</p> <p>(9) In September, the first anniversary of "Warm Blood San Guo 2" was celebrated with a new game of "S43 Sangu Maolu".</p> <p>(10) In October, the final of the "2013 SF Autumn Challenge" Competition became the first "Talent Qualification Competition" of the professional Esports team.</p> <p>(11) In November, the "Heroic Cup Memorial Gun Creation Competition" was held to celebrate the 7th anniversary of "SF Online."</p> <p>(12) In November, Wmall Esports goods came on the shelves.</p> <p>(13) In December, "2014 SF Inter-school Cup Winter Competition" was held.</p> <p>(14) In December, the Company announced to act as the agent for "SF2."</p>   |
| 2014 | <p>(1) In January, the "G.O.D, God of Destiny" launched elite beta testing activity (CCB), with the high ladder prize of NT\$1 million.</p> <p>(2) In January, Wmall created a precedent to become the first shopping mall in the country to accept Bitcoin transactions.</p> <p>(3) In February, the "G.O.D" Focus Hero Symposium was held.</p> <p>(4) In March, "SF2" officially launched Open Beta (OB) testing, and "G.O.D" were deleted for Close Beta (CB) testing.</p> <p>(5) In April, "The Kingdom of Far Away" was launched on dual platforms, and "G.O.D" was not deleted for Close Beta 2(CB2) testing.</p> <p>(6) In April, the first "SF Spring Fun Festival" was held, and the original factory came to Taiwan to meet with the players.</p> <p>(7) In May, "World in Audition" conducted close beta testing.</p> <p>(8) In May, Wmall was opened to sell Bitcoin.</p> <p>(9) In June, "G.O.D, God of Destiny" was opened for the public beta testing and became the only designated domestic game for Taiwan Esports Competition League.</p> <p>(10) In June, the Company launched the self-developed "Funbuddy Talk."</p> <p>(11) In June, the Company signed a contract with Perfect World Co., Ltd. on "G.O.D, God of Destiny" at the press conference.</p> <p>(12) In July, "G.O.D, God of Destiny" passed the qualification review of the world's largest PC game platform Steam.</p> <p>(13) In July, the Company announced acting as the agent of Korea's new tower defense game "Tower of Ddin."</p> <p>(14) In July, the Company acquired the host rights to host the first World Cup Game of Special Force 2.</p> <p>(15) In August, the "Wayi Carnival" was held, attracted countless players to join and share the joy.</p> <p>(16) In September, the Company announced holding "Super Legion Racing Competition."</p> <p>(17) In September, "Special Force 2" was officially listed in the ESL, Europe's largest Esports league competition!</p> |

| Time | Principal Activities  |
|------|---|
|      | <p>(18) In September, the Company launched the first "Physical Professional Esports Training Course" in Taiwan.</p> <p>(19) In October, the Company officially established "SPIDER Professional Esports Academy."</p> <p>(20) In October, the Company officially announced acting as the agent for Japan's super popular mobile game "Nobunaga Strike."</p> <p>(21) In November, the Company announced to launch the Android version of "Nobunaga Strike."</p> <p>(22) The Company announced that the "SPIDER Professional Esports Academy" would be added advanced skills classes since December. The elite training would enable the strong skills to be upgraded to a higher level.</p> <p>(23) The Company announced that the "SF Online" annual Esports event "2015 SF Winter Contest" would debut in December.</p> <p>(24) In December, "The Kingdom of Far Away" won the Google Play 2014 Best Game of the Year.</p> <p>(25) In December, the Company announced that the "SF Online" annual Esports event "2015 SF Winter Contest" was open for registration.</p> <p>(26) In December, the Company held the "SF2 Taiwan Japan Double Match."</p> <p>(27) In December, "The Kingdom of Far Away," the super cute mobile game worldwide first cooperated with a live stream show.</p>  |
| 2015 | <p>(1) In January, the Company announced that the Company would strive for dominating the mobile game market and that Japan's ultra-popular five-star game "Pocoron Maze" would be launched in February.</p> <p>(2) In January, the Company announced to contribute NT\$10 million to promote the "Six City Esports Professional Team" training program for "SF6."</p> <p>(3) In January, the Company launched "Nobunaga Strike" on dual platforms.</p> <p>(4) In February, the Company announced the 2015 overall competition plan for "SF Online" and "Special Force 2."</p> <p>(5) In February, "2015 SF Winter Contest" ended successfully.</p> <p>(6) In February, the Company launched "Pocoron Maze" on dual platforms.</p> <p>(7) In February, the "Pocoron Maze" went public and broke through 100,000 downloads in less than two weeks.</p> <p>(8) In April, "Pocoron Maze" co-starred in commercial advertisements with high school students for the first time.</p> <p>(9) In April, "Pocoron Maze" launched a joint fighting system.</p> <p>(10) In May, "Pocoron Maze" and "Dajia Jenn Lann Temple" jointly held a birthday party and a praying press conference to launch the "Hand Peace" electronic security card.</p> <p>(11) In May, the Company announced that the "2015 SF SF2 Summer Competition" would be held in June.</p> <p>(12) In June, the Company announced acting as the agent for Korea's pressure relief action mobile game "Lao Ban Bie Xiao Zhang."</p> <p>(13) In June, the Company launched "Lao Ban Bie Xiao Zhang" on dual platforms.</p> <p>(14) In June, the Company announced that "Lao Ban Bie Xiao Zhang" would be endorsed by Duncan, a well-known illustrator on the Internet.</p> <p>(15) In July, "Pocoron Maze" cooperated with 7-ELEVEN "OPEN! Family" to launch the special raid level "OPEN! Planet Adventure."</p> <p>(16) In July, "Pocoron Maze" broke through 1.5 million downloads.</p> <p>(17) In July, "Lao Ban Bie Xiao Zhang" broke through 0.5 million downloads.</p> |

| Time | Principal Activities   |
|------|--|
|      | <p>(18) In September, the Company launched "The Legend of Heroes" on dual platforms.</p> <p>(19) In September, "The Legend of Heroes" and "Golden light hand-puppet" jointly launched exclusive heroic roles.</p> <p>(20) In November, "Pocoron Maze" cooperated with Japan's super popular fantasy cartoon The Seven Deadly Sins.</p> <p>(21) In November, the Company announced to launch the Android version of "Dragonica Online."</p> <p>(22) In December, "Pocoron Maze" won Google's Best Puzzle Game of 2015.</p> <p>(23) In December, the Company launched the iOS version of "Dragonica Online."</p> <p>(24) In December, "Dragonica Online" broke through 0.5 million downloads.</p>  |
| 2016 | <p>(1) In February, the Company held "Special Force 2" Pro League Championship.</p> <p>(2) In February, "Lao Ban Bie Xiao Zhang" broke through 1 million downloads.</p> <p>(3) In March, "Pocoron Maze" was nominated the "2016 Bahamut Anime Game Award" (Mobile Device—Mobile Phone / Tablet Group).</p> <p>(4) In March, "Special Force Online" was nominated at "2016 Bahamut Anime Game Award" (PC Game Online, Others).</p> <p>(5) In March, "Special Force 2" celebrated its second anniversary.</p> <p>(6) In April, the "SF Online Group A League" was held for three months.</p> <p>(7) In April, the "Special Force 2" Professional Esports League, Second Season was started.</p> <p>(8) In April, the "Super 8 Hero" Android version took the lead in launching.</p> <p>(9) In April, Taipei Mayor Ke Wenzhe came to the competition venue of professional Esports "Special Force 2" to cheer for the players.</p> <p>(10) In May, "Pocoron Maze" and the well-known Japanese animation Fairy Tail jointly launched exclusive equipment and levels.</p> <p>(11) In June, Ms. Xu Peijing took over as Chairman of Wayi International.</p> <p>(12) In July, "Wayi Cafe. APP" began cross-industry cooperation with Wei's Round Powder Packet, Jinyen Aesthetic Group and Grace Optical to provide players with preferential treatment.</p> <p>(13) In August, the Company held the second "Special Force 2" Pro League Championship.</p> <p>(14) In August, the Company co-organized "Special Force Online" World Cup. The Vice President of the Legislative Yuan and the Mayor of Taipei gave speeches and support to Esports industry.</p> <p>(15) In September, Ms. Xu Peijing took over as Chairman of the Taiwan Esports Competition League.</p> <p>(16) In September, the comforting mobile game "Pixel Tree" went on the shelf.</p> <p>(17) In October, the Company held VIP Players Meeting.</p> <p>(18) In October, "Pocoron Maze" cooperated with the Japanese mobile game community platform "Lobi" to provide different functions, such as community discussion, game video, etc. for players.</p> <p>(19) In October, the Company announced to reorganize the "Wayi Spider Professional Esports Competition Team" to enter the "League of Legends" LMS Professional Esports League for next season.</p> <p>(20) In November, the Company cooperated with 7-11 to hold the event of giving out NT\$2 million 7-11 "i gift" cash coupons for free.</p> |

| Time | Principal Activities   |
|------|--|
|      | (21) In December, the new generation strategy game "Warm Blood San Guo 3" launched closed beta testing without deleting files.   |
| 2017 | <p>(1) In January, "Warm Blood San Guo 3" began cross-industry cooperation with "Tripodking Inc." and "Wulao."</p> <p>(2) In January, "Warm Blood San Guo 3" held a blood donation drive to encourage players to donate blood to give back the society.</p> <p>(3) In February, "Pocoron Maze" celebrated its second anniversary in Taiwan's market.</p> <p>(4) In March, "Warm Blood San Guo 3" officially went on the market in Taiwan.</p> <p>(5) In April, the first "Warm Blood San Guo 3," Taiwan, Hong Kong and Macao, War of the Gods Matchless Competition started on the 24th.</p> <p>(6) In May, "Warm Blood San Guo 3" and "World Decisive Battle" were simultaneously revised to hold the battle between Taiwan, Hong Kong, and Macao.</p> <p>(7) In June, Mr. Chang Hsieh Chien took over as Chairman of Wayi International.</p> <p>(8) In July, the level limit for the "Pocoron Maze" was reset to 600.</p> <p>(9) In August, the Company held the "Special Force 2" August Legion League Competition.</p> <p>(10) In September, Wayi's new mobile game "The Kingdom of Far Away 2" would participate in the Tokyo Game Show.</p> <p>(11) In October, "The Kingdom of Far Away 2" was officially launched on dual platforms, featuring fighting by cultivating characters in the 8-bit pixel-style world!</p> <p>(12) In November, "Warm Blood San Guo 3, Xiong Ba Tian Xia" underwent a large-scale revision.</p> <p>(13) In December, Wayi's games celebrated the Dual Christmas event with the players.</p> |
| 2018 | <p>(1) In January, the Company announced to open the World BOSS level of "The Kingdom of Far Away 2" on February 1st.</p> <p>(2) In February, "Pocoron Maze" celebrated its second anniversary in Taiwan's market.</p> <p>(3) In March, "Special Force 2" celebrated its fourth anniversary in Taiwan's market.</p> <p>(4) In April, the New Year Holiday Special Offer of "The Kingdom of Far Away 2" started in Spring vacation.</p> <p>(5) In May, "San Guo Ding Li" of "Warm Blood San Guo 3" launched a new edition.</p> <p>(6) In June, "Special Force 2" Summer Online Challenge Competition started.</p> <p>(7) In July, "The Final Cahpter of the New Age Symphony" of "GE Granado Espada R" underwent a revision.</p> <p>(8) In August, a new edition of the "Pocoron Maze" was launched, with the addition of the new "Pocoron Arena."</p> <p>(9) In September, the Company officially acted as the agent in Taiwan for "Welcome to My Home" of Kakao Games, South Korea.</p> <p>(10) In October, the "Funny Halloween" event in the "Pocoron Maze" started.</p> <p>(11) In November, "Welcome to My Home" began its pre-registration campaign.</p> <p>(12) In December, "Welcome to My Home" was officially launched on dual platforms.</p>  |
| 2019 | <p>(1) In January, "Happy Pig Year" for "Pocoron Maze" started.</p> <p>(2) In February, Wayi's games celebrated Lunar New Year with the players.</p> <p>(3) In March, "Pocoron Maze" celebrated its fourth anniversary in Taiwan's market.</p> <p>(4) In April, "Pocoron Maze" launched the "Platinum Coupon Exchange," where players can designate monsters.</p>  |

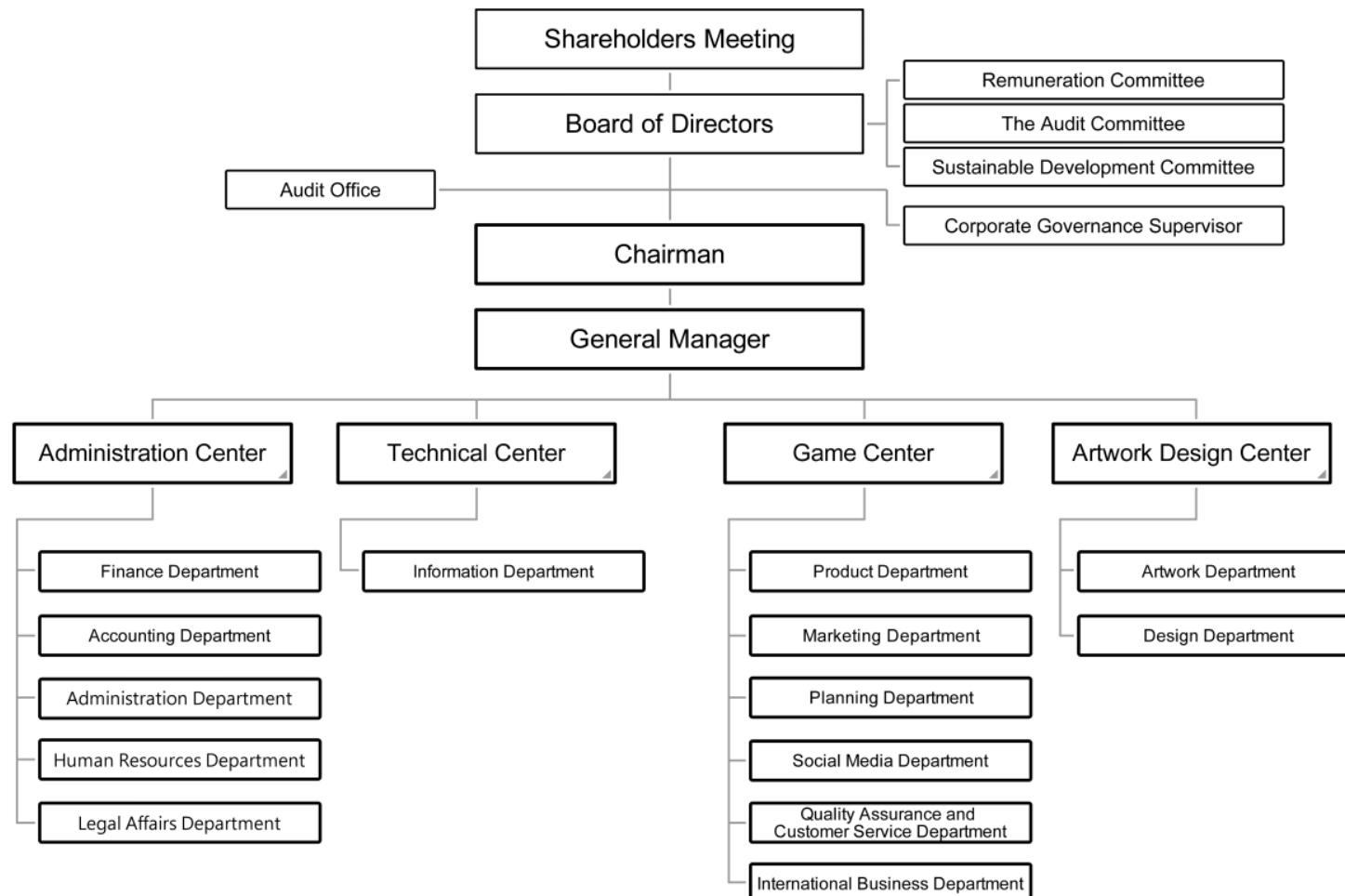
| Time | Principal Activities   |
|------|--|
|      | <p>(5) In May, "Revisiting the Ice Magic Tower" of "GE Granado Espada R" underwent a revision.</p> <p>(6) In June, our games celebrated the "Dragon Boat Festival" with players.</p> <p>(7) In July, "Pocoron Maze" celebrated its fourth anniversary in Taiwan's market by launching an exclusive "4th Anniversary Festival."</p> <p>(8) In August, our games celebrated the "Chinese Valentine's Day" with players.</p> <p>(9) In September, "Wang Tu Ba Ye" of "Warm Blood San Guo 3" underwent a revision.</p> <p>(10) In October, our games celebrated the "Halloween" with players.</p> <p>(11) In November, a new edition of "GE Granado Espada R" was launched early.</p> <p>(12) In December, "Welcome to My Home" celebrated its first anniversary in Taiwan's market.</p>   |
| 2020 | <p>(1) In January, a new online mobile game, "Slots," was launched.</p> <p>(2) In February, "Welcome to My Home" and "Goblin: The Lonely and Great God" jointly launched clothing and props.</p> <p>(3) In March, "Pocoron Maze" celebrated its fifth anniversary in Taiwan's market.</p> <p>(4) In April, "Warm Blood San Guo 3" made it easy for players to grow faster! Launch the "Hot Blood Sprint" version.</p> <p>(5) In May, the new feature of "Cave of the Holy Light Magic Stone" in "Pocoron Maze" was launched.</p> <p>(6) In June, "GE King's Sword R" was launched to save the parallel world! Revision comes today.</p> <p>(7) In July, "Welcome to My Home" opened a new era of guild expedition! Added "Starlight Guild" and "Balloon Expedition" system.</p> <p>(8) In August, the new task mode of "Welcome to My Home" was opened! Let's explore the dream of star pets together!</p> <p>(9) In September, "Warm Blood San Guo 3", a group of heroes fighting for the people! A new revamped version of "Tour the World" on stage!</p> <p>(10) In October, SSS hero for free for reservation in "Soul Ark"! Reservation campaign begins!</p> <p>(11) In November, "Soul Ark" fairy world war started! Officially launched on dual platforms!</p> <p>(12) In December, "2020 Kaohsiung E-Sports Carnival" amazed the world! "Soul Ark", "CODE 2040" stalls were hot.</p> |
| 2021 | <p>In January, the "Apotheosis Altar Hard to Break" of the "Soul Ark" made the debut.</p> <p>In February, the "Soul Ark" embraced campaign and revision! Large-scale strategic layout guild battle on stage.</p> <p>In March, the Wolf and Sheep sweet level of "Soul Ark" was launched.</p> <p>In June, "GE Granado Espada R", the final chapter of Aochihya: the coming of the end of the world, was launched.</p> <p>In July, a branch office in Taichung was established.</p> <p>In August, "MASS FOR THE DEAD" Japanese popular animation "OVERLORD" was authorized, and the news of game agencies in Taiwan, Hong Kong and Macao was published!</p> <p>In November, "MASS FOR THE DEAD", pre-registration and pre-booking activities for both platform stores were started immediately!</p> <p>In November, pre-booking activities of "FRIENDS RACING", a popular IP-based cute racing game, were officially launched!</p> <p>In November, promotional video of "MASS FOR THE DEAD" was released with the introduction of the characters.</p>  |

| Time | Principal Activities   |
|------|--|
|      | <p>In December, dual-platforms of "MASS FOR THE DEAD" were officially launched, and the opening of service activities were fully initiated!</p> <p>In December, "Friends Racing" made its debut in 20 December! Catch up with RYAN and become a racer!</p>   |
| 2022 | <p>In May, the 0.5th Anniversary of "MASS FOR THE DEAD" was celebrated!</p> <p>In June, Mr. Shih Shu-Kai took over as Chairman of Wayi International.</p> <p>In August, a collaboration between "MASS FOR THE DEAD" and "KonoSuba: God's Blessing on This Wonderful World!" was launched!</p> <p>In August, a contract for the game publishing of "La Corda d'Oro Starlight Orchestra" within the licensed territory of Taiwan, Hong Kong and Macau was signed with KOEI TECMO GAMES, a Japanese game developer.</p> <p>In September, a contract for the game publishing of "Kemono Friends 3" within the licensed territory of Taiwan, Hong Kong and Macau was signed</p> <p>In October, the pre-registration of "La Corda d'Oro Starlight Orchestra" was started.</p> <p>In November, "La Corda d'Oro Starlight Orchestra" was officially launched in Taiwan, Hong Kong and Macau.</p> |
| 2023 | <p>In January, "Sunshine Memories", an event of the first major update of "La Corda d'Oro Starlight Orchestra", was launched.</p> <p>In January, relocated Taichung Office upon the resolution of the Board of Directors.</p> <p>In February, the pre-registration of "Kemono Friends 3" was officially started with its 1st official fan meeting.</p> <p>In March, the Traditional Chinese version of "Kemono Friends 3" was officially launched.</p> <p>In April, the 2nd fan meeting of "La Corda d'Oro Starlight Orchestra" was held, and the events for 0.5th Anniversary were announced.</p> <p>In September, launched the collab event based on "Kemono Friends 3" x "Kumamon" with the introduction of a new friend "Chibi Kumamon".</p> <p>In December, acquired the "League Funny" platform to get involved in the operation of a game-based social platform.</p>              |
| 2024 | <p>In January, entered into a memorandum of understanding with Wiselink Co., Ltd.</p>  |

# Chapter 3 Corporate Governance Report

## I. Organization

### (I) Corporate Organization and Structure



**(II) Department Functions:**

| <b>Department</b>            | <b>Responsibilities</b>  |
|------------------------------|--|
| Audit Office                 | <ol style="list-style-type: none"> <li>1. Establish and maintain the Company's internal audit system.</li> <li>2. Evaluate the efficiency of implementation of policies and provide recommendations for improvement.</li> <li>3. Protect corporate assets from waste, fraud, and inefficiency.</li> <li>4. Implement routine and project audits.</li> <li>5. Follow up tracking and assessment of tasks assigned.</li> <li>6. Inspection and reporting of abnormal matters.</li> </ol>   |
| General Manager's Office     | <ol style="list-style-type: none"> <li>1. Integration of artwork design projects.</li> <li>2. New game project planning.</li> <li>3. Group new game development teams.</li> <li>4. Project strategy planning.</li> <li>5. Assist General Manager in handling all affairs.</li> </ol>   |
| <b>Administration Center</b> |  |
| Finance Department           | <ol style="list-style-type: none"> <li>1. Planning, auditing and execution of investment affairs.</li> <li>2. Corporate funding and engagement with banks.</li> <li>3. Handling, applying and forecasting of long-term and short-term funds.</li> <li>4. Materials preparation, announcement and convening of the Board of Directors and the Shareholders' Meeting</li> <li>5. Credit and review of customer financial information.</li> <li>6. Handling cashier and stock operation.</li> <li>7. Financial supervision, performance appraisal and coordination and integration of operation strategies of subsidiaries within the Group.</li> <li>8. Function strengthening and convening of the Board of Directors.</li> </ol> |
| Accounting Department        | <ol style="list-style-type: none"> <li>1. Responsible for the compilation of the Company's accounting and tax declaration.</li> <li>2. Application and handling of tax reduction and tax exemption matters.</li> <li>3. Expenditure audit and inventory operation.</li> <li>4. Preparation of all financial statements and analysis statements.</li> <li>5. Convening, coordinating and summarizing the annual budget of the Group.</li> <li>6. Accounts consolidation of subsidiaries.</li> <li>7. Contact with accountants.</li> <li>8. Preparation of declaration materials for SFC, and public announcement.</li> </ol>  |
| Administration Department    | <ol style="list-style-type: none"> <li>1. Responsible for inquiries and purchasing of various general services, fixed assets, and product processes.</li> <li>2. Formulation and implementation of the asset inventory plan.</li> </ol>  |
| Human Resources Department   | <ol style="list-style-type: none"> <li>3. Acquisition, maintenance, and management of all property equipment of the Company.</li> </ol>  |
| Legal Affairs Department     | <ol style="list-style-type: none"> <li>4. Arrangement of supervisor's schedule and temporary assignments.</li> <li>5. Formulation of adhesive contracts, contract review, and the maintenance and management of intellectual property rights.</li> <li>6. Processing of the Company's external legal and litigation operations.</li> <li>7. Formulation and handling of regulations for employee recruitment, employment, transfer, rewards and punishments, assessment, and other personnel-related affairs.</li> <li>8. Insurance and employee salary accounting.</li> <li>9. Education and training and management of labor relations.</li> </ol>   |
| <b>Technical Center</b>      |  |
| Information                  | <ol style="list-style-type: none"> <li>1. Testing, evaluation, installation, and maintenance of all information</li> </ol>   |

|                         |  |
|-------------------------|--|
| Department              | <ol style="list-style-type: none"> <li>software/hardware equipment.</li> <li>Enforcement, promotion, and management of Personal Information Protection Act.</li> <li>Introduction, management and maintenance of information security procedures.</li> <li>Releasing, building and updating of game products and on-duty maintenance of computer rooms.</li> <li>Information equipment procurement, bandwidth procurement, and IT budget execution.</li> <li>Hardware and software installation and maintenance of the Company's internal information equipment. (ERP, Mail, eHR)</li> <li>Technical support for organizing events; support, installation, and maintenance of information equipment at exhibition sites.</li> <li>Planning and promotion of corporate electronic IT systems.</li> <li>Cloud-based application and big data analytics applications.</li> <li>Membership system development.</li> <li>Development of Wayi membership, cash flow, and game AP systems.</li> </ol> |
| <b>Game Center</b>      |  |
| Product Department      | <ol style="list-style-type: none"> <li>Launch preparation, schedule planning, version and business planning, and progress monitoring for new games.</li> <li>Operational planning, version update and progress monitoring for existing games.</li> <li>Business planning and target achievement, user population maintenance, and community management.</li> <li>Organization of online and offline activities, as well as revision content and schedule planning.</li> <li>Planning and production of game project-related functions.</li> <li>Planning of new operation projects.</li> </ol>   |
| Marketing Department    | <ol style="list-style-type: none"> <li>Formulation, proposal, and execution of the marketing strategies for various products (online games and merchandise).</li> <li>Administrative work including cash flow business development and account management.</li> <li>Maintenance of online recharge center and point-of-purchase customer query replying and handling.</li> <li>Provision and analysis of various game-related reports and data.</li> <li>Assessment, analysis and research of new media marketing and promotion projects for various products.</li> <li>Gathering and analysis of market and industry intelligence.</li> </ol>   |
| Planning Department     | <ol style="list-style-type: none"> <li>Determination of product development targets, schedule planning, and R&amp;D implementation.</li> <li>Brainstorming for various product topics, analysis of competitive products, preparation of planning system documents, and design of mechanism functions.</li> </ol>   |
| Social Media Department | <ol style="list-style-type: none"> <li>Operation and management of the social networking site, "League Funny".</li> <li>Business expansion and progress monitoring of the social networking site, "League Funny".</li> <li>Advertising for the social networking site, "League Funny".</li> <li>Program version update for the social networking site, "League Funny".</li> <li>Planning of audiovisual projects and activities for the social networking site, "League Funny".</li> </ol>   |
| Quality Assurance and   | <ol style="list-style-type: none"> <li>Evaluation and testing of unlicensed games by integrating internal opinions.</li> <li>Adjustment, evaluation, and testing of new games that are not yet available</li> </ol>  |

|                                   |   |
|-----------------------------------|---|
| Customer Service Department       | <p>on the market.</p> <p>3. Adjustment, evaluation, and testing of games that are already available on the market.</p> <p>4. Communication of answers to customer questions, and provision of understanding and comfort regarding customer complaints.</p> <p>5. In-game dispute coordination and problem resolution.</p> |
| International Business Department | <p>1. Foreign authorized game operations and foreign language contact window.</p> <p>2. Overseas market planning and copyright procurement evaluation.</p> <p>3. Collection and analysis of market and industry information of peer competitors.</p>  |
| <b>Artwork Design Center</b>      |   |
| Artwork Department                | <p>1. Producing projects' 2D and 3D artwork special effects.</p> <p>2. Artistic animation production of all projects.</p>   |
| Design Department                 | <p>1. The Company's product advertising design.</p> <p>2. Official game website and image web page design.</p> <p>3. The Company's public website and brand image design.</p> <p>4. Design of print media/magazine/advertising.</p>   |

## II. Directors, Supervisors, General Manager, Deputy General Manager, Assistant Vice Presidents and Heads of Departments and Branches

### (I) Directors

#### 1. Directors

April 21, 2024

| Title    | Nationality / Place of Incorporation | Name   | Gender Age   | Date Elected (Appointed) | Term        | Date First Elected | Shareholding when Elected |                | Current Shareholding |                | Spouse & Minor Shareholding |                | Shareholding by Nominee Arrangement |                | Experience (Education)   | Positions concurrently held at the company and other companies  | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship |      |              | Remarks |
|----------|--------------------------------------|--|--------------|--------------------------|-------------|--------------------|---------------------------|----------------|----------------------|----------------|-----------------------------|----------------|-------------------------------------|----------------|--|---|---|------|--------------|---------|
|          |                                      |  |              |                          |             |                    | Number of Shares          | Shareholding % | Number of Shares     | Shareholding % | Number of Shares            | Shareholding % | Number of Shares                    | Shareholding % |  |   | Title   | Name | Relationship |         |
| Chairman | The Republic of China                | Wanin International Co., Ltd.                                  | Male 41-50   | June 23, 2022            | Three years | June 23, 2022      | 5,952,000                 | 30.73          | 7,255,488            | 30.73          | 0                           | 0              | 0                                   | 0              | Not applicable   | The Company: None<br>Other companies: Director, Gamania Digital Entertainment Co., Ltd.   | None  | None | None         | None    |
|          | The Republic of China                | Wanin International Co., Ltd.<br>Representative: Shih, Shu-Kai |              |                          |             |                    | 0                         | 0              | 0                    | 0              | 0                           | 0              | 0                                   | 0              | Institute of Business Administration, National Yunlin University of Science and Technology<br>Chief Operating Officer, Wanin International Co., Ltd. | The Company: General Manager<br>Other companies: Director, Wayi Softmagic Investment (Asia) Ltd.<br>Director, Wayi Softmagic Investment (Cayman) Ltd.<br>Chairman, DIT Startup Co., Ltd.<br>Director, Bonus Winner Online Entertainment Co., Ltd.<br>Chairman, Yuman Asset Management Co., Ltd.<br>Director, Honki Games Co., Ltd.<br>Director, Cup Dog Games Co., Ltd. | None  | None | None         | Note1   |
| Director | Seychelles                           | Given Business Inc.  | Female 51-60 | June 23, 2022            | Three years | June 25, 2019      | 3,948,480                 | 20.39          | 4,813,197            | 20.39          | 0                           | 0              | 0                                   | 0              | Not applicable   | The Company: None<br>Other companies: None  | None  | None | None         | None    |
|          | The Republic of China                | Given Business Inc.<br>Representative: Wu, Ai-Yun              |              |                          |             |                    | 0                         | 0              | 83,971               | 0.36           | 0                           | 0              | 0                                   | 0              | Accounting Department of Ming Chuan University<br>Financial Officer, Jujiao Technology Co., Ltd.   | The Company: None<br>Other companies: Supervisor, Pioneer Media Social Enterprise Co., Ltd.<br>Supervisor, Bonus Winner Online Entertainment Co., Ltd.<br>Supervisor, JFI Games Co., Ltd.<br>Director, Soft-World International Co., Ltd.   | None  | None | None         | None    |
| Director | Seychelles                           | Given Business Inc.  | Male 41-50   | June 23, 2022            | Three years | June 25, 2019      | 3,948,480                 | 20.39          | 4,813,197            | 20.39          | 0                           | 0              | 0                                   | 0              | Not applicable   | The Company: None<br>Other companies: None  | None  | None | None         | None    |
|          | The Republic of China                | Given Business Inc.<br>Representative: Tu, Yao-Jen (Note 2)    |              |                          |             |                    | 0                         | 0              | 1,219                | 0.01           | 0                           | 0              | 0                                   | 0              | Ph.D. of Beijing University Graduate Institute of Political Science, Tunghai University<br>Master CEO of HE TI HOTEL                                 | The Company: None<br>Other companies: Lecturer, National Taichung University of Science and Technology<br>Director, He Ti Co., Ltd.<br>Chairman, Advance Media Social enterprise Co., Ltd.<br>Supervisor, Li Sheng Development Co., Ltd.  | None  | None | None         | None    |

| Title                | Nationality / Place of Incorporation | Name               | Gender Age   | Date Elected (Appointed) | Term        | Date First Elected | Shareholding when Elected |                | Current Shareholding |                | Spouse & Minor Shareholding |                | Shareholding by Nominee Arrangement |                | Experience (Education) | Positions concurrently held at the company and other companies  | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship  |      |              | Remarks |      |
|----------------------|--------------------------------------|--------------------|--------------|--------------------------|-------------|--------------------|---------------------------|----------------|----------------------|----------------|-----------------------------|----------------|-------------------------------------|----------------|------------------------|---|--|------|--------------|---------|------|
|                      |                                      |                    |              |                          |             |                    | Number of Shares          | Shareholding % | Number of Shares     | Shareholding % | Number of Shares            | Shareholding % | Number of Shares                    | Shareholding % |                        |   | Title  | Name | Relationship |         |      |
| Director             | The Republic of China                | Lin, Wen-Peng      | Male 41-50   | June 23, 2022            | Three years | June 25, 2019      | 0                         | 0              | 0                    | 0              | 0                           | 0              | 0                                   | 0              | 0                      | Department of Law, National Taiwan University Lawyer, Giant Era International Law Office  | The Company: None Other companies: Lawyer, Giant Era International Law Office Director of UNI Air Co., Ltd.  | None | None         | None    | None |
| Independent Director | The Republic of China                | Hsiao, Feng-Hsiung | Male Over 60 | June 23, 2022            | Three years | June 15, 2007      | 0                         | 0              | 0                    | 0              | 0                           | 0              | 0                                   | 0              | 0                      | PhD in Economics, Chinese Cultural University Dean, College Business, Tamkang University Vice Chairperson, Council for Economic Planning And Development, Executive Yuan  | The Company: None Other companies: Honorary Professor, Tamkang University Independent Director, CMC Magnetics Co., Ltd. Supervisor, China Town Co., Ltd.   | None | None         | None    | None |
| Independent Director | The Republic of China                | Liang, Mu-Chun     | Male Over 60 | June 23, 2022            | Three years | June 23, 2020      | 0                         | 0              | 0                    | 0              | 0                           | 0              | 0                                   | 0              | 0                      | University of San Francisco Public Administration Director, Taiyen Biotech Co., Ltd. Chairman, Taiyen (Xiamen) Import and Export Co., Ltd.  | The Company: None Other companies: Chairman, Laurent International Co., Ltd. Supervisor, Big Tom International Co., Ltd.   | None | None         | None    | None |
| Independent Director | The Republic of China                | Gao,Li-Han         | Male 41-50   | June 23, 2022            | Three years | June 23, 2022      | 0                         | 0              | 0                    | 0              | 0                           | 0              | 0                                   | 0              | 0                      | Ph.D., Institute of Technology Management, National Chiao Tung University Associate Professor and Dean, Department of Accounting, Soochow University Secretary General, Chinese Association of Valuation Evaluation Standards Committee, Accounting Research and Development Foundation | The Company: None Other companies: Associate Professor and Dean, Department of Accounting, Soochow University Secretary General, Chinese Association of Valuation Evaluation Standards Committee, Accounting Research and Development Foundation | None | None         | None    | None |

Note1 : The Chairman of the Company concurrently acts as General Manager to enhance operating efficiency and decision-making, and exchanges opinions with Directors on major business decisions at any time. Major business decisions are fully discussed in the Board meetings to fulfill corporate governance. More than half of the Board members are not employees or managerial officers of the Company concurrently.

Note2 : The institutional director was newly appointed after the representative was re-appointed on August 11, 2022.

2. Major Shareholders of Institutional Shareholders: April 21, 2024

| Name of Institutional Shareholders | Major Shareholders of Institutional Shareholders   |
|------------------------------------|--|
| Wanin International Co., Ltd.      | Huang Xin Investment Co., Ltd. 44.08%<br>Hsiao, Cheng-Hao 20.40%<br>Li, Yu-Chi 9.99%<br>Yu Xin Investment Co., Ltd. 8.18%<br>Fantasy Technology Co., Ltd. 5.78%<br>Joydevelopcy.,Ltd. 2.43%<br>Pu Yi Enterprise Co., Ltd. 1.52%<br>Te Kao Investment Co., Ltd. 0.82%<br>Cheng Yuo Investment Co., Ltd. 0.75%<br>Xun Yeh Investment Co., Ltd. 0.47% |
| Given Business Inc.                | Chow Man Cheung Felix 100%   |

3. Major Shareholders of the Company's Institutional Shareholders: April 21, 2024

| Name of Institutional Shareholders | Major Shareholders of Institutional Shareholders   |
|------------------------------------|--|
| Huang Xin Investment Co., Ltd.     | Hsiao, Cheng-Hao (62.82%) 、 Li, Yu-Chi (33.34%) 、 Hsiao, Yu-Ching (1.92%) 、 Hsiao,Hui-Yu (1.92%)                 |
| Yu Xin Investment Co., Ltd.        | Li, Yu-Chi (100%)  |
| Fantasy Technology Co., Ltd.       | Yu Xin Investment Co., Ltd. (39%) 、 During Int'l Investment Inc.(30%) 、 Hsiao, Cheng-Hao (29%) 、 Li, Yu-Chi (2%) |
| Joydevelopcy.,Ltd.                 | Memory Global Investment Inc.(99.99%) 、 Wang-Chun-Ming(0.01%)  |
| Pu Yi Enterprise Co., Ltd.         | Hsiao,Yu-Ching (48.33%) 、 Hsiao,Hui-Yu (48.33%) 、 Hsiao, Cheng-Hao (3.34%)                                       |
| Te Kao Investment Co., Ltd.        | Huang Xin Investment Co., Ltd. (99%) 、 Hsiao, Cheng-Hao (1%)   |
| Cheng Yuo Investment Co., Ltd.     | Huang Xin Investment Co., Ltd. (99%) 、 Hsiao, Cheng-Hao (1%)   |
| Xun Yeh Investment Co., Ltd.       | Chang, Hsieh-Tsung (100%)  |

4. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

| Qualification<br>Name  | Professional qualifications and experience  | Independence | The number of positions held as Independent Director for other publicly-listed companies |
|--|---|--------------|--|
| Chairman<br>Wanin International Co., Ltd.<br>Representative<br>Shih, Shu-Kai | Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.<br>There is no any violation of the paragraphs of Article 30 of the Companies Act.<br>Education/experience<br>Institute of Business Administration, National Yunlin University of Science Chief Operating Officer, Wanin International Co., Ltd. | NA           | None   |

|   |   |   |      |
|---|---|---|------|
| Director<br>Given Business Inc.<br>Representative<br>Wu, Ai-Yun   | Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.<br>There is no any violation of the paragraphs of Article 30 of the Companies Act.<br>Education/experience<br>Accounting Department of Ming Chuan University<br>Financial Officer, Jujiao Technology Co., Ltd.   | NA  | None |
| Director<br>Given Business Inc.<br>Representative:<br>Tu, Yao-Jen | Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.<br>There is no any violation of the paragraphs of Article 30 of the Companies Act.<br>Education/experience<br>Ph.D. of Beijing University<br>Graduate Institute of Political Science, Tunghai University<br>Master<br>Director, He Ti Co., Ltd.  | NA  | None |
| Director<br>Lin, Wen-Peng   | Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.<br>Passed the national examination and obtained a certificate for the lawyer.<br>There is no any violation of the paragraphs of Article 30 of the Companies Act.<br>Education/experience<br>Department of Law, National Taiwan University<br>Lawyer, Giant Era International Law Office  | NA  | None |
| Independent<br>Director<br>Hsiao, Feng-Hsiung                     | An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university<br>Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.<br>There is no any violation of the paragraphs of Article 30 of the Companies Act.<br>Education/experience<br>PhD in Economics, Chinese Cultural University<br>Dean, College Business, Tamkang University<br>Vice Chairperson, Council for Economic Planning And Development, Executive Yuan | <ol style="list-style-type: none"> <li>I, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates.</li> <li>I, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company.</li> <li>Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Listed Companies).</li> <li>Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol> | 1    |
| Independent<br>Director<br>Liang, Mu-Chun                         | Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.<br>There is no any violation of the paragraphs of Article 30 of the Companies Act.<br>Education/experience<br>University of San Francisco Public Administration<br>Director, Taiyen Biotech Co., Ltd.<br>Chairman, Taiyen (Xiamen) Import and Export Co., Ltd.   | <ol style="list-style-type: none"> <li>I, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates.</li> <li>I, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company.</li> <li>Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Listed Companies).</li> <li>Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol> | None |

|                                  |   |   |      |
|----------------------------------|---|---|------|
| Independent Director Gao, Li-Han | <p>An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university</p> <p>Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>There is no any violation of the paragraphs of Article 30 of the Companies Act.</p> <p>Education/experience</p> <p>Ph.D., Institute of Technology Management, National Chiao Tung University</p> <p>Associate Professor and Dean, Department of Accounting, Soochow University</p> | <ol style="list-style-type: none"> <li>1. I, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates.</li> <li>2. I, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company.</li> <li>3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Listed Companies).</li> <li>4. Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol> | None |
|----------------------------------|---|---|------|

## 5. Board Diversity and Independence:

### (1) Board Diversity:

#### Diversity Policy

To enhance the competencies of the Board of Directors and achieve robust development of its structure, the Company has stipulated diversity policies in “Corporate Governance Best-Practice Principles” and “Procedures for Election of Directors”.

The composition of the Board of Directors shall take into consideration diversity, except that the number of directors who are also managers of the Company shall not exceed one-third of the number of directors, and shall formulate appropriate diversity guidelines with respect to its operation, business model and development needs, including but not limited to the following two major criteria:

- I. Basic requirements and values: gender, age, nationality and culture, etc.
- II. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), expertise, and industry experience, etc.

Board members should generally possess the knowledge, skills and qualities necessary to perform their duties. To achieve the desired goals of corporate governance, the Board of Directors as a whole shall possess the following competencies: operational judgment, accounting and financial analysis, management and operation capabilities, crisis management, industry knowledge, international market perspective, leadership, and decision-making skills.

#### Key Management Objectives

The Board of Directors of the Company shall direct the Company's strategies, supervise the management, and be responsible to the Company and its shareholders. The operations and arrangements of the Company's corporate governance system shall ensure that the Board of Directors shall exercise its authority in accordance with the provisions of the Act, the Articles of Association, or the resolutions of the shareholders' meeting.

All members of the Board of Directors of the Company are required to possess

sufficient knowledge, skills, background, and ability to make industrial decisions and effectively manage their duties. To enhance their competencies and improve decision-making quality and managerial abilities, the Company provides a variety of on-the-job training courses. Furthermore, the Company places great importance on gender equality within the composition of the Board of Directors. To this end, at least one female director has been appointed to date, and we aspire to have two female directors on the next Board of Directors.

| Management Objectives   | Achieved Situation |
|---|--------------------|
| Directors who concurrently serve as company managers should not exceed one-third of the number of directors | Achieved           |
| The board of directors shall include at least one female director   | Achieved           |
| The number of independent directors shall not be less than one-third of the number of directors             | Achieved           |
| Half of the number of Independent directors should not serve more than three consecutive terms              | Achieved           |

The diversity policies with board composition are implemented as follows:

The Company's Board of Directors is comprised of seven members, including three independent directors. Of these, one director is also an employee of the Company (14%), one is female (14%), and three are independent (43%). In terms of age distribution, four directors are between 41-50 years old (57%), one is between 51-60 years old (14%), and two are above 60 years old (29%). The directors represent different age groups. Furthermore, two-thirds of independent directors have served less than three terms.

The Company's board members possess diverse expertise, with the current Board of Directors consisting of seven members holding educational backgrounds such as Ph.D. degrees in Economics, Technological Management, and Environmental Engineering, as well as Master's degrees in Business Administration and other relevant fields. This diverse range of backgrounds ensures that the board members have the necessary abilities in operational judgment, accounting and financial analysis, management and operation capabilities, crisis management, industry knowledge, international market perspective, leadership, and decision-making skills, etc. Director Shu-Kai Shih brings expertise in the management of the game industry, while Director Li-Han Kao and Ai-Yun Wu have expertise in financial accounting. Director Wen-Peng Lin holds a lawyer license and brings expertise in law, while Director Feng-Hsiung Hsiao has experience as the vice chairman at the Council for Economic Planning and Development and as a dean of a business school, providing expertise in industrial economics. Director Mu-Chun Liang has expertise in tax management and business administration, and Director Yao-Jen Tu brings expertise in environmental engineering and hotel management. Each director has a unique professional background and extensive industrial experience. Overall, the composition of the Board of Directors aligns with the diversity policies in place. The diversity of individual directors (Note 1).

Note 1: Diversity of individual directors

| Item<br>Director<br>Name | Gender | Academic<br>Background                | Operational<br>judgment | Accounting<br>and<br>financial<br>analysis | Management<br>and<br>operation<br>capabilities | Crisis<br>management | Industry<br>knowledge | International<br>market<br>perspective | Leadership | Decision-making |
|--------------------------|--------|---------------------------------------|-------------------------|--|--|----------------------|-----------------------|--|------------|-----------------|
| Shu-Kai Shih             | Male   | Business<br>Administration            | V                       | V  | V  | V                    | V                     | V                                      | V          | V               |
| Ai-Yun Wu                | Female | Finance and<br>Accounting             | V                       | V  | V  | V                    | V                     | V                                      | V          | V               |
| Yao-Jen Tu               | Male   | Environmental<br>Engineering          | V                       | V  | V  | V                    | V                     | V                                      | V          | V               |
| Wen-Peng<br>Lin          | Male   | Law                                   | V                       | -  | V  | V                    | V                     | V                                      | V          | V               |
| Feng-Hsiung<br>Hsiao     | Male   | Economics                             | V                       | V  | V  | V                    | V                     | V                                      | V          | V               |
| Mu-Chun<br>Liang         | Male   | Tax and<br>Business<br>Administration | V                       | V  | V  | V                    | V                     | V                                      | V          | V               |
| Li-Han Gao               | Male   | Finance and<br>Accounting             | V                       | V  | V  | V                    | -                     | V                                      | V          | V               |

(2) Independence of the Board of Directors:

The current Board has 7 directors, including 3 independent directors accounting for about 40% of all directors.

None of the conditions as stated in Article 26-3, paragraphs 3 and 4, Securities and Exchange Act is found on the current Board, and no director is the spouse or kindred of the second tier of others.

(II) Information of the General Manager, Deputy General Manager, Assistant Vice Presidents and Heads of Departments and Branches

April 21, 2024

| Title                     | Nationality           | Name           | Gender | Date Elected (Appointed) | Shareholding     |                         | Spouse & Minor Shareholding |                         | Shareholding by Nominee Arrangement |                         | Experience (Education)   | Positions Currently Held in Other Companies   | Managers who are Spouses or Within Two Degrees of Kinship |      |              | Remarks |
|---------------------------|-----------------------|----------------|--------|--------------------------|------------------|-------------------------|-----------------------------|-------------------------|-------------------------------------|-------------------------|--|---|---|------|--------------|---------|
|                           |                       |                |        |                          | Number of Shares | Shareholding Percentage | Number of Shares            | Shareholding Percentage | Number of Shares                    | Shareholding Percentage |  |   | Title   | Name | Relationship |         |
| General Manager           | The Republic of China | Shih, Shu-Kai  | Male   | June 23, 2022            | 0                | 0                       | 0                           | 0                       | 0                                   | 0                       | Institute of Business Administration, National Yunlin University of Science and Technology<br>Chief Operating Officer, Wanin International Co., Ltd.   | Director, Wayi Softmagic Investment (Asia) Ltd.<br>Director, Wayi Softmagic Investment (Cayman) Ltd.<br>Chairman, DIT Startup Co., Ltd.<br>Director, Bonus Winner Online Entertainment Co., Ltd.<br>Chairman, Yuman Asset Management Co., Ltd.<br>Director, Honki Games Co., Ltd.<br>Director, Cup Dog Games Co., Ltd.  | None  | None | None         | Note    |
| Administration Center CFO | The Republic of China | Li, Chun-Te    | Male   | July 10, 2017            | 0                | 0                       | 0                           | 0                       | 0                                   | 0                       | PhD in Economics, Fujian Normal University<br>Master of Business Administration, National Chengchi University<br>Director, Counselor, Financial Supervisory Commission of the Executive Yuan<br>Deputy General Manager, Motor Vehicle Accident Compensation Fund | Quanzhou Sansda Asian plastic Co., Ltd.<br>Independent Director Members of the Audit Committee. Members of the Remuneration Committee.<br>Ching Feng Home Fashions Co., Ltd.<br>Independent Director Members of the Audit Committee. Members of the Remuneration Committee.<br>Toplus Global Co., Ltd.<br>Independent Director Members of the Audit Committee. Members of the Remuneration Committee. | None  | None | None         | None    |
| Accounting Manager        | The Republic of China | Huang, Ya-Ling | Female | December 22, 2016        | 0                | 0                       | 0                           | 0                       | 0                                   | 0                       | Master of Accounting, National Taipei University<br>Department of Accounting, National Chung Hsing University<br>PwC Taiwan KG<br>Telecommunication/Far EasTone<br>Telecommunications Heaven Skincare Taiwan Co. Ltd.  | None  | None  | None | None         |         |

|                              |                       |              |        |              |       |      |   |   |   |  |      |      |      |      |      |
|------------------------------|-----------------------|--------------|--------|--------------|-------|------|---|---|---|--|------|------|------|------|------|
| Corporate Governance Officer | The Republic of China | Yu, Hsuan-Di | Female | June 1, 2022 | 2,499 | 0.01 | 0 | 0 | 0 | Department of Accounting, National Taipei University<br>Deloitte & Touche<br>Senior Manager of Finance, Wayi International Digital Entertainment Co., Ltd. | None | None | None | None | None |
|------------------------------|-----------------------|--------------|--------|--------------|-------|------|---|---|---|--|------|------|------|------|------|

Note: The Chairman of the Company concurrently acts as General Manager to enhance operating efficiency and decision-making, and exchanges opinions with Directors on major business decisions at any time. Major business decisions are fully discussed in the Board meetings to fulfill corporate governance. More than half of the Board members are not employees or managerial officers of the Company concurrently.

(III) Remuneration of Directors, Independent Directors, Supervisors, General Manager, and Vice General Manager

1. Remuneration of Directors and Independent Directors

December 31, 2023: Unit: NT\$ thousands/Thousands shares

| Title                | Name   | Director Remuneration |              |                                    |                       | Summation of A, B, C, and D and as a % of After Tax Income | Compensation to Directors Also Serving as Company Employees |              |                                    |              | Summation of A,B,C, D, E, F and G and as a % of After-Tax Income |       |    |   |    |   |                 |                 |   |
|----------------------|--|-----------------------|--------------|------------------------------------|-----------------------|--|---|--------------|------------------------------------|--------------|--|-------|----|---|----|---|-----------------|-----------------|---|
|                      |  | Remuneration (A)      | Pensions (B) | Director Earnings Distribution (C) | Business Expenses (D) |  | Salary, Bonuses, and Special Allowance (E)                  | Pensions (F) | Employee Earnings Distribution (G) |              |  |       |    |   |    |   |                 |                 |   |
|                      |  |                       |              |                                    |                       |  |   |              | The Company                        |              | All consolidated companies                                       |       |    |   |    |   |                 |                 |   |
|                      |  |                       |              |                                    |                       |  |   |              | Cash                               | Stock        | Cash   | Stock |    |   |    |   |                 |                 |   |
| Chairman             | Wanin International Co., Ltd.<br>Representative<br>Shih, Shu-Kai | 240                   | 240          | 0                                  | 0                     | 50   | 50  | 70           | 70                                 | 360<br>1.08% | 3,200  | 0     | 29 | 0 | 29 | 0 | 3,589<br>10.81% | 3,589<br>10.81% | 0 |
| Director             | Given Business Inc.<br>Representative<br>Wu, Ai-Yun              | 240                   | 240          | 0                                  | 0                     | 50   | 50  | 60           | 60                                 | 350<br>1.05% | 0  | 0     | 0  | 0 | 0  | 0 | 350<br>1.05%    | 350<br>1.05%    | 0 |
| Director             | Given Business Inc.<br>Representative<br>Tu, Yao-Jen             | 240                   | 240          | 0                                  | 0                     | 50   | 50  | 60           | 60                                 | 350<br>1.05% | 0  | 0     | 0  | 0 | 0  | 0 | 350<br>1.05%    | 350<br>1.05%    | 0 |
| Director             | Lin, Wen-Peng  | 240                   | 240          | 0                                  | 0                     | 50   | 50  | 50           | 50                                 | 340<br>1.02% | 0  | 0     | 0  | 0 | 0  | 0 | 340<br>1.02%    | 340<br>1.02%    | 0 |
| Independent Director | Hsiao, Feng-Hsiung   | 360                   | 360          | 0                                  | 0                     | 50   | 50  | 80           | 80                                 | 490<br>1.48% | 0  | 0     | 0  | 0 | 0  | 0 | 490<br>1.48%    | 490<br>1.48%    | 0 |

| Title                | Name           | Director Remuneration |              |                                    |                       | Summation of A, B, C, and D and as a % of After Tax Income | Compensation to Directors Also Serving as Company Employees |              |                                    |              | Summation of A,B,C, D, E, F and G and as a % of After-Tax Income |   |                            |
|----------------------|----------------|-----------------------|--------------|------------------------------------|-----------------------|--|---|--------------|------------------------------------|--------------|--|---|----------------------------|
|                      |                | Remuneration (A)      | Pensions (B) | Director Earnings Distribution (C) | Business Expenses (D) |  | Salary, Bonuses, and Special Allowance (E)                  | Pensions (F) | Employee Earnings Distribution (G) |              |  |   |                            |
|                      |                |                       |              |                                    |                       |  |   |              | All consolidated companies         | The Company  | The Company  |   | All consolidated companies |
| Independent Director | Liang, Mu-Chun | 360                   | 360          | 0                                  | 0                     | 50   | 50  | 130          | 130                                | 540<br>1.63% | 540<br>1.63%   | 0 | 0                          |
| Independent Director | Gao, Li-Han    | 360                   | 360          | 0                                  | 0                     | 50   | 50  | 140          | 140                                | 550<br>1.66% | 550<br>1.66%   | 0 | 0                          |

1. Please describe the remuneration policy, system, standards, and structure for independent directors, and explain the relationship between the remuneration amount and factors such as responsibilities, risks, and time commitment: In accordance with the Company's Articles of Association, directors (including independent directors) may receive remuneration while performing their duties for the Company. This remuneration is authorized by the Board of Directors and determined based on their level of involvement and contribution to the Company's operations, in line with industry standards. As stipulated in the Articles of Association, independent directors receive a fixed remuneration. Since all independent directors serve as members of both the Audit Committee and the Compensation Committee, their remuneration may be higher than that of regular directors. Independent directors also receive travel allowances for attending board meetings or functional committee meetings.

2. Apart from the disclosure in the table above, no remuneration was received by the Company's directors in the most recent fiscal year for providing services (such as serving as a consultant for the parent company, companies included in the financial statements, or investment businesses without being an employee): None.

2. Remuneration of General Manager and Deputy General Manager

December 31, 2023; Unit: NT\$ thousands/1000 shares

| Title           | Name          | Salary (A)  |  | Severance Pay (B) |  | Bonuses and Allowances (C) |  | Employees' Remuneration (D) |  |      |       | Ratio of Total Compensation (A+B+C+D) to Net Income After Tax (%) | Compensation from parent company and affiliates other than subsidiaries |   |
|-----------------|---------------|-------------|--|-------------------|--|----------------------------|--|-----------------------------|--|------|-------|---|---|---|
|                 |               | The Company | Companies in the consolidated financial statements | The Company       | Companies in the consolidated financial statements | The Company                | Companies in the consolidated financial statements | The Company                 | Companies in the consolidated financial statements | Cash | Stock | Cash  | Stock   |   |
| General Manager | Shih, Shu-Kai | 3,000       | 3,000  | 0                 | 0  | 200                        | 200  | 29                          | 0  | 29   | 0     | 3,229<br>9.73%  | 3,229<br>9.73%  | 0 |

3. TWSE/TPEx-listed companies with after-tax deficits as shown in the individual or consolidated financial statements in the last three fiscal years; or ranking in the last bracket during the corporate governance evaluation in the most recent year; or rejection for evaluation by the Corporate Governance Evaluation Committee for a request for change of trading method, suspension from trading, termination of listing, or other reasons in the most recent year and until the date of annual report publication shall disclose the reward of each of the five officers with the highest rewards: None.

4. The Name of the Manager who Distributes Employees' Bonuses and the Distribution:

December 31, 2023; Unit: NT\$ thousands/1000 shares

| Title                        | Name           | Total Share Remuneration | Total Cash Remuneration | Total | Ratio of the Aggregate Amount to the Net Income After Tax (%) |
|------------------------------|----------------|--------------------------|-------------------------|-------|---|
| General Manager              | Shih, Shu-Kai  | 0                        | 98                      | 98    | 0.30  |
| CFO                          | Li, Chun-Te    |                          |                         |       |   |
| Accounting Manager           | Huang, Ya-Ling |                          |                         |       |   |
| Corporate Governance Officer | Yu, Hsuan-Di   |                          |                         |       |   |

(IV) Comparison of remuneration paid by all companies included in the consolidated financial statements for the most recent two fiscal years to the Directors, Supervisors, General Manager and Vice General Manager of the Company, to the net income after tax and Paid by the Company, and the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income after tax

| Item<br>Title                      | 2022                        |                            |                             |                            | 2023                        |                            |                             |                            |
|------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
|                                    | The Company                 |                            | All consolidated companies  |                            | The Company                 |                            | All consolidated companies  |                            |
|                                    | Amount<br>NT\$<br>thousands | As a % of<br>net<br>income |
| Director<br>Remuneration           | 5,774                       | 15.75%                     | 5,774                       | 15.75%                     | 6,209                       | 18.71%                     | 6,209                       | 18.71%                     |
| Supervisor<br>Remuneration         | 130                         | 0.35%                      | 130                         | 0.35%                      | 0                           | 0%                         | 0                           | 0%                         |
| General<br>Manager<br>Remuneration | 3,171                       | 8.65%                      | 3,171                       | 8.65%                      | 3,229                       | 9.73%                      | 3,229                       | 9.73%                      |
| Net Income<br>After Tax            | 36,642                      | -                          | 36,642                      | -                          | 33,193                      | -                          | 33,193                      | -                          |

The increase in the total remuneration of directors and supervisors in 2023 compared to 2022 was primarily due to the establishment of the audit committee and the re-election of independent directors, resulting in an increase in fixed expenses for attendance and directors' remuneration.

Due to the decrease in profit after tax in 2023, the total remuneration to directors and supervisors from earnings distribution for 2023 was less than that for 2022.

The total amount of remuneration to the general manager for 2023 increased slightly from 2022, mainly due to changes in the general manager.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance
  - I. According to Article 21 of the Company's Articles of Association, the Company may provide remuneration to directors regardless of business profits or losses. The remuneration is authorized by the board of directors, determined based on the director's involvement and contribution to the Company operations, and according to industry standards. When the Company has profits, additional remuneration is distributed according to Article 25.

The directors (including independent directors) of the Company receive fixed remuneration according to the articles of association. Since all independent directors also serve as members of the Audit Committee and the Remuneration Committee and Sustainable Development Committee, their remuneration may be higher than that of general directors. Directors (including independent directors) who attend board or functional committee meetings receive additional

travel allowances, which are approved by the Remuneration Committee and the board of directors.

- II. According to Article 25 of the Company's articles of association, if the company has annual profits (referring to pre-tax profits before the distribution of employee and director remuneration), director remuneration is not to exceed 3% and employee remuneration not to be less than 1%.

In addition to the above-mentioned director remuneration, the Company allocates director and employee remuneration based on operational results and performance, as prescribed by the articles of association. The performance evaluation results are used as a reference for director remuneration, and related remuneration is deliberated by the Remuneration Committee and approved by the board of directors.

General directors who also serve as employees are compensated according to the Company's "Salary Payment Method" regulations, which takes into account the salary level for the position in the industry, the scope of authority and responsibility within the Company, and the contribution to the Company's operational goals. The salary also considers the risks associated with decision-making, the risk of not achieving operational goals, and the risk of non-compliance with policies and regulations, ensuring a reasonable salary is provided.

Directors' and managers' compensation is determined by considering the Company's overall operational performance, as well as the annual profitability, operational efficiency, and performance evaluation results, providing reasonable compensation. The remuneration for the directors and managers of the Company is reviewed by the Compensation Committee and approved by resolutions of the Board of Directors.

### III. Implementation of Corporate Governance:

#### (I) Board of Directors:

1. As of publication of the Annual Report, there had been a total of 7 meetings of the Board of Directors over the past fiscal year. Director attendance is detailed below:

| Title                | Name   | Attendance in Person | Attendance by Proxy | Attendance Rate (%) | Remarks  |
|----------------------|--|----------------------|---------------------|---------------------|--|
| Chairman             | Wanin International Co., Ltd. Representative Shih, Shu-Kai | 7                    | 0                   | 100                 | Newly appointed on June 23, 2022 Required to attend 7 meetings |
| Director             | Given Business Inc. Representative Wu, Ai-Yun              | 7                    | 0                   | 100                 | Reappointed on June 23, 2022 Required to attend 7 meetings     |
| Director             | Given Business Inc. Representative Tu, Yao-Jen             | 7                    | 0                   | 100                 | Newly appointed on Aug 11, 2022 Required to attend 7 meetings  |
| Director             | Lin, Wen-Peng  | 7                    | 0                   | 100                 | Newly appointed on June 23, 2022 Required to attend 7 meetings |
| Independent Director | Hsiao, Feng-Hsiung   | 5                    | 2                   | 71                  | Reappointed on June 23, 2022 Required to attend 7 meetings     |
| Independent Director | Liang, Mu-Chun   | 7                    | 0                   | 100                 | Reappointed on June 23, 2022 Required to attend 7 meetings     |
| Independent Director | Gao, Li-Han  | 7                    | 0                   | 100                 | Newly appointed on June 23, 2022 Required to attend 7 meetings |

#### Other mentionable items:

I. If any of the following circumstances occurs, the dates of the meetings, sessions, contents of motion, all Independent Directors' opinions and the Company's response shall be specified

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act :  
Please refer to important resolutions of the board of directors. The above proposal was passed without objection after the chairman consulted all the directors present, and independent directors had no other opinions.

(II) Other matters involving objections or expressed reservations by Independent Directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.

II. If there are Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motion, causes for avoidance and voting shall be specified:

| Board meeting                          | Name of Director                           | Resolution Content  | Resolution Content                | Voting Results                             |
|--|--|---|-----------------------------------|--|
| The 4th meeting of 11th term 1/5/2023  | Shih, Shu-Kai                              | Disposition of real estate assets to related parties                        | Relation with director's interest | Vote withdrawal in accordance with the law |
|  |  | Proposal on a contract with a related party                                 | Relation with director's interest | Vote withdrawal in accordance with the law |
|  |  | Proposal on the year-end bonus distribution for managerial officers in 2022 | Relation with personal interest   | Vote withdrawal in accordance with the law |
| The 5th meeting of 11th term 3/27/2023 | Shih, Shu-Kai<br>Wu, Ai-Yun<br>Tu, Yao-Jen | Distribution of directors' and employees' remuneration for                  | Relation with personal interest   | Vote withdrawal in accordance with the law |

|   |   |   |                                   |  |  |
|---|---|---|-----------------------------------|--|--|
|   |   | Lin, Wen-Peng<br>Hsiao, Feng-Hsiung<br>Liang, Mu-Chun<br>Gao, Li-Han          | 2022                              |  |  |
| The 7th meeting of<br>11th term<br>8/10/2023  | Shih, Shu-Kai   | Disposal of the shares of DIT Startup Co., Ltd.                               | Relation with director's interest | Vote withdrawal in accordance with the law |  |
|   | Shih, Shu-Kai   | Proposal on a contract with a related party                                   | Relation with director's interest | Vote withdrawal in accordance with the law |  |
|   | Shih, Shu-Kai<br>Hsiao, Feng-Hsiung<br>Liang, Mu-Chun<br>Gao, Li-Han  | Appointment of the Sustainable Development Committee members                  | Relation with personal interest   | Vote withdrawal in accordance with the law |  |
| The 8th meeting of<br>11th term<br>11/13/2023 | Shih, Shu-Kai   | Proposal on a contract with a related party                                   | Relation with director's interest | Vote withdrawal in accordance with the law |  |
|   | Shih, Shu-Kai   | Acquisition of assets from a related party by the Company                     | Relation with director's interest | Vote withdrawal in accordance with the law |  |
| The 9th meeting of<br>11th term<br>1/23/2024  | Shih, Shu-Kai<br>Wu, Ai-Yun<br>Tu, Yao-Jen<br>Lin, Wen-Peng<br>Hsiao, Feng-Hsiung<br>Liang, Mu-Chun<br>Gao, Li-Han  | Adjustment of the remuneration to directors (including independent directors) | Relation with personal interest   | Vote withdrawal in accordance with the law |  |
|   | Shih, Shu-Kai   | Distribution of the year-end bonus to managerial officers for 2023            | Relation with personal interest   | Vote withdrawal in accordance with the law |  |
|   | Shih, Shu-Kai   | Proposal on a contract with a related party                                   | Relation with director's interest | Vote withdrawal in accordance with the law |  |
| The 10th meeting of 11th term<br>3/15/2024    | Shih, Shu-Kai<br>Wu, Ai-Yun<br>Tu, Yao-Jen<br>Lin, Wen-Peng<br>Hsiao, Feng-Hsiung<br>Liang, Mu-Chun<br>Gao, Li-Han  | Distribution of the remuneration to directors and employees for 2023          | Relation with personal interest   | Vote withdrawal in accordance with the law |  |
| III.  | TWSE/GTSM listed companies shall disclose evaluation cycles, periods, scopes, methods, and details used to conduct general self-evaluations (or peer evaluations) for their boards: The Company has conducted self or peer evaluation of the Board of Directors (including the members of the functional committees: Audit Committee, Remuneration Committee and Sustainable Development Committee) every year, with the performance evaluation results reported by the end of Q1 of the following year.  |   |                                   |  |  |
| IV.   | Measures taken to strengthen the functionality of the Board (e.g. the establishment of Audit Committee, or the improvement of information transparency) during the year:  |   |                                   |  |  |
|   | (I) To continue improving the board members' professional and legal knowledge for the efficient function of the Board, the Company held on-job training courses for directors twice in 2023.<br>(II) To strengthen corporate governance, the head of corporate governance was appointed on June 1st, 2022, upon a board resolution.<br>(III) The “Rules of Procedure for Board Meetings” has been amended twice since 2023, to establish an effective system of the Board of Directors and the supervision function.<br>(IV) The Company established an audit committee on June 23rd, 2022 to oversee the presentation of the Company's financial statements, the selection/removal of certified public accountants and their |   |                                   |  |  |

independence and performance, the effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and the management and control of the Company's existing or potential risks.

- (V) The Company carries out the performance evaluation of the Board of Directors and the functional committees regularly in accordance with the provisions of the "Performance Evaluation Measures of the Board of Directors. The external performance evaluation of the Board of Directors (including the functional committees) which shall be done once every three years was conducted in 2022.
- (VI) The Company established the "Sustainable Development Committee Charter" on January 5, 2023, accordingly making efforts to achieve sustainable development, keep in line with international trends, and actively respond to stakeholders' risk assessment and response strategies regarding the environmental, social, and corporate governance aspects, in order to enhance the Company's corporate image and reach the goal of sustainable operation.

## 2.Implementation of the evaluation (performance evaluation) of the Board of Directors:

The Board of Directors of the Company approved the "Procedures for Performance Evaluation of Board of Directors" on December 24, 2019, and amended it on March 25, 2021. According to the rules, the Board of Directors shall evaluate the performance of the Board of Directors, Board members and functional committees at least once a year, and shall have an external professional independent institution or an external team consisting of experts and scholars to perform evaluation once every three years. The Company completed the 2023 performance evaluation of the Board of Directors in March 2024, and reported the evaluation results at the Board meeting held on March 15, 2024. The evaluation results of the Board of Directors, Board members, and three functional committees were all "excellent", fairly demonstrating the good functions and efficiency of the Company's Board of Directors and functional committees.

| Frequency                         | Period                                    | Scope                  | Method   | Content  |
|-----------------------------------|---|------------------------|--|--|
| Internal evaluation, once a year. | From January 1, 2023 to December 31, 2023 | The Board of Directors | Performance Evaluation of the Board of Directors       | <ol style="list-style-type: none"> <li>1. Involvement in the operation of the Company.</li> <li>2. Improvement in the decision making quality of the Board of Directors.</li> <li>3. Composition and structure of the Board of Directors.</li> <li>4. Selection and continuing education of directors.</li> <li>5. Internal control.</li> </ol>  |
|                                   |   | Individual directors   | Self-evaluation of Performance Evaluation of Directors | <ol style="list-style-type: none"> <li>1. Mastery of the Company's goals and tasks.</li> <li>2. Cognition of the directors' roles and responsibilities.</li> <li>3. Involvement in the operation of the Company.</li> <li>4. Management and communication of the internal relations.</li> <li>5. Expertise and continuing education of directors.</li> <li>6. Internal control.</li> </ol> |

|  |   |  |   |  |
|--|---|--|---|--|
|  |   | The Remuneration Committee<br>The Audit Committee<br>The Sustainable Development Committee   | Self-evaluation for Performance Evaluation of Functional Committees                     | 1. Involvement in the operation of the Company.<br>2. Cognition of the duties of the functional committees.<br>3. Improvement in the quality of decision making by the functional committees.<br>4. Composition of the functional committees and the election of their members.<br>5. Internal control.  |
| External evaluation, once every 3 years. | The most recent external evaluation of the performance of the Board of Directors was conducted in 2022, and the next external evaluation will be performed in 2025. | Performance evaluation of the overall board and functional committees conducted by external professional organizations upon the Company's request. | Evaluation conducted by Taiwan Investor Relations Institute upon the Company's request. | Board of Directors<br>1. Composition and professional development of the board of directors.<br>2. The quality of board decision-making.<br>3. The effectiveness of the board of directors.<br>4. Internal control and risk management.<br>5. The degree of board involvement in corporate social responsibility.<br>Functional committee<br>1. Level of involvement in company operations<br>2. Cognition of functions of the functional Committee<br>3. Improve the decision-making quality of functional committees<br>4. Composition and selection of members of the functional Committee<br>5. Internal control |

## (II) Audit Committee :

There had been a total of 7 meetings of the Audit Committee over the past fiscal year. Independent Director attendance is detailed below:

| Title    | Name               | Attendance in Person | Attendance by Proxy | Attendance Rate (%) | Remarks                       |
|----------|--------------------|----------------------|---------------------|---------------------|-------------------------------|
| Convener | Gao, Li-Han        | 7                    | 0                   | 100                 | Required to attend 7 meetings |
| Members  | Hsiao, Feng-Hsiung | 5                    | 2                   | 71                  |                               |
| Members  | Liang, Mu-Chun     | 7                    | 0                   | 100                 |                               |

Other mentionable items:

I. If the operation of the audit committee falls under any of the following circumstances, the meeting date of the audit committee, the number of the meeting, the content of the proposals, the independent directors' objections, reservations or major suggestions, the results of the audit committee's resolutions, and the Company's handling based on the audit committee's opinions shall be stated.

### (I) The matters listed in Article 14-5 of the Securities Exchange Act:

| Board meeting                        | Resolution Content  |
|--------------------------------------|---|
| The 3rd meeting of 1st term 1/5/2023 | Disposition of real estate assets to related parties<br>Proposal on a contract with a related party<br>Proposal on the amendment of the "product testing process in research and development cycle" |
| The 4th meeting of 1st term          | Assessment of the accountant's independence and suitability and appointment   |

|   | 3/27/2023   | Proposal on the business report and financial statement for 2022<br>Distribution of earnings for 2022<br>Proposal on the capital increase from earnings to issue new shares<br>Proposal on 2022 “Statement of Internal Control”  |  |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
|---|---|--|--|------------------------------|--|------|---|--|--------------------------------------|--|----------------------|------------------------------|----------------------|------------------------------|---|---|-----------------------|--|-----------------------|--|---|-----------------------|--|-----------------------|
|   | The 5th meeting of<br>1st term<br>5/9/2023  | Proposal on consolidated financial statements for 2023 Q1<br>Proposal on the establishment of the verification regulations for the<br>pre-concurrence of non-assurance services provided by the CPA firm.<br>Proposal on the establishment of the “IT security maintenance plan”   |  |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
|   | The 6th meeting of<br>1st term<br>8/10/2023   | Consolidated financial statements for the first half of 2023<br>Disposal of the shares of DIT Startup Co., Ltd.<br>Proposal on a contract with a related party   |  |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
|   | The 7th meeting of<br>1st term<br>11/13/2023  | Proposal of the 2024 audit work plan<br>Consolidated financial statements for 2023 Q1~Q3<br>Proposal on a contract with a related party<br>Acquisition of assets from a related party by the Company   |  |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
|   | The 8th meeting of<br>1st term<br>1/23/2024   | Proposal on a contract with a related party  |  |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
|   | The 9th meeting of<br>1st term<br>3/15/2024   | Assessment of the accountant's independence and suitability and<br>appointment<br>Proposal on the business report and financial statement for 2023<br>Distribution of earnings for 2023<br>Proposal on the capital increase from earnings to issue new shares<br>Proposal on 2023 “Statement of Internal Control”<br>Proposal for the amendment to the internal control procedures and<br>related management regulations |  |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
|   | <p>The above proposals<br/>Resolutions of the Audit Committee meeting: All the attending members approved and<br/>submitting to the Board of Directors for resolution.<br/>The Company's handling of the opinions of the Audit Committee: All the attending directors<br/>approved.<br/>The independent directors' objections, reservations or major suggestions: None.</p> <p>(II) Unless otherwise provided the above, others were approved by Audit Committee, but approved with the<br/>consent of two-thirds or more of all Directors: None.</p>   |  |  |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
| II.   | Any conflict of interest among independent directors: None  |  |  |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
| III.  | <p>Communication among independent directors, internal audit officer and accountants (for example, any matters,<br/>methods, and results of communication for the company's financial status and business operations)</p> <p>(I) In addition to internal audit office that shall submit audit report to each independent director for review<br/>monthly, auditing officer also shall report audit implementation to independent directors in the Audit<br/>Committee on a quarterly basis.</p> <p>(II) It is required to track the improvement on deficiencies and abnormal of events reported in each audit report<br/>and submit follow up report to track the progress on a quarterly basis.</p> <p>(III) When the Audit Committee meeting discusses financial statements and CPAs' audit and certification, CPAs<br/>is invited to attend as required.</p> <p>(IV) Independent Directors and CPA shall hold regular meetings at least four times each year. CPA shall report to<br/>Independent Directors the matters concerning the Company's financial situation and internal control and<br/>audit. And with which shall fully communicate any material adjustments of accounting entries, or whether<br/>amendment of laws and regulations may affect accounting/journal entry. In the event of major unusual<br/>matters, the audit committee may convene meeting at any time.</p> <p>(V) Regular communication is as the Schedule below:</p> |  |  |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
|   | <table border="1"> <thead> <tr> <th rowspan="2">Date</th><th colspan="2">Communication situation with the internal audit</th><th colspan="2">Communication situation with the CPA</th></tr> <tr> <th>Communicated matters</th><th>Results of the communication</th><th>Communicated matters</th><th>Results of the communication</th></tr> </thead> <tbody> <tr> <td>The 4th meeting of<br/>1st term<br/>3/27/2023</td><td>Proposal on 2022<br/>“Statement of Internal Control”</td><td>No<br/>recommendations</td><td>Proposal on the business report and financial statement for 2022</td><td>No<br/>recommendations</td></tr> <tr> <td>The 5th meeting of<br/>1st term<br/>5/9/2023</td><td>Report on the implementation of the audit plan in February-March 2023</td><td>No<br/>recommendations</td><td>Proposal on consolidated financial statements for 2023 Q1<br/>Proposal on the</td><td>No<br/>recommendations</td></tr> </tbody> </table>  |  |  |                              |  | Date | Communication situation with the internal audit |  | Communication situation with the CPA |  | Communicated matters | Results of the communication | Communicated matters | Results of the communication | The 4th meeting of<br>1st term<br>3/27/2023 | Proposal on 2022<br>“Statement of Internal Control” | No<br>recommendations | Proposal on the business report and financial statement for 2022 | No<br>recommendations | The 5th meeting of<br>1st term<br>5/9/2023 | Report on the implementation of the audit plan in February-March 2023 | No<br>recommendations | Proposal on consolidated financial statements for 2023 Q1<br>Proposal on the | No<br>recommendations |
| Date  | Communication situation with the internal audit   |  | Communication situation with the CPA   |                              |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
|   | Communicated matters  | Results of the communication   | Communicated matters   | Results of the communication |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
| The 4th meeting of<br>1st term<br>3/27/2023 | Proposal on 2022<br>“Statement of Internal Control”   | No<br>recommendations  | Proposal on the business report and financial statement for 2022             | No<br>recommendations        |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |
| The 5th meeting of<br>1st term<br>5/9/2023  | Report on the implementation of the audit plan in February-March 2023   | No<br>recommendations  | Proposal on consolidated financial statements for 2023 Q1<br>Proposal on the | No<br>recommendations        |  |      |   |  |                                      |  |                      |                              |                      |                              |   |   |                       |  |                       |  |   |                       |  |                       |

|  |   |                    |   |                    |  |
|--|---|--------------------|---|--------------------|--|
|  |   |                    | establishment of the verification regulations for the pre-concurrence of non-assurance services provided by the CPA firm.                           |                    |  |
| The 6th meeting of 1st term 8/10/2023  | Report on the implementation of audit plan from April to June, 2023   | No recommendations | Consolidated financial statements for the first half of 2023  | No recommendations |  |
| The 7th meeting of 1st term 11/13/2023 | Report on the implementation of audit plan from July to September, 2023<br><br>Proposal of the 2024 audit work plan   | No recommendations | Consolidated financial statements for the first three quarters of 2023<br><br>Periodic report on CPAs' provision of non-assurance services for 2023 | No recommendations |  |
| The 9th meeting of 1st term 3/15/2024  | Report on the implementation of audit plan from October 2023 to January 2024<br><br>Report on the implementation of 2023 internal audit plan<br><br>2023 "Statement of Internal Control System"<br><br>Proposal for the amendment to the internal control procedures and related management regulations | No recommendations | Business report and financial statements for 2023   | No recommendations |  |

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

| Evaluation Item   | Implementation Status |    |  | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Abstract Illustration  |  |
| I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”? | V                     |    | In order to establish a good corporate governance system, the Company has established the "Corporate Governance Best-practice Principles" and disclosed the principles on the Market Observation Post System (MOPS).   | No deviation   |
| II. Shareholding Structure & Shareholders' Rights   |                       |    |  |  |
| (I) Does the Company establish an internal operating procedure to deal with Shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?        | V                     |    | The Company has a spokesperson system and staff in place to handle shareholder relations. The legal department will assist with legal matters.   |  |
| (II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?  | V                     |    | The Company keeps track of the shareholdings of directors, and major shareholders holding 10% or more of the shares, and files reports in accordance with the information reporting regulations.   |  |
| (III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?   | V                     |    | The Company's affiliated enterprises are all independent corporate entities, with internal control systems.  |  |
| (IV) Does the Company establish internal rules against insiders trading with undisclosed information?   | V                     |    | The Company has formulated "Code of Ethical Conduct " and "Internal Material Information Processing Procedures," which prohibit insiders from trading securities using undisclosed information in the market.  |  |
| III. Composition and Responsibilities of the Board of Directors   |                       |    |  |  |
| (I) Does the Board of Directors prepare diversified guidelines and concrete management objectives in response to the organization of members and actualize the execution?             | V                     |    | The Company's "Corporate Governance Best-Practice Principles" and "Procedures for the Election of Directors" specify that the composition of the Board of Directors shall take into account diversity, and that a diversity policy shall be formulated with respect to the Company's operations, business model and development needs, including but not limited to gender, age and professional background. Please refer to page 24 for details of the implementation of the policy on diversity of Board | No deviation   |

| Evaluation Item   | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Abstract Illustration   |  |
| <p>(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(III) Does the Company establish standards to measure the performance of the Board, and does the Company implement such annually? Are the results submitted to the Board of Directors and used as references for Directors' remuneration and nomination for reappointment?</p> <p>(IV) Does the Company regularly evaluate the independence of CPAs?</p> | V                     |    | <p>members.</p> <p>The Company has already established the Remuneration Committee and the Audit Committee as per laws. In January 2023, with an eye to better corporate sustainable management, the “Sustainable Development Committee” was further set up upon the Board of Directors' approval to take care of the formulation and review of ESG policies, systems and management approaches and report the results to the Board of Directors at least once a year.</p> <p>The Company has established Board of Directors' performance evaluation method, and the performance evaluation is conducted and reported to the Board of Directors on a regular basis every year, and is used as a reference for salary and compensation and nomination for reappointment. Please refer to page 36 for details of the evaluation of the Board of Directors' performance in 2023.</p> <p>Our Audit Committee conducts an annual assessment to evaluate the independence and suitability of our certified public accountants. In addition to the "Declaration of Detached Independence" and "Audit Quality Indicators (AQI)" provided by certified public accountants, the certified public accountants are also assessed based on the accountant's independence assessment criteria (Remark) and 13 AQI indicators.</p> <p>We have confirmed that the accountants have no financial interest or business relationship with our company, aside from fees for visa and tax-related services, and that their family members do not violate independence requirements. We also reviewed the AQI index information and found that the accountants and their firm are comparable to industry standards in terms of audit</p> |  |

| Evaluation Item   | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Abstract Illustration   |  |
|   |                       |    | <p>experience and training hours. Additionally, we are continually introducing digital audit tools to enhance the quality of our audits.</p> <p>The results of our most recent annual evaluation were discussed and approved by the Audit Committee on March 15<sup>th</sup>, 2024, and submitted to the Board on the same day for approval of the independence and suitability of the accountant assessment.</p> <p>Note: The criteria for assessing the independence of the company's CPA are as follows</p> <ol style="list-style-type: none"> <li>1. Whether it has direct or indirect material financial interests with the Company</li> <li>2. Whether it has financing or guarantee activities with the Company or the directors and supervisors of the Company</li> <li>3. Whether it has close business relationship or potential employment relationship with the Company</li> <li>4. Whether the CPAs and members of the audit team serve as directors, supervisors or managerial officers or holding positions with significant influence on the audit work of the Company at present or in the past 2 years</li> <li>5. The non-audit services provided do not directly affect the materiality of the audit case</li> <li>6. Whether the CPAs promote or broker the shares or other securities issued by the Company</li> <li>7. Whether the CPAs serve as a defense counsel of the Company or represent the Company in mediating conflicts with third parties</li> <li>8. Whether the CPA is a family member or relative of a supervisor, director or managerial officer or person holding a position that has a significant impact on the audit work of the Company</li> </ol> |  |
| IV. Does the Company have an adequate number of corporate governance personnel with appropriate | V                     |    | On May 12, 2022, the Board of Directors resolved to appoint Yu Hsuan Di, a senior manager of the Finance  | No deviation   |

| Evaluation Item  | Implementation Status                         |  |  | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |           |             |       |           |   |  |   |          |   |   |   |           |   |  |   |            |                  |  |   |  |
|--|---|--|--|--|-----------|-------------|-------|-----------|---|--|---|----------|---|---|---|-----------|---|--|---|------------|------------------|--|---|--|
|  | Yes   | No   | Abstract Illustration  |  |           |             |       |           |   |  |   |          |   |   |   |           |   |  |   |            |                  |  |   |  |
| qualifications and appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs (including but not limited to providing Directors and Supervisors with information needed for undertaking their duties, assisting Directors and Supervisors with legal compliance, handling matters relating to Board meetings and shareholders' meetings according to laws, producing minutes of Board meetings and shareholders' meetings)? |   |  | <p>Department, as the Corporate Governance Officer of the Company effective June 1, 2022, to safeguard the interests of shareholders and strengthen the functions of the Board of Directors. The Corporate Governance Officer has more than three years of experience as a financial officer of public listed companies. The Corporate Governance Officer is mainly responsible for handling matters related to Board of Directors and shareholders' meetings, preparing minutes of Board of Directors and shareholders' meetings, assisting directors in their appointment and continuing education, providing information necessary for directors to perform their duties, and assisting directors in complying with laws and regulations.</p> <p>The Company's Corporate Governance Officer took a total of 12 hours of continuing education in 2023, which meets the requirement for continuing education hours. The details are as follows:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Organizer</th> <th>Course Name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>4/12/2023</td> <td>Taiwan Independent Director Association</td> <td>How to construct a sustainable governance strategy for the Board? The latest ESG sustainable Disclosure Governance Specification</td> <td>3</td> </tr> <tr> <td>5/9/2023</td> <td>Securities and Futures Institute (SFI Taiwan)</td> <td>How to monitor and supervise the company's enterprise risk management and crisis management for the Board</td> <td>3</td> </tr> <tr> <td>8/10/2023</td> <td>Securities and Futures Institute (SFI Taiwan)</td> <td>Introduction to and Case Studies of Insider Short-Term Trading</td> <td>3</td> </tr> <tr> <td>11/17/2023</td> <td>Taiwan Corporate</td> <td>Corporate Governance Officer's Compliance in</td> <td>3</td> </tr> </tbody> </table> | Date   | Organizer | Course Name | Hours | 4/12/2023 | Taiwan Independent Director Association | How to construct a sustainable governance strategy for the Board? The latest ESG sustainable Disclosure Governance Specification | 3 | 5/9/2023 | Securities and Futures Institute (SFI Taiwan) | How to monitor and supervise the company's enterprise risk management and crisis management for the Board | 3 | 8/10/2023 | Securities and Futures Institute (SFI Taiwan) | Introduction to and Case Studies of Insider Short-Term Trading | 3 | 11/17/2023 | Taiwan Corporate | Corporate Governance Officer's Compliance in | 3 |  |
| Date   | Organizer                                     | Course Name  | Hours  |  |           |             |       |           |   |  |   |          |   |   |   |           |   |  |   |            |                  |  |   |  |
| 4/12/2023  | Taiwan Independent Director Association       | How to construct a sustainable governance strategy for the Board? The latest ESG sustainable Disclosure Governance Specification | 3  |  |           |             |       |           |   |  |   |          |   |   |   |           |   |  |   |            |                  |  |   |  |
| 5/9/2023   | Securities and Futures Institute (SFI Taiwan) | How to monitor and supervise the company's enterprise risk management and crisis management for the Board                        | 3  |  |           |             |       |           |   |  |   |          |   |   |   |           |   |  |   |            |                  |  |   |  |
| 8/10/2023  | Securities and Futures Institute (SFI Taiwan) | Introduction to and Case Studies of Insider Short-Term Trading   | 3  |  |           |             |       |           |   |  |   |          |   |   |   |           |   |  |   |            |                  |  |   |  |
| 11/17/2023   | Taiwan Corporate                              | Corporate Governance Officer's Compliance in   | 3  |  |           |             |       |           |   |  |   |          |   |   |   |           |   |  |   |            |                  |  |   |  |

| Evaluation Item   | Implementation Status |    |   |          |  | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |              |
|---|-----------------------|----|---|----------|--|--|--------------|
|   | Yes                   | No | Abstract Illustration   |          |  |  |              |
|   |                       |    | Governance Association  | Practice |  |  |              |
| V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to Shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?  | V                     |    | Depending on the situation, the Company shall instruct the legal, personnel, business, technical and finance departments to communicate with stakeholders. The Company's website and annual report both includes contact information.<br>The spokesperson will speak to the public and announce the latest important information.   |          |  | No deviation   |              |
| VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?  | V                     |    | The Company has appointed the Taishin Securities Co. Ltd's Stock Affairs Agency to handle Shareholders' Meetings.   |          |  | No deviation   |              |
| VII. Information Disclosure<br>(I) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?<br>(II) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?<br>(III) Does the Company announce and register the annual financial statements within two months after the close of each fiscal year and the quarterly financial statements and the monthly operating status within the given time limits? | V                     | V  | The Company discloses the corporate status and governance information over the corporate website at <a href="http://www.wayi.net">http://www.wayi.net</a> .<br>The Company has a spokesperson system and discloses financial information and corporate governance information on the company's website and the MOPS   |          |  | No deviation   |              |
| VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and Supervisors' training records, the implementation of risk management policies and risk evaluation measures, the  | V                     |    | About the Company's employee rights and employee wellness, please refer to "5. Labor Relations" in "V. Operational Highlights."<br>For investor relations of the Company, please refer to the Company's website at <a href="http://www.wayi.net">http://www.wayi.net</a> .<br>Directors' Training records: The Company holds advanced studies for Directors each year. The contents include |          |  |  | No deviation |

| Evaluation Item   | Implementation Status |    |  | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Abstract Illustration  |  |
| implementation of customer relations policies, and purchasing insurance for Directors and Supervisors)?   |                       |    | <p>corporate governance-related themes. As of the end of 2023, all training hours of in-service Directors (including Independent Directors) are in compliance with requirements prescribed in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies."</p> <p>Status of liability insurance for directors: Since 2004, the Company has continuously purchased liability insurance for all directors and supervisors to insure against liability for damages arising out of the scope of their duties and reported to the Board of Directors. The insurance is underwritten by Fubon Insurance Company Limited in the amount of US\$5 million.</p> |  |
| <p>IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.</p> <p>Through continual improvement corporate governance, we were rated the top 6-20% among TPEx-listed companies at the 10th Corporate Governance Evaluation.</p> |                       |    |  |  |

(IV) Composition, Responsibilities and Operations of the Remuneration Committee

1. Profiles of the Members of the Remuneration Committee

2024/4/30

| Position                      | Qualification<br>Name | Professional qualifications and experience   | Independence   | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member |
|-------------------------------|-----------------------|--|--|--|
| Independent Director Convener | Hsiao, Feng-Hsiung    | <p>An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university</p> <p>Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>There is no any violation of the paragraphs of Article 30 of the Companies Act.</p> <p>Education/experience</p> <p>PhD in Economics, Chinese Cultural University</p> <p>Dean, College Business, Tamkang University</p> <p>Vice Chairperson, Council for Economic Planning And Development, Executive Yuan</p> | <ol style="list-style-type: none"> <li>1, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates.</li> <li>2, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company.</li> <li>3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).</li> <li>4. Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol> | 1  |
| Independent Director          | Liang, Mu-Chun        | <p>Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>There is no any violation of the paragraphs of Article 30 of the Companies Act.</p> <p>Education/experience</p> <p>University of San Francisco Public Administration</p> <p>Director, Taiyen Biotech Co., Ltd.</p> <p>Chairman, Taiyen (Xiamen) Import and Export Co., Ltd.</p>   | <ol style="list-style-type: none"> <li>1, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates.</li> <li>2, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company.</li> <li>3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).</li> <li>4. Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol> | None   |
| Independent Director          | Gao, Li-Han           | <p>An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university</p> <p>Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>There is no any violation of the paragraphs of Article 30 of the Companies Act.</p> <p>Education/experience</p> <p>Ph.D., Institute of Technology Management, National Chiao Tung University</p> <p>Associate Professor and Dean, Department of Accounting, Soochow University</p>                            | <ol style="list-style-type: none"> <li>1, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates.</li> <li>2, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company.</li> <li>3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).</li> <li>4. Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</li> </ol> | None   |

## 2. Duties of the Remuneration Committee

The Committee shall faithfully perform the following duties and responsibilities as a good manager, and submit its recommendations to the Board of Directors for discussion.

- (1) Establish and regularly review the policies, systems, standards and structures for the evaluation of performance and remuneration of directors and managers.
- (2) Regularly evaluate and determine the remuneration of directors and managers, and submit recommendations to the Board of Directors for discussion.

## 3. Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of three members.
- (2) Term of office: June 23, 2022 to June 22, 2025. As of publication of the Annual Report, there had been a total of 4 meetings of the Remuneration Committee over the past fiscal year. The qualifications and attendance record of the Remuneration Committee members are as follows:

| Title    | Name               | Attendance in Person | Attendance by Proxy | Attendance Rate (%) | Remarks   |
|----------|--------------------|----------------------|---------------------|---------------------|---|
| Convener | Hsiao, Feng-Hsiung | 3                    | 1                   | 75                  | Reappointed on June 23, 2022; Required to attend 4 meetings     |
| Members  | Liang, Mu-Chun     | 4                    | 0                   | 100                 | Reappointed on June 23, 2022; Required to attend 4 meetings     |
| Members  | Gao, Li-Han        | 4                    | 0                   | 100                 | Newly appointed on June 23, 2022; Required to attend 4 meetings |

Other mentionable items:

- I. The Remuneration Committee held 4 meetings on January 5, 2023, March 27, 2023, January 23, 2024, and March 15, 2024. The proposals covered are as follows:
  - (1) Distribution of the year-end bonus to managerial officers for 2022
  - (2) Adjustment of the remuneration to managerial officers
  - (3) Distribution of the remuneration to directors and employees for 2022
  - (4) Amendment to the "Remuneration Committee Organization Regulations"
  - (5) Adjustment of the remuneration to directors (including independent directors)
  - (6) Distribution of the year-end bonus to managerial officers for 2023
  - (7) Distribution of the remuneration to directors and employees for 2023

The above proposals were approved by the Committee.
- II. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it shall specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
- III. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

(V) 1.Fulfillment of Sustainability Development, Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

| Items Promoted  | Implementation Status |    |  | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|---|
|   | Yes                   | No | Abstract Illustration  |   |
| I. Does the company establish a dedicated or concurrent unit in charge of promoting sustainability development with senior management authorized by the board to take charge of proposing sustainability development policies and reporting to the board? | V                     |    | <p>In order to promote the sustainable development of the Company, a “Sustainable Development Committee” composed of the general manager and the directors of each center was established in January 2023 based on a board resolution, as well as "sustainable development promotion groups" composed of each unit. Since 2022, the Company has held quarterly meetings to formulate and review ESG policies, systems, and management guidelines, and has reported the current status and result of sustainable development implementation to the Board of Directors after summarization.</p> <p>Subsequently, the Company officially established the “Sustainable Development Committee” under the Board of Directors on August 10, 2023, with the Chairman serving as the convener and the independent directors as the members. It takes charge of the planning of strategies and systems related to sustainable development, and the review of implementation results for improvement, and has functional teams responsible for relevant implementation. Since 2022, the Management Department has been the one taking care of the implementation of GHG inventory; it reports to the Board of Directors on a regular basis, and completes the disclosure of information on GHG inventory and verification according to the time prescribed by laws.</p> <p>The Company’s 2022 ESG Report was approved by the Board of Directors in Q4 2023 and made available on the Market Observation Post System as well as the official</p> | No deviation  |

| Items Promoted   | Implementation Status |    |  | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Abstract Illustration  |   |
|  |                       |    | <p>website. Aware of stakeholders' needs and concerns, the Company engages in communication with all stakeholders, and demonstrates Wayi's achievements in corporate sustainability. We hope to unleash power as a business to realize our commitment to sustainability by improving the environment, society, and corporate governance.</p> <p>The Company follows the GRI standards, identifying material topics of concern to stakeholders using systematic analysis models, formulating management approaches, and developing concrete and feasible work targets for implementation.</p> <p>Each year, the implementation results are reported to the Board of Directors at least once. Regarding the implementation of sustainable development in 2023, a report thereon was presented at the Company's Board meeting on November 13, 2023 for reference.</p> <p>The Board of Directors reviews the progress of strategies every year, and urges the management team to make adjustment whenever necessary. The Sustainable Development Committee reports on the Company's operations and the implementation results related to the sustainability issues concerning stakeholders during meetings, and makes annual plans. The Board of Directors assists in ensuring that the sustainable development strategies are fully employed in the Company's daily operations.</p> |   |
| II. Does the Company conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with | V                     |    | The boundary of the Company's risk assessment covers the subsidiaries included in the Company's consolidated financial statements.   | No deviation  |

| Items Promoted  | Implementation Status  |  |  | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |                      |  |                      |   |  |            |  |   |                |                                   |   |  |
|---|--|--|--|---|----------------------|--|----------------------|---|--|------------|--|---|----------------|-----------------------------------|---|--|
|   | Yes  | No   | Abstract Illustration  |   |                      |  |                      |   |  |            |  |   |                |                                   |   |  |
| the materiality principle, and formulate relevant risk management policies or strategies? |  |  | <p>The Company conducts risk assessment on important issues per the principle of materiality and formulates relevant risk management policies or strategies based on the risks assessed. Please refer to the Company's Sustainability Report for details, which are summarized as follows.</p> <table border="1"> <thead> <tr> <th>Material topic</th> <th>Risk evaluation item</th> <th>Risk management policies or strategies</th> </tr> </thead> <tbody> <tr> <td>Corporate governance</td> <td>Ethical management, economic performance, governance operation and information transparency</td> <td>The Company establishes operational policy based on the principle of ethics and continues to strengthen the function of the Board of Directors through the establishment of proper corporate governance system and compliance with government laws. In addition, the Company also improves information transparency, protects the rights and interests of stakeholders, and establishes an operating environment of corporate sustainable development.</td> </tr> <tr> <td>Employment</td> <td>Labor/management relations, talent recruitment and retention, talent development and cultivation</td> <td>The Company is committed to the establishment of harmonic labor-management relations at the workplace, and provides quality working environment and salaries/benefits to employees. We enhance the professional knowledge and job skills of employees, and improve the corporate operational development capability, in order to achieve quality corporate sustainable operation.</td> </tr> <tr> <td>Market service</td> <td>Customer service and satisfaction</td> <td>The Company maintains customer service under the principles of fairness, openness</td> </tr> </tbody> </table> | Material topic  | Risk evaluation item | Risk management policies or strategies | Corporate governance | Ethical management, economic performance, governance operation and information transparency | The Company establishes operational policy based on the principle of ethics and continues to strengthen the function of the Board of Directors through the establishment of proper corporate governance system and compliance with government laws. In addition, the Company also improves information transparency, protects the rights and interests of stakeholders, and establishes an operating environment of corporate sustainable development. | Employment | Labor/management relations, talent recruitment and retention, talent development and cultivation | The Company is committed to the establishment of harmonic labor-management relations at the workplace, and provides quality working environment and salaries/benefits to employees. We enhance the professional knowledge and job skills of employees, and improve the corporate operational development capability, in order to achieve quality corporate sustainable operation. | Market service | Customer service and satisfaction | The Company maintains customer service under the principles of fairness, openness |  |
| Material topic  | Risk evaluation item   | Risk management policies or strategies   |  |   |                      |  |                      |   |  |            |  |   |                |                                   |   |  |
| Corporate governance  | Ethical management, economic performance, governance operation and information transparency      | The Company establishes operational policy based on the principle of ethics and continues to strengthen the function of the Board of Directors through the establishment of proper corporate governance system and compliance with government laws. In addition, the Company also improves information transparency, protects the rights and interests of stakeholders, and establishes an operating environment of corporate sustainable development. |  |   |                      |  |                      |   |  |            |  |   |                |                                   |   |  |
| Employment  | Labor/management relations, talent recruitment and retention, talent development and cultivation | The Company is committed to the establishment of harmonic labor-management relations at the workplace, and provides quality working environment and salaries/benefits to employees. We enhance the professional knowledge and job skills of employees, and improve the corporate operational development capability, in order to achieve quality corporate sustainable operation.  |  |   |                      |  |                      |   |  |            |  |   |                |                                   |   |  |
| Market service  | Customer service and satisfaction  | The Company maintains customer service under the principles of fairness, openness  |  |   |                      |  |                      |   |  |            |  |   |                |                                   |   |  |

| Items Promoted  | Implementation Status |    |   | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Abstract Illustration   |   |
|   |                       |    | <p>and impartiality, and organizes gamer meet-and-greet events and gamer opinion surveys irregularly, in order to demonstrate the Company's integrity to the gamers and let them feel how we value them.</p> <p>Information and communication security      Customer privacy and information and communication safety<br/>We implement personal data use control and user special authority account management rigorously, install security protection, and improve control of sensitive data.</p> <p>Legal compliance      Content responsibility, legal compliance<br/>For all businesses and services, compliance with relevant laws and regulations is the most important basic requirement. In addition, the Company also pays attention to the development trend of competent authority's policies and regulatory changes, in order to ensure the legal compliance of businesses and services of the Company.</p> |   |
| III. Environmental issues<br>(I) Does the Company establish proper environmental management systems based on the characteristics of its industry? | V                     |    | <p>The Company is currently implementing an environmental management system based on ISO 14001. The main measures being implemented are as follows.</p> <ol style="list-style-type: none"> <li>1.The Company is an online game service provider, and its products are mainly online stored value, with no physical product packages.</li> <li>2.The Company does resource recycling in accordance with the building, such as paper, plastic, iron and aluminum cans, and general garbage.</li> <li>3.The Company uses electricity mainly to save electricity, such as switching to LED lighting and setting the computer screen to sleep automatically.</li> <li>4.The Company uses automatic water supply device (using the water-saving label), so as not to waste</li> </ol>   | No deviation  |

| Items Promoted   | Implementation Status |    |  | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Abstract Illustration  |   |
|  |                       |    | <p>water, and uses water-saving toilets to achieve the goal of water saving.</p> <p>The Company is committed to continuing its environmental management efforts. While no relevant verification standards have been passed yet, the company aims to gradually promote them in the future.</p>  |   |
| (II) Does the Company endeavor to upgrade the utilization efficiency of various resources, and use the regenerated material with a low impact on environmental load?   | V                     |    | <ol style="list-style-type: none"> <li>1.The Company switches to online signature system for official documents to reduce the use of paper.</li> <li>2.When the Company retires and replaces computers, 3C products, servers, etc., the usable parts are dismantled for spare use, and the remaining parts are collected by resource recycling.</li> <li>3.When the Company retires office furniture, it sells (gives) the usable furniture to colleagues and sells the remaining to second-hand furniture companies.</li> <li>4.Recycled paper and environmentally friendly toner are used for photocopy.</li> </ol>  | No deviation  |
| (III) Does the Company evaluate the potential risks and opportunities caused by climate change to the Company now and in the future, as well as taking corresponding measures to issues regarding the climate? | V                     |    | <ol style="list-style-type: none"> <li>1. Due to the temperature rising caused by climate change, the Company's greenhouse gas emissions, as well as operating costs, increased as the government has been promoting eco-friendly policies such as carbon taxes, mass control measures and carbon footprint, etc. To reduce greenhouse gas emissions, the Company continues to strive for emission reduction.</li> <li>2.The Company has no significant capital expenditure on environmental protection due to its operational characteristics. The Company has posted energy-saving and carbon-reduction policy slogans internally, and has promoted relevant regulations during education and training.</li> <li>3.The air conditioning in the Company is adjusted to 26 degrees or higher.</li> </ol> | No deviation  |

| Items Promoted   | Implementation Status |         |   | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |      |      |                        |                         |         |         |         |              |
|--|-----------------------|---------|---|---|------|------|------------------------|-------------------------|---------|---------|---------|--------------|
|  | Yes                   | No      | Abstract Illustration   |   |      |      |                        |                         |         |         |         |              |
|  |                       |         | <p>4. The Company turns off unnecessary power during lunch break and after work.</p> <p>5. The Company's office environment is planted with potted plants, which can shade the sunlight and reduce direct sunlight, thus saving energy and reducing carbon emissions.</p> <p>6. All luminaires will be gradually switched to LED ones.</p>  |   |      |      |                        |                         |         |         |         |              |
| (IV) Does the Company add up the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management? | V                     |         | <p>1. The Company expects to complete the 2023 inventory and third-party verification in September 2024.</p> <p>2. Operation status, promotion measures and reduction targets:</p> <p>2-1. Electricity emissions in the most recent two years:<br/>Unit: Tonnes CO2e</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2023</th> <th>2022</th> <th>Increase (decrease) by</th> </tr> </thead> <tbody> <tr> <td>Electricity GHG Scope 2</td> <td>116.975</td> <td>138.685</td> <td>(21.71)</td> </tr> </tbody> </table> <p>With the joint efforts of our employees, the GHG emissions in 2023 totaled 116.975 tonnes CO2e, a decrease by 21.71 tonnes CO2e from the 138.685 tonnes CO2e in 2022.</p> <p>In order to achieve the carbon reduction goal of “net zero carbon emissions by 2050” set by the international community, the Company’s Board of Directors approved the establishment of a Sustainable Development Committee on August 10, 2023 to supervise and work towards the targets of environmental protection, energy saving and carbon reduction. The Company’s carbon reduction actions in the aspects of strategies, power saving and environment are as follows:</p> <p>(1) Putting up slogans related to energy saving and carbon reduction in visible areas to promote employees’</p> | Item  | 2023 | 2022 | Increase (decrease) by | Electricity GHG Scope 2 | 116.975 | 138.685 | (21.71) | No deviation |
| Item   | 2023                  | 2022    | Increase (decrease) by  |   |      |      |                        |                         |         |         |         |              |
| Electricity GHG Scope 2  | 116.975               | 138.685 | (21.71)   |   |      |      |                        |                         |         |         |         |              |

| Items Promoted            | Implementation Status |       |  | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |      |      |                        |                           |       |       |        |  |
|---------------------------|-----------------------|-------|--|---|------|------|------------------------|---------------------------|-------|-------|--------|--|
|                           | Yes                   | No    | Abstract Illustration  |   |      |      |                        |                           |       |       |        |  |
|                           |                       |       | <p>actual practices in their daily life, and increasing the awareness through education and training.</p> <p>(2) Placing houseplants in the office to reduce the generation of GHG, and setting the air conditioning temperature above 26°C.</p> <p>(3) Purchasing electronics bearing the national power-saving label, and setting them to the automatic power-saving mode.</p> <p>(4) Replacing lighting equipment with LED energy-saving products.</p> <p>The above power-saving measures are expected to cut carbon emissions by 5% - 10% each year. Although we haven't been verified by relevant verification standards, related verification will be carried out in a stepwise manner.</p> <p>2-2. Water consumption in the most recent two years:<br/>Unit: ML</p> <table border="1"> <thead> <tr> <th>Item</th><th>2023</th><th>2022</th><th>Increase (decrease) by</th></tr> </thead> <tbody> <tr> <td>Water consumption Scope 2</td><td>0.988</td><td>1.448</td><td>(0.46)</td></tr> </tbody> </table> <p>Since the Company only uses tap water, the carbon reduction actions in the aspects of strategies, power saving and environment are as follows:</p> <p>(1) Putting up slogans related to water saving in visible areas to promote employees' actual practices in their daily life, and increasing the awareness through education and training.</p> <p>(2) Having toilets equipped with an automatic water-saving system and certified by the national</p> | Item  | 2023 | 2022 | Increase (decrease) by | Water consumption Scope 2 | 0.988 | 1.448 | (0.46) |  |
| Item                      | 2023                  | 2022  | Increase (decrease) by   |   |      |      |                        |                           |       |       |        |  |
| Water consumption Scope 2 | 0.988                 | 1.448 | (0.46)   |   |      |      |                        |                           |       |       |        |  |

| Items Promoted   | Implementation Status |      |  | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |      |      |                        |       |      |      |        |  |
|--|-----------------------|------|--|---|------|------|------------------------|-------|------|------|--------|--|
|  | Yes                   | No   | Abstract Illustration  |   |      |      |                        |       |      |      |        |  |
|  |                       |      | <p>power-saving label.</p> <p>The above water-saving and carbon-reducing actions are expected to cut carbon emissions by 5% - 10% each year.</p> <p>2-3. Waste in the most recent two years:</p> <p style="text-align: center;">Unit: Tonnes</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2023</th> <th>2022</th> <th>Increase (decrease) by</th> </tr> </thead> <tbody> <tr> <td>Waste</td> <td>5.28</td> <td>7.92</td> <td>(2.64)</td> </tr> </tbody> </table> <p>(1) The Company does not belong to the manufacturing industry, so there is no exhaust emission. Usually, there is only a small amount of office waste, such as paper, plastic, iron and aluminum cans, etc. Our employees are encouraged to minimize the amount of garbage and put recycling and sorting into practice in line with the rules of the building.</p> <p>(2) We recycle shredded paper, electronics, and toner cartridges as resources, and recycle office furniture waste as used furniture.</p> <p>The above waste and carbon-reducing actions are expected to cut carbon emissions by 5% - 10% each year.</p> | Item  | 2023 | 2022 | Increase (decrease) by | Waste | 5.28 | 7.92 | (2.64) |  |
| Item   | 2023                  | 2022 | Increase (decrease) by   |   |      |      |                        |       |      |      |        |  |
| Waste  | 5.28                  | 7.92 | (2.64)   |   |      |      |                        |       |      |      |        |  |
| IV. Social Issues<br>(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | V                     |      | <p>The Company recognizes and supports the spirit and basic principles of human rights protection embodied in the " Universal Declaration of Human Rights", " The United Nations Global Compact ", " ILO Convention " and other international human rights conventions, embodies the responsibility to respect and protect human rights and abide by labor-related laws and regulations, with a human rights policy established.</p> <p>Following the Labor Standard Act, the Company formulates various provisions to protect the rights and interests of employees. For non-native employees in the Group, the treatment is the same as that of domestic</p>   | No deviation  |      |      |                        |       |      |      |        |  |

| Items Promoted   | Implementation Status |    |   | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|--|-----------------------|----|---|---|
|  | Yes                   | No | Abstract Illustration   |   |
|  |                       |    | <p>employees, without employment discrimination. In accordance with the Company's human rights policy, the Company conducts staff education and trainings to share the basic principles and spirit of human rights protection and follows labor laws and regulations to prohibit forced labor and other violations of human rights and prohibit discrimination or differential treatment for any reason, to guarantee employees' human rights in the workplace.</p> <p>The Company publicizes the management rules and methods and holds labor-management meetings to create communication channels between the two sides. Also, the Company follows and disseminates the relevant laws and regulations on labor protection, so that employees can enjoy legitimate rights and interests.</p>   |   |
| (II) Does the Company establish and offer proper employee benefits (including compensation, leave, and other benefits) and reflect the business performance or results in employee compensation appropriately? | V                     |    | <p>The Company considers its employees to be its most important asset and implements various employee benefit measures from various aspects. Please refer to Chapter 5 Operational Highlights- V. Labor Relation of this annual report for more information on the Company's employee welfare measures.</p> <p>The Company places importance on the diversified development and application of employees, and is committed to maintaining a workplace that provides equal and friendly treatment. As of the end of 2023, there were 27 female employees and 27 male employees, both accounting for 50%, respectively. With regard to the entry-level management (departmental managers) and senior management (managerial officers), female supervisors constituted 33% (5/15) of the entry-level management and 50% (2/4) of the senior management. The Company has established the "Wayi Remuneration</p> | No deviation  |

| Items Promoted   | Implementation Status |    |   | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|--|-----------------------|----|---|---|
|  | Yes                   | No | Abstract Illustration   |   |
|  |                       |    | <p>Payment Plan" as the basis for employee remuneration, actively captures market salary level and reviews the market salary environment at any time for timely reference and adjustment in the hope of recruiting excellent employees to serve the Company.</p> <p>The Company maintains a high correlation between operating results and employee compensation. Article 25 of the Company's Articles of Association states that "If the Company makes a profit in a year, after deducting the accumulated losses, the Company shall pay not more than 3% of the remuneration to the directors and not less than 1% of the remuneration to the employees" in appreciation of the employees' efforts to contribute and grow together with the Company.</p> <p>The Company has also established a performance appraisal system and work rules to clearly define the criteria for remuneration, rewards and sanctions. The performance appraisal of each employee is used as a reference for promotion, transfer, remuneration, bonus payment, education and training, and career planning.</p> |   |
| (III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? | V                     |    | <p>Please refer to Chapter 5 Operational Highlights- V. Labor Relation of this annual report for more information on the Company's provision of a safe and healthy working environment for its employees.</p> <p>The Company fully complies with the Labor Standards Act, and from time to time implements safety and health education and conducts regular health checks for employees to understand their health status.</p> <p>The Company attaches great importance to providing employees with a safe and healthy working environment, invests various resources to improve the safety and health of the working environment, sets up a "WHS Code of Practice", and sets up occupational safety and</p>  | No deviation  |

| Items Promoted   | Implementation Status |    |   | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|---|
|  | Yes                   | No | Abstract Illustration   |   |
|  |                       |    | <p>health personnel to handle occupational safety and health management related matters.</p> <p>During the COVID-19 pandemic, the Company implemented an emergency response plan that included providing personal protective equipment, conducting frequent temperature checks, offering work-from-home arrangements, implementing flexible working hours to disperse commuter traffic during peak hours, conducting regular environmental disinfection, and other preventive measures. These efforts effectively reduced the potential negative impact on employees' health.</p> <p>The Company attaches great importance to providing a safe and healthy working environment for employees and invests various resources to improve the working environment's safety and health. During the reporting period, no occupational disaster case has occurred.</p> <p>There were no incidents of fire, death and injury during the year. Each year, the Company conducts fire drills according to the arrangement of the building, and keeps all fire-fighting equipment compliant with laws and regulations. The Company has the fire-fighting, reporting, and evacuation guidance teams in place, and routinely reminds employees to turn off electrical appliances before leaving the office. A fire prevention manager also checks for fire sources through monitors after work hours.</p> |   |
| (IV) Does the Company provide its employees with career development and training sessions? | V                     |    | <p>The Company's human resources development strategy focuses on strengthening the management functions of all supervisors and the training of professional functions in all departments, supplemented with the promotion system and cultivating talent needed by the Company.</p> <p>The Company has stipulated the “Employee Educational</p>  | No deviation  |

| Items Promoted   | Implementation Status |    |  | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Abstract Illustration  |   |
|  |                       |    | <p>Training Regulations” to encourage colleagues to engage in continuing education and receive educational training to improve their professional knowledge and vocational skills, as well as to enrich their knowledge, wisdom, skills and potential.</p> <p>The company provides employees with a sound learning environment and a complete educational training framework, including new employee training, professional training, statutory educational training, and irregular seminars.</p> <p>The company also supports on-the-job continuing education and provides tuition fee or credit fee subsidies to encourage colleagues to pursue further education. In 2023, 47 people underwent continuing education, accumulating 184 hours of training at a cost of NT\$112 thousand; the content of education and training included financial accounting, management, internal audit and new employee training.</p> |   |
| (V) Does the Company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer protection policies and grievance mechanism? | V                     |    | <p>The Company’s business is conducted in accordance with relevant laws and regulations. In addition, we strive to keep up with the latest development trends of different government policies as well as updates and changes to laws and regulations. This is to make sure the Company’s service and marketing products all comply with relevant laws and regulations.</p> <p>The Company is engaged in the gaming industry and it is required to comply with regulations such as the “Game Software Rating Management Regulations”, “Consumer Protection Act”, “The Protection of Children and Youths Welfare and Rights Act”, and “Mandatory Provisions and Prohibitory Provisions of Standard Form Contract to Be Included for Online Games”. The Company engages in</p>   | No deviation  |

| Items Promoted  | Implementation Status |    |  | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|---|
|   | Yes                   | No | Abstract Illustration  |   |
|   |                       |    | <p>business activities in accordance with laws and regulations to protect the legal rights and interests of all stakeholders.</p> <p>The Company has established a dedicated customer service unit and offers a range of solutions to meet the consumers' need and provides various timely services.</p>   |   |
| (VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights, and their implementation? | V                     |    | <p>Supplier management policy</p> <p>1. Purpose: To ensure the quality of supply and delivery of goods, and to improve the self-management capabilities of suppliers, the Company adopts appropriate supplier management operations to establish close working relationships and require suppliers to observe the regulations related to the issues of environmental protection, occupational safety and health, or labor human rights, etc., so that the Company's sustainable development can be facilitated and the performance of social responsibility can be improved.</p> <p>2. Selection of suppliers</p> <p>(1) Environment: Suppliers are required to reduce the waste of energy and resources and be committed to cutting waste generation. While pursuing operational and business performance, they should also abide by the principle of environmental management, enhancing the performance of environmental management by actively keeping in line with government policies.</p> <p>(2) Occupational safety and health: Suppliers are required to provide bright and safe workplaces and avoid the possibility of occupational injury.</p> <p>(3) Labor human rights: Suppliers must attach importance to workplace bullying and sexual harassment, and recruit employees in accordance with the law. In</p> | No deviation  |

| Items Promoted  | Implementation Status |    |  | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|---|
|   | Yes                   | No | Abstract Illustration  |   |
|   |                       |    | <p>addition, the employment of illegal labor and child labor is prohibited.</p> <p>Implementation status of supplier management</p> <p>1. Supplier self-evaluation procedures:</p> <p>(1) The Management Department records the incidents of abnormal supply with the “Supplier Supply Status Record Form” and uses such records as a reference for regular evaluation if applicable.</p> <p>(2) By the end of each Q1, the procurement personnel of the Management Department compile the “Supplier Supply Status Record Forms” and summarizes the scores of all suppliers of the year in the “Annual Supplier Evaluation Master Form” for routine supplier evaluation; the relevant handling methods are recorded in the form as well. The form is submitted to the responsible supervisor for approval.</p> <p>(3) If a supplier with the same properties has been ranked last for three consecutive quarters while making no improvement, the supplier may be directly disqualified.</p> <p>(4) If the total supplier transaction amount during the current year is less than NT\$300,000, the annual supplier evaluation will not be required in the next year.</p> <p>2. Guidance or education</p> <p>Through different forms of communication, the Company guides suppliers towards the goals of carbon reduction and energy conservation, and effectively improves yields.</p> |   |
| V. Does the Company, following internationally recognized guidelines or principles, prepare and publish reports such as sustainable development reports to disclose non-financial information? Does the Company receive assurance or certification of the | V                     |    | <p>The 2022 ESG Report that has been issued is disclosed in accordance with the latest version of the GRI Standards (2021), and an assurance opinion statement has been obtained through the verification by the independent third-party institution, SGS.</p>   | No deviation  |

| Items Promoted   | Implementation Status  |    |                       | Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|--|----|-----------------------|---|
|  | Yes  | No | Abstract Illustration |   |
| aforesaid reports from a third party accreditation institution?  |  |    |                       |   |
| VI. If the Company has established the sustainable development best practice principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the Principles and their implementation:   |  |    |                       |   |
|  | The Company has established and abided by the “Sustainable Development Best Practice Principles”. So far, there has been no discrepancy. |    |                       |   |
| VII. Other important information to facilitate better understanding of the Company’s sustainable development practices :   |  |    |                       |   |
| (I) The Company recruits and appoints employees without discrimination on the grounds of gender, race, nationality, etc. Also, the Company spares no effort to protect the rights and interests of employees; each employee is enrolled in labor insurance and national health insurance as per the law, and the retirement fund is allocated to employees’ personal pension accounts on a monthly basis. Further, a good working environment is provided for employees. |  |    |                       |   |
| (II) Regarding environmental protection, the Company conforms to environmental protection laws and regulations to mitigate the impact on the environment and move towards the goal of pollution-free.  |  |    |                       |   |
| (III) With regard to the investor relationship and the rights of the stakeholders, the Company shall maintain an open communication channel at all times, give full play to the spokesperson mechanism, and, in accordance with the principle of good faith, immediately update public information to protect investor relations and the rights and interests of the stakeholders.   |  |    |                       |   |

2. Climate-related information of TWSE/TPEX listed companies - Implementation relevant to climate-related information:

| Item   | Implementation   |  |                                     |  |
|--|--|--|-------------------------------------|--|
| (1) Describe the Board of Directors and the management's monitoring and governance of climate-related risks and opportunities. | <p>The Company's Board of Directors is responsible for reviewing and directing the strategies, action plans and annual targets in relation to climate change, and regularly supervising the implementation of scheduled GHG inventory and verification each quarter. The Company's Board of Directors has established the Sustainable Development Committee (functional committee) consisting of 4 members, including the Chairman and 3 independent directors as appointed by the Board of Directors upon resolution. The Chairman serves as the convener (chair), and is responsible for the matters related to climate change, such as the establishment, monitoring and review of the environmental sustainability system and targets. The management is supervised by the general manager and the head of each center. Each unit has a "Sustainable Development Promotion Team" in place to promote implementation. The report on the implementation of the scheduled 2023 GHG inventory and verification was presented at the 8th meeting of the 11th Board of Directors on November 13, 2023.</p> |  |                                     |  |
| Type of climate risk   | Impact of the risk on business activities  | Strategy, action and corresponding opportunity   | Financial impact                    |  |
| Transition risk  | Policies and regulations - Mandatory reporting of GHG emissions  | The Company conducts GHG inventory and verification to comply with laws and regulations and improve the corporate image.   | Increase in administrative expenses |  |
|  | Goodwill - Cost of sustainability management and communication   | The Company issues ESG reports, formulates relevant bylaws, devises education and training, provides personnel training, etc., to improve employees' knowledge of sustainability and communicate with stakeholders more comprehensively. | Increase in administrative expenses |  |

|   |                      |  |   |   |
|---|----------------------|--|---|---|
|   |                      | <p>Supply chain strategy - Supply chain partners in line with sustainable and low-carbon strategies</p>  | <p>Through routine audits, advocacy, and communication, we take supply chain environment-friendly measures and ensure that they are in line with the Company's sustainable and low-carbon strategies.</p>   | <p>Increase in administrative expenses</p>  |
|   | <p>Physical risk</p> | <p>Abnormal climate - Typhoons and heavy rainfall damaging the infrastructure computer room and data center, resulting in disruption of game services, and posing the risk of water and power outages in the office building</p> | <p>The Company compiles a second supplier list and routinely audit the equipment of the original suppliers to reduce the probability of business interruption, and sets up remote equipment so that employees may work remotely without affecting the Company's operations.</p> | <p>Increase in administrative expenses</p> <p>Increase in fixed costs</p>   |
| <p>(3) Describe the financial impact of extreme climate events and transition actions.</p> <p>(4) Describe how the procedures for identifying, assessing and managing climate-related risks are incorporated into the overall risk management system.</p> |                      |  | <p>Overall, due to the nature of the game industry, we do not expect the risk of climate change to have a significant impact on the operation of Wayi.</p> <p>Please refer to the financial impact described in the table above.</p>  | <p>The Company's Board of Directors has established the Sustainable Development Committee, which is responsible for supervising the relevant departments' identification, assessment and control of risks, and regularly reports the implementation status to the Board of Directors. The implementation of risk management is reported to the Board of Directors at least once a year. Based on the respective responsibilities, each relevant department assesses the possibility of occurrence and impact level of various risk factors (including climate-related risks), devises and implements necessary measures, properly manages various risks to ensure that all operational risks are effectively controlled, and puts forward suggestions for improvement in a timely manner.</p> |

(5) Where the resilience in the face of climate change risks is analyzed and assessed based on a scenario, describe the applied scenario, parameters, presumption, analysis factors, and major financial impact.

The Company has not yet made the scenario-based climate change analysis.

(6) Where a transition plan is formulated in response to the management of climate-related risks, describe the details of the plan, and the metrics and targets used to identify and manage physical and transition risks.

The Company has no transition plan in response to the management of climate-related risks.

(7) Where internal carbon pricing is used as a planning tool, describe the basis for determining the price.

The Company has not yet adopted internal carbon pricing.

(8) Where climate-related targets are set, describe the relevant activities, scope of GHG emissions, schedule, and annual progress; where carbon offsets or Renewable Energy Certificates (RECs) are used to meet relevant targets, described the sources and number of carbon reduction credits of the offsets, or the number of RECs.

The Company has not yet set climate-related targets.

(9) Describe the details of GHG inventory and assurance and reduction targets, strategies and specific action plan.

According to the regulations of the Sustainable Development Roadmap for listed companies, this is not applicable to the Company as the Company's capital is less than NT\$5 billion.

(VI) Ethical Corporate Management, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof:

| Evaluation Item   | Implementation Status |    |  | Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Abstract Illustration  |  |
| I. Establishment of Ethical Corporate Management Policies and Programs  |                       |    |  |  |
| (I) Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the Board of Directors and management work proactively to implement their commitment to those management policies? | V                     |    | The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures and Guidelines for Ethical Corporate Management", as well as relevant internal rules and regulations to declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from the Board of Directors and management to implement the policies.   |  |
| (II) Does the Company establish appropriate precautions against high-potential unethical conduct or listed activities stated in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?       | V                     |    | The Company has set forth in the "Procedures and Guidelines for Ethical Corporate Management" the rules of conduct to be followed by all employees in the performance of their duties, and the disciplinary actions to be taken against those who violate these rules. In addition, to ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system. The internal auditors regularly review the compliance of each system and report to the Board of Directors. | No deviation   |
| (III) Does the Company establish policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company regular review such policies?      | V                     |    | The Company's "Procedures and Guidelines for Ethical Corporate Management" provides for the prevention of dishonest conduct, including operating procedures, conduct guidelines, and education and training. If the Company's personnel are found to have committed dishonest acts, they will be dealt with in accordance with the relevant laws and regulations and the Company's "Work Rules" after verification.  |  |
| II. Fulfill Operations Integrity Policy   |                       |    |  |  |
| (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?  | V                     |    | Before conducting business transactions, the Company shall launch a credit investigation to dodge counterparties with illegal or dishonest conduct records. When signing a contract, the terms   | No deviation   |

| Evaluation Item  | Implementation Status |    |  | Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|--|
|  | Yes                   | No | Abstract Illustration  |  |
| (II) Does the Company establish an exclusively dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least once a year)?  | V                     |    | <p>that the Company may terminate or rescind the contract at any time, once the counterparty gets involved in unethical acts, will be included as required by the actual situation.</p> <p>The Company has designated the Legal Department as the dedicated unit responsible for promoting and monitoring the implementation of the ethical corporate management policies and preventive programs, and reports to the Board of Directors at least once a year. The most recent board report date is November 13, 2023.</p>   |  |
| (III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?   | V                     |    | <p>If any Directors or Managers get involved with transaction or decision-making that incurs conflicts of interest, such personnel should recuse themselves from operating the transaction or decision-making.</p>   |  |
| (IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management and have its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit? | V                     |    | <p>The Company has established the accounting system according to the regulations of the competent authority and prepared financial statements following the Financial Statements Standards. Regarding the internal control system, the aforementioned policies shall be checked regularly by auditors to reduce the risk rate of unethical conducts.</p>  |  |
| (V) Does the Company regularly hold internal and external educational trainings on operational integrity?  | V                     |    | <p>The Company clearly states the ethical management policy, promotes the concept of ethical management constantly, and, when relevant laws and regulations are amended or major policies are released, disseminates the information to all employees repeatedly through education and training or the Company's internal e-mail system.</p> <p>In 2023, the education and training courses on ethical management and insider trading were attended by 34 directors, managerial officers and employees with the dissemination time totaling 86 hours, and attended by 7 new hires with the dissemination time totaling 14 hours.</p> |  |

| Evaluation Item  | Implementation Status |    |   | Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|--|-----------------------|----|---|--|
|  | Yes                   | No | Abstract Illustration   |  |
|  |                       |    | During 2023, the Company was not involved in any matters related to violation of ethical management and corruption.   |  |
| III. Operation of the Whistleblowing System  |                       |    |   |  |
| (I) Does the Company establish both a reward/punishment system and a whistleblowing channel? Can the accused be reached by an appropriate person for follow-up?  | V                     |    | The Company has stipulated the "Regulations for Handling Dishonest Behavior Cases Reported". Reports on violations of laws or fraudulent behavior can be submitted to the General Manager's Office, Audit Office, or Legal Department by email or in writing accordingly. |  |
| (II) Does the Company establish standard operating procedures for investigating any reported misconduct, follow-up measures to be adopted after investigations, and relevant confidentiality mechanisms?   | V                     |    | After accepting the violation report, the Company will conduct a private investigation to protect the privacy of the parties concerned and allow them to raise the defense.   | No deviation   |
| (III) Does the Company provide proper whistleblower protection?  | V                     |    | The Company provides comprehensive protection measures to the whistleblower to ensure the quality of investigations while avoiding unfair retaliation or treatment of whistleblowers.   |  |
| IV. Strengthening Information Disclosure   |                       |    |   |  |
| Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?   | V                     |    | The Company has disclosed the ethical corporate management policies and the results of its implementation on the Company's website and MOPS.  | No deviation   |
| V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation:  |                       |    |   |  |
| The Company has established and complied with the "Ethical Corporate Management Best Practice Principles" and the "Procedures and Guidelines for Ethical Corporate Management". There has been no deviation as of the date.  |                       |    |   |  |
| VI. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies):   |                       |    |   |  |
| The Company complies with the Company Law, the Securities and Exchange Act and the regulations related to the management of public listed companies as the basis for the implementation of the Company's ethical corporate management. The Company also keeps abreast of the changes in regulations and reviews the Company's internal rules and regulations in a timely manner. |                       |    |   |  |

(VII) If the Company has established the Governance Best-Practice Principles and related regulations, the methods to access them shall be disclosed:

The Corporate Governance Best Practice Principles and relevant regulations can be found on the Company's website and the

"Corporate Governance Section" of the Market Observation Post System (MOPS).

(VIII) Other material information that is helpful for understanding the status of implementation of corporate governance shall be disclosed together:

1. The Company takes the rights and interests of Shareholders seriously; to properly manage material information, the Company has formulated "Material Information Standard Operating Procedures" and make them familiar to employees, Managers, and Directors in the Company by promotion.
2. To improve the corporate governance mechanism and reduce the risks to the Company's Directors, and key staff, the Company has taken out Directors and Officers Liability Insurance.
3. Personnel concerned with transparency of financial information obtain certificates designated by the competent authority: Personnel passed the Enterprise Internal Control Basic Competency Test: 2 (Audit Office)

(IX) Implementation of the Company's internal control system shall furnish the following:

1. Statement of Internal Control System

Wayi International Digital Entertainment Co., Ltd.

Statement of Internal Control System

Date: March 15, 2024

Based on the assessment of the internal control system for 2023, we hereby declare the following:

- I. The Company does understand that the establishment, implementation, and maintenance of the internal control system is the responsibility of the Board of Directors and Managers of the Company, and the Company has established this system. Its purpose is to ensure the achievement of operational effectiveness and efficiency (including profit, performance and asset security), reliability, timeliness, and transparency of reports, and compliance with relevant regulations and laws.
- II. The internal control system has its limitations. No matter how the design is perfected, an efficient internal control system can only ensure the achievement of the aforementioned three objectives. In addition, the efficiency of the internal control system can vary according to the changes of the environment and situations. However, the Company's Internal Control System is a self-monitoring mechanism. Once the deficiencies are identified, the Company will take corrective action.
- III. Based on the judgment items of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Processing Guidelines"), the Company judges whether the design and implementation of the internal control system have achieved the desired results. The judgment items adopted by the "Governing Regulations" is the process of management control. A public company's internal control systems shall comprise the following constituent elements: 1. Controlling the environment, 2. Risk assessment, 3. Control operations, 4. Information and communications, and 5. Monitoring activities. Each elements includes several sub-items. For the above items, please refer to the provisions of the Processing Guidelines.
- IV. The Company has already adopted the aforementioned ICS assessment items to evaluate the effectiveness of ICS design and implementation.
- V. Based on the results of such evaluation, the Company believes that, on December 31, 2023, it had maintained, in all material respects, an effective internal control system (including the supervision and management of subsidiaries), to provide reasonable assurance over the operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.
- VI. This Statement will become the primary content of the Company's Annual Report and prospectus, and shall be made public. If any of the above-mentioned contents are false, concealed, or other illegality in the content made public, it will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement had been approved by the Board of Directors on March 15, 2024. All seven attending Directors agree with the contents of this Statement in unanimity and make this statement.

Wayi International Digital Entertainment Co., Ltd.

Chairman: Shih, Shu-Kai

General Manager: Shih, Shu-Kai

2. If any CPA is commissioned to conduct a project review of the ICS, the CPA's audit report shall be disclosed: None.

(X) In the most recent year and up to the publication date of the Annual Report, where the Company and its internal personnel were penalized according to laws or the Company had punished its personnel for violating the provisions of the internal control system, and the result of the penalty might have significant impacts on shareholders' rights or securities prices, the content of the penalty, the major deficiencies and the improvements shall be stated: None.

(XI) Significant resolutions made in/by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of the Annual Report:

1. Important resolutions of the shareholders' meeting and the implementation
 

The Company held one regular shareholders' meeting from 2023 up to the date of publication of the Annual Report. The 2023 annual general meeting of shareholders of the Company was held on June 21rd, 2023. The major resolutions of the shareholders' meeting are summarized as follows.

  - (1) Proposal on the business report, individual and consolidated financial statements for 2022
 

Status: The declaration to the competent authorities was completed.
  - (2) Distribution of earnings for 2022
 

Status: It is approved by vote that the cash dividend shall be distributed at NT\$0.6 per share and the stock dividend shall be distributed at NT\$0.6 per share on September 3th, 2023 as the base date for the distribution. Cash and stock dividends were paid on September 28th, 2023.
  - (3) Proposal on the capital increase from earnings to issue new shares
 

Status: It is approved by vote that the stock dividend shall be distributed at NT\$0.6 per share on September 3th, 2023 as the base date for the distribution. Stock dividends were paid on September 28th, 2023.
  - (4) Amendment to the "Rules and Procedures of Shareholders' Meeting"
 

Implementation status: An announcement has been made on the Company's website; relevant matters are subject to the amended rules.

2. Important Resolutions of Board Meetings

- (1) The 4th Board Meeting of the 11th Board of Directors on January 5, 2023
 

Proposal on the Company's loan limit  
 Proposal on the establishment of the "Articles of Association of the Sustainable Development Committee"  
 Cancellation of Taichung branch's relocation to Taichung Software Park and Proposal of Taichung branch's relocation  
 Disposition of real estate assets to related parties  
 Proposal on a contract with a related party  
 Proposal on the amendment of the "product testing process in research and development cycle"  
 Proposal on the year-end bonus distribution for managerial officers in 2022  
 Proposal of adjustment of managerial officers' remuneration
- (2) The 5th Board Meeting of the 11th Board of Directors on March 27, 2023

Assessment of the accountant's independence and suitability and appointment

Distribution of directors' and employees' remuneration for 2022

Proposal on the business report and financial statement for 2022

Distribution of earnings for 2022

Cash dividend earnings distribution for 2022

Proposal on the capital increase from earnings to issue new shares

Proposal on 2022 "Statement of Internal Control"

Proposal on the amendment to the "Rules of Procedure for Shareholders' Meetings"

Proposal on the amendment to the "Rules of Procedure for Board Meetings"

Proposal on the convention of the regular meeting of shareholders in 2023

(3) The 6th Board Meeting of the 11th Board of Directors on May 9, 2023

- Proposal on consolidated financial statements for 2023 Q1
- Proposal on the establishment of the verification regulations for the pre-concurrence of non-assurance services provided by the CPA firm.
- Proposal on the establishment of the "IT security maintenance plan"
- Proposal on the amendment to the "Corporate Governance Best-Practice Principles"

(4) 7th meeting of the 11th Board on August 10, 2023

- Consolidated financial statements for the first half of 2023
- Disposal of the shares of DIT Startup Co., Ltd.
- Contract between the Company and related parties
- Determination of the base dates for the Company's issue of new shares through capitalization of earnings and distribution of cash dividends
- Proposed establishment of the Sustainable Development Committee under the Board of Directors and amendment to the "Sustainable Development Committee Organization Regulations"
- Appointment of the Sustainable Development Committee members

(5) 8th meeting of the 11th Board on November 13, 2023

- Amendment to the "Corporate Social Responsibility Best Practice Principles"
- Proposal of the 2024 audit work plan
- Consolidated financial statements for the first three quarters of 2023
- Contract between the Company and related parties
- Acquisition of assets from a related party by the Company
- Budget and business plan for 2024

(6) 9th meeting of the 11th Board on January 23, 2024

- Amendment to the "Remuneration Committee Organization Regulations"

- Adjustment of the remuneration to directors (including independent directors)
- Distribution of the year-end bonus to managerial officers for 2023
- Contract between the Company and related parties

(7) 10th meeting of the 11th Board on March 15, 2024

- Independence and competency assessment and appointment of CPAs
- Distribution of the remuneration to directors and employees for 2023
- Business report and financial statements for 2023
- Earnings distribution for 2023
- Distribution of cash dividends from earnings for 2023
- Issue of new shares through capitalization of earnings
- 2023 “Statement of Internal Control System”
- Proposal for the amendment to the internal control procedures and related management regulations
- Amendment to the “Rules of Procedures for Board of Directors’ Meeting”
- Matters related to the arrangement of 2024 shareholders’ meeting

(XII) During the most recent fiscal year or during the current fiscal year up to the publication date of the Annual Report, if any Directors or Supervisors have expressed any dissenting opinions with respect to a material resolution passed by the Board of Directors, which has been recorded or prepared as a written declaration, the principal content thereof shall be disclosed: None

(XIII) A summary of resignation and dismissal, during the most recent fiscal year or during the current fiscal year up to the publication date of the Annual Report, of the Company's personnel related to financial reports (including Chairman, General Manager, chief accounting officer, chief financial officer, chief internal auditor, Chief corporate governance officer and chief research and development officer):

| Title | Name | Date of Appointment | Date of Dismissal | Reasons for Resignation or Dismissal |
|-------|------|---------------------|-------------------|--------------------------------------|
| None  | None | None                | None              | None                                 |

#### IV. Information Regarding the Company's Audit Fee

##### (I) Audit Fee

Unit: NT\$ thousands

| Accounting Firm   | Name of CPA   | Period Covered by CPA's Audit | Audit Fee | Non-Audit Fee(Note1) | Total | Remarks  |
|-------------------|---------------|-------------------------------|-----------|----------------------|-------|--|
| Deloitte & Touche | Chi, Rui-Quan | 2023.1.1~2023.12.31           | 2,340     | 230                  | 2,570 | Note 1: Reporting of the capitalization of earnings. |
|                   | Chou, I-Lung  | 2023.1.1~2023.12.31           |           |                      |       |  |

(II) If the Company is in any one of the following conditions, the following information shall be disclosed:

1. Where the CPA firm is replaced, and the audit fee in the fiscal year, when the

replacement is made, is less than that in the previous fiscal year before replacement, the amount of audit fee paid before/after replacement and reasons for paying this amount shall be disclosed: Not applicable.

2. When the audit fee paid for the current fiscal year is lower than that for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fee, reduction percentage, and reasons shall be disclosed: Not applicable.

V. Replacement of CPAs: None

(I) Regarding the former CPA:

|   |  |                |                                    |
|---|--|----------------|------------------------------------|
| Replacement Date  | Not applicable                             |                |                                    |
| Replacement reasons and explanations  | Not applicable                             |                |                                    |
| Describe whether the Company terminated or the CPA did not accept the appointment                         | Part Status                                | CPA            | The Company                        |
|   | Termination of appointment                 | Not applicable | Not applicable                     |
|   | No longer accepted (continued) appointment | Not applicable | Not applicable                     |
| Opinions other than unmodified opinion issued in the last two years and the reasons for the said opinions | Not applicable                             |                |                                    |
| Differences with the company  | Yes  | -              | Accounting principles or practices |
|   |  | -              | Disclosure of financial statements |
|   |  | -              | Audit scope or steps               |
|   |  | -              | Others                             |
|   | None                                       | None           | Remarks/specify details            |
| Other disclosures<br>Disclosures specified in Article 10.6.1.4–7 of the Standards                         | Not applicable                             |                |                                    |

(II) Regarding the successor CPAs:

|  |                |
|--|----------------|
| Name of accounting firm  | Not applicable |
| Name of CPA  | Not applicable |
| Date of appointment  | Not applicable |
| Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement | Not applicable |
| Succeeding CPA's written opinion of disagreement toward the former CPA   | Not applicable |

(III) The reply of the former CPA on Article 10.6.1 and Article 10.6.2.3 of the Standards:  
Not Applicable

VI. If the Company's Chairman, General Manager, and managers in charge of its finance and accounting operations hold a position in the accounting firm or its affiliated company in the most recent one year, the name, position title, and period shall be disclosed: None.

VII. Conditions of share transfer and changes in equity pledge from the Chairman, Supervisors, managers, and shareholders who hold more than 10% of shares, from the past year up to the publication date of the Annual Report

(I) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

| Title                                       | Name                          | 2023                           |  | As of April 21, 2024              |  |
|---|-------------------------------|--------------------------------|--|-----------------------------------|--|
|   |                               | Holding Increase<br>(Decrease) | Pledged<br>Holding<br>Increase<br>(Decrease) | Holding<br>Increase<br>(Decrease) | Pledged<br>Holding<br>Increase<br>(Decrease) |
| Chairman                                    | Wanin International Co., Ltd. | 410,688(Note 1)                | 0  | 0                                 | 0  |
| Representative Director and General Manager | Shih, Shu-Kai                 | 0                              | 0  | 0                                 | 0  |
| Director                                    | Given Business Inc.           | 272,445(Note 1)                | 0  | 0                                 | 0  |
| Representative Director                     | Wu, Ai-Yun                    | 4,753(Note 1)                  | 0  | 0                                 | 0  |
| Representative Director                     | Tu, Yao-Jen                   | 69(Note 1)                     | 0  | 0                                 | 0  |
| Director                                    | Lin, Wen-Peng                 | 0                              | 0  | 0                                 | 0  |
| Independent Director                        | Hsiao, Feng-Hsiung            | 0                              | 0  | 0                                 | 0  |
| Independent Director                        | Liang, Mu-Chun                | 0                              | 0  | 0                                 | 0  |
| Independent Director                        | Gao, Li-Han                   | 0                              | 0  | 0                                 | 0  |
| Chief Financial Officer                     | Li, Chun-Te                   | 0                              | 0  | 0                                 | 0  |
| Accounting Manager                          | Huang, Ya-Ling                | 0                              | 0  | 0                                 | 0  |
| Corporate Governance Officer                | Yu, Hsuan-Di                  | 141(Note 1)                    | 0  | 0                                 | 0  |
| Major Shareholders                          | Wanin International Co., Ltd. | 410,688(Note 1)                | 0  | 0                                 | 0  |
| Major Shareholders                          | Given Business Inc.           | 272,445(Note 1)                | 0  | 0                                 | 0  |

Note 1:Stock dividends.

(II) Shares trading information:

No shares trading of Directors, Supervisors, Managers and major Shareholders who hold more than 10% of shares to related parties.

(III) Shares pledge information:

No Directors, Supervisors, managers and Shareholders holding more than 10% of shares have been pledged to related parties.

VIII. Top 10 shareholders who are related parties, spouses, or within second degree of kinship to each other

April 21, 2024

| Name   | Current Shareholding |                    | Spouse's/minor's Shareholding |                    | Shareholding by Nominee Arrangement |                    | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees. |                        | Remarks |
|--|----------------------|--------------------|-------------------------------|--------------------|-------------------------------------|--------------------|---|------------------------|---------|
|  | Shares               | Shareholding ratio | Shares                        | Shareholding ratio | Shares                              | Shareholding ratio | Title (or Name)   | Relationship           |         |
| Wanin International Co., Ltd.<br>Representative: Hsiao, Cheng-Hao                                | 7,255,488            | 30.73              | 0                             | 0                  | 0                                   | 0                  | Huang Xin Investment Co., Ltd.  | The same chairman      | None    |
|  | 0                    | 0                  | 0                             | 0                  | 0                                   | 0                  |   |                        |         |
| Given Business Inc.<br>Representative: Chow Man Cheung Felix                                     | 4,813,197            | 20.39              | 0                             | 0                  | 0                                   | 0                  | None  | None                   | None    |
|  | 0                    | 0                  | 0                             | 0                  | 0                                   | 0                  | None  | None                   | None    |
| KGI Bank in Custody for the investment account of Tilun International Development Co. Ltd.       | 1,818,592            | 7.70               | 0                             | 0                  | 0                                   | 0                  | None  | None                   | None    |
| Joy Develop Co., Ltd. Taiwan Branch.<br>Representative: Wang, Chun-Ming                          | 1,453,961            | 6.16               | 0                             | 0                  | 0                                   | 0                  | None  | None                   | None    |
|  | 0                    | 0                  | 0                             | 0                  | 0                                   | 0                  | Wang, Jia-Jen   | Second-degree relative | None    |
| Huang Xin Investment Co., Ltd.<br>Representative: Hsiao, Cheng-Hao                               | 1,345,479            | 5.70               | 0                             | 0                  | 0                                   | 0                  | Wanin International Co., Ltd.   | The same chairman      | None    |
|  | 0                    | 0                  | 0                             | 0                  | 0                                   | 0                  |   |                        |         |
| Investment Account, Federal Commercial Bank Platinum Giant Holdings Limited.                     | 873,188              | 3.70               | 0                             | 0                  | 0                                   | 0                  | None  | None                   | None    |
| Wang, Jia-Jen  | 501,658              | 2.12               | 0                             | 0                  | 0                                   | 0                  | Wang, Chun-Ming   | Second-degree relative | None    |
| Huang, Yi-Jing   | 336,480              | 1.43               | 0                             | 0                  | 0                                   | 0                  | None  | None                   | None    |
| Xingtian Technologies Corporation Investment Account in Custody of KGI Commercial Bank Co., Ltd. | 217,792              | 0.92               | 0                             | 0                  | 0                                   | 0                  | None  | None                   | None    |
| Zhou, Ding-Chen  | 204,358              | 0.87               | 0                             | 0                  | 0                                   | 0                  | None  | None                   | None    |

IX. The number of shares held by the Company, its Directors, Supervisors, Managers and businesses directly or indirectly controlled by the Company in the same reinvestment business and the consolidated calculation of the comprehensive share-holding ratio

April 21, 2024

| Investee                                | Investments of the Company |                    | Investments of Directors, Supervisors, Managers and directly or indirectly Controlled Businesses |                    | Total Ownership |                    |
|---|----------------------------|--------------------|--|--------------------|-----------------|--------------------|
|   | Shares                     | Shareholding Ratio | Shares   | Shareholding Ratio | Shares          | Shareholding Ratio |
| Wayi Softmagic Investment (Asia) Ltd.   | Note                       | 100.00%            | Note   | 0.00%              | Note            | 100.00%            |
| Wayi Softmagic Investment (Cayman) Ltd. | Note                       | 0.00%              | Note   | 100%               | Note            | 100.00%            |

Note: No shares issued.

## Chapter 4 Capital Overview

### I. Capital and Shares

#### (I) Source of Capital

##### 1. Capital Formation

Unit: 1000 shares; NT\$ thousands

| Month/Year | Issue price | Authorized Capital |           | Paid-in Capital  |         | Sources of Capital  | Remarks                                     |   |
|------------|-------------|--------------------|-----------|------------------|---------|---|---|---|
|            |             | Shares             | Amount    | Number of Shares | Amount  |   | Capital Increased by Assets Other than Cash | Other                                       |
| 1993/08    | 10          | 1,000              | 10,000    | 1,000            | 10,000  | Founding  | None  | 820812 Ching-Shang-Tze No.767559            |
| 1996/07    | 10          | 1,500              | 15,000    | 1,500            | 15,000  | Cash capital increase of NT\$ 5,000,000   | None  | 850710 Ching-Shang-Tze No.85310812          |
| 1999/10    | 10          | 5,000              | 50,000    | 5,000            | 50,000  | Cash capital increase of NT\$ 35,000,000  | None  | 881203 Ching-Shang-Tze No.88357667          |
| 2000/04    | 10          | 20,000             | 200,000   | 10,000           | 100,000 | Cash capital increase of NT\$ 50,000,000  | None  | 890511 Ching-(89)-Shang-Tze No.114372       |
| 2000/06    | 10          | 20,000             | 200,000   | 11,000           | 110,000 | Capitalization by capital reserves of NT\$ 10,000,000   | None  | 890907 Ching-(89)-Shang-Tze No.133181       |
| 2000/11    | 10          | 20,000             | 200,000   | 19,000           | 190,000 | Cash capital increase of NT\$ 80,000,000  | None  | 891220 Ching-(89)-Shang-Tze No.147156       |
| 2001/12    | 10          | 34,000             | 340,000   | 23,625           | 236,245 | Capitalization by retained earnings of NT\$ 46,245,000  | None  | 910115 Ching-Shou-Shang-Tze No.09101014890  |
| 2002/01    | 10          | 34,000             | 340,000   | 24,325           | 243,245 | Cash capital increase of NT\$ 7,000,000   | None  | 910311 Ching-Shou-Shang-Tze No.09101083070  |
| 2002/07    | 10          | 34,000             | 340,000   | 31,158           | 311,580 | Capitalization by retained earnings of NT\$ 47,655,000<br>Capitalization by capital reserves of NT\$ 20,680,000 | None  | 910812 Ching-Shou-Shang-Tze No.09101318750  |
| 2003/08    | 10          | 65,000             | 650,000   | 42,842           | 428,420 | Capitalization by retained earnings of NT\$ 116,840,000   | None  | 920812 Fu-Chan-Shang-Tze No.09217523000     |
| 2004/09    | 10          | 70,000             | 700,000   | 48,197           | 481,970 | Capitalization by retained earnings of NT\$ 53,550,000  | None  | 930922 Fu-Chan-Shang-Tze No.09320097400     |
| 2007/11    | 10          | 70,000             | 700,000   | 63,197           | 631,970 | Cash capital increase of NT\$ 150,000,000   | None  | 961101 Ching-Shou-Shang-Tze No.09601266880  |
| 2007/11    | 10          | 70,000             | 700,000   | 62,697           | 626,970 | Treasury stock retired of NT\$ 5,000,000  | None  | 961102 Ching-Shou-Shang-Tze No.09601266890  |
| 2007/12    | 10          | 70,000             | 700,000   | 60,651           | 606,510 | Treasury stock retired of NT\$ 20,460,000   | None  | 961205 Ching-Shou-Shang-Tze No.09601298120  |
| 2008/06    | 10          | 70,000             | 700,000   | 60,286           | 602,860 | Treasury stock retired of NT\$ 3,650,000  | None  | 970624 Ching-Shou-Shang-Tze No.09701146880  |
| 2009/04    | 10          | 100,000            | 1,000,000 | 70,286           | 702,860 | Cash capital increase of NT\$ 100,000,000   | None  | 980410 Ching-Shou-Shang-Tze No.09801070750  |
| 2012/08    | 10          | 100,000            | 1,000,000 | 73,800           | 738,003 | Capitalization by retained earnings of NT\$ 35,143,000  | None  | 1010824 Ching-Shou-Shang-Tze No.10101175420 |
| 2014/10    | 10          | 100,000            | 1,000,000 | 59,251           | 592,510 | Capital reduction for making up losses of NT\$ 145,493,000  | None  | 1031003 Ching-Shou-Shang-Tze No.10301208960 |
| 2015/06    | 10          | 100,000            | 1,000,000 | 59,786           | 597,863 | Conversion of   | None  | 1040602                                     |

| Month/Year | Issue price | Authorized Capital |           | Paid-in Capital  |         | Sources of Capital   | Remarks                                     |   |
|------------|-------------|--------------------|-----------|------------------|---------|--|---|---|
|            |             | Shares             | Amount    | Number of Shares | Amount  |  | Capital Increased by Assets Other than Cash | Other                                       |
|            |             |                    |           |                  |         | convertible bonds of 535,254 shares                        |   | Ching-Shou-Shang-Tze No.10401100110         |
| 2015/12    | 10          | 100,000            | 1,000,000 | 59,811           | 598,117 | Conversion of convertible bonds of 25,488 shares           | None  | 1041209 Ching-Shou-Shang-Tze No.10401249560 |
| 2016/05    | 10          | 100,000            | 1,000,000 | 60,976           | 609,757 | Conversion of convertible bonds of 1,163,972 shares        | None  | 1050530 Ching-Shou-Shang-Tze No.10501109460 |
| 2016/08    | 10          | 100,000            | 1,000,000 | 62,870           | 628,703 | Conversion of convertible bonds of 1,894,637 shares        | None  | 1050830 Ching-Shou-Shang-Tze No.10501207760 |
| 2016/11    | 10          | 100,000            | 1,000,000 | 62,921           | 629,213 | Conversion of convertible bonds of 50,976 shares           | None  | 1051128 Ching-Shou-Shang-Tze No.10501274430 |
| 2017/02    | 10          | 100,000            | 1,000,000 | 31,166           | 311,661 | Capital reduction for making up losses of NT\$ 317,552,000 | None  | 1060222 Fu-Chan-Ye-Shang-Tze No.10651462600 |
| 2017/11    | 10          | 100,000            | 1,000,000 | 61,166           | 611,661 | Private placement of 30,000 thousand shares                | None  | 1061115 Ching-Shou-Shang-Tze No.10601153650 |
| 2019/11    | 10          | 160,000            | 1,600,000 | 13,417           | 134,174 | Capital reduction for making up losses of NT\$477,487,000  | None  | 1081129 Fu-Chan-Ye-Shang-Tze No.10856494310 |
| 2020/12    | 10          | 160,000            | 1,600,000 | 19,369           | 193,694 | Private placement of 5,952 thousand shares                 | None  | 1091215 Fu-Chan-Ye-Shang-Tze No.10956972700 |
| 2022/9     | 10          | 160,000            | 1,600,000 | 22,275           | 222,748 | Capitalization by retained earnings of NT\$ 29,054,000     | None  | 1110908 Fu-Chan-Ye-Shang-Tze No.11152901000 |
| 2023/9     | 10          | 160,000            | 1,600,000 | 23,611           | 236,113 | Capitalization by retained earnings of NT\$ 13,365,000     | None  | 1120908 Fu-Chan-Ye-Shang-Tze No.11252864700 |

## 2. Types of Shares Issued

Unit: shares

| Type of Shares             | Authorized Capital |                |                 |              | Note                                     |
|----------------------------|--------------------|----------------|-----------------|--------------|--|
|                            | Outstanding Shares | Treasury Stock | Unissued shares | Total Shares |  |
| Registered Ordinary Shares | 23,611,299         | 0              | 136,388,701     | 160,000,000  | Stocks of listed companies at OTC market |

## 3. Information for Shelf Registration: Not applicable.

## (II) Status of Shareholders

April 21, 2024

| Items                       | Status of Shareholders | Government Agencies | Financial Institutions | Other Juridical Persons | Individuals | Foreign Institutions & Natural Persons | Total      |
|-----------------------------|------------------------|---------------------|------------------------|-------------------------|-------------|--|------------|
| Number of Shareholders      |                        | 0                   | 4                      | 27                      | 6,096       | 14                                     | 6,141      |
| Shareholding (Shares)       |                        | 0                   | 224,082                | 8,607,309               | 5,523,797   | 9,256,111                              | 23,611,299 |
| Shareholding Percentage (%) |                        | 0.00                | 0.95                   | 36.45                   | 23.40       | 39.20                                  | 100.00     |

(III) Shareholding Distribution Status (face value of NT\$10 per share)

April 21, 2024

| Class of Shareholding | Number of Shareholders | Shareholding (Shares) | Shareholding Percentage (%) |
|-----------------------|------------------------|-----------------------|-----------------------------|
| 1 ~ 999               | 4,659                  | 480,130               | 2.03                        |
| 1,000 ~ 5,000         | 1,341                  | 2,199,845             | 9.32                        |
| 5,001 ~ 10,000        | 84                     | 641,334               | 2.72                        |
| 10,001 ~ 15,000       | 16                     | 197,897               | 0.84                        |
| 15,001 ~ 20,000       | 8                      | 150,229               | 0.64                        |
| 20,001 ~ 30,000       | 7                      | 186,821               | 0.79                        |
| 30,001 ~ 40,000       | 6                      | 210,991               | 0.89                        |
| 40,001 ~ 50,000       | 1                      | 50,000                | 0.21                        |
| 50,001 ~ 100,000      | 7                      | 453,831               | 1.92                        |
| 100,001 ~ 200,000     | 2                      | 220,028               | 0.93                        |
| 200,001 ~ 400,000     | 3                      | 758,630               | 3.21                        |
| 400,001 ~ 600,000     | 1                      | 501,658               | 2.13                        |
| 600,001 ~ 800,000     | 0                      | 0                     | 0.00                        |
| 800,001 ~ 1,000,000   | 1                      | 873,188               | 3.70                        |
| 1,000,001 or more     | 5                      | 16,686,717            | 70.67                       |
| Total                 | 6,141                  | 23,611,299            | 100.00                      |

Preferred stock: None

(IV) List of Major Shareholders

Names, shareholding, and shareholding percentage of Shareholders who hold more than 5% of shares or who are the top 10 Shareholders

April 21, 2024

| Shareholder's Name   | Shareholding | Shares    | Shareholding Percentage (%) |
|--|--------------|-----------|-----------------------------|
| Wanin International Co., Ltd.  |              | 7,255,488 | 30.73                       |
| Given Business Inc.  |              | 4,813,197 | 20.39                       |
| KGI Bank in Custody for the investment account of Tilun International Development Co. Ltd.       |              | 1,818,592 | 7.70                        |
| Joy Develop Co., Ltd. Taiwan Branch.   |              | 1,453,961 | 6.16                        |
| Huang Xin Investment Co., Ltd.   |              | 1,345,479 | 5.70                        |
| Investment Account, Federal Commercial Bank Platinum Giant Holdings Limited                      |              | 873,188   | 3.70                        |
| Wang, Jia-Jen  |              | 501,658   | 2.12                        |
| Huang, Yi-Jing   |              | 336,480   | 1.43                        |
| Xingtian Technologies Corporation Investment Account in Custody of KGI Commercial Bank Co., Ltd. |              | 217,792   | 0.92                        |
| Zhou, Ding-Chen  |              | 204,358   | 0.87                        |

(V) Market Price, Net Worth, Earnings, and Dividends per Share in the Past 2 Years

Unit: NT\$/share

| Item                   | Year                                | 2022                             | 2023              | Current year up to March 31, 2024 |
|------------------------|-------------------------------------|----------------------------------|-------------------|-----------------------------------|
| Market Price per Share | Highest Market Price                | 173.00                           | 152.5             | 187                               |
|                        | Lowest Market Price                 | 58.70                            | 59.1              | 112.5                             |
|                        | Average Market Price                | 134.64                           | 113.55            | 153.33                            |
| Net Worth per Share    | Before Distribution                 | 14.08                            | 14.13             | 14.43                             |
|                        | After Distribution                  | 13.48                            | Note 4            | Not applicable                    |
| Earnings per Share     | Weighted Average Shares             | 22,274,000 shares (Note 5)       | 23,611,000 shares | 23,611,000 shares                 |
|                        | Earnings per Share                  | Before Adjustment                | 1.65              | 1.41                              |
|                        |                                     | After Adjustment                 | 1.55              | Note 4                            |
| Dividends per Share    | Cash Dividends                      | 0.60                             | 0.5               | Not applicable                    |
|                        | Stock Dividends                     | Dividends from Retained Earnings | 0.60              | 1.0                               |
|                        |                                     | Dividend for Capital Surplus     | 0                 | 0                                 |
|                        | Accumulated Undistributed Dividends | 0                                | 0                 | Not applicable                    |
| Return on Investment   | Price / Earnings Ratio (Note 1)     | 81.60                            | 80.53             | Not applicable                    |
|                        | Price / Dividend Ratio (Note 2)     | 224.40                           | 227.1             | Not applicable                    |
|                        | Cash Dividend Yield Rate (Note 3)   | 0.45                             | 0.44              | Not applicable                    |

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 4: Earnings distribution to be approved by the Shareholders' Meeting

Note 5: It is the weighted average number of outstanding shares before retrospective adjustment of gratis allotment.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy

If earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve, or it can be exempted if the legal reserve amount is equivalent to the Company's paid-in capital amount. The remaining balance thereafter shall be applied to have a special reserve appropriated or reversed as required by the Company's operations or law. The Board of Directors shall present a proposal for the distribution of the remaining amount, if any, plus the accumulated unappropriated earnings as Shareholders' dividend and bonuses in the Shareholders' Meeting.

The Company's dividend policy adopts the principle of stable balance and takes into account factors such as profitability, financial structure, and future development of the Company.

The Company pays dividends at a rate of not less than 10% of the current

year's earnings, except that the accumulated available-for-distribution earnings may not be distributed if they are less than 25% of the paid-in capital.

Shareholder dividends can be distributed in the form of cash dividends and stock dividends, of which the cash dividends shall not be less than 10% of the total dividends of the Shareholders in the current year. However, the Board of Directors may adjust the proportion according to the overall operating conditions at that time and submit it to the Shareholders' Meeting for resolution.

2. Proposed Distribution of Dividend at the Shareholders' Meeting

The Company's Board of Directors resolved on March 15, 2024 to distribute cash dividends of NT\$0.5 per share and dividends from earnings of NT\$1 per share.

3. Anticipated Changes in Dividend Policy: None.

(VII) The impacts of issuing stock grants in the Shareholder's Meeting on the Company's operational performance and dividend per share: In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to disclose financial projection information. Therefore, the effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting, N/A.

(VIII) Compensation of Employees, Directors and Supervisors

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

If earnings are available for distribution at the end of a fiscal year, the Board of Directors will make distribution in accordance with the following ratio, and submit the resolution to the Shareholders' Meeting:

I. The remuneration of Directors shall be no more than 3%.

II. Employee remuneration shall be not less than 1%, which shall be distributed in the form of shares or cash resolved by the Board. The counterparties who receive the remuneration may include the employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board shall be authorized to set the requirements.

However, the Company shall reserve a sufficient amount to compensate its accumulated deficits in advance before appropriating according to the previous ratio as the remuneration of Employees and Directors.

The earnings mentioned previously refer to the pre-tax earnings before deducting the remuneration of Employees and Directors.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company's Board of Directors resolved on March 15, 2024 to distribute the remuneration to employees and directors. If the actual distribution amount differs from the estimated amount, it will be treated as a change in accounting estimate and recorded as profit or loss in 2024.

3. Distribution of Compensation Approved in the Board of Directors Meeting:

- (1) If there is discrepancy between the amount of compensation of employees, Directors, and Supervisors distributed in cash or share and the estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed: On March 15, 2024, the Board of Directors resolved to distribute NT\$457,000 to employees and NT\$350,000 to directors, which did not differ from the estimated amount of expenses to be recognized.
- (2) The amount of employee compensation distributed by stock and the ratio of the amount to the after-tax net profit in the individual or individual financial statements and the total employee remuneration: On March 15, 2024, the Board of Directors resolved to distribute employees' remuneration in cash, therefore, it is not applicable.

4. When there is a discrepancy between the actual status of distribution (including the number of shares, the amount, and stock price) to employees, Directors, and Supervisors in the previous year and the recognized amount of compensation, the amount, causes, and response to such discrepancy shall be stated: No discrepancy in 2022.

**(IX) Buyback of Treasury Stock: None**

- II. Status of Corporate Bonds: None.
- III. Preferred Stocks: None.
- IV. Global Depository Receipts: None.
- V. Employee Stock Options: None.
- VI. Restricted Employee Shares: None.
- VII. Issuance of New Shares in Connection with the Merger or Acquisition of Other Companies: None.
- VIII. Implementation of Capital Utilization Plan

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits. The explanation is as follows:

**(I) Content:**

The Company's first extraordinary Shareholders' Meeting on October 23, 2020, approved the private placement of common shares within 10,000 thousand shares. On November 13, 2020, the Board of Directors approved the price of private common shares and agreed on the candidates. This private placement of 5,952,000 common shares, with NT \$16.80 per share, totals NT \$99,993,600, which was fully collected on November 25, 2020. This private placement is intended to replenish working capital, repay loans and other capital needs in response to the Company's future development. It is expected to improve the financial structure, increase the sources of long-term funding and enhance the competitiveness of the Company, and have a positive impact on shareholders' equity.

(II) Implementation:

Unit: NT\$ thousands

| Planned Item              | Implementation     |        |                             |        | Reasons for Running Schedule Ahead or Behind and Improvement Plans |  |
|---------------------------|--------------------|--------|-----------------------------|--------|--|--|
|                           | Amount of Expenses |        | Implementation Progress (%) |        |  |  |
|                           | Planned            | Actual | Planned                     | Actual |  |  |
| Replenish working capital | 23,693             | 23,693 | 100.00                      | 100.00 | Completed in the first quarter of 2021                             |  |
| Repayment of borrowings   | 76,300             | 76,300 | 100.00                      | 100.00 | Completed in the first quarter of 2021                             |  |
| Total                     | 99,993             | 99,993 | 100.00                      | 100.00 |  |  |

Description of the Financial Structure:

After the private placement and the fund is invested in working capital, it will increase the current assets compared with that before capital increase with cash, increase the long-term capital source, strengthen the Company's competitiveness, and have a positive benefit to shareholders' equity.

## **Chapter 5 Operational Highlights**

### **I. Business Activities**

#### **(I) Scope of Business:**

##### **1. Business Scope**

- (1) CC01110 Computers and Computing Peripheral Equipment Manufacturing
- (2) F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
- (3) F113020 Wholesale of Household Appliance
- (4) F113050 Wholesale of Computing and Business Machinery Equipment
- (5) F118010 Wholesale of Computer Software
- (6) F209060 Retail Sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
- (7) F213010 Retail Sale of Household Appliance
- (8) F213030 Retail Sale of Computing and Business Machinery Equipment
- (9) F218010 Retail Sale of Computer Software
- (10) F401010 International Trade
- (11) I103060 Management Consulting Services
- (12) I301010 Software Design Services
- (13) I301020 Data Processing Services
- (14) I301030 Digital Information Supply Services
- (15) I401010 General Advertising Services
- (16) J303010 Magazine and Periodical Publication
- (17) J304010 Book Publishers
- (18) J305010 Audio Tape and Record Publishers
- (19) J602010 Agents and Managers for Performing Arts, Entertainers, and Models
- (20) J701040 Recreational Activities grounds and Facilities
- (21) JE01010 Rental and Leasing Business
- (22) JZ99050 Agency Services
- (23) J399010 Software Publication
- (24) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

## 2. Proportion of Business

Unit: NT\$ thousands

| Product Name                                  | Total Sales in Year 2023 | Percentage |
|---|--------------------------|------------|
| Online games and digital content              | 23,140                   | 16.36      |
| Income of artwork design and foundry services | 118,288                  | 83.64      |
| Total   | 141,428                  | 100.00     |

### 3. Current products (services) offered by the Company

New products of mobile phones and online games will continue to be launched, and subsequent versions will be updated. Income of artwork design and foundry services will also be maintained.

### 4. New goods (services) and services under development:

(1) New products of mobile phones and online games will continue to be launched, and subsequent versions will be updated.

(2) Platform operation. (Including agency and joint operation of games, online comic malls, etc.)

## (II) Industry Overview

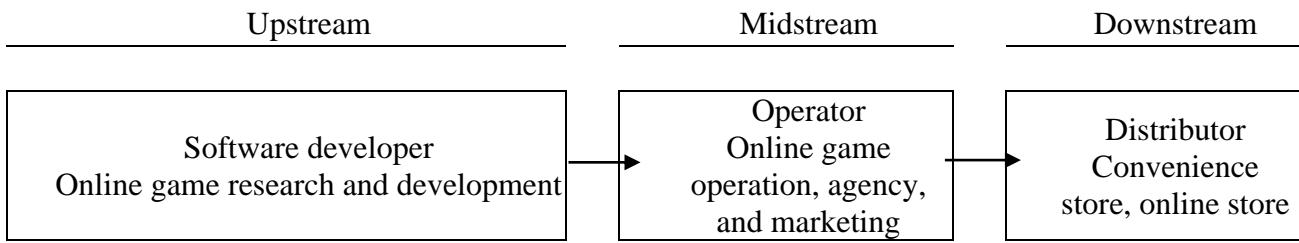
### 1. Current Status and Future Development

The game industry can be divided into categories of PC games, console games, tablets, and mobile games, depending on the platform it performs. Due to the popularity of broadband networks and smartphones, mobile games have become the fastest growing category in the overall game industry.

According to the Global Game Market Size Survey Report of game research company Newzoo, the size of global game market reached US\$184 billion in 2023, of which the mobile game market size reached US\$90.4 billion, accounting for 49%, and console game revenue reached US\$53.2 billion, accounting for 29%; computer game revenue reached US\$40.4 billion, accounting for 22%. Divided by region, the Asia-Pacific region is still the world's largest regional game market, and the global game market revenue continues to grow. It is estimated in the report that by 2026, the annual revenue of the global gaming market will reach US\$205.7 billion.

### 2. Relationship with Up-, Middle- and Downstream Companies

The upstream of the game software industry is the software developer, who designs the story structure, adds programming and artists to create characters and scenes to complete the development of the game; midstream is the game operator, responsible for marketing, online operation, and customer service; the downstream is the access provider, which helps operators sell point cards or product packages. At present, most of them are sold in convenience stores, virtual online stores, and mobile phone platforms, so that players can easily consume.



### 3. Product Trends

#### (1) Cross-platform Development

As hardware vendors of video game consoles and mobile devices are developing different game platforms, game development has moved towards multi-platforms to expand the market and increase competitiveness.

#### (2) Diversified Game Types

As the population of mobile games is increasing dramatically, developers are developing a variety of games to meet the needs of different groups of customers to open up new sectors of game markets for women, children, and the elderly.

#### (3) Combination of Game and Community

Computer users in Taiwan have the highest landing rate of social websites, which shows that social websites have become an indispensable part of computer users' lives. At the same time, due to the rise of social network sites, with the impact of users' high cohesion, install-free, easy-to-operate games will attract the players' attention. Mobile website games are usually social-focused, for it has much lower technical doorsill and often attracts various manufacturers.

### 4. Product Competition

With the popularity of mobile devices, smart phones, and tablets, almost everyone has one of them, which has driven the development of the mobile game industry. Game manufacturers continue to launch lots of mobile game products to seize the market, heating the competition. In addition to the original online game operators occupying the mobile game market, there are more new game agents have joined the market.

### (III) Research and Development Overview:

#### 1. Research and Development Expenses for the Past Three Years (Unit: NT\$ thousands)

| Year   | 2021  | 2022 | 2023 |
|--------|-------|------|------|
| Amount | 2,182 | 225  | 0    |

## 2. Research and Development Results

| Year | Product Name                    | Product Function or Usage | Launch Date |
|------|---------------------------------|---------------------------|-------------|
| 2006 | Stone Age, version 8.5          | Online games              | 2006.07     |
| 2007 | Ely Sium, version 4.5           | Online games              | 2007.03     |
|      | Formosa Club - Taike Mahjong    | Online games              | 2007.05     |
|      | Bao-Dao Club - MahJong          | Online games              | 2007.12     |
| 2008 | Bao-Dao Club - Big Two          | Online games              | 2008.01     |
|      | Bao-Dao Club - Five Card Stud   | Online games              | 2008.03     |
|      | Formosa Club - Texas Hold'em    | Online games              | 2008.05     |
|      | 81 KEYS                         | Online games              | 2008.06     |
|      | Bao-Dao Club - Platform         | Online games              | 2008.07     |
| 2011 | MoneyMoney Club - Texas Hold'em | Online games              | 2001.01     |
|      | 81Keys                          | Online games              | 2011.02     |
| 2014 | G.O.D, God of Destiny           | Online games              | 2014.06     |
| 2017 | Far Away Kingdom 2              | Mobile Games              | 2017.10     |

### 3. Future R&D Plans and Estimated Expenses

The Company will keep developing and updating subsequent game versions according to the release schedule, expecting to provide better game services and products for gamers to improve the competitiveness of the Company's game products.

## (IV) Long-term and Short-term Development

### 1. Short-term Plan:

#### (1) Stable supply of products

Actively acts as an agent for foreign mobile games to increase the variety of products and market share.

#### (2) Diversification-oriented products

The scope of game products released by the Company includes online games and mobile games. Online games can be divided into different genres, including role-playing, leisure games, web games, etc. The Company also actively acts as an agent for many mobile games playing in different ways, and keeps launching new games to enhance revenue growth momentum.

### 2. Long-term Plan

The Company is positioned as digital entertainment service providers to conduct market strategies. With the popularity of the Internet, the life, consumption, learning, and entertainment habits of the online population change accordingly. There are still existing considerable potential business opportunities and development space for the development and application of digital content industry. With the combination of the Internet, communication, entertainment, and fashion, digital entertainment services are worth to invest and will become the future direction of the Company's business development. Wayi possesses substantial advantages over content production capability, complete operation mechanisms, and rich experience in integrated marketing. In the near future, the Company is expected to develop a more diversified digital entertainment service market to create higher corporate profit.

## II. Market and Sales Overview

### (I) Market Analysis

#### 1. Sales (Service) Region:

| Main Product                                  | Area           | Sales   | Weight | Unit: NT\$ thousand; % |
|---|----------------|---------|--------|------------------------|
| Online games and digital content              | Domestic sales | 23,140  | 16.36  |                        |
| Income of artwork design and foundry services | Domestic sales | 118,288 | 83.64  |                        |
| Total   |                | 141,428 | 100.00 |                        |

#### 2. Market Share, Demand and Supply Conditions and the Potential

According to the Global Game Market Size Survey Report of game research company Newzoo, the size of global game market reached US\$184 billion in 2023, of which the mobile game market size reached US\$90.4 billion, accounting for 49%, and console game revenue reached US\$53.2 billion, accounting for 29%; computer game revenue reached US\$40.4 billion, accounting for 22%. The data breakdown by region demonstrates that the Asia-Pacific region is still the largest regional market for games in the world, and the revenue of the global game market continues to grow. It is estimated in the report that the annual revenue of the global game market will reach US\$205.7 billion by 2026, and the compound annual growth rate of the entire market between 2021 and 2026 will be 1.3%.

#### 3. Competitive Niches, Favorable and Unfavorable Factors for Future Development, and Response Measures:

##### (1) Competitive Niches

###### A. Experience accumulated in online games

The Company successfully launched its first online game in 2000, becoming the first domestic online game software manufacturer making profits. The self-built rooms also make the Company a rare domestic manufacturer with the ability to manage and maintain the computer room, which helps the Company to maintain game stability and solve problems in a timely manner. In addition to owning professional network management specialists, responsible for the operation of the computer rooms, the specialists, along with R&D Department and Customer Service Department also build a complete service maintenance system; with marketing strategies and promotion, all together accumulated the Company's large number of paid members.

###### B. Favorable Customer Service

To meet customers' satisfaction, the Company highly values customer service, establishing a comprehensive customer service system to timely solve players' problems. The Company also establishes a VIP service mechanism, provides many privileges and services for exclusive members, carefully listens to the players' needs, and creates different enjoyments in the physical and mental senses for players.

###### C. Integrated Marketing Experience

Game software industry combines other industries, such as the Internet, communication, entertainment, and popularity, so innovative marketing methods have replaced the traditional

marketing model. The Company adopts innovative and flexible marketing practices, such as placement marketing, and cross-industry alliance with physical stores, to integrate corporate image and product information with daily life, and even makes use of the fads of online game products to drive the purchasing power of customers to peripheral products.

D. Stable Operation Platform and Mature Paid Membership

The Company puts the concept of community management in the cash flow payment platform, providing members with space for interaction and community management. Members have always maintained high loyalty and the number paid members is stable.

(2) Favorable Factors

- A. The high penetration rate of computers and mobile devices, the mature broadband market, the growing game market in the Asia-Pacific region, the expansion of customer groups, and the developed light player groups, all contribute to the immense potential of the target market.
- B. A large-scale operation platform has been built and completed. In operation, it has a considerable number of membership bases, and provides various services and community functions for members. Sales channels are gradually mature. New sales channels, such as online cafes, e-commerce, micropayment, and consumption scale, are steadily developed to enhance products' visibility and further stimulate consumers' desire to purchase.

(3) Unfavorable Factors and Countermeasures

A. Limited domestic market size

The game market in Taiwan is small; at present, there are many competitors in the game industry producing game products with high homogeneity. There is no apparent market segregation, which makes the operation of the game market more difficult.

Countermeasures:

The Company continues to act as an agent to launch more games, focus on the goals of increasing market share of the game products, select game products with quality, novelty, and originality for operating, in order to highlight the market segmentation and expand market share.

B. Insufficient game professionals and recruitment difficulty

With the vigorous development of the game software market, the growth of game professionals lags behind the market demand, resulting in difficult recruitment.

Countermeasures:

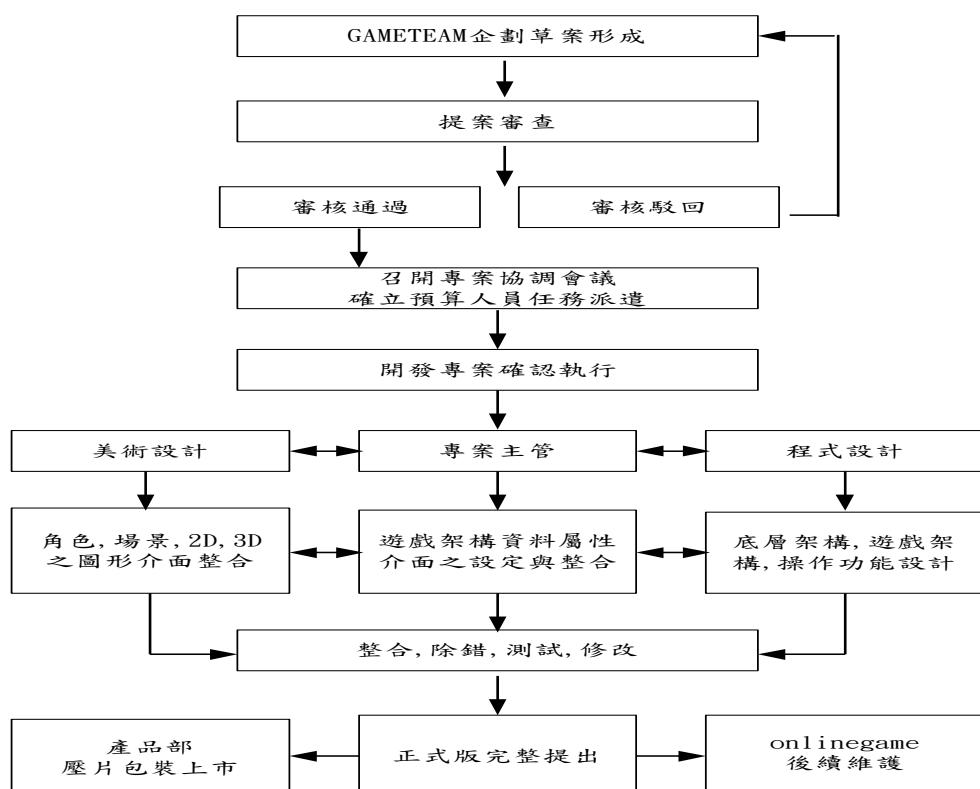
1. Introduce more game products and increase exposure, attracting professionals who are enthusiastic about games to join in the Company.
2. Provide a well-developed welfare system, a comfortable working environment, an education and training system, and regular assessment of promotion, in order to enhance the centripetal force of employees toward the Company and reduce turnover rate.

## (II) Applications and Production Procedure of Major Products

### 1. Major Products and Their Main Uses

| Products or Services         | Representative Products or Services                        | Main Uses or Function   |
|------------------------------|--|---|
| Online games<br>Mobile games | "Kemono Friends 3"<br>"La Corda d'Oro Starlight Orchestra" | Provide online connection or online casual games and interact with the community.   |
| Wayi Entertainment Net       | http://www.wayi.com.tw/                                    | Provide services, such as Internet community, multimedia, audio-video entertainment, information, news, and game websites' portal collecting. |

### 2. Major Products and Their Production Processes



| GAMETEAM Draft Plan Formation  |  |   |
|--|--|---|
| Proposal Review  |  |   |
| Approval of Review   |  | Rejection of Review   |
| Convening of Project Coordination Meetings<br>Budget Establishment and Task Assignment |  |   |
| Confirmation of Implementation of Development Projects                                 |  |   |
| Artwork Design   | Project Manager  | Programming   |
| 2D and 3D Graphic Interface<br>Integration of Game Characters and Scenes               | Setting and Integration of the Interface and Data Attributes | Design of Underlying Architecture, Game Architecture and Operation Function |
| Integration, Debugging, Testing and Correction   |  |   |
| Product Department<br>OEM Mass Replication, Packaging for Sale on the Market           | Presentation of the Official Edition                         | Subsequent Maintenance of Online Games                                      |

## (III) Supply Status of Major Outsourcings:

In addition to casual games, the development of mobile games also tends to be more focused on hardcore users, and various themes and playing methods. In addition to the operation of online games, in response to the trend of the industry, the Company also actively acts as an agent for mobile game products to be distributed on major channels, Google and Apple platforms, to provide players with richer choices. Besides, the Company provides a variety of payment channels, allowing gamers to purchase game points, in order to provide more convenient consumer services.

| Raw materials, Components, or Outsourced Items | Company Name  | Comment                               |
|--|---|---------------------------------------|
| Bandwidth                                      | New Century InfoComm, Digicentre, Ikala and Taiwan So-net | Providing bandwidth for online games  |
| Online games                                   | Trys, Hanbit, Koei Tecmo                                  | Providing contents for online games   |
| Channel costs                                  | Apple, Google, and Gash Point                             | Providing channels for sales services |

**(IV) Suppliers and Clients Accounting for 10% or More of the Company's Total Procurement (Sales) Amount in Either of the 2 Most Recent Years**

**1. Suppliers Accounting for 10% or More of the Company's Total Procurement Amount in the 2 Most Recent Years**

Although the royalties paid by the Company to act as agent for the games are not included in the procurement amount (attributable to other operating costs), the cost is the primary expenditure. Also, bandwidth is also an indispensable element of online game management. So here is a list of the suppliers and net purchases whose amount exceeds 10% in terms of royalties, bandwidth, access costs, and procurement. The list is as follows:

| Ranking | 2022       |        |                                      |                              |            |        | 2023                                 |                              |            | 2024up to the end of the first quarter |                                      |                              |
|---------|------------|--------|--------------------------------------|------------------------------|------------|--------|--------------------------------------|------------------------------|------------|--|--------------------------------------|------------------------------|
|         | Name       | Amount | Percentage of annual net procurement | Relationship with the issuer | Name       | Amount | Percentage of annual net procurement | Relationship with the issuer | Name       | Amount                                 | Percentage of annual net procurement | Relationship with the issuer |
|         |            |        |                                      |                              |            |        |                                      |                              |            |  |                                      |                              |
| 1       | TRYs, INC. | 9,105  | 22.98                                | None                         | Play Wan   | 6,268  | 15.08                                | None                         | Play Wan   | 5,699                                  | 46.00                                | None                         |
| 2       | Seednet    | 6,721  | 16.96                                | None                         | Koei Tecmo | 5,822  | 14.01                                | None                         | Koei Tecmo | 1,869                                  | 15.09                                | None                         |
| 3       | Kakao      | 5,630  | 14.21                                | None                         | Seednet    | 4,863  | 11.70                                | None                         | Seednet    | 1,244                                  | 10.04                                | None                         |
| 4       | Digicentre | 4,294  | 10.83                                | None                         | Digicentre | 4,691  | 11.28                                | None                         | Others     | 3,577                                  | 28.87                                | None                         |
| 5       | Others     | 13,878 | 35.02                                | None                         | Others     | 19,926 | 47.93                                | None                         | -          | -                                      | -                                    | -                            |
| -       | Total      | 39,628 | 100.00                               | -                            | Total      | 41,570 | 100.00                               | -                            | Total      | 12,389                                 | 100.00                               | -                            |

Reason for changes: Cost per sales and distribution costs are changed depending on the sales revenue, which makes the suppliers change.

2. List of Clients Accounting for 10% or More of the Company's Total Sales Amount in the 2 Most Recent Years

Unit: NT\$1,000, %

| Ranking | 2022                |         |   |                              | 2023                |         |   |                              | 2024 up to the end of the first quarter |        |   |                              |
|---------|---------------------|---------|---|------------------------------|---------------------|---------|---|------------------------------|---|--------|---|------------------------------|
|         | Name                | Amount  | Percentage of net sales in the year (%) | Relationship with the issuer | Name                | Amount  | Percentage of net sales in the year (%) | Relationship with the issuer | Name                                    | Amount | Percentage of net sales in the year (%) | Relationship with the issuer |
| 1       | Wanin International | 104,147 | 70.72                                   | Related party in substance   | Wanin International | 119,318 | 84.37                                   | Related party in substance   | Wanin International                     | 41,526 | 94.54                                   | Related party in substance   |
| 2       | Others              | 43,119  | 29.28                                   | None                         | Others              | 22,110  | 15.63                                   | None                         | Others                                  | 2,397  | 5.46                                    | None                         |
| -       | Total               | 147,266 | 100.00                                  | -                            | Total               | 141,428 | 100.00                                  | -                            | Total                                   | 43,923 | 100.00                                  | -                            |

Reasons for change: None.

(V) Production in the Last Two Years

Unit: Set; NT\$ thousands

| Major Products  | Year | 2022              |          |        | 2023              |          |        |
|-----------------|------|-------------------|----------|--------|-------------------|----------|--------|
|                 |      | Capacity (Note 1) | Quantity | Amount | Capacity (Note 1) | Quantity | Amount |
| Online games    |      | 0                 | 0        | 0      | 0                 | 0        | 0      |
| Others (Note 2) |      | 0                 | 0        | 0      | 0                 | 0        | 0      |
| Total           |      | 0                 | 0        | 0      | 0                 | 0        | 0      |

Note 1: The Company is a professional software developer that is not a manufacturing industry and thus there is no production capacity.

Note 2: There are many other peripheral products, each with a different unit.

Reasons for change:

The new products launched in 2023 are mainly mobile games, and no online game packages are produced. Therefore, the relevant quantity and amount are zeros.

(VI) Sales in the Last Two Years

Unit: Set; NT\$ thousands

| Sales Quantity<br>Major Products              | Year | 2022           |        |              |        | 2023           |         |              |        |
|---|------|----------------|--------|--------------|--------|----------------|---------|--------------|--------|
|   |      | Domestic sales |        | Export sales |        | Domestic sales |         | Export sales |        |
|   |      | Quantity       | Amount | Quantity     | Amount | Quantity       | Amount  | Quantity     | Amount |
| Online games and digital content              | -    | 42,274         |        | -            |        | -              | 23,140  | -            |        |
| Income of artwork design and foundry services | -    | 104,494        |        | -            |        | -              | 118,288 | -            |        |
| Labor income-other                            | -    | 70             |        | -            |        | -              | -       | -            |        |
| Other income                                  | -    | 428            |        | -            |        | -              | -       | -            |        |
| Total   | -    | 147,266        |        | -            |        | -              | 141,428 | -            |        |

III. Human Resources

Unit: Person

| Year                         |                          | 2022   | 2023   | As of 31 March 2024 |
|------------------------------|--------------------------|--------|--------|---------------------|
| Number of Employees          | Marketing                | 21     | 21     | 42                  |
|                              | R&D                      | 4      | 4      | 4                   |
|                              | Management               | 14     | 15     | 15                  |
|                              | Others                   | 12     | 14     | 15                  |
|                              | Total                    | 51     | 54     | 76                  |
| Average Age                  |                          | 37.81  | 37.76  | 37.27               |
| Average Years of Services    |                          | 5.45   | 5.43   | 3.63                |
| Education Distribution Ratio | Doctor                   | 1.96%  | 1.85%  | 1.31%               |
|                              | Master                   | 5.88%  | 3.70%  | 9.21%               |
|                              | University/College       | 88.24% | 90.75% | 86.85%              |
|                              | High school              | 3.92%  | 3.70%  | 2.63%               |
|                              | Below Senior High School | 0.00%  | 0.00%  | 0.00%               |

IV. Environmental Protection Expenditure

(I) In the most recent years up to the publication date of the Annual Report, the losses suffered due to the environmental pollution (including indemnity and environmental protection audit results that violate environmental protection laws and regulations, the punishment date, the punishment font size, the provisions of the statute violated, the content of the statute violated, and the punishment content), current and future estimated amounts that may occur, and responding measures: None.

(II) Whether RoHS related information is fully disclosed: Our products are not exported directly or indirectly to Europe or related to the EU Environmental Protection Directive (RoHS).

## V. Labor Relation

(I) The Company's employee welfare policies, continuing education, training, retirement systems and implementation status, the agreement between employees and employer, and employees' rights and interests:

### 1. Employee Benefits

(1) Enrollment in labor insurance and health insurance

In accordance with the provisions of the Labor Insurance and National Health Insurance Act, all employees will be enrolled in insurance from the date of their employment.

(2) Enrollment in employee group insurance

The Company provides group insurance for all employees, and the Company bears the cost of group insurance for employees. The scope of group insurance for employees includes term life insurance, cancer death insurance, cancer surgery insurance, accident insurance, critical illness insurance, accident medical insurance, and hospitalization medical insurance.

(3) Provide annual bonuses or gifts depending on the Company's operating conditions.

(4) Provide funds to establish an Employee Welfare Committee.

(5) Implement flexible working hours: provide flexible two-hour working hours, so that colleagues can adjust their commuting time according to their family or traffic conditions.

(6) Subsidize annual travel for employees.

(7) Employees are entitled to education and training inside and outside the Company.

(8) According to the company's articles of association, employee bonus according to the Company's operation.

(9) The company provides snack cabinets, and employees can take them according to their needs, so as to replenish their energy at any time.

(10) The Company values diversity and equality in the workplace; everyone is entitled to the same labor rights and interests regardless of gender, nationality, religion, race, etc. Meanwhile, any form of discrimination and improper conduct is strictly prohibited.

(11) Employee health checkups: Once every three years, we cooperate with hospitals or medical institutions to provide health checkups for employees.

(12) Group activities: Various educational or recreational clubs are established within the Company to provide employees with various leisure activities, and the Company provides related subsidies.

(13) Leisure Center: The Company has a leisure center with basketball court, gym, swimming pool and other facilities to provide employees with a variety of activities related to physical and mental relaxation.

(14) Welfare activities: Our employees enjoy discounts on Company products, occasional dinners, occasional afternoon teas, occasional movie shows, lucky draw games are arranged from time to time and other related activities.

(15) Employee Welfare Committee related subsidies: The Employee Welfare

Committee provides employee related subsidies including birthday gifts, three festivals gifts or presents, wedding subsidies, maternity subsidies, funeral subsidies, medical comfort subsidies, emergency relief, etc.

2. Employee Continuing Education and Training:
  - (1) Through the Company's "Staff Education and Training Methods," we encourage our colleagues to participate in education training to enhance their professional knowledge, work skills, wisdom, and potential.
  - (2) The Company provides a comprehensive learning environment and a complete education and training framework for its employees, including new employee training, professional training, statutory education training and occasional seminars, etc.
  - (3) The Company also encourages employees to pursue further studies at the workplace and provides subsidies for tuition and fees/credits for employees who pursue further studies.
  - (4) In 2023, there were 47 trainees with a total of 184 hours, and the cost of training for 2023 was NT\$112,000; the training includes financial accounting, management, internal audit and new employee training.
3. Retirement system, and the Status of Implementation:
  - (1) The retirement system and method for our employees are governed by the Labor Standards Act and the Labor Pension Act.
  - (2) Contribution to pension: For employees subject to the pension system (new system of labor retirement) of the Labor Pension Act, the Company contributes 6% of their monthly wages to their individual pension accounts. Employees who have voluntarily contributed pensions, according to their voluntary contribution rate (maximum 6%), will be withheld from their salary every month to the individual pension account of the Labor Insurance Bureau.
  - (3) Employees of the Company may apply for retirement under the following circumstances: (I) If they have worked for at least fifteen years and have reached the age of 55. (II) Those who have worked for more than 25 years. (III) If the employee has worked for at least ten years and has reached the age of 60.
  - (4) At present, the retirement system and methods applicable to the employees of the company are handled in accordance with the relevant provisions of the "Labor Pension Act". At present, the company has no employees who apply the old labor pension system.
4. The Agreement Between Employees and Employers: The Company's employees and employers work in harmony, and there is no employee-employer dispute.
5. Employee Code of Conduct or Ethics

In order to clearly regulate the relationship between rights and obligations between employers and employees, and allow employees to understand ethical concepts, rights, duties and codes of conduct, the Company has formulated relevant policies and measures, including employees' services, employment, assumption of office, work, vacation, leave of absence, salary, work overtime, discipline, rewards & punishments, resignation, laying off, retirement, disaster compensation, welfare, performance appraisal, safety & health, and professional training. Also, relevant policies and measures are disclosed on the Company's website for the staff.

6. Protective Measures for Workplace and Personal Safety of Employees:

■ Protective measures for the work environment:

- (1) The working environment of the Company is all in compliance with the security inspection of the office building environment, and in accordance with the provisions of the fire safety regulations to set up a fire protection system, and cooperate with the fire department to conduct fire drills every year.
- (2) We regularly replace the water dispenser filters in the pantry every quarter and cooperate with the office building management unit to clean the water tower to ensure the quality of drinking water.
- (3) We regularly conduct quarterly air conditioning system maintenance operations, and cooperate with the office building management unit to carry out air conditioning system renewal operations to ensure the quality of air at work.
- (4) We cooperate with the office building management unit to carry out daily cleaning of office areas and toilets to maintain a clean and comfortable working environment.
- (5) In response to the immediate epidemic situation, the company distributes personal disinfection and protective equipment to colleagues, measures body temperature at any time, and conducts environmental disinfection operations every week to ensure a relatively safe working environment.

■ Protective measures for personal safety of employees:

- (1) The Company has a security monitoring system to monitor the working environment in order to provide a safe and secure working environment for employees.
- (2) The Company cooperates with the office building management unit to carry out entrance and exit control operations, and regular patrol inspection of the floors.
- (3) The Company cooperates with the office building management unit to carry out access control operations, and set access control privileges according to the operational needs of each employee.
- (4) Cooperating with the management unit of the office building, we have emergency intercoms installed so that employees may make emergency contact.

(II) In the most recent year up to the publication date of the Annual Report, the losses caused by labor disputes (including matters and punishment due to violating the Labor Standards Act after the labor inspection, the date of punishment, Letter No. of punishment, provisions of laws and regulations violated, contents of laws and regulations violated, and the content of the punishment), the estimated amount that may occur at present and in the future, and countermeasures (where the amount cannot be reasonably estimated, the fact that the amount cannot be reasonably estimated shall be stated): None.

VI. Cyber security management

(I) Describe the information security risk management framework, information security policy, specific management plan and resources invested in information security management, etc.

1. Information security risk management structure:

Wayi's information security management is handled by the Information Security Promotion Team. The information security management policy has been formulated and approved by the Board of Directors on May 9, 2023. The appointed information security officer is responsible for supervision, while the members of the Information Security Promotion Team are responsible for implementation and handling. The management team meets annually to review the management, and reports the details to the Board of Directors.

2. Cyber security policy objectives:

The Company set policies and objectives to prevent unauthorized access, use, control, leakage, destruction, tampering, destruction or other infringement of information or information systems and to ensure their confidentiality, integrity and availability for the smooth operation of its business. The employees attend cyber security training for at least 3 hours annually. The Cyber Security Team members are required to complete at least 12 hours of training.

In case of any emergency information security vulnerabilities are found, they will be immediately announced to all staff in the company with proper guides. The number of unexpected network service outages each year is being recorded for reviewing the implementation results to meet the criteria in the service-level agreement.

3. Specific management plans:

In accordance with the regulations governing the classification of cyber security obligations, the Company is classified as Grade C. To fulfill its obligations, the Company has three cyber security specialists responsible for conducting asset inventory of the cyber security system, assessing risks in cooperation with relevant business units, and grading risks based on a comprehensive assessment form that considers the degree, urgency, and availability of risk treatment, etc. Based on the graded risks, the acceptable risk level is determined, and treatment plans are developed, implemented, and reviewed for their effectiveness and appropriateness.

Firewalls are built on the external gateway side with intrusion detection system and anti-virus system to prevent and alert information security immediately, and to block advanced and continuous targeted attacks in addition to detection and regular review and adjustment of information policy. All external VPN connections are also subject to dynamic password or secondary authentication to strengthen the security of the connection.

Host vulnerability scans are also conducted for the year to evaluate the internal environment for security vulnerabilities.

The computer environment is regularly updated to new versions and anti-virus software is installed internally. In addition to system updates, we also control computer access privileges, regularly review the issuance of special privileges for system access, prevent special privileges from being obtained without formal authorization, and set up a data backup restoration system for file hosts according to the risk level.

In order to raise employees' awareness of information security and reduce information security risks, the Company arranges annual education and training to educate employees on information security and personal data protection, so that they can follow information security policies, management measures and standard procedures.

4. Investment of resources in cyber security management:

According to the Company's project budget, the completion rate is 90%. We execute the maintenance contract of information security protection and management every year to update and fix the vulnerability of the operating system and application software. The endpoint protection is achieved by the combination of anti-virus software and abnormal connection to achieve prevention and protection.

There are currently 1 information security officer and 3 employees as the information security personnel. This year, we applied for the admission to the TWCERT joint defense organization, and prepared an information security maintenance plan.

A total of 5 information security meetings were held in 2023 to formulate relevant procedures and review the implementation of information security risk control.

This year, 4 information security employees were assigned to receive external training on information security for 16 hours, their training hours totaling 64 hours; 7 internal new hires completed the 1-hour training on information security and the Personal Data Protection Act, their training hours totaling 7 hours. 11 people participated in the education and training this year; their education and training hours totaled 71 hours.

(II) The aggregate total of impairment and penalty fines undertaken due to cyber security incidents in the most recent year and as of the printing date of this Annual Report.

In 2023 and up to the date of the annual report, the Company has not suffered any major cyber security incidents and has no related losses or impacts.

## VII. Important Contracts

Up to the publication date of the Annual Report, the valid supply/distribution contracts, technical cooperation contracts, engineering and construction contracts, long-term loan contracts, and other vital contracts which can affect shareholders' rights and interests are as follows:

| Contract Type  | Counterparty                  | Period                            | Major Content  | Restrictions                |
|--|-------------------------------|-----------------------------------|--|-----------------------------|
| Software copyright                                   |                               |                                   |  |                             |
| Software Licensing Agreement                         | Koei Tecmo Games Co.,Ltd.     | Two years after the date of issue | La Corda d'Oro Starlight Orchestra, mobile game  | Taiwan, Hong Kong and Macau |
| Software Licensing Agreement                         | Appirits Inc.,                | Two years after the date of issue | Kemono Friends 3, mobile game  | Taiwan, Hong Kong and Macau |
| Software Licensing Agreement                         | GRAMS CO., LTD.               | Two years after the date of issue | Ragnador, mobile game  | Taiwan, Hong Kong and Macau |
| Authorization agent                                  |                               |                                   |  |                             |
| Virtual Products Distribution Agreement              | Gash Point Co, Ltd.           | 2024.01.01~2024.12.31             | Wayi's products shall be sold by the distribution channel of GASH POINT Co, Ltd.           | None                        |
| Virtual Products Distribution Contract               | Wanin International Co., Ltd. | 2024.01.01~2024.12.31             | Wayi's products shall be sold by the distribution channel of Wanin International Co., Ltd. | None                        |
| Co-development                                       |                               |                                   |  |                             |
| Game Cooperative Development and Operation Agreement | Wanin International Co., Ltd. | 2024.01.01~2024.12.31             | Co-developed games are operated on the Star City platform                                  | None                        |

## Chapter 6 Financial Information

I. Condensed Balance Sheet, Comprehensive Income Statement, and the Name of CPA and the Audit Opinion Thereof for the Most Recent Five Years

(I) Consolidated Condensed Balance Sheet—Based on IFRS

Unit: NT\$ thousands

| Item  | Year                | Financial Summary for The Last Five Years (Note 1) |          |         |         |         | Financial Summary for the Current Year as of March 31, 2024 (Note 1) |
|---|---------------------|--|----------|---------|---------|---------|--|
|   |                     | 2019   | 2020     | 2021    | 2022    | 2023    |  |
| Current assets                                      | 177,167             | 193,631  | 262,748  | 243,873 | 277,668 |         | 274,295  |
| Property, plant and equipment                       | 75,976              | 58,130   | 59,627   | 59,483  | 59,739  |         | 60,533   |
| Intangible assets                                   | 363                 | 1,660  | 6,019    | 12,018  | 5,104   |         | 19,004   |
| Other assets  | 47,355              | 57,478   | 60,462   | 33,925  | 20,839  |         | 19,360   |
| Total assets  | 300,861             | 310,899  | 388,856  | 349,299 | 363,350 |         | 373,192  |
| Current liabilities                                 | Before distribution | 115,313  | 87,678   | 65,956  | 31,573  | 28,632  | 31,552   |
|   | After distribution  | 115,313  | 87,678   | 104,695 | 44,938  | 40,438  | Not yet distributed  |
| Non-current liabilities                             | 64,429              | 328  | 7,063    | 3,986   | 1,150   |         | 915  |
| Total liabilities                                   | Before distribution | 179,742  | 88,006   | 73,019  | 35,559  | 29,782  | 32,467   |
|   | After distribution  | 179,742  | 88,006   | 111,758 | 48,924  | 41,588  | Not yet distributed  |
| Equity attributable to owners of the parent company | 121,119             | 222,893  | 315,837  | 313,740 | 333,568 |         | 340,725  |
| Capital stock                                       | 134,174             | 193,694  | 193,694  | 222,748 | 236,113 |         | 236,113  |
| Capital surplus                                     | 0                   | 41,690   | 29,199   | 29,199  | 29,199  |         | 29,199   |
| Retained earnings                                   | Before distribution | (13,055)   | (12,491) | 92,944  | 61,793  | 68,256  | 75,413   |
|   | After distribution  | (13,055)   | (12,491) | 54,205  | 48,428  | 56,450  | Not yet distributed  |
| Other equity  | 0                   | 0  | 0        | 0       | 0       |         | 0  |
| Treasury stock                                      | 0                   | 0  | 0        | 0       | 0       |         | 0  |
| Non-controlling equity                              | 0                   | 0  | 0        | 0       | 0       |         | 0  |
| Total equity  | Before distribution | 121,119  | 222,893  | 315,837 | 313,740 | 333,568 | 340,725  |
|   | After distribution  | 121,119  | 222,893  | 277,098 | 300,375 | 321,762 | Not yet distributed  |

Note 1: Financial information for each year is reviewed or audited by CPA.

(II) Consolidated Condensed Statement of Comprehensive Income—Based on IFRS:

Unit: NT\$ thousands

| Item  | Year     | Financial Summary for The Last Five Years (Note 1) |         |         |         |      | Financial Summary<br>for the Current Year as<br>of March 31, 2024<br>(Note 1) |
|---|----------|--|---------|---------|---------|------|---|
|   |          | 2019   | 2020    | 2021    | 2022    | 2023 |   |
| Operating revenue   | 123,407  | 115,951  | 248,364 | 147,266 | 141,428 |      | 43,923  |
| Gross profit  | 63,385   | 74,551   | 187,971 | 97,745  | 92,927  |      | 25,068  |
| Income from operations  | (8,841)  | 1,788  | 95,928  | 20,389  | 25,806  |      | 9,791   |
| Non-operating income and expenses                                       | (4,215)  | (1,224)  | (2,984) | 16,432  | 7,554   |      | 9,172   |
| Income before tax   | (13,056) | 564  | 92,944  | 36,821  | 33,360  |      | 18,963  |
| Income from operations of continued segments                            | (13,056) | 564  | 92,944  | 36,642  | 33,193  |      | 18,963  |
| Income from discontinued operations                                     | 0        | 0  | 0       | 0       | 0       |      | 0   |
| Net income  | (13,056) | 564  | 92,944  | 36,642  | 33,193  |      | 18,963  |
| Other comprehensive income (income after tax)                           | 0        | 0  | 0       | 0       | 0       |      | 0   |
| Total comprehensive income  | (13,056) | 564  | 92,944  | 36,642  | 33,193  |      | 18,963  |
| Net income attributable to owners of the parent company                 | (13,056) | 564  | 92,944  | 36,642  | 33,193  |      | 18,963  |
| Net income attributable to non-controlling interest                     | 0        | 0  | 0       | 0       | 0       |      | 0   |
| Total comprehensive income attributable to owners of the parent company | (13,056) | 564  | 92,944  | 36,642  | 33,193  |      | 18,963  |
| Total comprehensive income attributable to non-controlling interests    | 0        | 0  | 0       | 0       | 0       |      | 0   |
| Earnings per share  | (0.80)   | 0.03   | 4.17    | 1.55    | 1.41    |      | 0.80  |

Note 1: Financial information for each year is reviewed or audited by CPA.

(III) Condensed Individual Balance Sheet–Based on IFRS

Unit: NT\$ thousands

| Item                          | Year                | Financial Summary for the Last Five Years (Note 1) |          |         |         |         |
|-------------------------------|---------------------|--|----------|---------|---------|---------|
|                               |                     | 2019   | 2020     | 2021    | 2022    | 2023    |
| Current assets                |                     | 145,367  | 163,652  | 233,935 | 212,112 | 244,994 |
| Property, plant and equipment |                     | 75,976   | 58,130   | 59,627  | 59,483  | 59,739  |
| Intangible assets             |                     | 363  | 1,660    | 6,019   | 12,018  | 5,104   |
| Other assets                  |                     | 79,155   | 87,457   | 89,275  | 65,686  | 53,513  |
| Total assets                  |                     | 300,861  | 310,899  | 388,856 | 349,299 | 363,350 |
| Current liabilities           | Before distribution | 115,313  | 87,678   | 65,956  | 31,573  | 28,632  |
|                               | After distribution  | 115,313  | 87,678   | 104,695 | 44,938  | 40,438  |
| Non-current liabilities       |                     | 64,429   | 328      | 7,063   | 3,986   | 1,150   |
| Total liabilities             | Before distribution | 179,742  | 88,006   | 73,019  | 35,559  | 29,782  |
|                               | After distribution  | 179,742  | 88,006   | 111,758 | 48,924  | 41,588  |
| Capital stock                 |                     | 134,174  | 193,694  | 193,694 | 222,748 | 236,113 |
| Capital surplus               |                     | 0  | 41,690   | 29,199  | 29,199  | 29,199  |
| Retained earnings             | Before distribution | (13,055)   | (12,491) | 92,944  | 61,793  | 68,256  |
|                               | After distribution  | (13,055)   | (12,491) | 54,205  | 48,428  | 56,450  |
| Other equity                  |                     | 0  | 0        | 0       | 0       | 0       |
| Treasury stock                |                     | 0  | 0        | 0       | 0       | 0       |
| Equity                        | Before distribution | 121,119  | 222,893  | 315,837 | 313,740 | 333,568 |
|                               | After distribution  | 121,119  | 222,893  | 277,098 | 300,375 | 321,762 |

Note 1: Financial information for each year is reviewed or audited by CPA.

(IV) Condensed Individual Statement of Comprehensive Income–Based on IFRS:

Unit: NT\$ thousands

| Item  | Year | Financial Summary for the Last Five Years (Note 1) |         |         |         |         |
|---|------|--|---------|---------|---------|---------|
|   |      | 2019   | 2020    | 2021    | 2022    | 2023    |
| Operating revenue                             |      | 123,407  | 115,951 | 248,364 | 147,266 | 141,428 |
| Gross profit                                  |      | 63,385   | 74,551  | 187,971 | 97,745  | 92,927  |
| Income from operations                        |      | (8,572)  | 2,137   | 96,327  | 20,833  | 26,120  |
| Non-operating income and expenses             |      | (4,484)  | (1,573) | (3,383) | 15,988  | 7,240   |
| Income before tax                             |      | (13,056)   | 564     | 92,944  | 36,821  | 33,360  |
| Income from operations of continued segments  |      | (13,056)   | 564     | 92,944  | 36,821  | 33,360  |
| Income from discontinued operations           |      | 0  | 0       | 0       | 0       | 0       |
| Net income                                    |      | (13,056)   | 564     | 92,944  | 36,642  | 33,193  |
| Other comprehensive income (income after tax) |      | 0  | 0       | 0       | 0       | 0       |
| Total comprehensive income                    |      | (13,056)   | 564     | 92,944  | 36,642  | 33,193  |
| Earnings per share                            |      | (0.80)   | 0.03    | 4.17    | 1.55    | 1.41    |

Note 1: Financial information for each year is reviewed or audited by CPA.

(V) Name of the CPA and audit opinions for the most recent five fiscal years:

| Year | Accounting Firm   | Name of CPA                 | Audit Opinion       |
|------|-------------------|-----------------------------|---------------------|
| 2019 | Deloitte & Touche | Weng, Po-Jen, Guo, Nai-Hua  | Unqualified opinion |
| 2020 | Deloitte & Touche | Weng, Po-Jen, Guo, Nai-Hua  | Unqualified opinion |
| 2021 | Deloitte & Touche | Chi, Rui-Quan, Guo, Nai-Hua | Unqualified opinion |
| 2022 | Deloitte & Touche | Chi, Rui-Quan, Chou, I-Lung | Unqualified opinion |
| 2023 | Deloitte & Touche | Chi, Rui-Quan, Chou, I-Lung | Unqualified opinion |

## II. Five-Year Financial Analysis

### (I) Consolidated Financial Analysis – Based on IFRS:

| Item                    | Year  | Financial Analysis for the Last Five Years<br>(Note 1) |           |        |        |        | For the current<br>year as of March<br>31, 2024<br>(Note 1) |
|-------------------------|---|--|-----------|--------|--------|--------|---|
|                         |   | 2019   | 2020      | 2021   | 2022   | 2023   |   |
| Financial structure (%) | Debt Ratio  | 59.74  | 28.31     | 18.78  | 10.18  | 8.20   | 8.70  |
|                         | Ratio of long-term capital to property, plant and equipment | 238.39   | 383.44    | 529.69 | 527.44 | 558.38 | 562.87  |
| Solvency (%)            | Current ratio   | 153.64   | 220.84    | 398.37 | 772.41 | 969.78 | 869.34  |
|                         | Quick ratio   | 148.73   | 201.85    | 377.46 | 736.18 | 926.29 | 852.88  |
|                         | Interest coverage ratio                                     | -4.36  | 1.27      | 338.98 | 384.55 | 359.71 | 1,459.69  |
| Operation performance   | Accounts receivable turnover (times)                        | 10.94  | 6.26      | 7.05   | 4.91   | 5.04   | 5.36  |
|                         | Average collection period                                   | 33.37  | 58.33     | 51.80  | 74.38  | 72.47  | 68.08   |
|                         | Inventory turnover (times)                                  | 45.63  | 38.87     | 56.71  | 46.50  | 45.54  | 70.82   |
|                         | Accounts payable turnover (times)                           | 9.69   | 7.27      | 4.77   | 4.33   | 7.87   | 9.82  |
|                         | Average days in sales                                       | 8.00   | 9.39      | 6.44   | 7.85   | 8.01   | 5.15  |
|                         | Property, plant and equipment turnover (times)              | 1.58   | 1.73      | 4.22   | 2.47   | 2.37   | 2.92  |
|                         | Total assets turnover (times)                               | 0.39   | 0.38      | 0.71   | 0.40   | 0.40   | 0.48  |
| Profitability           | Return on total assets (%)                                  | -3.47  | 0.72      | 26.63  | 9.95   | 9.34   | 20.61   |
|                         | Return on equity (%)  | -10.23   | 0.33      | 34.50  | 11.64  | 10.26  | 22.50   |
|                         | Pre-tax income to paid-in capital (%)                       | -9.73  | 0.29      | 47.98  | 16.53  | 14.13  | 8.03  |
|                         | Profit ratio (%)  | -10.58   | 0.49      | 37.42  | 24.88  | 23.47  | 43.17   |
|                         | Earnings per share (NT\$)                                   | -0.80  | 0.03      | 4.17   | 1.55   | 1.41   | 0.80  |
| Cash flow               | Cash flow ratio (%)   | 33.68  | -30.02    | 164.47 | 124.77 | 97.22  | 144.46  |
|                         | Cash flow adequacy ratio (%)                                | -2,645.48  | -3,424.85 | 232.53 | 229.99 | 264.66 | 269.47  |
|                         | Cash reinvestment ratio (%)                                 | 10.28  | -6.23     | 23.85  | 0.15   | 3.40   | 7.23  |
| Leverage                | Operating leverage  | -7.17  | 41.70     | 1.96   | 4.79   | 3.60   | 2.56  |
|                         | Financial leverage  | 0.78   | -6.70     | 1.00   | 1.00   | 1.00   | 1.00  |

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Current ratio and quick ratio: Due to the decrease in the current liabilities in the period.
2. Accounts payable turnover ratio: Due to the increase in the accounts payable at the end of the period.
3. Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: Due to the increase in the net cash inflow from operating activities in the current period.
4. Operating leverage: Due to the increase in the operating income in the current period.

Note 1: Financial information for each year is reviewed or audited by CPA.

Note 2: Formula for calculating the financial analysis:

1. Financial structure

- (1) Debt Ratio = Total Liabilities / Total Assets
- (2) Ratio of Long-Term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment

2. Solvency

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (3) Interest Earned Ratio = Net Profit before Tax and Interest / Interest Expenses

3. Operating performance

- (1) Accounts Receivable Turnover (including bills receivable resulting from accounts receivable and business operations) = Net Sales / Average Accounts Receivable in Various Periods (including bills receivable resulting from accounts receivable and business operations)
- (2) Average Collection Period = 365 / Accounts Receivable Turnover
- (3) Inventory Turnover = Cost of Sales / Average Inventory
- (4) Accounts Payable Turnover (including bills payable resulting from accounts payable and business operations) = Cost of Sales / Average Accounts Payable in Various Periods (including bills payable resulting from accounts payable and business operations).
- (5) Average Days in Sale = 365 / Inventory Turnover
- (6) Property, Plant, and Equipment Turnover = Net Sales / Average Net Property, Plant, and Equipment
- (7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

- (1) Return on Total Assets = [ Income After Tax + Interest Expenses x (1 - Interest Rates) ] / Average Total Asset Value
- (2) Return on Equity = Income After Tax / Average Equity
- (3) Profit Ratio = Income After Tax / Net Sales
- (4) Earnings per Share = (Income Attributable to Owners of the Parent Company - Dividends on Preferred Shares) / Weighted Average Number of Issued Shares (Note 3)

5. Cash flow

- (1) Cash Flow Ratio = Net Operating Cash Flow / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the Most Recent Five Years / (Capital Expenditures + Inventory Increase + Cash Dividend) for the Most Recent Five Years
- (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividend) / (Gross Property, Plant and Equipment Value + Long-Term Investment + Other Non-current Assets + Working Capital) (Note 4)

6. Leverage:

- (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income (Note 5)
- (2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

Note 3: Special attention shall be paid to the following matters when using the calculation formula of earnings per share above:

1. Based on the weighted average number of shares of ordinary share, not the number of issued shares at the end of the year.
2. For cash capital increase or transaction of treasury stock, the circulation period should be considered when calculating the weighted average number of shares.

3. For capital increase by retained earnings or capital surplus, the Company shall retrospectively adjust the earnings per share for the past fiscal year and the semi-annual earnings ratio retrospectively, without considering the issuance period of the capital increase.
4. If the preferred stocks are nonconvertible cumulative preferred stocks, its dividend of the year (whether is being distributed or not) shall add or subtract the net loss from the net income. If the preferred stock is non-cumulative, the dividend of the preferred stock should be deducted from the net profit after tax if the Company has net profit after tax; if the Company has deficiency, it shall not be adjusted.

Note 4: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is included only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.
4. Cash dividends include cash dividends from ordinary shares and preferred stocks.
5. Gross property, plant and equipment refers to the total value of PP&E minus accumulated depreciation.

Note 5: The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment,

Note 6: If the Company's shares have no par value or a par value other than NT\$10, any calculations that involve paid-in capital ratio shall be replaced with the equity ratio attributable to owners of the parent company, as shown in the balance sheet.

(II) Individual Financial Analysis - IFRS:

| Item                    | Year   | Financial Analysis for the Past 5 years (Note 1) |           |        |        |        |
|-------------------------|--|--|-----------|--------|--------|--------|
|                         |  | 2019   | 2020      | 2021   | 2022   | 2023   |
| Financial structure (%) | Debt ratio                                     | 59.74  | 28.31     | 18.78  | 10.18  | 8.20   |
|                         | Ratio of long-term capital to fixed assets     | 238.39   | 383.44    | 529.69 | 527.44 | 558.38 |
| Solvency (%)            | Current ratio                                  | 126.06   | 186.65    | 354.68 | 671.81 | 855.66 |
|                         | Quick ratio                                    | 121.17   | 167.87    | 334.06 | 636.23 | 813.14 |
| Operating performance   | Interest earned ratio                          | -4.36  | 1.27      | 338.98 | 384.55 | 359.71 |
|                         | Accounts receivable turnover (times)           | 10.94  | 6.26      | 7.05   | 4.91   | 5.04   |
| Operating performance   | Average collection period                      | 33.37  | 58.33     | 51.80  | 74.38  | 72.47  |
|                         | Inventory turnover (times)                     | 45.63  | 38.87     | 56.71  | 46.50  | 45.54  |
| Operating performance   | Accounts payable turnover (times)              | 9.69   | 7.27      | 4.77   | 4.33   | 7.87   |
|                         | Average days in sales                          | 8.00   | 9.39      | 6.44   | 7.85   | 8.01   |
| Operating performance   | Property, Plant and Equipment turnover (Times) | 1.58   | 1.73      | 4.22   | 2.47   | 2.37   |
|                         | Total assets turnover                          | 0.38   | 0.38      | 0.71   | 0.40   | 0.40   |
| Profitability           | Return on total assets (%)                     | -3.44  | 0.72      | 26.63  | 9.95   | 9.34   |
|                         | Return on equity (%)                           | -10.23   | 0.33      | 34.50  | 11.64  | 10.26  |
| Profitability           | Pre-tax income to paid-in capital (%)          | -9.73  | 0.29      | 47.98  | 16.53  | 14.13  |
|                         | Profit ratio (%)                               | -10.58   | 0.49      | 37.42  | 24.88  | 23.47  |
| Profitability           | Earnings per share (NT\$)                      | -0.80  | 0.03      | 4.17   | 1.65   | 1.41   |
|                         | Cash flow ratio (%)                            | 31.47  | -27.72    | 166.20 | 115.81 | 93.87  |
| Cash flow               | Cash flow adequacy ratio (%)                   | -1,995.48  | -3,040.85 | 572.97 | 254.38 | 260.20 |
|                         | Cash flow reinvestment ratio (%)               | 9.61   | -5.76     | 24.10  | -0.49  | 3.20   |
| Leverage                | Operating leverage                             | -7.39  | 34.89     | 1.95   | 4.69   | 3.56   |
|                         | Financial leverage                             | 0.78   | 26.06     | 1.00   | 1.00   | 1.00   |

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Current ratio and quick ratio: Due to the decrease in the current liabilities in the period.
2. Accounts payable turnover ratio: Due to the increase in the accounts payable at the end of the period.
3. Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: Due to the increase in the net cash inflow from operating activities in the current period.
4. Operating leverage: Due to the increase in the operating income in the current period.

Note 1: Financial information for each year is reviewed or audited by CPA.

Note 2: The end of the Annual Report shall list the formula as follows:

1. Financial structure
  - (1) Debt Ratio = Total Liabilities / Total Assets
  - (2) Ratio of Long-Term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment
2. Solvency
  - (1) Current Ratio = Current Assets / Current Liabilities
  - (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
  - (3) Interest Earned Ratio = Net Profit before Tax and Interest / Interest Expenses
3. Operating performance
  - (1) Accounts Receivable Turnover (including bills receivable resulting from accounts receivable and business operations) = Net Sales / Average Accounts Receivable in Various Periods (including bills receivable resulting from accounts receivable and business operations)
  - (2) Average Collection Period = 365 / Accounts Receivable Turnover
  - (3) Inventory Turnover = Cost of Sales / Average Inventory
  - (4) Accounts Payable Turnover (including bills payable resulting from accounts payable and business operations) = Cost of Sales / Average Accounts Payable in Various Periods (including bills payable resulting from accounts payable and business operations).
  - (5) Average Days in Sale = 365 / Inventory Turnover
  - (6) Property, Plant, and Equipment Turnover = Net Sales / Average Net Property, Plant, and Equipment
  - (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability
  - (1) Return on Total Assets = [ Income After Tax + Interest Expenses x (1 - Interest Rates) ] / Average Total Asset Value
  - (2) Return on Equity = Income After Tax / Average Equity
  - (3) Profit Ratio = Income After Tax / Net Sales
  - (4) Earnings per Share = (Income Attributable to Owners of the Parent Company – Dividends on Preferred Shares) / Weighted Average Number of Issued Shares (Note 3)
5. Cash flow
  - (1) Cash Flow Ratio = Net Operating Cash Flow / Current Liabilities
  - (2) Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the Most Recent Five Years / (Capital Expenditures + Inventory Increase + Cash Dividend) for the Most Recent Five Years
  - (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities – Cash Dividend) / (Gross Property, Plant and Equipment Value + Long-Term Investment + Other Non-current Assets + Working Capital) (Note 4)
6. Leverage:
  - (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income (Note 5)
  - (2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

Note 3: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. Based on the weighted average number of shares of ordinary share, not the number of issued shares at the end of the year.
2. For cash capital increase or transaction of treasury stock, the circulation period should be considered when calculating the weighted average number of shares.
3. For capital increase by retained earnings or capital surplus, the Company shall retrospectively adjust the earnings per share for the past fiscal year and the semi-annual earnings ratio retrospectively, without considering the issuance period of the capital increase.

4. If the preferred stocks are nonconvertible cumulative preferred stocks, its dividend of the year (whether is being distributed or not) shall add or subtract the net loss from the net income. If the preferred stock is non-cumulative, the dividend of the preferred stock should be deducted from the net profit after tax if the Company has net profit after tax; if the Company has deficiency, it shall not be adjusted.

Note 4: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is included only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.
4. Cash dividends include cash dividends from ordinary shares and preferred stocks.
5. Gross property, plant and equipment refers to the total value of PP&E minus accumulated depreciation.

Note 5: The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment,

Note 6: If the Company's shares have no par value or a par value other than NT\$10, any calculations that involve paid-in capital ratio shall be replaced with the equity ratio attribute to the owner of the parent company, as shown in the balance sheet.

III. Audit Committee' Audit Report on the Financial Statements for the Most Recent Year

**Audit Committee's Review Report**

The Board of Directors has submitted the Company's 2023 financial statements and consolidated financial statements, which have been audited and completed by Rui-Quan Chi and I-Lung Chou of Deloitte & Touche accounting firm. Along with the business report and profit distribution proposal, the Audit Committee has thoroughly reviewed and found no discrepancies. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, a report has been prepared for your examination.

Sincerely,

2024 Annual Shareholders Meeting of Wayi International Digital Entertainment Co., Ltd.

Convener of Audit Committee: Gao, Li-Han

March 15, 2024

- IV. For the most recent year Consolidated Financial Statements and the audit report of CPA: Please refer to pages 122-184.
- V. For the most recent year Individual Financial Statements and the audit report of CPA: Please refer to pages 185-247.
- VI. Impact of financial difficulties of the Company and related companies on the financial status of the Company in the most recent year up to the publication date of the Annual Report: None.

## Chapter 7 Review of Financial Conditions, Operating Results, and Risk Management

### I. Financial Status

Unit: NT\$ thousands

| Item                                 | Year | 2022    | 2023    | Difference |         |
|--------------------------------------|------|---------|---------|------------|---------|
|                                      |      |         |         | Amount     | %       |
| Current Assets                       |      | 243,873 | 277,668 | 33,795     | 13.86   |
| Property, Plant and Equipment        |      | 59,483  | 59,739  | 256        | 0.43    |
| Net amount of investment real estate |      | 15,157  | 14,538  | (619)      | (4.08)  |
| Intangible Assets                    |      | 12,018  | 5,104   | (6,914)    | (57.53) |
| Other Assets                         |      | 18,768  | 6,301   | (12,467)   | (66.43) |
| Total Assets                         |      | 349,299 | 363,350 | 14,051     | 4.02    |
| Current Liabilities                  |      | 31,573  | 28,632  | (2,941)    | (9.31)  |
| Non-current Liabilities              |      | 3,986   | 1,150   | (2,836)    | (71.15) |
| Total Liabilities                    |      | 35,559  | 29,782  | (5,777)    | (16.25) |
| Capital                              |      | 222,748 | 236,113 | 13,365     | 6.00    |
| Capital Surplus                      |      | 29,199  | 29,199  | 0          | 0       |
| Retained Earnings                    |      | 61,793  | 68,256  | 6,463      | 10.46   |
| Other Equity                         |      | 0       | 0       | 0          | 0       |
| Non-controlling Equity               |      | 0       | 0       | 0          | 0       |
| Total Equity                         |      | 313,740 | 333,568 | 19,828     | 6.32    |

Explanation: (Please specify the difference if the difference exceed 20%)

1. Intangible assets: Mainly due to the increase in the amortization of software royalties following the launches of new games in the current period.
2. Other assets: Mainly due to the amortization of the depreciation of right-of-use assets resulting from lease contracts.
3. Non-current liabilities: Mainly due to the decrease in the non-current lease liabilities resulting from lease contracts.
4. Future contingency plan: The working capital generated by the company's future operating activities and part of the funds obtained from financing from financial institutions will be sufficient to meet the company's future operating needs.

## II. Financial Performance

### Comparative Analysis of Financial Performance

Unit: NT\$ thousands

| Item   | Year | 2022    | 2023    | Increase<br>(decrease)<br>Amount | Variable<br>Proportion (%) | Analysis of<br>changes |
|--|------|---------|---------|----------------------------------|----------------------------|------------------------|
| Operating Income   |      | 147,266 | 141,428 | (5,838)                          | (3.96)                     |                        |
| Operating Costs  |      | 49,521  | 48,501  | (1,020)                          | (2.06)                     |                        |
| Gross Profit   |      | 97,745  | 92,927  | (4,818)                          | (4.93)                     |                        |
| Operating Expenses   |      | 77,356  | 67,121  | (10,235)                         | (13.23)                    |                        |
| Operating Profit   |      | 20,389  | 25,806  | 5,417                            | 26.57                      | 1                      |
| Non-operating Income and Expenses                                |      | 16,432  | 7,554   | (8,878)                          | (54.03)                    | 2                      |
| Pre-Tax Profit (Loss)  |      | 36,821  | 33,360  | (3,461)                          | (9.40)                     |                        |
| Income Tax Benefit (Expense)                                     |      | (179)   | (167)   | 12                               | (6.70)                     |                        |
| Net profit (loss)  |      | 36,642  | 33,193  | (3,449)                          | (9.41)                     |                        |
| Other Comprehensive Income for the Period                        |      | 0       | 0       | 0                                | 0                          |                        |
| Total Comprehensive Income                                       |      | 36,642  | 33,193  | (3,449)                          | (9.41)                     |                        |
| Net profit (loss) Attributable to Owners of the Company          |      | 36,642  | 33,193  | (3,449)                          | (9.41)                     |                        |
| Non-controlling Equity   |      | 0       | 0       | 0                                | 0                          |                        |
| Total Comprehensive Income Attributable to Owners of the Company |      | 36,642  | 33,193  | (3,449)                          | (9.41)                     |                        |
| Non-controlling Equity   |      | 0       | 0       | 0                                | 0                          |                        |

Analysis of changes: (Please specify the difference if the difference exceeds 20%)

1. Net operating income: Mainly due to the significant decrease in the operating expenses in the period compared to the same period of last year.
2. Non-operating income and expenses: Mainly due to the increase in the exchange losses caused by the changes in the US dollar exchange rate.
3. In summary, the increase in the exchange losses in the period resulted in a decrease in the net income in the period.
4. Reasons for changes in the Company's main business: There was no significant change in the Company's business.
5. Expected sales volume in the coming year and its basis, possible impact on the Company's future finance and business and response plans: The Company's operating income includes game and digital revenue; as the Company has no financial forecasting, there is no statistical value of sales. The Company will continue to increase the operation of its game and digital products and pursue the growth of its business scale and profit.

### III. Cash flow

#### (I) Cash Flow Analysis in the Most Recent Two Years

| Item                        | Year | Unit: NT\$ thousands |          |                                |
|-----------------------------|------|----------------------|----------|--------------------------------|
|                             |      | 2022                 | 2023     | Increase (decrease) in Amounts |
| Operating activity          |      | 39,393               | 27,835   | (11,558)                       |
| Investment activity         |      | 4,439                | 12,712   | 8,273                          |
| Financing activity          |      | (43,844)             | (18,795) | 25,049                         |
| Net cash inflow and outflow |      | (12)                 | 21,752   | 21,764                         |

Analysis of ratio changes:

1. Decrease in net cash inflow from operating activities: Mainly due to the decrease in the revenue in the period.
2. Increase in net cash inflow from investing activities: Mainly due to the disposal of long-term equity investment under the equity method in the period.
3. Decrease in net cash outflow from financing activities: Mainly due to the decrease in cash dividends distributed for the period.

#### (II) Cash Liquidity Analysis for the Following Year

| Cash and cash equivalents at the beginning of the period (Note) | Estimated Net Cash Flow from Operating Activities for the Year | Estimated Cash Outflow for the Year | Estimated Cash Surplus (Deficit) | Unit: NT\$ thousands    |                |
|---|--|-------------------------------------|----------------------------------|-------------------------|----------------|
|   |  |                                     |                                  | Remedy for Cash Deficit |                |
| 224,969   | 192,284  | 194,937                             | 222,316                          | Investment plan         | Financial plan |
| Remedy for the cash flow deficit for 2024: None.                |  |                                     |                                  |                         |                |

Note: Sum of cash and cash equivalents and time deposits.

### IV. Major Capital Expenditure Items and Impacts on the Company's Finance and Business for the Most Recent Year

The Company's major capital expenditures are the royalty of game vicarious authority and intangible assets. This capital expenditure is expected to increase the number of products in order to increase operating income, which has a positive impact on the Company's finance.

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Review and Analysis of Significant Expenditures and Source of Capital:

| Explanation<br>Item                            | Recognized<br>Investment Gain<br>or Loss in 2023<br>(NT\$ thousands) | Policy   | Main reasons<br>for Gain or<br>Loss          | Improvement<br>Plan  | Other<br>Investment<br>Plans in the<br>Future |
|--|--|--|--|--|---|
| WAYI<br>SOFTMAGIC<br>INVESTMENT<br>(ASIA) LTD. | 913  | Reinvestment Company   | Exchange<br>gains                            | Searching for<br>good investment<br>and expanding<br>revenue | depending on<br>its operating<br>conditions   |
| DIT Startup<br>Limited                         | (313)  | Entrepreneurship,<br>crowdfunding and<br>venture capital<br>investment | Scale of<br>operating<br>not yet<br>achieved | Disposal of<br>investment                                    | None  |

VI. Risk Analysis and Evaluation in the Most Recent Year up to the Publication Date of the Annual Report

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on the Company's Finance, and Future Response Measures:

1. Interest rate: The interest income from the consolidated company is mainly derived from the interest income from time deposits and interest expenses on borrowings. According to the balance estimate at the end of 2023, if the market interest rate changes by 1%, the net profit after tax will not change. The Company will pay attention to the trend of future interest rate and adjust it at any time.
2. Exchange rates: The foreign currency deposits of the consolidated company will expose the consolidated company to exchange rate changes. If the US dollar exchange rate changes by 1%, the impact on profit and loss will be NT\$1,320 thousand. The Company will pay attention to the trend of future exchange rates and take timely measures to avoid risks.
3. Inflation: Inflation in the economic environment has increased. Due to the Company's business characteristics, inflation has little impact on the Company. However, the Company will keep abreast of fluctuations in market prices and provide timely information and management as a basis for decision-making and review.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions: The Company did not engage in the above transactions in the most recent year.

(III) Future Research & Development Projects and Corresponding Budget: Please refer to the Technical and R&D Overview, Operational Highlights of the Annual Report.

(IV) Effects of and Response to Changes in Domestic and Oversea Policies and Regulations Relating to the Company's Finance and Sales: None.

(V) Financial impacts of and responses to technological and industry changes (includes information security risk):

With the development of science and technology, the risk of information and communication security breaches has significantly increased for enterprises. As a result, in 2023, the Company established a dedicated unit for information security to ensure effective control and management. The Company has established " IT

security maintenance plan" and related operational details, and implemented information work plans to manage important data, personal information utilization and privilege security maintenance. We also carry out employees' information security education and training to realize such goals. In addition, firewall equipment is adopted to prevent malicious links and file viruses. We monitor abnormal connection behavior to alert, continuously update the patches for vulnerabilities, and finally commence regular scanning of endpoint anti-virus software to achieve risk control and management.

The information system structure establishes a database backup mechanism according to the risk level and stores it off-site to reduce the risk of data loss, and simulates drills on a regular basis to ensure the normal operation of the information system and data preservation, which can reduce the risk of system interruption caused by unpredictable natural disasters and human errors and meet the target time for expected system recovery.

- (VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: Not applicable.
- (VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: Not applicable.
- (VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: Not applicable.
- (IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:  
The Company's main source of goods and sales targets have different industrial characteristics and staged operational background. In view of the future growth trend of the Company and industry, the Company will further diversify future sources of procurement and sales targets in order to maintain a balanced and stable operation result. This is the goal of continuous efforts for the Company.
- (X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.
- (XI) Effects of, Risks Relating to and Response to the Changes in Management Rights: None.
- (XII) If major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by Directors, Supervisors or Shareholders with over 10% shareholdings may have an impact on Shareholder's right or the price of the securities, the facts of the lawsuits, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings, and the status up to the publication date of the Annual Report shall be disclosed: None.
- (XIII) Other Major Risks and Response Measures: None.

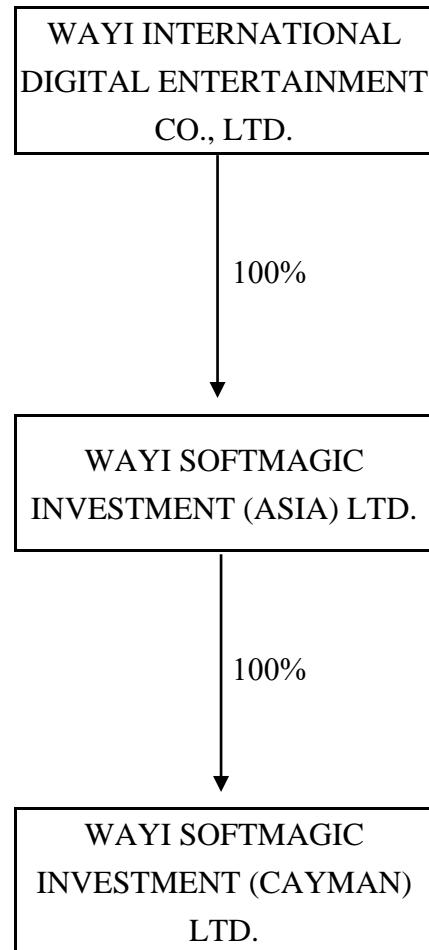
VII. Other Major Items: None.

## Chapter 8 Special Disclosures

### I. Summary of Affiliated Companies

#### (I) Consolidated Business Report of Affiliated Companies

1. Business organization chart of affiliated companies (December 31, 2023)



2. Basic information of affiliated companies:

| Name of Company                         | Date of Incorporation | Address  | Paid-up Capital | Main Business Projects |
|---|-----------------------|--|-----------------|------------------------|
| WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.   | 2000.5.19             | Caribbean Corporate Service Limited, 3 Floor, Omar Hodge Building, Wickhams Cay I, P.O. Box 362. Road Town. Tortola, British Virgin Island | US\$599,555     | General investment     |
| WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD. | 2000.10.6             | Harbour Trust Co., Ltd. P.O. Box 1787. Second Floor. One Capital Place, George Town. Grand Cayman, Cayman Islands. British West. Indies.   | US\$50,000      | General investment     |

3. The Company has established a control and subordination relationship: None.
4. Business scope of the affiliated businesses: The industry covered by the Company and its affiliated companies include the industry of the game software, electronic design, agency buying and selling, intellectual property rights, and computer games marketing.
5. Information of directors, supervisors and general managers in all affiliated companies:

| Name of Company                         | Title    | Name or Representative | Shareholding | Shareholding Ratio % |
|---|----------|------------------------|--------------|----------------------|
| WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.   | Director | Shih, Shu-Kai          | 0            | 0                    |
| WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD. | Director | Shih, Shu-Kai          | 0            | 0                    |

6. Operational report of affiliated companies:

Unit: NT\$ thousands

| Name of Company                         | Capital | Total Assets | Total Liabilities | Net Value | Operating Income | Operating Profit | Current Profit and Loss | Earnings per Share (NT\$) |
|---|---------|--------------|-------------------|-----------|------------------|------------------|-------------------------|---------------------------|
| WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.   | 20,216  | 32,674       | 0                 | 32,674    | 0                | (117)            | 913                     | -                         |
| WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD. | 1,690   | 2,053        | 0                 | 2,053     | 0                | (197)            | (167)                   | -                         |

(II) Combined financial statements of affiliated companies: Please refer to #page 122-184#.

(III) Affiliation Report: Not applicable.

- II. Private Placement Securities in the Most Recent Year up to the Publication Date of the Annual Report: None.
- III. Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year up to the Publication Date of the Annual Report: None.
- IV. Other Necessary Supplements: None.

**Chapter 9 Matters with material impacts on the rights and interests of shareholders or stock prices as stated in Article 36, paragraph 3, subparagraph 2, Securities Exchange Act in the most recent year and until the date annual report publication: None.**

## Declaration of Consolidated Financial Statements of Associates

The Company's consolidated financial statements for the fiscal year 2023 (from January 1 to December 31, 2023) are prepared in accordance with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission. Moreover, the disclosure information required for the Consolidated Financial Statements for Associates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, separate Consolidated Financial Statements for associates will not be prepared.

As hereby declared

Company Name: Wayi International Digital Entertainment Co., Ltd.

Person in charge: Shu-Kai Shih

March 15, 2024

## **Independent Auditors' Report**

To Wayi International Digital Entertainment Co., Ltd.

### **Audit opinions:**

The consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated composite income statements, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (including the summary of major accounting policies) from January 1 to December 31, 2023 and 2022 of Wayi International Digital Entertainment Co., Ltd. and its subsidiary (Wayi Group) have been audited by the CPA.

In our opinion, the accompanying financial statements present fairly, in all material respects, the accompanying financial position of the Wayi Group as of December 31, 2023 and 2022, and its financial performance and its cash flows for the period from January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis of Auditors' Comments**

The CPA conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards. Our responsibilities under said standards will be detailed in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of the report. We are independent of Wayi Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

## **Key Audit Matters**

Key audit matters refer to those which, in accordance with the professional judgment of the CPA, are most important for the audit of the consolidated financial statements of Wayi Group in 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements of Wayi Group in 2023 are listed as follows:

### Recognition of related party's revenue of artwork design and foundry services

The art design subcontract income of the related party of Wayi Group was NT\$118,126 thousand, accounting for 84% of the net operating income. Considering the significant transaction amount of the related party and the material impact on the Group's operating revenue and financial performance, the art design subcontract income of the related parties was identified as a key audit matter.

Please refer to Note 4 (12) for the related accounting policies on the recognition of relevant incomes. The main audit procedures performed by the CPA on the aforementioned key audit matters are as follows:

1. Obtain a contract to identify the nature and conditions of the transaction.
2. Obtain the relevant plans of the development and design project and the communication records of the related parties as evidence of the authenticity of the transaction.
3. Send letters to confirm the transactions of related parties.
4. Conduct receivables collection test.

## **Other Matters**

Wayi has prepared the parent company only financial statements for 2023 and 2022, and the unqualified audit reports have been issued by the CPA for your reference.

## **Responsibility of the Management and the Governing Body for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations, and announcement of interpretations, 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 ability to continue as a going concern of the Group, 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.

The governing bodies of the Group (including the Audit Committee) have the responsibility to oversee the 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 auditor's 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 auditing standards 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 of Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identified and assessed 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. Obtained 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 Wayi Group's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of the management's use of going concern basis of accounting, and determined whether there existed events or circumstances that might cast significant uncertainty over Wayi 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. However, future events or conditions may cause Wayi Group to cease to continue as a going concern.

5. We evaluated 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. We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Wayi 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 the governing body, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte & Touche

CPA Rui-Quan Chi

CPA I-Lung Chou

Financial Supervisory Commission  
Approval Document  
NO. 1060023872

Securities and Futures Commission Approval  
Document  
NO. 0930128050

March 15, 2024

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NT\$ thousands

| Code | Assets  | December 31, 2023 |            | December 31, 2022 |            |
|------|---|-------------------|------------|-------------------|------------|
|      |   | Amount            | %          | Amount            | %          |
|      | Current assets  |                   |            |                   |            |
| 1100 | Cash and cash equivalent (Notes 6 and 26)                     | \$ 138,381        | 38         | \$ 116,629        | 33         |
| 1136 | Financial assets at amortized cost - current (Notes 7 and 26) | 86,588            | 24         | 96,736            | 28         |
| 1170 | Accounts receivable - non-related parties (Notes 8 and 26)    | 1,418             | -          | 2,247             | 1          |
| 1180 | Accounts receivable - related parties (Notes 8, 26 and 27)    | 36,634            | 10         | 15,862            | 5          |
| 1200 | Other receivables (Notes 8 and 26)                            | 1,181             | -          | 765               | -          |
| 1220 | Current income tax assets (Note 22)                           | 246               | -          | 190               | -          |
| 130X | Inventories   | 130               | -          | 130               | -          |
| 1410 | Prepayments (Note 15 and 27)                                  | 12,323            | 4          | 11,310            | 3          |
| 1470 | Other current assets (Note 15)                                | 767               | -          | 4                 | -          |
| 11XX | Total current assets  | <u>277,668</u>    | <u>76</u>  | <u>243,873</u>    | <u>70</u>  |
|      | Non-current assets  |                   |            |                   |            |
| 1550 | Investments accounted for using equity method (Note 10)       | -                 | -          | 7,457             | 2          |
| 1600 | Property, Plant and Equipment (Notes 11 and 28)               | 59,739            | 17         | 59,483            | 17         |
| 1755 | Right-of-use assets (Note 12)                                 | 3,430             | 1          | 9,548             | 3          |
| 1760 | Investment properties, net (Note 13 and 28)                   | 14,538            | 4          | 15,157            | 4          |
| 1780 | Other intangible assets (Note 14)                             | 5,104             | 1          | 12,018            | 3          |
| 1990 | Other non-current assets (Notes 15, 26 and 28)                | <u>2,871</u>      | <u>1</u>   | <u>1,763</u>      | <u>1</u>   |
| 15XX | Total non-current assets                                      | <u>85,682</u>     | <u>24</u>  | <u>105,426</u>    | <u>30</u>  |
| 1XXX | Total Assets  | <u>\$ 363,350</u> | <u>100</u> | <u>\$ 349,299</u> | <u>100</u> |
| Code | Liabilities and Equity  |                   |            |                   |            |
|      | Current liabilities   |                   |            |                   |            |
| 2130 | Contract liabilities - current (Note 20)                      | \$ 3,730          | 1          | \$ 6,594          | 2          |
| 2150 | Notes payable (Note 16 and 26)                                | 570               | -          | 931               | -          |
| 2170 | Accounts payable - non-related parties (Note 16 and 26)       | 2,526             | 1          | 2,026             | 1          |
| 2180 | Accounts payable - related parties (Notes 16, 26 and 27)      | 6,274             | 2          | 5                 | -          |
| 2200 | Other payables (Notes 17 and 26)                              | 10,713            | 3          | 15,307            | 4          |
| 2220 | Other payables - related parties (Notes 26 and 27)            | 262               | -          | 280               | -          |
| 2230 | Current income tax liabilities (Note 22)                      | -                 | -          | 118               | -          |
| 2280 | Lease liabilities - current (Note 12)                         | 2,531             | 1          | 5,818             | 2          |
| 2399 | Other current liabilities (Note 17)                           | <u>2,026</u>      | <u>-</u>   | <u>494</u>        | <u>-</u>   |
| 21XX | Total current liabilities                                     | <u>28,632</u>     | <u>8</u>   | <u>31,573</u>     | <u>9</u>   |
|      | Non-current liabilities                                       |                   |            |                   |            |
| 2580 | Lease liabilities - non-current (Note 12)                     | 950               | -          | 3,786             | 1          |
| 2670 | Other non-current liabilities (Notes 17 and 26)               | <u>200</u>        | <u>-</u>   | <u>200</u>        | <u>-</u>   |
| 25XX | Total Non-current Liabilities                                 | <u>1,150</u>      | <u>-</u>   | <u>3,986</u>      | <u>1</u>   |
| 2XXX | Total Liabilities   | <u>29,782</u>     | <u>8</u>   | <u>35,559</u>     | <u>10</u>  |
|      | Equity attributable to owners of the Company (Note 19)        |                   |            |                   |            |
|      | Share capital   |                   |            |                   |            |
| 3110 | Ordinary shares   | <u>236,113</u>    | <u>65</u>  | <u>222,748</u>    | <u>64</u>  |
| 3200 | Capital surplus   | <u>29,199</u>     | <u>8</u>   | <u>29,199</u>     | <u>8</u>   |
|      | Retained earnings   |                   |            |                   |            |
| 3310 | Statutory surplus reserve                                     | 12,958            | 4          | 9,294             | 3          |
| 3350 | Undistributed earnings  | <u>55,298</u>     | <u>15</u>  | <u>52,499</u>     | <u>15</u>  |
| 3300 | Total retained earnings                                       | <u>68,256</u>     | <u>19</u>  | <u>61,793</u>     | <u>18</u>  |
| 31XX | Total equity of owners of the Company                         | <u>333,568</u>    | <u>92</u>  | <u>313,740</u>    | <u>90</u>  |
| 3XXX | Total Equity  | <u>333,568</u>    | <u>92</u>  | <u>313,740</u>    | <u>90</u>  |
|      | Total Liabilities and Equity                                  | <u>\$ 363,350</u> | <u>100</u> | <u>\$ 349,299</u> | <u>100</u> |

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

Chairman: Shu-Kai Shih

Manager: Shu-Kai Shih

Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to December 31, 2023 and 2022

Unit: NT\$1,000, except for earnings per share presented in NT\$

| Code |   | 2023          |           | 2022          |           |
|------|---|---------------|-----------|---------------|-----------|
|      |   | Amount        | %         | Amount        | %         |
| 4000 | Operating revenue (Notes 20 and 27)   | \$ 141,428    | 100       | \$ 147,266    | 100       |
| 5000 | Operating costs (Notes 21 and 27)   | ( 48,501)     | ( 34)     | ( 49,521)     | ( 34)     |
| 5900 | Gross profit  | <u>92,927</u> | <u>66</u> | <u>97,745</u> | <u>66</u> |
|      | Operating expenses (Notes 21 and 27)  |               |           |               |           |
| 6100 | Selling expenses  | ( 32,259)     | ( 23)     | ( 41,862)     | ( 28)     |
| 6200 | General and administrative expenses   | ( 34,862)     | ( 25)     | ( 35,269)     | ( 24)     |
| 6300 | Research and development expenses   | <u>—</u>      | <u>—</u>  | ( 225)        | <u>—</u>  |
| 6000 | Total operating expenses  | ( 67,121)     | ( 48)     | ( 77,356)     | ( 52)     |
| 6900 | Net operating profit  | <u>25,806</u> | <u>18</u> | <u>20,389</u> | <u>14</u> |
|      | Non-operating income and expenses   |               |           |               |           |
| 7100 | Interest income (Note 21)   | 6,063         | 4         | 1,650         | 1         |
| 7010 | Other income (Note 21 and 27)   | 1,596         | 1         | 1,597         | 1         |
| 7020 | Other gains and losses (Note 21)  | 301           | —         | 14,338        | 10        |
| 7050 | Financial costs (Note 21)   | ( 93)         | —         | ( 96)         | —         |
| 7060 | Share of profits or losses of associates and joint ventures under equity method (Note 10) | ( 313)        | —         | ( 1,057)      | ( 1)      |
| 7000 | Total non-operating income and expenses   | <u>7,554</u>  | <u>5</u>  | <u>16,432</u> | <u>11</u> |

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| Code |   | 2023             |           | 2022             |           |
|------|---|------------------|-----------|------------------|-----------|
|      |   | Amount           | %         | Amount           | %         |
| 7900 | Net profit before tax                         | \$ 33,360        | 23        | \$ 36,821        | 25        |
| 7950 | Income tax expense (Note 22)                  | ( 167)           | -         | ( 179)           | -         |
| 8200 | Net profit for the year                       | <u>33,193</u>    | <u>23</u> | <u>36,642</u>    | <u>25</u> |
| 8500 | Total comprehensive income<br>for the year    | <u>\$ 33,193</u> | <u>23</u> | <u>\$ 36,642</u> | <u>25</u> |
|      | Net operating profit<br>attributable to       |                  |           |                  |           |
| 8610 | Owners of the Company                         | \$ 33,193        | 23        | \$ 36,642        | 25        |
| 8620 | Non-controlling interests                     | -                | -         | -                | -         |
| 8600 |   | <u>\$ 33,193</u> | <u>23</u> | <u>\$ 36,642</u> | <u>25</u> |
|      | Total Comprehensive Income<br>Attributable to |                  |           |                  |           |
| 8710 | Owners of the Company                         | \$ 33,193        | 23        | \$ 36,642        | 25        |
| 8720 | Non-controlling interests                     | -                | -         | -                | -         |
| 8700 |   | <u>\$ 33,193</u> | <u>23</u> | <u>\$ 36,642</u> | <u>25</u> |
|      | Earnings per share (Note 23)                  |                  |           |                  |           |
| 9710 | Basic   | \$ 1.41          |           | \$ 1.55          |           |
| 9810 | Diluted                                       | <u>\$ 1.41</u>   |           | <u>\$ 1.55</u>   |           |

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

Chairman: Shu-Kai Shih Manager: Shu-Kai Shih Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Consolidated Statements of Changes in Equity

From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousands

| Code  |  | Equity attributable to owners of the Company |            |                   |              |                           |                        |
|---|--|--|------------|-------------------|--------------|---------------------------|------------------------|
|   |  | Share capital                                |            | Retained earnings |              | Statutory surplus reserve | Undistributed earnings |
|   |  | Number of Shares<br>(thousand shares)        | Amount     | Capital surplus   | Total equity |                           |                        |
| A1  | Balance as of January 1, 2022                  | 19,369                                       | \$ 193,694 | \$ 29,199         | \$ 315,837   | \$ -                      | \$ 92,944              |
| Appropriations and distribution of 2021 retained earnings |  |  |            |                   |              |                           |                        |
| B1  | Statutory surplus reserve                      | -  | -          | -                 | 9,294        | ( 9,294)                  | -                      |
| B5  | Cash dividends to shareholders of the Company  | -  | -          | -                 | -            | ( 38,739)                 | ( 38,739)              |
| B9  | Stock dividends to shareholders of the Company | 2,905  | 29,054     | -                 | -            | ( 29,054)                 | -                      |
| D1  | Net profit in 2022                             | -  | -          | -                 | -            | 36,642                    | 36,642                 |
| D5  | Total comprehensive income in 2022             | -  | -          | -                 | -            | 36,642                    | 36,642                 |
| Z1  | Balance on December 31, 2022                   | 22,274                                       | 222,748    | 29,199            | 9,294        | 52,499                    | 313,740                |
| Appropriation and distribution of 2022 retained earnings  |  |  |            |                   |              |                           |                        |
| B1  | Statutory surplus reserve                      | -  | -          | -                 | 3,664        | ( 3,664)                  | -                      |
| B5  | Cash dividends to shareholders of the Company  | -  | -          | -                 | -            | ( 13,365)                 | ( 13,365)              |
| B9  | Stock dividends to shareholders of the Company | 1,337  | 13,365     | -                 | -            | ( 13,365)                 | -                      |
| D1  | Net profit in 2023                             | -  | -          | -                 | -            | 33,193                    | 33,193                 |
| D5  | Total comprehensive income in 2023             | -  | -          | -                 | -            | 33,193                    | 33,193                 |
| Z1  | Balance on December 31, 2023                   | 23,611                                       | \$ 236,113 | \$ 29,199         | \$ 12,958    | \$ 55,298                 | \$ 333,568             |

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

Chairman: Shu-Kai Shih

Manager: Shu-Kai Shih

Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousands

| Code   |   | 2023          | 2022          |
|--------|---|---------------|---------------|
|        | Cash flows from operating activities  |               |               |
| A10000 | Net profit before tax for the year  | \$ 33,360     | \$ 36,821     |
| A20010 | Adjustments to reconcile net income (loss) to net                           |               |               |
| A20100 | Depreciation expenses   | 7,991         | 7,205         |
| A20200 | Amortization expenses   | 8,427         | 4,966         |
| A20400 | Net gain on financial assets measured at fair value through profit and loss | -             | ( 1,748 )     |
| A20900 | Finance costs   | 93            | 96            |
| A21200 | Interest Income   | ( 6,063 )     | ( 1,650 )     |
| A22300 | Share of the loss of associates and joint ventures under equity method      | 313           | 1,057         |
| A22500 | Gain on disposal of property, plant and equipment                           | -             | ( 12 )        |
| A23200 | Gain on disposal of investments accounted for using equity method           | ( 328 )       | -             |
| A23700 | Impairment loss on non-financial assets                                     | 4,981         | 6,377         |
| A29900 | Lease modification gain   | ( 6 )         | -             |
| A30000 | Net changes in operating assets and liabilities                             |               |               |
| A31150 | Accounts receivable - non-related parties                                   | 829           | 18,289        |
| A31160 | Accounts receivable - related parties                                       | ( 20,772 )    | 5,510         |
| A31180 | Other receivables   | ( 5 )         | ( 16 )        |
| A31230 | Prepayments   | ( 5,994 )     | ( 4,028 )     |
| A31240 | Other current assets  | ( 763 )       | 183           |
| A32125 | Contract liabilities  | ( 2,864 )     | ( 8,210 )     |
| A32130 | Notes payable   | ( 361 )       | ( 538 )       |
| A32150 | Accounts payable - non-related parties                                      | 500           | ( 16,263 )    |
| A32160 | Accounts payable - related parties  | 6,269         | 5             |
| A32180 | Other payables  | ( 4,594 )     | ( 9,789 )     |
| A32190 | Other payables - related parties  | ( 18 )        | 144           |
| A32230 | Other current liabilities   | <u>1,532</u>  | <u>83</u>     |
| A33000 | Cash generated from operations  | 22,527        | 38,482        |
| A33100 | Interest received   | 5,652         | 967           |
| A33300 | Interest paid   | ( 3 )         | ( 2 )         |
| A33500 | Income tax paid   | ( 341 )       | ( 54 )        |
| AAAA   | Net cash inflow from operating activities                                   | <u>27,835</u> | <u>39,393</u> |

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| Code   |   | 2023              | 2022              |
|--------|---|-------------------|-------------------|
|        | Cash flows from investing activities                              |                   |                   |
| B00040 | Acquisition of financial assets at amortized cost                 | \$ -              | (\$ 6,776)        |
| B00050 | Disposal of financial assets at amortized cost                    | 10,148            | -                 |
| B00200 | Disposal of financial assets at fair value through profit or loss | -                 | 23,402            |
| B01900 | Disposal of long-term shares investment for using equity method   | 7,472             | -                 |
| B02700 | Acquisition of property, plant and equipment                      | ( 2,287)          | ( 1,518)          |
| B02800 | Proceeds from disposal of property, plant and equipment           | -                 | 114               |
| B03800 | Decrease in refundable deposits                                   | 92                | 923               |
| B04500 | Acquisition of intangible assets                                  | ( 1,513)          | ( 11,706)         |
| B06500 | Increase in other financial assets                                | ( 1,200)          | -                 |
| BBBB   | Net cash inflow from investing activities                         | <u>12,712</u>     | <u>4,439</u>      |
|        | Cash flows from financing activities                              |                   |                   |
| C04020 | Lease debt principal repayment                                    | ( 5,430)          | ( 5,105)          |
| C04500 | Cash dividends distributed  | ( 13,365)         | ( 38,739)         |
| CCCC   | Net cash outflow from financial activities                        | ( 18,795)         | ( 43,844)         |
| EEEE   | Net increase (decrease) in cash and cash equivalents              | 21,752            | ( 12)             |
| E00100 | Cash and cash equivalents at beginning of year                    | <u>116,629</u>    | <u>116,641</u>    |
| E00200 | Cash and cash equivalents at end of year                          | <u>\$ 138,381</u> | <u>\$ 116,629</u> |

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

Chairman: Shu-Kai Shih Manager: Shu-Kai Shih Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Notes to the Consolidated Financial Statements

From January 1 to December 31, 2023 and 2022

(Expressed in NT\$1,000 unless otherwise stated)

I. Company History

(I) Wayi International Digital Entertainment Co., Ltd. (hereinafter referred to as “the Company”) was established on August 12, 1993. It was first named “Wayi International Co., Ltd.” and later renamed “Wayi International Digital Entertainment Co., Ltd” in June 2000. It’s main business includes computer software, hardware, trading, and information software programming services. The Company’s shares started to be traded on the Taipei Exchange on March 29, 2004.

The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency.

(II) Wayi Softmagic Investment (Asia) Ltd. (hereinafter referred to as “Wayi-Asia”) was approved and registered in the British Virgin Islands on May 19, 2002, which is a subsidiary whose shares are 100% owned by the Company. The company mainly engaged in general investment.

(III) Wayi Softmagic Investment (Cayman) Ltd. (hereinafter referred to as “Wayi-Cayman”) was approved and registered in the British Cayman Islands on October 6, 2000, which is a subsidiary whose shares are 100% owned by the Company. The company mainly engaged in general investment.

II. Approval Date and the Procedures of Financial Statements

These consolidated financial statements were adopted by the Board of Directors on March 15, 2024.

III. Application of New and Revised Standards, Amendments and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC), and Interpretation Notice (SIC) (hereinafter referred to as “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the “FSC”).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's accounting policies.

(II) The IFRSs is endorsed by the FSC with an effective date in 2024.

| New, Amended, and Revised Standards and Interpretations                 | Effective Date Issued by IASB (Note 1) |
|---|--|
| Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"         | January 1, 2024 (Note 2)               |
| Amended "Liabilities are classified as current or non-current" of IAS 1 | January 1, 2024                        |
| Amendments to IAS 1 "Non-current Liabilities with Covenants"            | January 1, 2024                        |
| Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"          | January 1, 2024 (Note 3)               |

Note 1. Unless stated otherwise, the above New, Amended, and Revised IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2. A seller-lessee shall retroactively apply the amendments to IFRS 16 to the "Lease Liability in a Sale and Leaseback" signed after the date of initial application of IFRS 16.

Note 3. When applying this amendment for the first time, exemptions from certain disclosure requirements shall apply.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" (Amendments in 2020) and "Non-current Liabilities with Covenants" (Amendments in 2022)

The amendment in 2020 clarifies whether or not the liabilities are classified as non-current, it should be evaluated whether at the end of the reporting period, the Group has the right to defer settlement of the liability for at least 12 months after the reporting period. If the Company has the right at the end of the reporting period, the liability is classified as non-current regardless of whether the Company expects to exercise the right.

The amendments in 2020 also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The amendments in 2022 further clarify that only the covenants that are required to comply with before the end of the

reporting period will affect the classification of liabilities. Although the covenants that must be complied with within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed so that financial report users can understand that the Company may not be able to comply with the covenants and must repay within 12 months after the reporting period risk.

The amendments in 2020 stipulate that for the purpose of debt classification, the aforementioned settlement refers to the transfer of cash, other economic resources or equity instruments of a Company to the counterparty of the transaction resulting in the elimination of liabilities. However, the terms of a liability could, at the option of the counterparty, result in its settlement by the issue of equity instruments. And in accordance with IAS 32 “Financial Instruments: Presentation”, if the option is recognized separately in equity, the aforementioned clauses do not affect the classification of liabilities.

Besides the abovementioned effects, as of the date the accompanying financial statements were authorized for issue, the Company assessed that other standards and the amendments of the interpretations would not have a significant impact on the Group’s accompanying financial position and financial performance.

(III) Standards issued by IASB but not yet endorsed by FSC

| New, Amended, and Revised Standards and Interpretations   | Effective Date Issued by IASB (Note 1) |
|---|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures” | Not determined                         |
| IFRS 17 “Insurance Contracts”   | January 1, 2023                        |
| Amendment to IFRS 17  | January 1, 2023                        |
| Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”                                | January 1, 2023                        |
| Amendment to IAS 21 “Lack of Exchangeability”   | January 1, 2025 (Note 2)               |

Note 1. Unless stated otherwise, the above New, Amended, and Revised IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2. Applicable for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, the impact

amount shall be recognized in the retained earnings as of the date of initial application. When the Company uses non-functional currency to express currency, it will affect the foreign exchange differences of overseas operating entities under the equity items on the initial application date.

#### Amendment to IAS 21 “Lack of Exchangeability”

The amendment stipulates that when a company is able to exchange one currency for another through a market or exchange mechanism within a reasonable time frame for normal management delays, the currency is considered convertible, with enforceable rights and obligations. When a currency is not convertible on the measurement date, the Company should estimate the spot exchange rate to reflect the rate that market participants would use for orderly transactions on the measurement date, taking into account the economic conditions at that time. In this situation, the Company should also disclose information that enables financial statement users to assess how the lack of currency convertibility affects or is expected to affect its operating results, financial condition, and cash flows.

In addition to the effects mentioned and up until the publishing date of the consolidated financial statements, the Company is continuing to assess the amendment effects from other standards and interpretations on financial status and performance. Relevant effects shall be disclosed when the assessment is completed.

## **IV. Summary of Significant Accounting Policies**

### **(I) Statement of Compliance**

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRSs endorsed and issued into effect by the FSC.

### **(II) Basis of Preparation**

Except for financial assets measured at fair value, the consolidated financial statements were prepared on a historical cost convention.

The fair value measurement is grouped into Levels 1 to 3 based on the observability and importance of related inputs:

1. Level 1 inputs: Quoted (unadjusted) prices for identical assets or liabilities that are obtainable in active markets on the measurement date

2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (in terms of price) or indirectly (derived from the price) for the assets or liabilities.
3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (but excluded those restricted from being exchanged or used for debt repayment after more than 12 months of the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities that are expected to be due within 12 months after the balance sheet date (even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue, it is classified as a current liability).
3. Liabilities of which the Company does not have an unconditional right to defer settlement for at least 12 months after the date of the balance sheet.

All other assets and liabilities are classified as non-current.

(IV) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the entities (its subsidiaries) controlled by the Company. Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The financial statements of subsidiaries have been adjusted to ensure the consistency in accounting policies between the Group and its subsidiaries. In preparing the consolidated financial statements, all the transactions, account balances, income and expenses incurred between entities within the group shall all be eliminated. A subsidiary's total comprehensive income is attributed to the

owners of the Company and non-controlling interests, even if non-controlling interests have a deficit balance.

When a change in the Group's ownership interest in a subsidiary does not cause the loss of control over the subsidiary, it is accounted for as an equity transaction. The carrying amounts of the Group and non-controlling interests have been adjusted to reflect relative changes in their interests in subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

For details of subsidiaries, shareholding ratio, and business items, please refer to Note 9 and Table 2.

(V) Foreign currencies

In preparing each parent company only financial statement, transactions denominated in a currency other than the entity's functional currency (i.e. foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

Monetary items denominated in foreign currencies are translated at the closing rates at the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries in other countries that use currencies different from the functional currency of the Company) are

translated into New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

If the retained interests after the Group disposes of all the interests in the foreign operation, or disposes of part of the interests in the subsidiaries of the foreign operation but loses control, or disposes of the joint agreement of the foreign operation or the related enterprise are financial assets and are treated in accordance with the accounting policy of financial instruments, all accumulated exchange differences related to the foreign operation will be reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in losing control over the subsidiary, the proportionate share of accumulated exchange differences is reclassified to a non-controlling interest in that foreign operation but is not recognized in profit or loss. For all other situations of partial disposal of a foreign operation, the proportionate share of the accumulated exchange difference recognized in other comprehensive income is reclassified to profit or loss.

(VI) Investments in associates

Associates are entities over which the Group has major influence but they are neither subsidiaries nor joint ventures.

The Group applies the equity method to the accounting of associates.

Under the equity method, investments in associates are initially recognized at cost, and post-acquisition adjustment is made in accordance with changes in the Group's shares of profit and loss and other comprehensive income as well as the dividend distribution. Also, changes in the Group's interest in associates and joint ventures are adjusted in accordance with the shareholding ratio.

Any excess of acquisition cost over the Group's share of an associate's or a joint venture's identifiable assets and liabilities measured at the fair value on the date of acquisition is recognized as goodwill. The goodwill shall be included in the carrying amount of the investment but not allowed for amortization. If the Group's share of the net fair value of the identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized immediately in profit or loss.

When an associate issues new shares and the Group does not subscribe to such shares to the extent that its original shareholding ratio can be maintained, the difference is recorded as an adjustment to capital surplus - changes in the net value of shares in associates and joint ventures accounted for using equity method and other investments accounted for using equity method. However, if the Group fails to subscribe to or acquire sufficient new shares to maintain its original ownership percentage which causes its interest in the associate to decrease, the investment amount previously recognized in other comprehensive income in relation to the affiliate shall be remeasured in proportion to the reduction of shareholding. The basis of such accounting treatment shall be the same as would be required if the affiliate or joint venture had directly disposed of the related assets or liabilities. The aforementioned adjustment shall be recorded to net off capital reserve to the extent of the original increase in the investment accounted for under equity method; any remaining balance shall be debited to retained earnings.

When the Group's share of loss derived from the investment of an affiliate equals or exceeds the Group's interest (including the carrying amount of the investment and other long-term substantial interests in the associate's net asset in proportion to ownership percentage), the Group shall cease recognizing losses further. The Group only recognizes extra losses and liabilities to the extent that there is a legal obligation, constructive obligation, or payment on behalf of an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of the value in use and fair value less costs to sell) with its carrying amount. Any impairment loss will not be recognized as a charge against the carrying amount of an investment (including goodwill). Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the Group ceases to have significant influence over an associate. When the Group retains an interest in the former associate the Group measures the retained interest at fair value at that date. The difference between the carrying amount of the affiliate at the date ceasing the use of the equity method, and the fair

value of any retained interest and any proceeds from disposing interest in the associate is recognized as gain or loss on disposal of the associate. In addition, the Group shall account for all the amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Additionally, when investments in the associates become investments in the joint venture, or vice versa, the Group will continue to adopt the equity method, instead of remeasuring the reserved equities.

When the Group makes transactions with the associate, profits or losses resulting from such transactions with an associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the affiliate or joint venture that are not owned by the Group.

(VII) **Property, plant and equipment**

Property, plant and equipment are measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

Except that self-owned land is not listed for depreciation, the remaining property, plant and equipment are depreciated separately for each significant component on a straight-line basis over their useful life. The Group reviews at least annually the estimated useful lives, residual values, and depreciation methods at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Upon derecognition of property, plant and equipment, the difference between the proceeds from disposal and the carrying amount of such asset is recognized in profit or loss.

(VIII) **Investment properties**

An investment property is real estate held for the purpose of earning rent or capital appreciation or both (including meeting the definition of investment properties). Investment property also includes land that has not yet been determined for future use.

Self-owned investment properties are initially recognized at cost (including transaction cost) and subsequently at cost less accumulated depreciation and accumulated impairment loss.

Investment properties are depreciated on a straight-line basis.

Property, plant and equipment are listed under investment property with carrying amount at end of use.

When an investment properties is excluded, the difference between the net disposal price and the carrying amount of the asset is recognized as profit or loss.

(IX) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized using the straight-line method. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with uncertain useful lives are carried at cost less accumulated impairment losses.

2. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net proceed of disposal and the carrying amount of the asset is recognized in profit or loss.

(X) Impairment of property, plant and equipment, right-of-use asset, investment property and intangible assets

On each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any impairment indication exists, the Group estimates the recoverable amount of the asset. If it is not possible to determine the recoverable amount of an individual asset, the Group must determine the recoverable amount for the asset's cash-generating unit.

For indefinite intangible assets and intangible assets that are not yet available for use, they are subject to annual impairment test at the time there are indications of impairment.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash generating unit is lower than its carrying amount, the carrying amount of the

asset or the cash generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

Because the inventory, properties, plant and equipment and intangible assets recognized in the customer contract are subject to impairment recognition according to the inventory impairment loss regulations and the above regulations first, and then the difference between the carrying amount of the assets related to the contract cost and the remaining amount of the consideration expected to be recovered from the provision of goods or services less the directly related cost shall be recognized as the impairment loss, and then the carrying amount of the assets related to the contract cost shall be included in the cash generating unit for the impairment assessment of the cash generating unit.

When the impairment loss is subsequently reversed, the carrying amount of an asset, the cash generating unit, or the contract cost-related asset is reversed to the extent not exceed the carrying amount (minus amortization or depreciation) of the asset, cash generating unit, or contract cost-related asset that had not been impaired in the previous years. The reversal of impairment loss shall be recognized in profit or loss.

(XI) Financial instruments

Financial assets and liabilities are recognized in the balance sheet when the Group becomes a party of a contract of financial instrument.

Financial assets and financial liabilities not at fair value through profit or loss are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial assets

Financial assets purchased or sold in a regular way are recognized and de-recognized on the basis of the accounting on transaction date.

(1) Measurement types

Financial assets held by the Group are financial assets measured at amortized cost.

### Financial assets at amortized cost

The Group's financial assets that meet the following conditions are subsequently measured at amortized cost:

- A. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- B. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, and account receivables at amortized cost) are recognized in the amount which equals to the gross carrying amount discounted at effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following cases, the interest income is calculated by applying the effective interest rate to multiply the gross carrying amount of a financial asset:

- A. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- B. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to claim bankruptcy or other financial reorganization, or due to financial difficulties, the active market for financial assets disappears.

Cash equivalents include time deposits with the original maturity date set within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

(2) Impairment of financial assets

The Group assesses impairment loss based on the expected credit losses on each balance sheet date for financial assets at amortized cost (including account receivables), investments in debt instruments that are measured at FVTOCI, and impairment losses on operating lease receivables.

Accounts receivable and operating lease receivables are recognized as allowance for losses based on lifetime expected credit loss. For all other financial instruments, the Group assesses if there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. If the credit risk on the financial instrument has increased significantly since initial recognition, impairment allowance is recognized based on lifetime Expected Credit Loss.

Expected credit losses (ECL) refers to weighted average credit loss calculated by taking the default risks of corresponding credits as the weights. 12-month expected credit losses refer to expected credit losses which will result from possible default events of a financial instrument to occur within 12 months as of the date of the publication of the financial statements. Lifetime expected credit losses refer to the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Group determines, in the following situations, that the default of financial assets have occurred without considering the collateral held by it:

- A. There are internal or external information showing that the debtor is no longer able to pay off the debt.
- B. Overdue more than 270 days, unless there is reasonable and corroborating information showing that the delayed default basis is more appropriate.

The carrying amount of the impairment loss of all financial assets is reduced by the provision account, while the provision loss of the investment in debt instruments measured at fair value through other composite gains or losses is recognized as other composite gains or losses and does not reduce the carrying amount.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of an entire financial asset measured at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss. On derecognition of a debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of an equity instruments measured at fair value through other comprehensive income in its entirety, the cumulative gain or loss is reallocated to retained earnings, but not recognized to profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XII) Revenue recognition

After performance obligations are identified in customers' contracts, transaction price is appropriated for each obligation, and revenue is recognized upon the completion of a performance obligation.

1. Sales revenue from goods

Revenue from sales of products arises from customers purchasing the game points from channel distributors. The currencies are converted into virtual products in the Group's gaming platforms and video platforms and subsequently recognized as revenue in accordance with the consumption rate and the estimated consumption period. Since game points are sold by distributors, the Group has the main responsibility for whether the game points held by customers can be converted into game products and used normally. The Group is recognized as contract liability before the commitment is completed.

2. Service income

Revenue from labor services refers to artwork design created for clients or gaming points accounting services provided for clients (who are also in the gaming industry).

(1) Artwork design services

Revenue from artwork design service is recognized upon the labor service is provided unless otherwise agreed in the contract.

(2) Game point account processing

The Group sells game points to consumers on behalf of customers, and does not obtain the control of specific goods or services before the specific goods or services are transferred to the customers. When the stored value is exchanged for game points on the platform, control is transferred to the customer and no net income is recognized when there is no subsequent obligation.

(XIII) Lease

The Group assesses whether a contract is (or contains) a lease on the execution date of the contract.

1. The Group is a Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments less lease incentives are recognized as operating income on a straight-line basis over the duration of such lease.

2. The Group is a Lessee

A right-of-use asset and a lease liability are recognized for all leases at the inception date of such leases, except for leases qualified for recognition exemption, e.g. leases with low-value underlying assets and short-term leases, for which an expense is recognized on a straight-line basis over the lease term.

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liability, the amount of lease payments made to the lessors less lease incentives received prior to the inception of the lease, initial direct costs and the estimated costs of restored underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment, adjusted for any remeasurements of the lease liability. Right-of-use assets are expressed separately in the Consolidated Balance Sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful lives, or to the end of the lease term, whichever is earlier.

A lease liability is initially measured at the present value of lease payments (including fixed payments). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at the interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate of interest shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. In the case that future lease payments change as a result of a change in the lease term, the Group remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. Lease liabilities are expressed separately in the Consolidated Balance Sheets.

(XIV) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as cost for those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XV) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2. Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(XVI) Income tax

The income tax expense represents the sum of tax payable in the current period along with deferred tax.

1. Current tax

The Group determines the current income (loss) in accordance with the laws as well as regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax accordingly.

The additional income tax on undistributed earnings calculated in accordance with the Income Tax Act of Taiwan shall be recognized in the year of adoption at the shareholders' meeting.

Adjustments to the income tax payable from previous years are recognized in the income tax of current year.

2. Deferred tax

Deferred income tax is calculated at temporary differences between the carrying amount of assets and liabilities and the tax base used to determine taxable income.

Deferred tax liabilities are mostly recognized based on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is most probable that those deductible temporary differences and loss credits can be applied to produce taxable profits.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax act) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or

directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

V. Critical Accounting Judgments, and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group, when making significant accounting estimates, incorporated the potential impact of climate change, relevant government policies, and regulations on the economic environment into relevant material accounting estimates, such as cash flow estimates, growth rates, discount rates, and profitability. Management will continue to review the estimates and underlying assumptions.

VI. Cash and Cash Equivalents

|                      | December 31, 2023 | December 31, 2022 |
|----------------------|-------------------|-------------------|
| Cash on hand         | \$ 258            | \$ 263            |
| Checking and savings | <u>138,123</u>    | <u>116,366</u>    |
|                      | <u>\$ 138,381</u> | <u>\$ 116,629</u> |

The interest rate intervals of the cash in banks at the balance sheet date were listed as follows:

|               | December 31, 2023 | December 31, 2022 |
|---------------|-------------------|-------------------|
| Cash in banks | 0.005%~1.450%     | 0.001%~1.050%     |

VII. Financial assets at amortized cost

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| <u>Current</u>   |                   |                   |
| Domestic investment  |                   |                   |
| Bank time deposit with initial maturity date over 3 months | <u>\$ 86,588</u>  | <u>\$ 96,736</u>  |

- (I) The interest rate intervals of term deposits with original maturity date over 3 months as of December 31, 2023 and 2022 were 5.55%~5.68% and 3.15%~5.00% per annum, respectively.
- (II) Please refer to Note 28 for pledged financial assets at amortized cost.

VIII. Accounts Receivable and Other Receivables

|                              | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------|--------------------------|--------------------------|
| <u>Accounts receivable</u>   |                          |                          |
| measured at amortized cost   |                          |                          |
| Total carrying amount        | \$ 38,052                | \$ 18,109                |
| Less: Allowance for loss     | <u>-</u>                 | <u>-</u>                 |
|                              | <u>\$ 38,052</u>         | <u>\$ 18,109</u>         |
| <u>Other receivables</u>     |                          |                          |
| Receivable of certificate of |                          |                          |
| deposit interest             | \$ 1,154                 | \$ 743                   |
| Others                       | 27                       | 22                       |
| Less: Allowance for loss     | <u>-</u>                 | <u>-</u>                 |
|                              | <u>\$ 1,181</u>          | <u>\$ 765</u>            |

Accounts receivable

The Group's average credit term for sales of goods is 30 to 60 days. Accounts receivable does not bear interest.

The Group applies lifetime expected credit losses to allowance for accounts receivable. The lifetime expected credit losses are calculated based on a provision matrix that takes into account the default history and current financial position of customers, prevailing industrial and economic trends, and also considers GDP forecast. Since the Group's historical experience of credit loss indicates no significant difference in the loss patterns between the various customer segments, the Group does not classify customers into different segments but determines the expected credit loss rate based on the overdue days of accounts receivables.

If there is evidence showing that transaction counterparty is in severe financial difficulty and the Group cannot expect reasonable recoverable amount, such as debts overdue for more than 270 days from counterparty under liquidation, the Group will write off the receivables in full. The receivables initially written off but collected afterwards were recognized in profit and loss.

Analysis of loss allowance of accounts receivable based on the provisional matrix is as follows:

December 31, 2023

|  | <u>Not Past Due</u> | <u>More than 270 days overdue</u> | <u>Total</u>     |
|--|---------------------|-----------------------------------|------------------|
|  |                     | 100%                              |                  |
| Expected credit loss rate                            |                     |                                   |                  |
| Total carrying amount                                | \$ 38,052           | \$ -                              | \$ 38,052        |
| Allowance for losses (lifetime expected credit loss) | <u>-</u>            | <u>-</u>                          | <u>-</u>         |
| Amortized cost                                       | <u>\$ 38,052</u>    | <u>\$ -</u>                       | <u>\$ 38,052</u> |

December 31, 2022

|  | <u>Not Past Due</u> | <u>More than 270 days overdue</u> | <u>Total</u>     |
|--|---------------------|-----------------------------------|------------------|
|  |                     | 100%                              |                  |
| Expected credit loss rate                            | -                   |                                   |                  |
| Total carrying amount                                | \$ 18,109           | \$ -                              | \$ 18,109        |
| Allowance for losses (lifetime expected credit loss) | <u>-</u>            | <u>-</u>                          | <u>-</u>         |
| Amortized cost                                       | <u>\$ 18,109</u>    | <u>\$ -</u>                       | <u>\$ 18,109</u> |

## IX. Subsidiaries

### Subsidiaries included in the consolidated financial statements

The consolidated entities are listed as follows:

| Investor Company  | Investee Company    | Main Businesses and Products | Percentage of Ownership (%) |                   | Remarks/specify details |
|-------------------|---------------------|------------------------------|-----------------------------|-------------------|-------------------------|
|                   |                     |                              | December 31, 2023           | December 31, 2022 |                         |
| The Company       | WAYI-ASIA Company   | Investment                   | 100%                        | 100%              | Note                    |
| WAYI-ASIA Company | WAYI-CAYMAN Company | Investment                   | 100%                        | 100%              | Note                    |

Note: Its financial report has been audited by the accountant during the same period.

## X. Investment Accounted For Using the Equity Method

### Investments in associates

|                               | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------|--------------------------|--------------------------|
| Associates with significance: |                          |                          |
| DIT Startup Co. Ltd.          | <u>\$ -</u>              | <u>\$ 7,457</u>          |

| Company Name         | Percentage of Ownership and Votes |                   |
|----------------------|-----------------------------------|-------------------|
|                      | December 31, 2023                 | December 31, 2022 |
| DIT Startup Co. Ltd. | -%                                | 11%               |

For the information of the main business and products, main place of business and country registered for the aforementioned associates, please refer to Table 2, "Information of Invested Companies."

The chairman of the Group also serves as the chairman of DIT Startup Co. Ltd. so can significantly influence the associate.

The Group's shares of profit or loss and other comprehensive income of the investments accounted for using the equity method are calculated based on financial statements which have not been audited by CPA. However, the Group's management believes that the aforementioned unaudited result will not cause material impact.

On September 11, 2023, the Company sold all of its 1,296,774 ordinary shares of DIT Startup Co. Ltd., which it held, to Wanin International Co., Ltd., for a total price of NT\$7,472 thousand.

All the aforementioned associates are accounted for using the equity method in the consolidated financial statements.

The summary of financial information below is based on individual associates' financial statements prepared in accordance with IFRSs for which adjustments have been made in the consolidated financial statements due to the use of the equity method.

#### DIT Startup Co. Ltd.

|                               | December 31, 2022 |
|-------------------------------|-------------------|
| Current assets                | \$ 33,526         |
| Non-current assets            | 37,627            |
| Current liabilities           | ( 1,569 )         |
| Equity                        | <u>\$ 69,584</u>  |
|                               |                   |
| Percentage of Ownership       | 11%               |
| Interests of the Group        | \$ 7,457          |
| Carrying amount of Investment | <u>\$ 7,457</u>   |
|                               |                   |
|                               | 2022              |
| Operating revenue             | <u>\$ 3,223</u>   |
| Net loss for the year         | (\$ 9,857)        |

## XI. Property, plant and equipment

### Self-use

|  | Land owned<br>by the Group | Buildings and<br>structures | Network<br>devices | Facility<br>equipment | Leasehold<br>improvements | Transportation<br>equipment | Other<br>fixtures | Total             |
|--|----------------------------|-----------------------------|--------------------|-----------------------|---------------------------|-----------------------------|-------------------|-------------------|
| <b>Cost</b>  |                            |                             |                    |                       |                           |                             |                   |                   |
| Balance as of January 1,<br>2023                   | \$ 54,558                  | \$ 3,638                    | \$ 149,002         | \$ 7,765              | \$ 1,841                  | \$ 684                      | \$ -              | \$ 217,488        |
| Acquisition  | -                          | -                           | 49                 | 1,440                 | 798                       | -                           | -                 | 2,287             |
| Disposition  | -                          | -                           | -                  | -                     | -                         | -                           | -                 | -                 |
| Balance on December 31,<br>2023                    | <u>\$ 54,558</u>           | <u>\$ 3,638</u>             | <u>\$ 149,051</u>  | <u>\$ 9,205</u>       | <u>\$ 2,639</u>           | <u>\$ 684</u>               | <u>\$ -</u>       | <u>\$ 219,775</u> |
| <b>Accumulated depreciation<br/>and impairment</b> |                            |                             |                    |                       |                           |                             |                   |                   |
| Balance as of January 1,<br>2023                   | \$ -                       | \$ 1,233                    | \$ 148,879         | \$ 6,322              | \$ 887                    | \$ 684                      | \$ -              | \$ 158,005        |
| Depreciation expenses                              | -                          | 121                         | 132                | 882                   | 896                       | -                           | -                 | 2,031             |
| Disposition  | -                          | -                           | -                  | -                     | -                         | -                           | -                 | -                 |

|  | Land owned by the Group | Buildings and structures | Network devices   | Facility equipment | Leasehold improvements | Transportation equipment | Other fixtures   | Total             |
|--|-------------------------|--------------------------|-------------------|--------------------|------------------------|--------------------------|------------------|-------------------|
| Balance on December 31, 2023                   | \$ <u>      </u>        | \$ <u>1,354</u>          | \$ <u>149,011</u> | \$ <u>7,204</u>    | \$ <u>1,783</u>        | \$ <u>684</u>            | \$ <u>      </u> | \$ <u>160,036</u> |
| Net balance on December 31, 2023               | \$ <u>54,558</u>        | \$ <u>2,284</u>          | \$ <u>40</u>      | \$ <u>2,001</u>    | \$ <u>856</u>          | \$ <u>      </u>         | \$ <u>      </u> | \$ <u>59,739</u>  |
| <u>Cost</u>                                    |                         |                          |                   |                    |                        |                          |                  |                   |
| Balance as of January 1, 2022                  | \$ <u>54,558</u>        | \$ <u>3,638</u>          | \$ <u>176,765</u> | \$ <u>9,382</u>    | \$ <u>1,826</u>        | \$ <u>684</u>            | \$ <u>17</u>     | \$ <u>246,870</u> |
| Acquisition                                    | -                       | -                        | 85                | 1,303              | 130                    | -                        | -                | 1,518             |
| Disposition                                    | <u>      </u>           | <u>      </u>            | ( <u>27,848</u> ) | ( <u>2,920</u> )   | ( <u>115</u> )         | <u>      </u>            | ( <u>17</u> )    | ( <u>30,900</u> ) |
| Balance on December 31, 2022                   | \$ <u>54,558</u>        | \$ <u>3,638</u>          | \$ <u>149,002</u> | \$ <u>7,765</u>    | \$ <u>1,841</u>        | \$ <u>684</u>            | \$ <u>      </u> | \$ <u>217,488</u> |
| <u>Accumulated depreciation and impairment</u> |                         |                          |                   |                    |                        |                          |                  |                   |
| Balance as of January 1, 2022                  | \$ <u>      </u>        | \$ <u>1,112</u>          | \$ <u>176,421</u> | \$ <u>8,669</u>    | \$ <u>340</u>          | \$ <u>684</u>            | \$ <u>17</u>     | \$ <u>187,243</u> |
| Depreciation expenses                          | -                       | 121                      | 232               | 545                | 662                    | -                        | -                | 1,560             |
| Disposition                                    | <u>      </u>           | <u>      </u>            | ( <u>27,774</u> ) | ( <u>2,892</u> )   | ( <u>115</u> )         | <u>      </u>            | ( <u>17</u> )    | ( <u>30,798</u> ) |
| Balance on December 31, 2022                   | \$ <u>      </u>        | \$ <u>1,233</u>          | \$ <u>148,879</u> | \$ <u>6,322</u>    | \$ <u>887</u>          | \$ <u>684</u>            | \$ <u>      </u> | \$ <u>158,005</u> |
| Net balance on December 31, 2022               | \$ <u>54,558</u>        | \$ <u>2,405</u>          | \$ <u>123</u>     | \$ <u>1,443</u>    | \$ <u>954</u>          | \$ <u>      </u>         | \$ <u>      </u> | \$ <u>59,483</u>  |

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

| Buildings                |              |
|--------------------------|--------------|
| Buildings and structures | 30 years     |
| Network devices          | 3 to 6 years |
| Facility equipment       | 3 years      |
| Leasehold improvements   | 1 to 3 years |
| Transportation equipment | 3 years      |
| Other fixtures           | 3 years      |

Please refer to Note 28 for the amount of self-use property, plant and equipment pledged as collateral for borrowings.

## XII. Lease Agreement

### (I) Right-of-use asset

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Carrying amount of right-of-use asset       |                          |                          |
| Buildings                                   | \$ <u>3,430</u>          | \$ <u>9,548</u>          |
|   | <u>2023</u>              | <u>2022</u>              |
| Acquisition on right-of-use assets          | \$ <u>      </u>         | \$ <u>2,742</u>          |
| Depreciation expense of right-of-use assets |                          |                          |
| Buildings                                   | \$ <u>5,341</u>          | \$ <u>4,902</u>          |
| Transportation equipment                    | <u>      </u>            | <u>125</u>               |
|   | <u>\$ 5,341</u>          | <u>\$ 5,027</u>          |

(II) Lease liabilities

|                                    | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| Carrying amount of lease liability |                          |                          |
| Current                            | <u>\$ 2,531</u>          | <u>\$ 5,818</u>          |
| Non-current                        | <u>\$ 950</u>            | <u>\$ 3,786</u>          |

Range of discount rate for lease liabilities was as follows:

|           | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------|--------------------------|--------------------------|
| Buildings | <u>1.04%~2.23%</u>       | <u>1.04%~2.23%</u>       |

(III) Important lease activities and terms

The Group leases the building for operating use for a period of 3 years. At the end of the lease term, the Group has no bargain purchase option over the building leased, and the Group may not sublease or transfer all or part of the leased items without the lessor's consent.

(IV) Other leasing information

|                                | <u>2023</u>       | <u>2022</u>       |
|--------------------------------|-------------------|-------------------|
| Short-term lease expense       | <u>\$ 38</u>      | <u>\$ 39</u>      |
| Total cash (outflow) of leases | <u>(\$ 5,468)</u> | <u>(\$ 5,144)</u> |

The Group chooses to lease office equipment that meets the short-term lease and certain computer equipment that meets the low-value lease assets. These office equipment are subject to the recognition exemption, and the relevant right-of-use assets and lease liabilities are not recognized for these leases.

All lease commitments during the lease term commencing after the balance sheet date are as follows:

|                   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------|--------------------------|--------------------------|
| Lease commitments | <u>\$ 3,523</u>          | <u>\$ 9,742</u>          |

XIII. Investment properties

|                               | <u>Completed investment properties</u> |
|-------------------------------|--|
| <u>Cost</u>                   |  |
| Balance as of January 1, 2023 | <u>\$ 22,271</u>                       |
| Balance on December 31, 2023  | <u>\$ 22,271</u>                       |

|  |  | Completed<br>investment<br>properties |
|--|--|---------------------------------------|
| <u>Accumulated depreciation and impairment</u> |  |                                       |
| Balance as of January 1, 2023                  |  | \$ 7,114                              |
| Depreciation expenses                          |  | <u>619</u>                            |
| Balance on December 31, 2023                   |  | <u><u>\$ 7,733</u></u>                |
| Net balance on December 31, 2023               |  | <u><u>\$ 14,538</u></u>               |
| <u>Cost</u>                                    |  |                                       |
| Balance as of January 1, 2022                  |  | \$ 22,271                             |
| Balance on December 31, 2022                   |  | <u><u>\$ 22,271</u></u>               |
| <u>Accumulated depreciation and impairment</u> |  |                                       |
| Balance as of January 1, 2022                  |  | \$ 6,496                              |
| Depreciation expenses                          |  | <u>618</u>                            |
| Balance on December 31, 2022                   |  | <u><u>\$ 7,114</u></u>                |
| Net balance on December 31, 2022               |  | <u><u>\$ 15,157</u></u>               |

The lease term of an investment properties is 3 years with an option to extend the lease term for 1 year. When exercising the right to renew the lease, the lessee shall agree to adjust the rent according to the market rent. The lessee does not have the preferential right to take over the investment properties at the end of the lease term.

The total amount of lease payments to be received in the future for leasing investment properties with an operating lease is as follows:

|        | December 31, 2023      | December 31, 2022    |
|--------|------------------------|----------------------|
| Year 1 | \$ 1,260               | \$ 945               |
| Year 2 | <u>945</u>             | <u>-</u>             |
|        | <u><u>\$ 2,205</u></u> | <u><u>\$ 945</u></u> |

Investment properties are depreciated by straight-line basis using the useful lives as follows:

Buildings and structures 36 years  
The fair value of the investment properties is measured by the independent appraisal companies (appraisers) CCIS Real Estate Joint Appraisers Firm at the input value of

Level 3 on each balance sheet date. The evaluation uses the comparative method and the income method, and the fair value of the evaluation income is as follows:

|            | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------|--------------------------|--------------------------|
| Fair value | <u><u>\$ 105,156</u></u> | <u><u>\$ 104,294</u></u> |

The measurement of the above fair value has included the consideration of the uncertainty of the impact of the subsequent development of the COVID-19 pandemic on market fluctuations.

Please refer to Note 28 for the amount of investment property pledged as collateral for loans.

The lease commitment during the lease term commencing after the balance sheet date is as follows:

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Investment properties letting commitment | <u><u>\$ 2,205</u></u>   | <u><u>\$ 945</u></u>     |

#### XIV. Other Intangible Assets

| <u>Cost</u>                                    | <u>Computer software</u> | <u>Software royalty</u> | <u>Total</u>           |
|--|--------------------------|-------------------------|------------------------|
| Balance as of January 1, 2023                  | \$ 7,224                 | \$ 8,964                | \$ 16,188              |
| Acquisition                                    | 1,429                    | 84                      | 1,513                  |
| Disposition                                    | ( 4,426)                 | -                       | ( 4,426)               |
| Balance on December 31, 2023                   | <u>4,227</u>             | <u>9,048</u>            | <u>13,275</u>          |
| <u>Accumulated amortization and impairment</u> |                          |                         |                        |
| Balance as of January 1, 2023                  | 2,340                    | 1,830                   | 4,170                  |
| Amortization expenses                          | 4,244                    | 4,183                   | 8,427                  |
| Disposition                                    | ( 4,426)                 | -                       | ( 4,426)               |
| Balance on December 31, 2023                   | <u>2,158</u>             | <u>6,013</u>            | <u>8,171</u>           |
| Net balance on December 31, 2023               | <u><u>\$ 2,069</u></u>   | <u><u>\$ 3,035</u></u>  | <u><u>\$ 5,104</u></u> |
| <u>Cost</u>                                    |                          |                         |                        |
| Balance as of January 1, 2022                  | \$ 3,753                 | \$ 2,797                | \$ 6,550               |
| Acquisition                                    | 4,798                    | 6,167                   | 10,965                 |
| Disposition                                    | ( 1,327)                 | -                       | ( 1,327)               |
| Balance on December 31, 2022                   | <u>7,224</u>             | <u>8,964</u>            | <u>16,188</u>          |

|   | Computer<br>software | Software<br>royalty | Total            |
|---|----------------------|---------------------|------------------|
| <b><u>Accumulated amortization<br/>and impairment</u></b> |                      |                     |                  |
| Balance as of January 1,<br>2022                          | 414                  | 117                 | 531              |
| Amortization expenses                                     | 3,253                | 1,713               | 4,966            |
| Disposition   | (1,327)              | -                   | (1,327)          |
| Balance on December 31,<br>2022                           | 2,340                | 1,830               | 4,170            |
| Net balance on December 31,<br>2022                       | <u>\$ 4,884</u>      | <u>\$ 7,134</u>     | <u>\$ 12,018</u> |

Amortization expenses were calculated by straight-line basis using the estimated useful lives as follows:

|                   |              |
|-------------------|--------------|
| Computer software | 1 to 3 years |
| Software royalty  | 1 to 2 years |

Amortization expenses summarized by function:

|  | 2023            | 2022            |
|--|-----------------|-----------------|
| Operating costs                        | \$ 7,762        | \$ 3,891        |
| General and administrative<br>expenses | 665             | 1,075           |
|  | <u>\$ 8,427</u> | <u>\$ 4,966</u> |

#### XV. Other assets

|                                 | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|-------------------|
| <b><u>Current</u></b>           |                   |                   |
| Prepayments (Note 1)            | \$ 3,779          | \$ 8,395          |
| Deferred costs                  | 342               | 644               |
| Other prepayments               | 8,202             | 2,271             |
| Others                          | 767               | 4                 |
|                                 | <u>\$ 13,090</u>  | <u>\$ 11,314</u>  |
| <b><u>Non-current</u></b>       |                   |                   |
| Refundable deposits             | \$ 671            | \$ 763            |
| Other financial assets (Note 2) | 2,200             | 1,000             |
|                                 | <u>\$ 2,871</u>   | <u>\$ 1,763</u>   |

Note 1. Due to poor sales of the online games that the Group distributes, the Group expects to reduce the future economic benefits of the prepayments for the original games. Therefore, the Group recognized impairment losses of NT\$4,981 thousand and NT\$6,377 thousand, respectively, for 2023 and 2022. The Group adopts the use value as the recoverable amount of this advance

payment at a discount rate of 2.3570% and 2.2274%, respectively. The impairment loss is recognized in operating cost in the consolidated statements of comprehensive income.

Note 2. Other financial assets are demand deposits provided to guarantee banks as collateral as commercial credit card guarantees. Please refer to Note 28.

**XVI. Notes payable and accounts payable**

The period for the Group to pay royalties and installments is set between 30 to 60 days. The Group has established financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

**XVII. Other liabilities**

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <b><u>Current</u></b>                                      |                          |                          |
| Other payables   |                          |                          |
| Salaries and bonus payable                                 | \$ 7,776                 | \$ 6,007                 |
| Advertising fee payable                                    | 6                        | 6,758                    |
| Service fee payable  | 875                      | 845                      |
| Insurance premium payable                                  | 618                      | 583                      |
| Others (pension and business tax)                          | <u>1,438</u>             | <u>1,114</u>             |
|  | <u><u>\$ 10,713</u></u>  | <u><u>\$ 15,307</u></u>  |
| Other payables - related parties                           | <u><u>\$ 262</u></u>     | <u><u>\$ 280</u></u>     |
| Other liabilities  |                          |                          |
| Unearned revenue   | \$ 1,528                 | \$ -                     |
| Others (temporary receipts and cash collected for clients) | <u>498</u>               | <u>494</u>               |
|  | <u><u>\$ 2,026</u></u>   | <u><u>\$ 494</u></u>     |
| <b><u>Non-current</u></b>                                  |                          |                          |
| Guarantee deposits   | <u><u>\$ 200</u></u>     | <u><u>\$ 200</u></u>     |

**XVIII. Post-employment benefits plans**

**Defined contribution plans**

Under the plan, 6% of employees' monthly salary is contributed as pension each month by the Group to employees' personal accounts set up by the government of the Bureau of Labor Insurance.

**XIX. Equity**

**(I) Share capital**

Ordinary shares

|   | December 31, 2023   | December 31, 2022   |
|---|---------------------|---------------------|
| Number of shares authorized<br>(thousand shares)            | <u>160,000</u>      | <u>160,000</u>      |
| Authorized Capital stock                                    | <u>\$ 1,600,000</u> | <u>\$ 1,600,000</u> |
| Number of shares issued and<br>fully paid (thousand shares) | <u>23,611</u>       | <u>22,274</u>       |
| Amount of shares issued                                     | <u>\$ 236,113</u>   | <u>\$ 222,748</u>   |

According to the resolution of the shareholders' meeting on June 23, 2022, the Company issued 2,905 thousand new shares with the capital increase of NT\$29,054 thousand from the undistributed earnings. The par value of each share is NT\$10, and the paid-in share capital after capital increase is NT\$222,748 thousand. The above case of capital increase from earnings was approved by the Securities and Futures Bureau of the FSC on July 29, 2022. According to the resolution of the Board of Directors, September 5, 2022 is the base date for capital increase, and the change registration has been completed on September 8, 2022.

According to the resolution of the shareholders' meeting on June 21, 2023, the Company issued 1,337 thousand new shares with the capital increase of NT\$13,365 thousand from the undistributed earnings. The par value of each share is NT\$10, and the paid-in share capital after the capital increase is NT\$236,113 thousand. The above case of capital increase from earnings was approved by the Securities and Futures Bureau of the FSC on July 17, 2023. According to the resolution of the Board of Directors, September 3, 2023 is the base date for capital increase, and the change registration has been completed on September 8, 2023.

(II) Capital surplus

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| <u>May be used to offset a deficit,<br/>distributed as cash dividends,<br/>or transferred to share capital</u> |                   |                   |
| Premium of shares issued   | <u>\$ 29,199</u>  | <u>\$ 29,199</u>  |

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends (up to a certain percentage of the Company's paid-in capital once a year).

(III) Retained earnings and dividend policy

Under the surplus distribution policy as set forth in the Company's Articles of Incorporation, provided that the Company has net profit for the current year, it shall be first used to pay income taxes and make up for any accumulated losses, and then set aside 10% as a statutory surplus reserve. Any excessive balance may be reserved or transferred to be a special surplus reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated as dividends in accordance with a proposal for profit distribution as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. The Company may authorize the Board of Directors to distribute all or part of the dividends and bonuses payable in cash with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present, and report to the latest shareholders' meeting. When there is no loss, the Company may authorize the Board of Directors to distribute all or part of the statutory surplus reserve (more than 25% of the paid-in capital) and the capital reserve in compliance with the Company Act in cash with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present, and report to the latest shareholders' meeting. For the distribution policy for employees' compensation and remuneration of directors to Note 21 (8): Remunerations for Employees, Directors and Supervisors.

The Company needs to set aside an amount as legal reserve unless where such legal reserve amounts to the amount of total authorized capital. The legal reserve may be used to offset deficit. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The Company's regular meetings of shareholders held on June 21, 2023 and June 23, 2022, respectively, passed the following proposals for loss offsetting for 2022 and 2021:

|                                 | 2022             | 2021             |
|---------------------------------|------------------|------------------|
| Statutory surplus reserve       | <u>\$ 3,664</u>  | <u>\$ 9,294</u>  |
| Cash dividends                  | <u>\$ 13,365</u> | <u>\$ 38,739</u> |
| Stock dividends                 | <u>\$ 13,365</u> | <u>\$ 29,054</u> |
| Cash dividend per share (NT\$)  | \$ 0.6           | \$ 2.0           |
| Stock dividend per share (NT\$) | \$ 0.6           | \$ 1.5           |

The distribution of the above-mentioned cash dividends was approved by a resolution of the Board of Directors on March 27, 2023 and March 24, 2022, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on June 21, 2023 and June 23, 2022, respectively.

On March 15, 2024, the Board of Directors of the Company planned a resolution on the surplus distribution proposal for the year 2023 as follows:

|                                 | 2023             |
|---------------------------------|------------------|
| Statutory surplus reserve       | <u>\$ 3,319</u>  |
| Cash dividends                  | <u>\$ 11,806</u> |
| Stock dividends                 | <u>\$ 23,611</u> |
| Cash dividend per share (NT\$)  | \$ 0.5           |
| Stock dividend per share (NT\$) | \$ 1.0           |

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the rest will be resolved by the shareholders' meeting held on June 19, 2024.

XX. Revenue

|                                       | 2023             | 2022             |
|---------------------------------------|------------------|------------------|
| Revenue from Contracts with Customers |                  |                  |
| Online Games and Digital Content      | \$141,266        | \$146,323        |
| Service income                        | 162              | 515              |
| Other income                          | <u>-</u>         | <u>428</u>       |
|                                       | <u>\$141,428</u> | <u>\$147,266</u> |

(I) Contract balance

|                                  | December 31, 2023 | December 31, 2022 |
|----------------------------------|-------------------|-------------------|
| Accounts receivable<br>(Note 8)  | <u>\$ 38,052</u>  | <u>\$ 18,109</u>  |
| Contract liabilities             |                   |                   |
| Online Games and Digital Content | <u>\$ 3,730</u>   | <u>\$ 6,594</u>   |

(II) Disaggregation of contract revenue

| <u>Product Category</u>                                  | <u>2023</u>             | <u>2022</u>             |
|--|-------------------------|-------------------------|
| Artwork design services<br>(Note 27)                     | \$118,126               | \$104,049               |
| Computer games   | 7,589                   | 21,229                  |
| Mobile Games   | 15,551                  | 21,045                  |
| Labor income - art design<br>project income<br>(Note 27) | 162                     | 445                     |
| Labor income - others<br>(Note 27)                       | -                       | 70                      |
| Others   | <u>—</u>                | <u>428</u>              |
|  | <u><u>\$141,428</u></u> | <u><u>\$147,266</u></u> |

(III) Partially completed contracts

For partially completed contracts, the transaction prices and the expected timing for the recognition of revenue are as follows:

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Rewarding points for<br>purchasing virtual products |                          |                          |
| — redeemed before 2023                              | \$      -                | \$ 2,063                 |
| — redeemed before 2024                              | 1,505                    | -                        |

**XXI. Net profit for the year**

(I) Interest Income

|                                       | <u>2023</u>            | <u>2022</u>            |
|---------------------------------------|------------------------|------------------------|
| Cash in banks                         | \$ 930                 | \$ 514                 |
| Financial assets at amortized<br>cost | 5,125                  | 1,128                  |
| Imputed interest on deposits          | <u>8</u>               | <u>8</u>               |
|                                       | <u><u>\$ 6,063</u></u> | <u><u>\$ 1,650</u></u> |

(II) Other income

|               | <u>2023</u>            | <u>2022</u>            |
|---------------|------------------------|------------------------|
| Rental income | \$ 1,236               | \$ 1,203               |
| Other income  | <u>360</u>             | <u>394</u>             |
|               | <u><u>\$ 1,596</u></u> | <u><u>\$ 1,597</u></u> |

(III) Other gains and losses

|   | <u>2023</u> | <u>2022</u> |
|---|-------------|-------------|
| Gains on financial assets<br>and financial liabilities  |             |             |
| Financial assets<br>mandatorily<br>measured at<br>FVTPL | \$      -   | \$ 1,748    |

|   | 2023            | 2022             |
|---|-----------------|------------------|
| Gain on disposal of property, plant and equipment | -               | 12               |
| Foreign exchange gain (loss), net                 | ( 31 )          | 12,578           |
| Gain on disposal of investments                   | 328             | -                |
| Lease modification gain                           | 6               | -                |
| Miscellaneous expenditure                         | ( 2 )           | -                |
|   | <u>\$ 301</u>   | <u>\$ 14,338</u> |
| <br>(IV) Finance costs                            |                 |                  |
|   | 2023            | 2022             |
| Interest on lease liabilities                     | \$ 90           | \$ 94            |
| Imputed interest on deposits                      | <u>3</u>        | <u>2</u>         |
|   | <u>\$ 93</u>    | <u>\$ 96</u>     |
| <br>(V) Impairment loss                           |                 |                  |
|   | 2023            | 2022             |
| Prepayments (included in operating costs)         | <u>\$ 4,981</u> | <u>\$ 6,377</u>  |
| <br>(VI) Depreciation and amortization            |                 |                  |
|   | 2023            | 2022             |
| Depreciation expenses summarized by function      |                 |                  |
| Operating costs                                   | \$ 163          | \$ 231           |
| Operating expenses                                | <u>7,828</u>    | <u>6,974</u>     |
|   | <u>\$ 7,991</u> | <u>\$ 7,205</u>  |
| Amortization summarized by function               |                 |                  |
| Operating costs                                   | \$ 7,762        | \$ 3,891         |
| Operating expenses                                | <u>665</u>      | <u>1,075</u>     |
|   | <u>\$ 8,427</u> | <u>\$ 4,966</u>  |

(VII) Employee benefit expenses

|                                 | 2023                    | 2022                    |
|---------------------------------|-------------------------|-------------------------|
| Short-term employee benefits    | \$ 43,580               | \$ 46,747               |
| Post-employment benefits        |                         |                         |
| Defined contribution plans      | <u>1,743</u>            | <u>2,050</u>            |
| Total employee benefit expenses | <u><u>\$ 45,323</u></u> | <u><u>\$ 48,797</u></u> |
| Summarized by functions         |                         |                         |
| Operating costs                 | <u>\$ 6,545</u>         | <u>\$ 9,658</u>         |
| Operating expenses              | <u><u>38,778</u></u>    | <u><u>39,139</u></u>    |
|                                 | <u><u>\$ 45,323</u></u> | <u><u>\$ 48,797</u></u> |

(VIII) Employees' compensation and remunerations for directors

According to the Company's articles of Incorporation, the Company shall pay the employees' compensation and remuneration of directors at not less than 1% and not more than 3%, respectively, of the pre-tax benefits before deducting of the remuneration and the compensation in the current year. The employees' compensation and remuneration of directors for 2023 and 2022, which have been approved by the Company's board of directors on March 15, 2024 and March 27, 2023, respectively, were as follows:

Accrual rate

|                           | 2023  | 2022   |
|---------------------------|-------|--------|
| Employees' compensation   | 1.34% | 1.005% |
| Remuneration of Directors | 1.02% | 1.005% |

Amount

|                           | 2023          | 2022          |
|---------------------------|---------------|---------------|
| Employees' compensation   | <u>\$ 457</u> | <u>\$ 378</u> |
| Remuneration of Directors | <u>\$ 350</u> | <u>\$ 378</u> |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences should be recorded as a change in the accounting estimate in the following year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors for 2022 and 2021 paid and the amounts recognized in the consolidated financial statements for 2022 and 2021.

Please refer to the Market Observation Post System of the Taiwan Stock Exchange for information on the employees' compensation and remunerations for directors of the Company resolved by the Board of Directors.

(IX) Foreign currency exchange gain (loss)

|                                      | 2023           | 2022             |
|--------------------------------------|----------------|------------------|
| Total foreign currency exchange gain | \$ 10,564      | \$ 20,693        |
| Total foreign currency exchange loss | ( 10,595 )     | ( 8,115 )        |
| Net gain (loss)                      | <u>(\$ 31)</u> | <u>\$ 12,578</u> |

XXII. Income tax

(I) Main composition of income tax expenses recognized in profit or loss

The major components of income tax expense were as follows:

|   | 2023          | 2022          |
|---|---------------|---------------|
| Current tax                                     |               |               |
| Surtax on undistributed earnings                | \$ 165        | \$ 179        |
| Adjustments for prior years                     | <u>2</u>      | -             |
| Income tax expense recognized in profit or loss | <u>\$ 167</u> | <u>\$ 179</u> |

Reconciliation between tax expense and income reported in the financial statements is as follows:

|   | 2023             | 2022             |
|---|------------------|------------------|
| Net profit before tax   | <u>\$ 33,360</u> | <u>\$ 36,821</u> |
| The income tax expense of the pre-tax net profit calculated at the statutory rate | \$ 6,672         | \$ 7,365         |
| Non-deductible expenses   | ( 1,102 )        | 1,785            |
| Surtax on undistributed earnings  | 165              | 179              |
| Unrecognized loss carryforwards   | ( 5,580 )        | ( 7,736 )        |

|   | <u>2023</u>   | <u>2022</u>   |
|---|---------------|---------------|
| Unrecognized deductible temporary difference                        | 10            | ( 1,414)      |
| Adjustment of income tax expense from previous year to current year | 2             | -             |
| Income tax expense recognized in profit or loss                     | <u>\$ 167</u> | <u>\$ 179</u> |

(II) Current income tax assets and liabilities

|                                | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------------|--------------------------|--------------------------|
| Current tax assets             |                          |                          |
| Tax refund receivable          | <u>\$ 246</u>            | <u>\$ 190</u>            |
| Current income tax liabilities |                          |                          |
| Income tax payable             | <u>\$ -</u>              | <u>\$ 118</u>            |

(III) Deductible temporary differences and unused loss deductions that are not recognized as deferred tax assets in the Consolidated Balance Sheets

|                    | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------|--------------------------|--------------------------|
| Loss carryforwards |                          |                          |
| Expired in 2024    | <u>\$ 154,085</u>        | <u>\$ 181,990</u>        |
| Expired in 2025    | <u>193,377</u>           | <u>193,377</u>           |
| Expired in 2026    | <u>132,692</u>           | <u>132,692</u>           |
| Expired in 2027    | <u>96,534</u>            | <u>96,534</u>            |
| Expired in 2028    | <u>44,622</u>            | <u>44,622</u>            |
| Expired in 2029    | <u>25,918</u>            | <u>25,918</u>            |
|                    | <u><u>\$ 647,228</u></u> | <u><u>\$ 675,133</u></u> |

(IV) Verification of income tax

The tax returns filed by the Company have been assessed by the tax authorities for the fiscal year 2021 and heretofore.

**XXIII. Earnings Per Share**

|                           | Unit: NT\$ per share |                |
|---------------------------|----------------------|----------------|
|                           | <u>2023</u>          | <u>2022</u>    |
| Basic earning per share   | <u>\$ 1.41</u>       | <u>\$ 1.55</u> |
| Diluted earning per share | <u>\$ 1.41</u>       | <u>\$ 1.55</u> |

For the earnings per share computation, it was adjusted retroactively for the issuance of bonus shares, for which the record date was set on September 3, 2023. Changes in the basic and diluted earnings per share adjusted retrospectively for 2022 were as follows:

Unit: NT\$ per share

|                           | Before<br>Retrospective<br>Adjustment | After Retrospective<br>Adjustment |
|---------------------------|---------------------------------------|-----------------------------------|
| Basic earning per share   | \$ 1.65                               | \$ 1.55                           |
| Diluted earning per share | \$ 1.64                               | \$ 1.55                           |

The weighted average of ordinary shares and net profits used for calculating earnings per share are as follows:

Net profit for the year

|  | 2023      | 2022      |
|--|-----------|-----------|
| Net profit used for calculating basic earnings per share   | \$ 33,193 | \$ 36,642 |
| Net profit used for calculating diluted earnings per share | \$ 33,193 | \$ 36,642 |

Number of shares

|   | 2023   | 2022   | Unit: thousand shares |
|---|--------|--------|-----------------------|
| Weighted average of ordinary shares used for calculating basic earnings per share   | 23,611 | 23,611 |                       |
| Effect of potentially dilutive ordinary shares:                                     |        |        |                       |
| Employees' compensation   | 3      | 4      |                       |
| Weighted average of ordinary shares used for calculating diluted earnings per share | 23,614 | 23,615 |                       |

If the Group can choose to pay employee compensation by stocks or by cash, it shall assume that employee compensation would be paid by stocks in the calculation of diluted EPS. The dilutive effect, while still valid, shall be counted into the weighted average number of stocks outstanding when diluted EPS is calculated. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

#### XXIV. Cash Flow Information

##### (I) Non-cash transactions

Except as disclosed in other notes, for the year ended December 31, 2022, the Company conducted the following investments and financing activities in non-cash transactions:

The Company acquired the computer software with a fair value of NT\$10,965 thousand in 2022, the notes payable decreased by NT\$164 thousand, the other payables decreased by NT\$577 thousand, and the cash payment for the acquisition of intangible assets amounted to NT\$11,706 thousand (see Note 14).

##### (II) Changes in liabilities from financing activities

###### 2023

|                      | January 1,<br>2023 | Cash flow  | Non-cash flow        |                     |                      | December<br>31, 2023 |
|----------------------|--------------------|------------|----------------------|---------------------|----------------------|----------------------|
|                      |                    |            | Disposal of<br>lease | Interest<br>expense | Interest<br>payments |                      |
| Lease<br>liabilities | \$ 9,604           | (\$ 5,340) | (\$ 783)             | \$ 90               | (\$ 90)              | \$ 3,481             |

###### 2022

|                      | January 1,<br>2022 | Cash flow  | Non-cash flow |                     |                      | December<br>31, 2022 |
|----------------------|--------------------|------------|---------------|---------------------|----------------------|----------------------|
|                      |                    |            | New Leases    | Interest<br>expense | Interest<br>payments |                      |
| Lease<br>liabilities | \$ 11,873          | (\$ 5,011) | \$ 2,742      | \$ 94               | (\$ 94)              | \$ 9,604             |

#### XXV. Capital Risk Management

The Group manages its capital based on the policy to ensure the continual operations of the entities in the Group. By optimizing its debts and liabilities, the Group can maximize return for stakeholders. The Group's overall capital management strategy has not changed since the prior period.

The Group's capital structure consists of net debts (i.e., borrowings less cash and cash equivalents) and equities (i.e. share capital, capital reserve, and retained earnings).

The Group's management periodically reassesses the Group's capital structure; the inspection items include capital costs of various categories and related risks. In accordance with the Group's key management's advice, the Group's overall capital structure will be balanced through new issuance of stocks and debts, or repayment of old debts.

#### XXVI. Financial instruments

##### (I) Fair value information - financial instruments not measured at fair value

The Group does not have any financial assets and financial liabilities that are subject to significant differences in fair value.

(II) Classification of financial instruments

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <b><u>Financial assets</u></b>              |                          |                          |
| Financial assets at amortized cost (Note 1) | \$ 267,073               | \$ 234,002               |
| <b><u>Financial liabilities</u></b>         |                          |                          |
| Measured at amortized cost (Note 2)         | 20,545                   | 18,749                   |

Note 1. The balances include cash and cash equivalents, accounts receivable, other receivables, refundable deposits, and other financial assets, which are financial assets at amortized cost.

Note 2. The balances include financial liabilities at amortized costs such as notes payable, accounts payable, other payables, and guarantee deposits.

(III) Objectives and policies of Financial risk management

The Group's financial instruments majorly consist of equity debt investments, accounts receivable, and accounts payable. The Group's financial management department provides service to various business units, coordinates domestic and international financial operations, and monitors and manages financial risks related to the Group's operations by preparing internal risk reports which analyze risk exposure in accordance with risk level and risk scope. These risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates (see (1) below) and the changes in interest rates (see (2) below).

The Group's risk exposure in the financial instrument market and the management and measurement of such risks do not have significant changes.

(1) Exchange rate risk

Bank deposits calculated in USD cause the Group exposed to changes in foreign currency exchange rates.

For the carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currency on the consolidated balance sheet date (including monetary items that are written off in the consolidated financial statements), please refer to Note 30.

#### Sensitivity Analysis

The Group is mainly impacted by the exchange rate fluctuations in USD. The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only the outstanding monetary items stated in foreign currencies, and the translation of carrying amounts at year end is calculated based on the assumption that exchange rates are changed by 1%. The positive numbers in the table below indicate the amount that will increase the net loss before tax when the NTD depreciates by 1% relative to each relevant currency; when the NTD appreciates by 1% relative to each relevant foreign currency, its impact on the net loss before tax will be a negative amount of the same amount.

|               | Impact of USD |             |
|---------------|---------------|-------------|
|               | 2023          | 2022        |
| Profit (Loss) | \$ 1,320(i)   | \$ 1,215(i) |

(i) The above impact mainly resulted from the cash and cash equivalents and financial assets measured at amortized cost in USD which are outstanding on the balance sheet date but whose cash flows have not been hedged.

The Group's sensitivity to the US dollar exchange rate increased in the current year, mainly due to the addition of cash and cash equivalents in US dollars for the year.

(2) Interest rate risk

The interest rate risk of the Group mainly comes from the interest rate risk caused by floating rate borrowings.

The carrying amounts of the Group's financial liabilities and financial assets exposed to risks from the changes in interest rate on the balance sheet date are as follows:

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Interest rate risk related<br>to fair value |                          |                          |
| —Financial assets                           | \$ 86,588                | \$ 96,736                |

Sensitivity Analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates on the balance sheet date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the balance sheet date was outstanding throughout the year. The rate of change used by the Group internally to report interest rate to key management is a 1% increase or decrease in interest rate and represents the management's assessment of the reasonable range of possible changes in interest rate.

If the interest rate increases or decreases by 1%, when all other variables keep unchanged, the Group's net profit after tax for years 2023 and 2022 will have no impact.

2. Credit risk

Credit risks refer to risks that cause financial loss to the Group due to the counterparty's delay in honoring contractual obligations. As of the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group does not have significant credit exposure to any single counterparty or any group of counterparties with similar characteristics, except for W Company, the Group's largest customer. The Group defines it

as a counterparty with similar characteristics when the counterparty is a related enterprise. The Group's credit risks are concentrated on the biggest client, W company, and the ratio of total account receivables from the above-mentioned client as of December 31, 2023 and 2022 were 96.27% and 87.59%, respectively.

### 3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's management monitors the use of bank loans to ensure good compliance with the borrowing covenants.

Bank loans are an important source of liquidity for the Group. The unused financing limit of the Group as of December 31, 2023 and 2022 are described in (2) Financing Limit below.

#### (1) Liquidity of non-derivative financial liabilities and the interest risk table

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the earliest payment date expected of the Group and the undiscounted cash flows (including principal and accrued interest) of financial liabilities. Therefore, the Group may be required to repay a bank loan immediately and the possibility is listed in the table below and categorized into the earliest period line item disregard the probability of exercising such right on instance by the bank. The analysis of the maturity of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

The interest flows are floating rate, in which the undiscounted amount was derived from the expected borrowing interest rate at the balance sheet date.

December 31, 2023

|                                      | Repayment<br>on demand<br>or less than<br>1 month | 1~3<br>months | 3 months~1<br>year | 1~5<br>years  | Over 5<br>years |
|--------------------------------------|---|---------------|--------------------|---------------|-----------------|
| Zero-interest-bearing<br>liabilities | \$ 14,348   | \$ -          | \$ 5997            | \$ -          | \$ -            |
| Lease liabilities                    | <u>445</u>  | <u>890</u>    | <u>1,196</u>       | <u>950</u>    | <u>-</u>        |
|                                      | <u>\$ 14,793</u>                                  | <u>\$ 890</u> | <u>\$ 7,193</u>    | <u>\$ 950</u> | <u>\$ -</u>     |

Further information on the maturity analysis of lease liabilities is listed as follows:

|                   | Within 1 year   | 1~5 years     |
|-------------------|-----------------|---------------|
| Lease liabilities | <u>\$ 2,531</u> | <u>\$ 950</u> |

December 31, 2022

|                                      | Repayment<br>on demand<br>or less than<br>1 month | 1~3<br>months   | 3 months~1<br>year | 1~5<br>years    | Over 5<br>years |
|--------------------------------------|---|-----------------|--------------------|-----------------|-----------------|
| Zero-interest-bearing<br>liabilities | \$ 14,148   | \$ 384          | \$ 4,017           | \$ -            | \$ -            |
| Lease liabilities                    | <u>482</u>  | <u>966</u>      | <u>4,370</u>       | <u>3,786</u>    | <u>-</u>        |
|                                      | <u>\$ 14,630</u>                                  | <u>\$ 1,350</u> | <u>\$ 8,387</u>    | <u>\$ 3,786</u> | <u>\$ -</u>     |

Further information on the maturity analysis of lease liabilities is listed as follows:

|                   | Within 1 year   | 1~5 years       |
|-------------------|-----------------|-----------------|
| Lease liabilities | <u>\$ 5,818</u> | <u>\$ 3,786</u> |

(2) Line of credit

|   | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Credit line of secured<br>bank loans (to be<br>extended with<br>agreement between<br>two parties) |                   |                   |
| — Loan quota used   | \$ -              | \$ -              |
| — Loan quota not<br>yet used  | <u>145,000</u>    | <u>145,000</u>    |
|   | <u>\$ 145,000</u> | <u>\$ 145,000</u> |

**XXVII. Related-Party Transactions**

Transactions, balances, income, and expenses between the Company and its subsidiaries (a related party of the Company) are eliminated in full on consolidation and therefore are not disclosed in this note. Transactions between the Group and other related parties are as follows:

(I) Related parties' names and relationships

| Name of related party         | Relationship with the Group |
|-------------------------------|-----------------------------|
| Wanin International Co., Ltd. | Substantive related party   |
| XAC Inc.                      | Substantive related party   |
| PlayWan Gaming Inc.,          | Associates                  |

(II) Operating revenue

| Accounting items        | Type of related party/name    | 2023                     | 2022                     |
|-------------------------|-------------------------------|--------------------------|--------------------------|
| Artwork design services | Wanin International Co., Ltd. | \$ 118,126               | \$ 104,049               |
| Service income          | Wanin International Co., Ltd. | -                        | 70                       |
|                         | XAC Inc.                      | 162                      | 445                      |
| Others                  | Wanin International Co., Ltd. | <u>1,144</u>             | <u>28</u>                |
|                         |                               | <u><u>\$ 119,432</u></u> | <u><u>\$ 104,592</u></u> |

The Group is responsible for artwork, music, and sound effects. During the contract period, the Group shall provide promotional materials for games, including but not limited to graphics, music, and video materials, to meet the needs of the game promotion. The artwork design revenue collected by the Group from the related parties is calculated based on the total rewarding points consumed during the month in the new games to receive shared revenues, and the sharing rate is 30%.

(III) Purchase

| Type of related party/name    | 2023                   | 2022               |
|-------------------------------|------------------------|--------------------|
| Wanin International Co., Ltd. | \$ 123                 | \$ 5               |
| PlayWan Gaming Inc.,          | <u>6,268</u>           | <u>-</u>           |
|                               | <u><u>\$ 6,391</u></u> | <u><u>\$ 5</u></u> |

(IV) Contract liabilities

| Type of related party/name    | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Wanin International Co., Ltd. | \$ 53             | \$ -              |

(V) Accounts receivable from related parties (excluding loans to related parties)

| Accounting items                      | Type of related party/name    | December 31, 2023 | December 31, 2022 |
|---------------------------------------|-------------------------------|-------------------|-------------------|
| Accounts receivable - related parties | Wanin International Co., Ltd. | <u>\$ 36,634</u>  | <u>\$ 15,862</u>  |

The outstanding amount of receivables - related parties is not guaranteed. No provision has been made for losses in relation to accounts receivable from the related party for 2023 and 2022.

(VI) Accounts payable - related parties (excluding loans from related parties)

| Accounting items                   | Type of related party/name    | December 31, 2023 | December 31, 2022 |
|------------------------------------|-------------------------------|-------------------|-------------------|
| Accounts payable - related parties | Wanin International Co., Ltd. | \$ 6              | \$ 5              |
| Accounts payable - related parties | PlayWan Gaming Inc.,          | 6,268             | -                 |
|                                    |                               | <u>\$ 6,274</u>   | <u>\$ 5</u>       |

The outstanding amount of payables - related parties are not collateralized.

(VII) Other payables

| Type of related party/name    | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Wanin International Co., Ltd. | <u>\$ 262</u>     | <u>\$ 280</u>     |

(VIII) Prepayments

| Type of related party/name    | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Wanin International Co., Ltd. | <u>\$ 5,759</u>   | <u>\$ 465</u>     |

(IX) Lease agreements as a lessee

| Accounting items  | Type of related party/name    | December 31, 2023 | December 31, 2022 |
|-------------------|-------------------------------|-------------------|-------------------|
| Lease liabilities | Wanin International Co., Ltd. | <u>\$ 1,625</u>   | <u>\$ 6,863</u>   |

| Type of related party/name    | 2023            | 2022            |
|-------------------------------|-----------------|-----------------|
| <u>Interest expense</u>       |                 |                 |
| Wanin International Co., Ltd. | <u>\$ 38</u>    | <u>\$ 94</u>    |
| <u>Lease expenses</u>         |                 |                 |
| Wanin International Co., Ltd. | <u>\$ 4,494</u> | <u>\$ 4,976</u> |

In May 2021, the Group leased an office from a related party for a period of 3 years. The rent is based on the rent level of neighboring offices, and fixed lease payments are paid monthly in accordance with the lease.

(X) Other Related Party Transactions

| Accounting items                     | Type of related party/name    | 2023          | 2022          |
|--------------------------------------|-------------------------------|---------------|---------------|
| Operating expenses - advertising fee | Wanin International Co., Ltd. | <u>\$ 203</u> | <u>\$ 214</u> |
| Operating expenses - miscellaneous   | Wanin International Co., Ltd. | <u>\$ 691</u> | <u>\$ 706</u> |

| Accounting items                         | Type of related party/name    | 2023 | 2022  |
|--|-------------------------------|------|-------|
| Operating expenses - contests and prizes | Wanin International Co., Ltd. | \$ - | \$ 95 |
| Other Interest Income                    | Wanin International Co., Ltd. | \$ 8 | \$ 5  |

| Accounting items            | Type of related party/name    | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------------------|-------------------|-------------------|
| Refundable deposits         | Wanin International Co., Ltd. | \$ 502            | \$ 594            |
| Payment on behalf of others | Wanin International Co., Ltd. | \$ 379            | \$ -              |

(XI) Disposal of other assets

| Type of related party/name    | Accounting items   | Disposal price |      | Gain (loss) on disposal |      |
|-------------------------------|--|----------------|------|-------------------------|------|
|                               |  | 2023           | 2022 | 2023                    | 2022 |
| Wanin International Co., Ltd. | Investments accounted for using equity method<br>(Note 10) | \$ 7,472       | \$ - | \$ 328                  | \$ - |

(XII) Compensation to key management personnel

|                              | 2023             | 2022            |
|------------------------------|------------------|-----------------|
| Short-term employee benefits | \$ 10,352        | \$ 9,519        |
| Post-employment benefits     | 217              | 180             |
|                              | <u>\$ 10,569</u> | <u>\$ 9,699</u> |

The compensation to directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

XXVIII. Pledged Assets

The assets pledged as collateral for financing loans were as follows:

|                                      | December 31, 2023 | December 31, 2022 |
|--------------------------------------|-------------------|-------------------|
| Land                                 | \$ 49,051         | \$ 49,051         |
| Investment properties                | 14,538            | 15,157            |
| Other financial assets - non-current | 2,200             | 1,000             |
|                                      | <u>\$ 65,789</u>  | <u>\$ 65,208</u>  |

XXIX. Significant Contingent Liabilities and Unrecognized Commitments

The Group's significant committed obligations and other contingencies are disclosed in notes to the consolidated financial statements.

XXX. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following summary is presented in foreign currencies other than the functional currency. The exchange rates disclosed in the summary refer to the exchange rate of a foreign currency to the functional currency. The significant impact on financial assets and liabilities recognized in foreign currencies are described as follows:

December 31, 2023

|                                | Foreign currencies | Exchange Rate | Carrying Amount |
|--------------------------------|--------------------|---------------|-----------------|
| <u>Foreign currency assets</u> |                    |               |                 |
| <u>Monetary items</u>          |                    |               |                 |
| USD                            | \$ 4,298           | 30.705        | \$ 131,971      |

December 31, 2022

|                                | Foreign currencies | Exchange Rate | Carrying Amount |
|--------------------------------|--------------------|---------------|-----------------|
| <u>Foreign currency assets</u> |                    |               |                 |
| <u>Monetary items</u>          |                    |               |                 |
| USD                            | \$ 3,958           | 30.71         | \$ 121,544      |

The Group's foreign currency exchange gain (loss) (realized and unrealized) for 2023 and 2022 were a loss of NT\$31 thousand and a gain of NT\$12,578 thousand, respectively.

XXXI. Supplementary Disclosure

(I) Information on Significant Transactions :

1. Loaning Funds to Others. (None)
2. Endorsements/guarantees to others (None)
3. Marketable securities held at the end of year (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
4. Accumulated purchase or disposal of the same securities amount reaching NT\$300 million or 20% of the paid-in capital. (None)
5. Acquisition of real estate at costs in excess of NT\$300 million or 20% of the paid-in capital. (None)
6. Disposal of real estate at costs in excess of NT\$300 million or 20% of the paid-in capital. (None)
7. The amount of purchase and sales with the related party amounts to NT\$100 million or more than 20% of the paid-up capital. (Table 3)

- 8. Accounts receivable from related parties reach NT\$100 million or 20% of its paid-in capital. (None)
- 9. Derivative financial instrument transactions. (None)
- 10. Others: Business relationships, important transactions, and the amounts between parent company and subsidiaries. (None)
- (II) Information on Investees. (Table 2)
- (III) Information on Investments in Mainland China:
  - 1. Information on any investee company in mainland China; disclose the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (None)
  - 2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
    - (1) Purchase amount and percentage, and the ending balance and percentage of payables.
    - (2) Sales amount and percentage, and the ending balance and percentage of receivables.
    - (3) Property transaction amount and the resulting gain or loss.
    - (4) Ending balance of endorsement, guarantee, or collateral provided and purposes.
    - (5) The maximum balance, ending balance, interest rate range, and total amount of current interest of financing.
    - (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.
- (IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more and the amount and proportion of shareholding. (Table 4)

## XXXII. Department Information

Information provided to the chief operating decision maker for the purpose of resource allocation and performance assessment for the department emphasizes the types of products or services delivered or provided. Since the Group's operating business is concentrated on online games and digital content, there is no reportable operating department.

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Marketable Securities Held at the End of the Period

December 31, 2023

Table 1

Unit: NT\$ thousands

| Investor   | Type and name of securities (Note 1)      | Relationship with the issuer | General ledger account   | End of the period |                 |                  |            | Remarks |
|--|---|------------------------------|--|-------------------|-----------------|------------------|------------|---------|
|  |   |                              |  | Number of shares  | Carrying Amount | Shareholding (%) | Fair value |         |
| Wayi International Digital Entertainment Co., Ltd. | Shares<br>Taiwan eSports League Co., Ltd. | None                         | The financial asset in other comprehensive income profit and loss measured at fair value - non-current | 8,551             | \$ _____ -      | 0.34             | \$ _____ - |         |

Note 1. Securities in the table refer to stocks, bonds, beneficiary certificates, and other related derivative securities, within the scope of IFRS 9 “Financial Instruments”.

Note 2. For information on investments in subsidiaries, associates, and joint ventures, please refer to Table 2.

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Names, locations, and related information of investees

From January 1 to December 31, 2023

Table 2

Unit: NT\$1,000; USD

| Investor Company                                   | Name of the invested company            | Location  | Principal business activities | Initial investment amount            |                                    | Held at the end of the reporting period |            |                 | Net income (loss) of the investee | Share of profit/loss of investee | Remarks |
|--|---|---|-------------------------------|--------------------------------------|------------------------------------|---|------------|-----------------|-----------------------------------|----------------------------------|---------|
|  |   |   |                               | Balance as of the end of this period | Balance as of the end of last year | Number of shares                        | Percentage | Carrying Amount |                                   |                                  |         |
| Wayi International Digital Entertainment Co., Ltd. | WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.   | Caribbean Corporate Service Limited, 3Floor, Omar Hodge Building, Wickhams Cay I, P.O. Box 362. Road Town. Tortola, British Virgin Islands. | Investment                    | \$ 20,216 USD 599,555                | \$ 20,216 USD 599,555              | -                                       | 100        | \$ 32,674       | \$ 913                            | \$ 913                           | Note 1  |
|  | DIT Startup Co. Ltd.                    | 5/F, No. 39, Lane 141, Xingai Road, Neihu District, Taipei  | Venture Capital Investment    | -                                    | 30,000                             | -                                       | -          | -               | ( 2,790 )                         | ( 313 )                          | Note 2  |
| WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.              | WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD. | Harbour Trust Co., Ltd. P.O. Box 1787. Second Floor. One Capital Place, George Town. Grand Cayman, Cayman Islands. British West. Indies.    | Investment                    | 1,690 USD 50,000                     | 1,690 USD 50,000                   | -                                       | 100        | 2,053           | ( 167 )                           | ( 167 )                          | Note 1  |

Note 1. The calculation is based on the audited financial statements in 2023.

Note 2. The calculation is based on the unaudited financial statements in 2023. On September 11, 2023, the Company sold all of its 1,296,774 ordinary shares of DIT Startup Co. Ltd., which it held, to Wanin International Co., Ltd., for a total price of NT\$7,472 thousand.

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Amount of purchases from and sales to related parties reaching NT\$100 million or 20% of its paid-in capital

From January 1 to December 31, 2023

Table 3

Unit: NT\$1,000 unless otherwise stated

| Purchase (sale) company                            | Name of the counterparty      | Relationship              | Transaction details |            |                                 |             | Unusual trade conditions status and reasons (Note 1)  |             | Notes/Accounts Receivable (Payable) |   | Remarks (Note 2) |
|--|-------------------------------|---------------------------|---------------------|------------|---------------------------------|-------------|---|-------------|-------------------------------------|---|------------------|
|  |                               |                           | Purchase (Sales)    | Amount     | Ratio of total purchase (sales) | Loan period | Unit price  | Loan period | Balance                             | Proportion of total notes and accounts receivable (payable) |                  |
| Wayi International Digital Entertainment Co., Ltd. | Wanin International Co., Ltd. | Substantive related party | Sales               | \$ 119,270 | 84                              | 45 days     | Based on the total deposit value consumption point of the month as a calculation basis, 30% will be charged | -           | \$ 36,634                           | 96  | -                |

Note 1. If the transaction conditions of the related parties are different from the general transaction conditions, the situation and reasons for the differences shall be stated in the column of unit price and credit granting period.

Note 2. In case of advance payment (receipt), the reasons, contractual terms, amount, and difference from the general transaction shall be stated in the remarks column.

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Information of Major Shareholders

December 31, 2023

Table 4

| Name of Major Shareholders  | Shares                |                    |
|---|-----------------------|--------------------|
|   | Number of shares held | Shareholding Ratio |
| Wanin International Co., Ltd.   | 7,255,488             | 30.72%             |
| Given Business Inc.   | 4,813,197             | 20.38%             |
| KGI Bank in Custody for the investment account of<br>Tilun International Development Co. Ltd. | 1,818,592             | 7.70%              |
| Qiao Yi Development Corporate Limited Taiwan<br>Branch (Belize)                               | 1,453,961             | 6.15%              |
| HUANG-HSIN Investment Limited   | 1,345,479             | 5.69%              |

Note: The major shareholder information in this table is based on Taiwan Depository & Clearing Corporation's data on shareholders who hold more than 5% of the Company's ordinary shares and preferred stock (including treasury shares), for which electronic registration and delivery were completed, on the last business day of the quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different bases of preparation.

## **Independent Auditors' Report**

To: Wayi International Digital Entertainment Co., Ltd.

### **Audit Opinion**

We have audited the Parent Company Only balance sheets of Wayi International Digital Entertainment Co., Ltd. (the “Company”) as of December 31, 2023 and 2022 and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for January 1 to December 31, 2023 and 2022, and the accompanying Notes to the financial statements (including the Summary of Significant Accounting Policies).

In our opinion, the financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and are sufficient to give a fair representation of the financial position of the Company as of December 31, 2023 and 2022, and the financial performance and cash flows from January 1 to December 31, 2023 and 2022.

### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ 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 (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is 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 the most significance in our audit of the 2023 Parent Company Only Financial Statements. These matters

were addressed in the context of our audit of the 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 Parent Company Only Financial Statements of the Company for 2023 are as follows:

**Recognition of Related Party's Revenue of Artwork Design and Foundry Services**

The art design subcontract income of the related party of the Company was NT\$118.126 million, accounting for 84% of the net operating income. Considering the significant transaction amount of the related party and the material impact on the Company's operating revenue and financial performance, the art design subcontract income of the related parties was identified as a key audit matter.

Please refer to Note 4(12) for the related accounting policies on the recognition of relevant incomes.

The main audit procedures we performed on the aforementioned key audit matters are as follows:

1. Obtain contracts to identify the nature of the transactions and their conditions.
2. Obtain the relevant plans of the development and design project and the communication records of the related parties as evidence of the authenticity of the transaction.
3. Send letters to confirm the transactions of related parties.
4. Conduct receivables collection test.

**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 such internal control as the management determines is necessary to enable the preparation of the 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 the 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 auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If considered material, individually or in aggregate, misstatements could reasonably be expected to influence the economic decisions of users taken on the basis of the Parent Company Only Financial Statements.

As part of an audit in accordance with the Standards of Auditing of the Republic of China, we exercise professional judgment and maintain 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 controls 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 internal controls of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the 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 operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 related notes) 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 and for expressing an opinion on the Parent Company Only Financial Statements of the Company.

We communicate with those in charge of 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.

Based on the matters communicated with those charged with governance, we determined the key audit matters for the Parent Company Only Financial Statements of the Company for 2023. We describe these matters in our auditor's 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.

Deloitte & Touche

CPA Rui-Quan Chi

CPA I-Lung Chou

Financial Supervisory Commission  
Approval Document  
No. 1060023872

Securities and Futures Commission Approval  
Document  
No. 0930128050

Wayi International Digital Entertainment Co., Ltd.

Parent Company Only Balance Sheets

December 31, 2023 and 2022

Unit: NT\$1,000

| Code | Assets   | December 31, 2023 |            | December 31, 2022 |            |
|------|--|-------------------|------------|-------------------|------------|
|      |  | Amount            | %          | Amount            | %          |
|      | Current assets   |                   |            |                   |            |
| 1100 | Cash and cash equivalents (Note 6)                         | \$ 105,983        | 29         | \$ 111,291        | 32         |
| 1136 | Financial assets at amortized cost - current (Note 7)      | 86,588            | 24         | 70,633            | 20         |
| 1170 | Accounts receivable - non-related parties (Note 8)         | 1,418             | 1          | 2,247             | 1          |
| 1180 | Accounts receivable - related parties (Notes 8 and 26)     | 36,634            | 10         | 15,862            | 5          |
| 1200 | Other receivables (Note 8)                                 | 1,181             | -          | 650               | -          |
| 1220 | Current tax assets (Note 21)                               | 246               | -          | 190               | -          |
| 130X | Inventories  | 130               | -          | 130               | -          |
| 1410 | Prepayments (Notes 14 and 26)                              | 12,047            | 3          | 11,105            | 3          |
| 1470 | Other current assets (Note 14)                             | 767               | -          | 4                 | -          |
| 11XX | Total current assets                                       | <u>244,994</u>    | <u>67</u>  | <u>212,112</u>    | <u>61</u>  |
|      | Non-current assets   |                   |            |                   |            |
| 1550 | Investments accounted for under the equity method (Note 9) | 32,674            | 9          | 39,218            | 11         |
| 1600 | Property, plant and equipment (Notes 10 and 27)            | 59,739            | 17         | 59,483            | 17         |
| 1755 | Right-of-use assets (Note 11)                              | 3,430             | 1          | 9,548             | 3          |
| 1760 | Investment properties, net (Note 12)                       | 14,538            | 4          | 15,157            | 4          |
| 1780 | Other intangible assets (Note 13)                          | 5,104             | 1          | 12,018            | 3          |
| 1990 | Other non-current assets (Note 14)                         | 2,871             | 1          | 1,763             | 1          |
| 15XX | Total non-current assets                                   | <u>118,356</u>    | <u>33</u>  | <u>137,187</u>    | <u>39</u>  |
| 1XXX | Total Assets   | <u>\$ 363,350</u> | <u>100</u> | <u>\$ 349,299</u> | <u>100</u> |
| Code | Liabilities and Equity                                     |                   |            |                   |            |
|      | Current liabilities  |                   |            |                   |            |
| 2130 | Contract liabilities - current (Note 19)                   | \$ 3,730          | 1          | \$ 6,594          | 2          |
| 2150 | Notes payable (Note 15)                                    | 570               | -          | 931               | -          |
| 2170 | Accounts payable - non-related parties (Note 15)           | 2,526             | 1          | 2,026             | 1          |
| 2180 | Accounts payable - related parties (Notes 15 and 26)       | 6,274             | 2          | 5                 | -          |
| 2200 | Other payables (Note 16)                                   | 10,713            | 3          | 15,307            | 4          |
| 2220 | Other payables - related parties (Notes 16 and 26)         | 262               | -          | 280               | -          |
| 2230 | Current income tax liabilities (Note 21)                   | -                 | -          | 118               | -          |
| 2280 | Lease liabilities - current (Note 11)                      | 2,531             | 1          | 5,818             | 2          |
| 2399 | Other current liabilities (Note 16)                        | <u>2,026</u>      | <u>-</u>   | <u>494</u>        | <u>-</u>   |
| 21XX | Total current liabilities                                  | <u>28,632</u>     | <u>8</u>   | <u>31,573</u>     | <u>9</u>   |
|      | Non-current liabilities                                    |                   |            |                   |            |
| 2580 | Lease liabilities - non-current (Note 11)                  | 950               | -          | 3,786             | 1          |
| 2670 | Other non-current liabilities (Note 16)                    | <u>200</u>        | <u>-</u>   | <u>200</u>        | <u>-</u>   |
| 25XX | Total non-current Liabilities                              | <u>1,150</u>      | <u>-</u>   | <u>3,986</u>      | <u>1</u>   |
| 2XXX | Total Liabilities  | <u>29,782</u>     | <u>8</u>   | <u>35,559</u>     | <u>10</u>  |
|      | Equity (Note 18)   |                   |            |                   |            |
|      | Share capital  |                   |            |                   |            |
| 3110 | Ordinary shares  | <u>236,113</u>    | <u>65</u>  | <u>222,748</u>    | <u>64</u>  |
| 3200 | Capital surplus  | <u>29,199</u>     | <u>8</u>   | <u>29,199</u>     | <u>8</u>   |
|      | Retained earnings  |                   |            |                   |            |
| 3310 | Legal reserve  | 12,958            | 4          | 9,294             | 3          |
| 3350 | Undistributed earnings                                     | <u>55,298</u>     | <u>15</u>  | <u>52,499</u>     | <u>15</u>  |
| 3300 | Total retained earnings                                    | <u>68,256</u>     | <u>19</u>  | <u>61,793</u>     | <u>18</u>  |
| 3XXX | Total Equity   | <u>333,568</u>    | <u>92</u>  | <u>313,740</u>    | <u>90</u>  |
|      | Total Liabilities and Equity                               | <u>\$ 363,350</u> | <u>100</u> | <u>\$ 349,299</u> | <u>100</u> |

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Shu-Kai Shih

Manager: Shu-Kai Shih

Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd.  
 Parent Company Only Statements of Comprehensive Income  
 For the Years Ended December 31, 2023 and 2022

Unit: NT\$ 1,000, except for earnings per share

| Code |  | 2023              |               | 2022              |               |
|------|--|-------------------|---------------|-------------------|---------------|
|      |  | Amount            | %             | Amount            | %             |
| 4000 | Operating revenue (Notes 19 and 26)  | \$ 141,428        | 100           | \$ 147,266        | 100           |
| 5000 | Operating costs  | ( 48,501 )        | ( 35 )        | ( 49,521 )        | ( 34 )        |
| 5900 | Gross profit   | <u>92,927</u>     | <u>65</u>     | <u>97,745</u>     | <u>66</u>     |
|      | Operating expenses (Notes 20 and 26)   |                   |               |                   |               |
| 6100 | Selling expenses   | ( 32,259 )        | ( 23 )        | ( 41,862 )        | ( 28 )        |
| 6200 | General and administrative expenses  | ( 34,548 )        | ( 24 )        | ( 34,825 )        | ( 24 )        |
| 6300 | Research and development expenses  | <u>-</u>          | <u>-</u>      | <u>( 225 )</u>    | <u>-</u>      |
| 6000 | Total operating expenses   | ( <u>66,807</u> ) | ( <u>47</u> ) | ( <u>76,912</u> ) | ( <u>52</u> ) |
| 6900 | Net operating profit   | <u>26,120</u>     | <u>18</u>     | <u>20,833</u>     | <u>14</u>     |
|      | Non-operating income and expenses  |                   |               |                   |               |
| 7100 | Interest income (Note 20)  | 4,817             | 3             | 1,378             | 1             |
| 7010 | Other incomes (Note 20)  | 1,596             | 1             | 1,597             | 1             |
| 7020 | Other gains and losses (Note 20)   | 320               | -             | 11,218            | 8             |
| 7050 | Finance costs (Note 20)  | ( 93 )            | -             | ( 96 )            | -             |
| 7070 | Share of profits or losses of subsidiaries, affiliates and joint ventures under the equity method (Note 9) | <u>600</u>        | <u>1</u>      | <u>1,891</u>      | <u>1</u>      |
| 7000 | Total non-operating income and expenses  | <u>7,240</u>      | <u>5</u>      | <u>15,988</u>     | <u>11</u>     |
| 7900 | Net profit before tax  | 33,360            | 23            | 36,821            | 25            |
| 7950 | Income tax expense (Note 21)   | ( <u>167</u> )    | <u>-</u>      | ( <u>179</u> )    | <u>-</u>      |
| 8200 | Net profit for the year  | <u>33,193</u>     | <u>23</u>     | <u>36,642</u>     | <u>25</u>     |
| 8500 | Total comprehensive income for the year  | \$ <u>33,193</u>  | <u>23</u>     | \$ <u>36,642</u>  | <u>25</u>     |

(Continued on next page)

(Continued from previous page)

| Code | Earnings per share (Note 22) | 2023    |   | 2022    |   |
|------|------------------------------|---------|---|---------|---|
|      |                              | Amount  | % | Amount  | % |
| 9710 | Basic                        | \$ 1.41 |   | \$ 1.55 |   |
| 9810 | Diluted                      | \$ 1.41 |   | \$ 1.55 |   |

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Shu-Kai Shih    Manager: Shu-Kai Shih    Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd.  
 Parent Company Only Statements of Changes in Equity  
 For the Years Ended December 31, 2023 and 2022

Unit: NT\$ 1,000

| Code  |  | Share capital                         |            |                 | Retained earnings |                           |            | Total equity |
|---|--|---------------------------------------|------------|-----------------|-------------------|---------------------------|------------|--------------|
|   |  | Number of shares<br>(thousand shares) | Amount     | Capital surplus | Legal reserve     | Undistributed<br>earnings |            |              |
| A1  | Balance on January 1, 2022                     | 19,369                                | \$ 193,694 | \$ 29,199       | \$ -              | \$ 92,944                 | \$ 315,837 |              |
| Appropriations and distribution of 2021 retained earnings |  |                                       |            |                 |                   |                           |            |              |
| B1  | Legal reserve                                  | -                                     | -          | -               | 9,294             | ( 9,294)                  | -          | -            |
| B5  | Cash dividends to shareholders of the Company  | -                                     | -          | -               | -                 | ( 38,739)                 | ( 38,739)  |              |
| B9  | Stock dividends to shareholders of the Company | 2,905                                 | 29,054     | -               | -                 | ( 29,054)                 | -          |              |
| D1  | Net profit in 2022                             | -                                     | -          | -               | -                 | 36,642                    | 36,642     |              |
| D5  | Total comprehensive income in 2022             | -                                     | -          | -               | -                 | 36,642                    | 36,642     |              |
| Z1  | Balance on December 31, 2022                   | 22,274                                | 222,748    | 29,199          | 9,294             | 52,499                    | 313,740    |              |
| Appropriation and distribution of 2022 retained earnings  |  |                                       |            |                 |                   |                           |            |              |
| B1  | Legal reserve                                  | -                                     | -          | -               | 3,664             | ( 3,664)                  | -          | -            |
| B5  | Cash dividends to shareholders of the Company  | -                                     | -          | -               | -                 | ( 13,365)                 | ( 13,365)  |              |
| B9  | Stock dividends to shareholders of the Company | 1,337                                 | 13,365     | -               | -                 | ( 13,365)                 | -          |              |
| D1  | Net profit in 2023                             | -                                     | -          | -               | -                 | 33,193                    | 33,193     |              |
| D5  | Total comprehensive income in 2023             | -                                     | -          | -               | -                 | 33,193                    | 33,193     |              |
| Z1  | Balance on December 31, 2023                   | 23,611                                | \$ 236,113 | \$ 29,199       | \$ 12,958         | \$ 55,298                 | \$ 333,568 |              |

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Shu-Kai Shih

Manager: Shu-Kai Shih

Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd.  
 Parent Company Only Statements of Cash Flows  
 For the Years Ended December 31, 2023 and 2022

Unit: NT\$ 1,000

| Code   |   | 2023          | 2022          |
|--------|---|---------------|---------------|
|        | Cash flows from operating activities  |               |               |
| A10000 | Net profit before tax for the year  | \$ 33,360     | \$ 36,821     |
| A20010 | Adjustments to reconcile net income (loss) to net   |               |               |
| A20100 | Depreciation expenses   | 7,991         | 7,205         |
| A20200 | Amortization expenses   | 8,427         | 4,966         |
| A20400 | Net gain on financial assets measured at fair value through profit and loss                       | -             | ( 1,748 )     |
| A20900 | Finance costs   | 93            | 96            |
| A21200 | Interest income   | ( 4,817 )     | ( 1,378 )     |
| A22400 | Share of profits (losses) of subsidiaries, affiliates, and joint ventures under the equity method | ( 600 )       | ( 1,891 )     |
| A22500 | Gain on disposal of property, plant and equipment   | -             | ( 12 )        |
| A23200 | Gain on disposal of investments accounted for under the equity method                             | ( 328 )       | -             |
| A23700 | Impairment loss on non-financial assets   | 4,981         | 6,377         |
| A29900 | Lease modification gain   | ( 6 )         | -             |
| A30000 | Net changes in operating assets and liabilities   |               |               |
| A31150 | Accounts receivable - non-related parties   | 829           | 18,289        |
| A31160 | Accounts receivable - related parties   | ( 20,772 )    | 5,510         |
| A31180 | Other receivables   | ( 5 )         | ( 16 )        |
| A31230 | Prepayments   | ( 5,923 )     | ( 4,010 )     |
| A31240 | Other current assets  | ( 763 )       | 183           |
| A32125 | Contract liabilities  | ( 2,864 )     | ( 8,210 )     |
| A32130 | Notes payable   | ( 361 )       | ( 538 )       |
| A32150 | Accounts payable - non-related parties  | 500           | ( 16,263 )    |
| A32160 | Accounts payable - related parties  | 6,269         | 5             |
| A32180 | Other payables  | ( 4,594 )     | ( 9,789 )     |
| A32190 | Other payables - related parties  | ( 18 )        | 144           |
| A32230 | Other current liabilities   | <u>1,532</u>  | <u>83</u>     |
| A33000 | Cash generated from operations  | 22,931        | 35,824        |
| A33100 | Interest received   | 4,291         | 798           |
| A33300 | Interest paid   | ( 3 )         | ( 2 )         |
| A33500 | Income tax paid   | ( 341 )       | ( 54 )        |
| AAAA   | Net cash inflow from operating activities   | <u>26,878</u> | <u>36,566</u> |

(Continued on next page)

(Continued from previous page)

| Code   |   | 2023              | 2022              |
|--------|---|-------------------|-------------------|
|        | Cash flows from investing activities                              |                   |                   |
| B00040 | Acquisition of financial assets at amortized cost                 | (\$ 15,955)       | (\$ 4,201)        |
| B00200 | Disposal of financial assets at fair value through profit or loss | -                 | 23,402            |
| B01900 | Disposal of long-term equity investments under the equity method  | 7,472             | -                 |
| B02700 | Acquisition of property, plant and equipment                      | ( 2,287)          | ( 1,518)          |
| B02800 | Proceeds from disposal of property, plant and equipment           | -                 | 114               |
| B03800 | Decrease in refundable deposits                                   | 92                | 923               |
| B04500 | Acquisition of intangible assets                                  | ( 1,513)          | ( 11,706)         |
| B06500 | Increase in other financial assets                                | ( 1,200)          | -                 |
| BBBB   | Net cash inflow (outflow) from investing activities               | ( 13,391)         | 7,014             |
|        | Cash flows from financing activities                              |                   |                   |
| C04020 | Lease debt principal repayment                                    | ( 5,430)          | ( 5,105)          |
| C04500 | Cash dividends distributed  | ( 13,365)         | ( 38,739)         |
| CCCC   | Net cash outflow from financial activities                        | ( 18,795)         | ( 43,844)         |
| EEEE   | Net increase (decrease) in cash and cash equivalents              | ( 5,308)          | ( 264)            |
| E00100 | Cash and cash equivalents at the beginning of the year            | <u>111,291</u>    | <u>111,555</u>    |
| E00200 | Cash and cash equivalents at the end of the year                  | <u>\$ 105,983</u> | <u>\$ 111,291</u> |

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Shu-Kai Shih

Manager: Shu-Kai Shih

Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd.  
Notes to the Parent Company Only Financial Statements  
From January 1 to December 31, 2023 and 2022  
(Unit: NT\$ 1,000, unless otherwise stated)

I. Company History

Wayi International Digital Entertainment Co., Ltd. (the “Company”) was established on August 12, 1993. It was first named “Wayi International Co., Ltd.” and later renamed “Wayi International Digital Entertainment Co., Ltd.” in June 2000. Its main business includes computer software, hardware, trading, and information software programming services.

The Company’s shares started trading on the Taipei Exchange on March 29, 2004.

The Parent Company Only Financial Statements are presented in New Taiwan Dollars, which is the Company’s functional currency.

II. Approval Date and Procedures of Financial Statements

These Parent Company Only Financial Statements were adopted by the Board of Directors on March 15, 2024.

III. Application of New and Revised Standards, Amendments and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Interpretation Notice (SIC) (hereinafter referred to as “IFRSs”), as endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the amended IFRSs, which have been endorsed by the FSC and published as effective, will not result in significant changes in the Company’s accounting policies.

(II) The IFRSs endorsed by the FSC applicable in 2024.

| New, Amended, and Revised Standards and Interpretations                | Effective Date Issued by<br>IASB (Note 1) |
|--|---|
| Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback”      | January 1, 2024 (Note 2)                  |
| Amendments to IAS 1 “Liabilities Classified as Current or Non-Current” | January 1, 2024                           |
| Amendments to IAS 1 “Non-current Liabilities with Covenants”           | January 1, 2024                           |
| Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”       | January 1, 2024 (Note 3)                  |

Note 1. Unless otherwise stated, the above New, Amended, and Revised IFRSs are effective for the annual reporting period beginning after each such date.

Note 2. The seller and lessee shall retrospectively apply the amendments to IFRS 16 for sale and leaseback transactions entered into after the initial application of IFRS 16.

Note 3. When applying this amendment for the first time, exemptions from certain disclosure requirements shall apply.

Amendments to IAS 1 “Liabilities Classified as Current or Non-Current” (amended in 2020) and “Non-current Liabilities with Covenants” (amended in 2022)

The amendment in 2020 clarifies that when determining whether a liability is classified as non-current, it should be assessed whether the company has the right to defer the settlement of the liability for at least 12 months after the reporting period. If the company has the right at the end of the reporting period, the liability is classified as non-current regardless of whether the company expects to exercise the right.

The amendments in 2020 also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The amendments in 2022 further clarify that only the covenants that are required to comply before the end of the reporting period will affect the classification of liabilities. Although the covenants that must be complied within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed so that users of the financial statements are aware of the risk that the company may not be able to comply with the covenants and may be required to repay within 12 months after the reporting period.

The amendments in 2020 stipulate that for the purpose of liability classification, the aforementioned settlement refers to the transfer of cash, other economic resources or equity instruments of a company to the counterparty, resulting in the elimination of the liability. However, the terms of a liability could, at the option of the counterparty, result in its settlement by the issue of equity instruments, and if the option is recognized separately in equity in accordance

with IAS 32 “Financial Instruments: Presentation”, then the aforementioned clauses do not affect the classification of the liability.

In addition to the abovementioned effects, as of the date the accompanying financial statements were authorized for issue, the Company assessed that other standards and the amendments of the interpretations would not have a significant impact on its financial position and financial performance.

(III) Standards issued by IASB but not yet endorsed by the FSC

| New, Amended, and Revised Standards and Interpretations   | Effective Date Issued by IASB (Note 1) |
|---|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Affiliate or Joint Ventures” | Not determined                         |
| IFRS 17 “Insurance Contracts”   | January 1, 2023                        |
| Amendment to IFRS 17  | January 1, 2023                        |
| Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”                                | January 1, 2023                        |
| Amendment to IAS 21 “Lack of Exchangeability”   | January 1, 2025 (Note 2)               |

Note 1. Unless otherwise stated, the above New, Amended, and Revised IFRSs are effective for the annual reporting period beginning after each such date.

Note 2. Applicable for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, the impact amount shall be recognized in the retained earnings as of the date of initial application. When the Company uses non-functional currency as the currency of expression, the impact amount will be adjusted to the exchange difference of foreign operating entities under equity on the first application date.

Amendment to IAS 21 “Lack of Exchangeability”

The amendment stipulates that when a company is able to exchange one currency for another through a market or exchange mechanism within a reasonable time frame for normal management delays, the currency is considered convertible, with enforceable rights and obligations. When a currency is not convertible on the measurement date, the Company should estimate the spot exchange rate to reflect the rate that market participants would use for orderly transactions on the measurement date, taking into account the economic conditions at that time. In this situation, the Company should also

disclose information that enables financial statement users to assess how the lack of currency convertibility affects or is expected to affect its operating results, financial condition, and cash flows.

In addition to the effects mentioned and up until the publishing date of the Parent Company Only Financial Statements, the Company is continuing to assess the amendment effects from other standards and interpretations on financial status and performance. Relevant effects shall be disclosed when an assessment is completed.

#### IV. Summary of Significant Accounting Policies

##### (I) Statement of Compliance

The Parent Company Only Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRSs endorsed and issued into effect by the FSC.

##### (II) Basis of Preparation

Except for financial assets measured at fair value, the financial statements were prepared on a historical cost convention.

The fair value measurement is grouped into Levels 1 to 3 based on the observability and importance of related inputs:

1. Level 1 inputs: Quoted (unadjusted) prices for identical assets or liabilities that are obtainable in active markets on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within Level 1, that are observable directly (in terms of price) or indirectly (derived from the price) for the assets or liabilities.
3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

In preparing the Parent Company Only Financial Statements, the Company's investments in joint ventures and affiliates are accounted for using the equity method. To reconcile the carrying amounts of the current fiscal year's profit and loss, other comprehensive income, and equity stated in the Parent Company Only Financial Statements to the carrying amounts of the current year's profit and loss, other comprehensive income, and equity attributable to the parent company stated in the Parent Company Only Financial Statements, any difference incurred as the result of changes in accounting policies in the preparations of the Parent Company Only Financial Statements and the Parent Company Only Financial Statements are adjusted in "Investments Accounted

for Under the Equity Method” and “Share of Profit and Loss of Subsidiaries, Affiliates and Joint ventures Under the Equity Method.”

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading.
2. Assets expected to be realized within 12 months after the balance sheet date.
3. Cash and cash equivalents (but excluded those restricted from being exchanged or used for debt repayment after more than 12 months of the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading.
2. Liabilities that are expected to be due within 12 months after the balance sheet date (even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue, it is classified as a current liability).
3. Liabilities of which the Company does not have an unconditional right to defer settlement for at least 12 months after the date of the balance sheet.

All other assets and liabilities are classified as non-current.

(IV) Foreign currencies

In preparing the financial report, transactions denominated in a currency other than the Company’s functional currency (i.e. foreign currency) are translated into the Company’s functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates at the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for exchange differences arising on the retranslation of non-monetary

items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

In the preparation of the Parent Company Only Financial Statements, the assets and liabilities of foreign operations (including subsidiaries in other countries that use currencies different from the functional currency of the Company) are translated into New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

If the retained interests after the Company disposes of all the interests in the foreign operation, or disposes of part of the interests in the subsidiaries of the foreign operation but loses control, or disposes of the joint agreement of the foreign operation or the related enterprise are financial assets and are treated in accordance with the accounting policy of financial instruments, all accumulated exchange differences related to the foreign operation will be reclassified to profit or loss.

In relation to a partial disposal of a subsidiary of a foreign operation that does not result in the loss of control, the accumulated exchange difference will be incorporated into equity transactions on a pro rata basis and will not be recognized as profit or loss. For all other situations of partial disposal of a foreign operation, the proportionate share of the accumulated exchange difference recognized in other comprehensive income is reclassified to profit or loss.

(V) Investments in subsidiaries

The Company applies the equity method to the accounting of subsidiaries.

Subsidiaries are entities over which the Company has controlling ownership.

Under the equity method, investments are initially recognized at cost, and post-acquisition adjustment is made in accordance with changes in the Company's shares of profit and loss and other comprehensive income as well as the dividend distribution in the subsidiaries. In addition, changes in the

Company's other interests in the subsidiaries are presented according to the shareholding ratio.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The difference between the carrying amount of investment and the fair value of consideration received/paid on the acquisition of the investment is directly recognized in equity.

When the Company's shares of losses of a subsidiary equal or exceed its equity in that subsidiary (which includes any carrying amount of the investment accounted for by using the equity method and long-term equity that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its losses according to the ownership proportion.

Any excess of acquisition cost over the Company's share of a subsidiary's identifiable assets and liabilities measured at the fair value on the date of acquisition is recognized as goodwill. The goodwill shall be included in the carrying amount of the investment but not allowed for amortization. If the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized immediately in current profit or loss.

When the Company assesses impairment, it considers the cash-generating unit as a whole through financial reporting and compares its recoverable amount to its carrying amount. If the recoverable amount of the asset later increases, the reversal of the impairment loss shall be recognized as profits, but the carrying amount of the asset after reversal of impairment loss may not exceed the carrying amount of the asset before recognizing the impairment loss, net of amortization. Impairment loss attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. The Company accounted for all amounts recognized in other comprehensive

income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

Unrealized gains and losses from downstream transactions between the Company and its subsidiaries are eliminated in the Parent Company Only Financial Statements. Gains and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the Parent Company Only Financial Statements only to the extent that they are not related to the Company's interest in the subsidiaries.

(VI) Investments in affiliates

Affiliates are entities over which the Company has major influence but are neither subsidiaries nor joint ventures.

The Company applies the equity method to the accounting of affiliates.

Under the equity method, investments in affiliates are initially recognized at cost, and post-acquisition adjustment is made in accordance with changes in the Company's shares of profit and loss and other comprehensive income as well as the dividend distribution. In addition, changes in the Company's interest in affiliates and joint ventures are recognized in proportion to its shareholding.

Any excess of acquisition cost over the Company's share of an affiliate's or a joint venture's identifiable assets and liabilities measured at the fair value on the date of acquisition is recognized as goodwill. The goodwill shall be included in the carrying amount of the investment but not allowed for amortization. If the Company's share of the net fair value of the identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized immediately in profit or loss.

When an affiliate issues new shares and the Company does not subscribe to such shares, resulting in a change in its ownership percentage, the difference is recorded as an adjustment to the capital reserve; the equity method is used to recognize changes in the net value of shares in affiliates and joint ventures. However, if the Company fails to subscribe to or acquire sufficient new shares to maintain its original ownership percentage which causes its interest in the affiliate to decrease, the investment amount previously recognized in other comprehensive income in relation to the affiliate shall be remeasured in proportion to the reduction of shareholding. The basis of such accounting

treatment shall be the same as would be required if the affiliate or joint venture had directly disposed of the related assets or liabilities. The aforementioned adjustment shall be recorded to net off capital reserve to the extent of the original increase in the investment accounted for under equity method; any remaining balance shall be debited to retained earnings.

When the Company's share of loss derived from the investment of an affiliate equals or exceeds its interest (including the carrying amount of the investment and other long-term substantial interests in the affiliate's net asset in proportion to ownership percentage), the Company shall cease recognizing losses further. The Company only recognizes extra losses and liabilities to the extent that there is a legal obligation, constructive obligation, or payment on behalf of an affiliate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of the value in use and fair value less costs to sell) with its carrying amount. Any impairment loss will not be recognized as a charge against the carrying amount of an investment (including goodwill). Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when it ceases to have significant influence over an affiliate. When the Company retains an interest in the former affiliate, the Company measures the retained interest at fair value at that date. The difference between the carrying amount of the affiliate at the date ceasing the use of the equity method, and the fair value of any retained interest and any proceeds from disposing interest in the affiliate is recognized as gain or loss on disposal of the affiliate. In addition, the Company shall account for all the amounts recognized in other comprehensive income in relation to that affiliate on the same basis as would be required if the affiliate had directly disposed of the related assets or liabilities. Additionally, when an investment in an affiliate becomes a joint venture investment, or vice versa, the Company continues to adopt the equity method without remeasurement of the retained interest.

When the Company makes transactions with the affiliate, profits or losses resulting from such transactions are recognized in the Company's Parent

Company Only Financial Statements only to the extent that they are not related to the Company's interest in the affiliate.

(VII) Property, plant and equipment

Property, plant and equipment are measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

Except that self-owned land is not listed for depreciation, the remaining property, plant and equipment are depreciated separately for each significant component on a straight-line basis over their useful life. The Company reviews the estimated useful life, residual value, and depreciation method at least at the end of each year and defers the impact of changes in applicable accounting estimates.

Upon derecognition of property, plant and equipment, the difference between the proceeds from disposal and the carrying amount of such asset is recognized in profit or loss.

(VIII) Investment properties

An investment property is real estate held for the purpose of earning rent or capital appreciation or both (including meeting the definition of investment properties). Investment property also includes land that has not yet been determined for future use.

Self-owned investment properties are initially recognized at cost (including transaction cost) and subsequently at cost less accumulated depreciation and accumulated impairment loss.

Investment properties are depreciated on a straight-line basis.

Property, plant and equipment are listed under investment property with carrying amount at end of use.

When an investment property is excluded, the difference between the net disposal price and the carrying amount of the asset is recognized as profit or loss.

(IX) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized using the straight-line method. The estimated useful life, residual value, and

amortization method are reviewed at least at the end of each year and defers the impact of changes in applicable accounting estimates. Intangible assets with uncertain useful lives are carried at cost less accumulated impairment losses.

2. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net proceeds of disposal and the carrying amount of the asset is recognized in profit or loss.

(X) Impairment of property, plant and equipment, right-of-use asset, investment property and intangible assets

On each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any impairment indication exists, the Company estimates the recoverable amount of the asset. If the recoverable amount of an individual asset is not possible to determine, the recoverable amount of the cash-generating unit to which the asset belongs is used in estimation.

For indefinite intangible assets and intangible assets that are not yet available for use, they are subject to an annual impairment test at the time there are indications of impairment.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash generating unit is lower than its carrying amount, the carrying amount of the asset or the cash generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

An impairment loss is recognized for inventories, property, plant and equipment and intangible assets recognized under customer contracts in accordance with the provisions for impairment of inventories and the above mentioned regulations, and then an impairment loss is recognized for the excess of the carrying amount of the assets over the consideration expected to be received for the supply of the related goods or services, net of directly attributable costs, and then an impairment loss is recognized for the cash-generating unit to which the assets are allocated. The carrying amount of

the assets related to contract costs is then included in the respective cash-generating unit for the purpose of assessing the impairment of the cash-generating unit.

When the impairment loss is subsequently reversed, the carrying amount of an asset, the cash generating unit, or the contract cost-related asset is reversed to the extent not exceed the carrying amount (minus amortization or depreciation) of the asset, cash generating unit, or contract cost-related asset that had not been impaired in the previous years. The reversal of impairment loss shall be recognized in profit or loss.

(XI) Financial instruments

Financial assets and liabilities are recognized in the balance sheet when the Company becomes a party to a contract of financial instrument.

Financial assets and financial liabilities not at fair value through profit or loss are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial assets

Financial assets purchased or sold in a regular way are recognized and de-recognized on the basis of the accounting on the transaction date.

(1) Measurement types

Financial assets held by the Company are financial assets measured at amortized cost.

Financial assets at amortized cost

The Company's financial assets that meet the following conditions are subsequently measured at amortized cost:

- A. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- B. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, and account

receivables at amortized cost) are recognized in the amount which equals to the gross carrying amount discounted at effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following cases, the interest income is calculated by applying the effective interest rate to multiply the gross carrying amount of a financial asset:

- A. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- B. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to claim bankruptcy or other financial reorganization, or due to financial difficulties, the active market for financial assets disappears.

Cash equivalents include time deposits with the original maturity date set within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

## (2) Impairment of financial assets

The Company assesses impairment loss based on the expected credit losses on each balance sheet date for financial assets at amortized cost (including account receivables), investments in debt instruments that are measured at FVTOCI, and impairment losses on operating lease receivables.

Accounts receivable and operating lease receivables are recognized as allowance for losses based on lifetime expected credit loss. For all other financial instruments, the Company assesses if there has been a significant increase in credit risk since initial recognition. If, on the

other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. If the credit risk on the financial instrument has increased significantly since initial recognition, impairment allowance is recognized based on lifetime Expected Credit Loss.

Expected credit losses (ECL) refers to weighted average credit loss calculated by taking the default risks of corresponding credits as the weights. 12-month expected credit losses refer to expected credit losses which will result from possible default events of a financial instrument to occur within 12 months as of the date of the publication of the financial statements. Lifetime expected credit losses refer to the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company determines, in the following situations, that the default of financial assets have occurred without considering the collateral held by it:

- A. There is internal or external information showing that the debtor is no longer able to pay off the debt.
- B. Overdue more than 270 days, unless there is reasonable and corroborable information showing that the delayed default basis is more appropriate.

The carrying amount of the impairment loss of all financial assets is reduced by the provision account, while the provision loss of the investment in debt instruments measured at fair value through other composite gains or losses is recognized as other composite gains or losses and does not reduce the carrying amount.

### (3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of an entire financial asset measured at amortized cost, the difference between the carrying amount and the consideration

received is recognized in profit or loss. On derecognition of a debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of an equity instrument measured at fair value through other comprehensive income in its entirety, the cumulative gain or loss is reallocated to retained earnings, but not recognized to profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XII) Revenue recognition

After performance obligations are identified in customers' contracts, the transaction price is appropriated for each obligation, and revenue is recognized upon the completion of a performance obligation.

1. Sales revenue from goods

Revenue from sales of products arises from customers purchasing the game points from channel distributors. The currencies are converted into virtual products in the Company's gaming platforms and video platforms and subsequently recognized as revenue in accordance with the consumption rate and the estimated consumption period. Since game points are sold by distributors, the Company has the main responsibility for whether the game points held by customers can be converted into game products and used normally. The Company recognizes them as contract liabilities before the completion of the commitment.

2. Labor income

Revenue from labor services refers to artwork design created for clients or gaming points accounting services provided for clients (who are also in the gaming industry).

(1) Artwork design services

Revenue from artwork design service is recognized upon the labor service is provided unless otherwise agreed in the contract.

(2) Game points accounting processing

The Company sells game points to consumers on behalf of customers and does not obtain the control of specific goods or services before the specific goods or services are transferred to the customers. When the stored value is exchanged for game points on the platform, control is transferred to the customer and no net income is recognized when there is no subsequent obligation.

(XIII) Lease

The Company assesses whether a contract is (or contains) a lease on the execution date of the contract.

1. Company as the lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments less lease incentives are recognized as operating income on a straight-line basis over the duration of such lease.

2. Company as the lessee

A right-of-use asset and a lease liability are recognized for all leases at the inception date of such leases, except for leases qualified for recognition exemption, e.g., leases with low-value underlying assets and short-term leases, for which an expense is recognized on a straight-line basis over the lease term.

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liability, the amount of lease payments made to the lessors less lease incentives received prior to the inception of the lease, initial direct costs and the estimated costs of restored underlying assets), and subsequently measured at cost less accumulated depreciation and

accumulated impairment, adjusted for any remeasurements of the lease liability. Right-of-use assets are expressed separately in the Parent Company Only balance sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful lives, or to the end of the lease term, whichever is earlier.

A lease liability is initially measured at the present value of lease payments (including fixed payments). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at the interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate of interest shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. In the case that future lease payments change as a result of a change in the lease term, the Company remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. Lease liabilities are expressed separately in the Parent Company Only balance sheets.

**(XIV) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as cost for those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**(XV) Employee benefits**

**1. Short-term employee benefits**

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2. Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(XVI) Income tax

The income tax expense represents the sum of tax payable in the current period along with deferred tax.

1. Current tax

The Company determines the current income (loss) in accordance with the laws as well as regulations established by each income tax reporting jurisdiction and calculates the payable (recoverable) income tax accordingly.

The additional income tax levied on the undistributed earnings calculated in accordance with the Income Tax Law of the Republic of China is recognized in the year of resolution of the shareholders' meeting.

Adjustments to the income tax payable from previous years are recognized in the income tax of current year.

2. Deferred tax

Deferred income tax is calculated at temporary differences between the carrying amount of assets and liabilities and the tax base used to determine taxable income.

Deferred tax liabilities are mostly recognized based on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is most probable that those deductible temporary differences and loss credits can be applied to produce taxable profits.

Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries and affiliates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences affiliated with these investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax act) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

V. Critical Accounting Judgments, and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company, when making significant accounting estimates, incorporates the potential impact of climate change, relevant government policies, and regulations on the economic environment into relevant material accounting estimates, such as cash flow estimates, growth rates, discount rates, and profitability. Management will continue to review the estimates and underlying assumptions.

VI. Cash and Cash Equivalents

|                      | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------|--------------------------|--------------------------|
| Cash on hand         | \$ 258                   | \$ 263                   |
| Checking and savings | <u>105,725</u>           | <u>111,028</u>           |
|                      | <u><u>\$ 105,983</u></u> | <u><u>\$ 111,291</u></u> |

The interest rate intervals of the cash in bank at the balance sheet date were listed as follows:

|              | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------|--------------------------|--------------------------|
| Cash in bank | 0.005%~1.450%            | 0.001%~1.050%            |

VII. Financial assets at amortized cost

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>Current</u>   |                          |                          |
| Domestic investment  |                          |                          |
| Bank time deposit with initial maturity date over 3 months | <u>86,588</u>            | <u>70,633</u>            |

The interest rate intervals of term deposits with original maturity date over 3 months as of December 31, 2023 and 2022 were 5.55%-5.68% and 3.15%-5.00% per annum, respectively.

VIII. Accounts Receivable and Other Receivables

|                            | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------|--------------------------|--------------------------|
| <u>Accounts receivable</u> |                          |                          |
| measured at amortized cost |                          |                          |
| Total carrying amount      | \$ 38,052                | \$ 18,109                |
| Less: Allowance for loss   | <u>-</u>                 | <u>-</u>                 |
|                            | <u><u>\$ 38,052</u></u>  | <u><u>\$ 18,109</u></u>  |

Other receivables

|   |                        |                      |
|---|------------------------|----------------------|
| Receivable of certificate of deposit interest | \$ 1,154               | \$ 628               |
| Others  | 27                     | 22                   |
| Less: Allowance for loss                      | <u>-</u>               | <u>-</u>             |
|   | <u><u>\$ 1,181</u></u> | <u><u>\$ 650</u></u> |

Accounts receivable

The Company's average credit term for sales of goods is 30 to 60 days. Accounts receivable does not bear interest. The Company applies lifetime expected credit losses to allowance for accounts receivable. The lifetime expected credit losses are calculated based on a provision matrix that takes into account the default history and current

financial position of customers, as well as GDP forecasts. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for losses based on the past due status of receivables is not further distinguished according to different segments of the Company's customer base.

If there is evidence that a transaction counterparty is in severe financial difficulty and the Company cannot reasonably expect the recoverable amount, for example, the counterparty is undergoing liquidation or the debt has been overdue for more than 270 days, the Company will write off the relevant receivables but will continue to pursue the receivables. The receivables are initially written off but recovered is recognized in profit or loss.

Analysis of aging notes and accounts receivable based on the provisional matrix is as follows:

December 31, 2023

|  | Not Past Due     | More than 270 days overdue | Total            |
|--|------------------|----------------------------|------------------|
| Expected credit loss rate                            | -                | 100%                       |                  |
| Total carrying amount                                | \$ 38,052        | \$ -                       | \$ 38,052        |
| Allowance for losses (lifetime expected credit loss) | <u>-</u>         | <u>-</u>                   | <u>-</u>         |
| Amortized cost                                       | <u>\$ 38,052</u> | <u>\$ -</u>                | <u>\$ 38,052</u> |

December 31, 2022

|  | Not Past Due     | More than 270 days overdue | Total            |
|--|------------------|----------------------------|------------------|
| Expected credit loss rate                            | -                | 100%                       |                  |
| Total carrying amount                                | \$ 18,109        | \$ -                       | \$ 18,109        |
| Allowance for losses (lifetime expected credit loss) | <u>-</u>         | <u>-</u>                   | <u>-</u>         |
| Amortized cost                                       | <u>\$ 18,109</u> | <u>\$ -</u>                | <u>\$ 18,109</u> |

**IX. Investment Accounted For Using the Equity Method**

|                             | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------|-------------------|
| Investments in subsidiaries | \$ 32,674         | \$ 31,761         |
| Investments in affiliates   | <u>-</u>          | <u>7,457</u>      |
|                             | <u>\$ 32,674</u>  | <u>\$ 39,218</u>  |

(I) Investments in subsidiaries

|   | <u>December 31, 2023</u>                 | <u>December 31, 2022</u> |
|---|--|--------------------------|
| Unlisted stocks                             |  |                          |
| WAYI SOFTMAGIC<br>INVESTMENT<br>(ASIA) LTD. | <u>\$ 32,674</u>                         | <u>\$ 31,761</u>         |
|   | <u>Percentage of Ownership and Votes</u> |                          |
| <u>Investee Company</u>                     | <u>December 31, 2023</u>                 | <u>December 31, 2022</u> |
| WAYI SOFTMAGIC<br>INVESTMENT (ASIA)<br>LTD. | 100%                                     | 100%                     |

Share of profits or losses and other comprehensive income of subsidiaries under the equity method for 2023 and 2022 are recognized based on the financial reports of each subsidiary reviewed by the auditors for the same period.

(II) Investments in affiliates

|                               | <u>December 31, 2023</u>                 | <u>December 31, 2022</u> |
|-------------------------------|--|--------------------------|
| Affiliates with significance: |  |                          |
| DIT Startup Co. Ltd.          | <u>\$ _____</u>                          | <u>\$ 7,457</u>          |
|                               | <u>Percentage of Ownership and Votes</u> |                          |
| <u>Company Name</u>           | <u>December 31, 2023</u>                 | <u>December 31, 2022</u> |
| DIT Startup Co. Ltd.          | -  | 11%                      |

For the nature of business, principal place of business, and country of incorporation of the above-mentioned affiliates, please refer to Table 2 “Information on Invested Companies.”

The chairman of the Company also serves as the chairman of DIT Startup Co. Ltd. so can significantly influence the affiliate.

Investments accounted for under the equity method and the Company's share of their profit or loss and other comprehensive income or loss are based on unaudited financial statements. However, the Company's management believes that the aforementioned unaudited results does not have a material impact on the Company's financial statements.

On September 11, 2023, the Company sold all of its 1,296,774 ordinary shares of DIT Startup Co. Ltd. to Wanin International Co., Ltd. for a total price of NT\$7,472 thousand.

All the aforementioned affiliates are accounted for using the equity method in the Parent Company Only Financial Statements.

The summary of financial information below is based on individual affiliates' financial statements prepared in accordance with IFRSs for which adjustments have been made in the financial statements due to the use of the equity method.

DIT Startup Co. Ltd.

|                               | December 31, 2022   |
|-------------------------------|---------------------|
| Current assets                | \$ 33,526           |
| Non-current assets            | 37,627              |
| Current liabilities           | ( 1,569 )           |
| Equity                        | <u>\$ 69,584</u>    |
|                               |                     |
| Percentage of Ownership       | 11%                 |
| Interests of the Company      | <u>\$ 7,457</u>     |
| Carrying amount of Investment | <u>\$ 7,457</u>     |
|                               |                     |
|                               | 2022                |
| Operating revenue             | <u>\$ 3,223</u>     |
| Net loss for the year         | <u>( \$ 9,857 )</u> |

X. Property, plant and equipment

Self-use

|  | Land owned       | Buildings and structures | Network devices   | Facility equipment | Leasehold improvements | Transportation equipment | Other fixtures | Total             |
|--|------------------|--------------------------|-------------------|--------------------|------------------------|--------------------------|----------------|-------------------|
| <u>Cost</u>                                    |                  |                          |                   |                    |                        |                          |                |                   |
| Balance as of January 1, 2023                  | \$ 54,558        | \$ 3,638                 | \$ 149,002        | \$ 7,765           | \$ 1,841               | \$ 684                   | \$ -           | \$ 217,488        |
| Acquisition                                    | -                | -                        | 49                | 1,440              | 798                    | -                        | -              | 2,287             |
| Disposition                                    | -                | -                        | -                 | -                  | -                      | -                        | -              | -                 |
| Balance on December 31, 2023                   | <u>\$ 54,558</u> | <u>\$ 3,638</u>          | <u>\$ 149,051</u> | <u>\$ 9,205</u>    | <u>\$ 2,639</u>        | <u>\$ 684</u>            | <u>\$ -</u>    | <u>\$ 219,775</u> |
| <u>Accumulated depreciation and impairment</u> |                  |                          |                   |                    |                        |                          |                |                   |
| Balance as of January 1, 2023                  | \$ -             | \$ 1,233                 | \$ 148,879        | \$ 6,322           | \$ 887                 | \$ 684                   | \$ -           | \$ 158,005        |
| Depreciation expenses                          | -                | 121                      | 132               | 882                | 896                    | -                        | -              | 2,031             |
| Disposition                                    | -                | -                        | -                 | -                  | -                      | -                        | -              | -                 |
| Balance on December 31, 2023                   | <u>\$ -</u>      | <u>\$ 1,354</u>          | <u>\$ 149,011</u> | <u>\$ 7,204</u>    | <u>\$ 1,783</u>        | <u>\$ 684</u>            | <u>\$ -</u>    | <u>\$ 160,036</u> |
| Net balance on December 31, 2021               | <u>\$ 54,558</u> | <u>\$ 2,284</u>          | <u>\$ 40</u>      | <u>\$ 2,001</u>    | <u>\$ 856</u>          | <u>\$ -</u>              | <u>\$ -</u>    | <u>\$ 59,739</u>  |
| <u>Cost</u>                                    |                  |                          |                   |                    |                        |                          |                |                   |
| Balance as of January 1, 2022                  | \$ 54,558        | \$ 3,638                 | \$ 176,765        | \$ 9,382           | \$ 1,826               | \$ 684                   | \$ 17          | \$ 246,870        |
| Acquisition                                    | -                | -                        | 85                | 1,303              | 130                    | -                        | -              | 1,518             |
| Disposition                                    | -                | -                        | ( 27,848 )        | ( 2,920 )          | ( 115 )                | -                        | ( 17 )         | ( 30,900 )        |
| Balance on December 31, 2022                   | <u>\$ 54,558</u> | <u>\$ 3,638</u>          | <u>\$ 149,002</u> | <u>\$ 7,765</u>    | <u>\$ 1,841</u>        | <u>\$ 684</u>            | <u>\$ -</u>    | <u>\$ 217,488</u> |
| <u>Accumulated depreciation and impairment</u> |                  |                          |                   |                    |                        |                          |                |                   |
| Balance as of January 1, 2022                  | \$ -             | \$ 1,112                 | \$ 176,421        | \$ 8,669           | \$ 340                 | \$ 684                   | \$ 17          | \$ 187,243        |
| Depreciation expenses                          | -                | 121                      | 232               | 545                | 662                    | -                        | -              | 1,560             |
| Disposition                                    | -                | -                        | ( 27,774 )        | ( 2,892 )          | ( 115 )                | -                        | ( 17 )         | ( 30,798 )        |
| Balance on December 31, 2022                   | <u>\$ -</u>      | <u>\$ 1,233</u>          | <u>\$ 148,879</u> | <u>\$ 6,322</u>    | <u>\$ 887</u>          | <u>\$ 684</u>            | <u>\$ -</u>    | <u>\$ 158,005</u> |
| Net balance on December 31, 2022               | <u>\$ 54,558</u> | <u>\$ 2,405</u>          | <u>\$ 123</u>     | <u>\$ 1,443</u>    | <u>\$ 954</u>          | <u>\$ -</u>              | <u>\$ -</u>    | <u>\$ 59,483</u>  |

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

| Buildings                |              |
|--------------------------|--------------|
| Buildings and structures | 30 years     |
| Network devices          | 3 to 6 years |
| Facility equipment       | 3 years      |
| Leasehold improvements   | 1 to 3 years |
| Transportation equipment | 3 years      |
| Other fixtures           | 3 years      |

Please refer to Note 27 for self-use property, plant and equipment pledged as collateral for borrowings.

#### XI. Lease Agreement

##### (I) Right-of-use asset

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Carrying amount of right-of-use asset       |                          |                          |
| Buildings                                   | <u>\$ 3,430</u>          | <u>\$ 9,548</u>          |
|   | <hr/> <u>2023</u>        | <hr/> <u>2022</u>        |
| Acquisition on right-of-use assets          | <u>\$ -</u>              | <u>\$ 2,742</u>          |
| Depreciation expense of right-of-use assets |                          |                          |
| Buildings                                   | <u>\$ 5,341</u>          | <u>\$ 4,902</u>          |
| Transportation equipment                    | <u>\$ -</u>              | <u>\$ 125</u>            |
|   | <hr/> <u>\$ 5,341</u>    | <hr/> <u>\$ 5,027</u>    |

##### (II) Lease liabilities

|                                    | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|------------------------------------|--------------------------|--------------------------|
| Carrying amount of lease liability |                          |                          |
| Current                            | <u>\$ 2,531</u>          | <u>\$ 5,818</u>          |
| Non-current                        | <u>\$ 950</u>            | <u>\$ 3,786</u>          |

Range of discount rate for lease liabilities was as follows:

|           | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------|--------------------------|--------------------------|
| Buildings | <u>1.04%~2.23%</u>       | <u>1.04%~2.23%</u>       |

(III) Important lease activities and terms

The Company leases the building for operational use for a period of 3 years. When the lease period expires, the Company does not have preferential rights to purchase the leased building, and it is agreed that the Company shall not sublet or transfer all or part of the leased object without the consent of the lessor.

(IV) Other leasing information

|                                | 2023       | 2022       |
|--------------------------------|------------|------------|
| Short-term lease expense       | \$ 38      | \$ 39      |
| Total cash (outflow) of leases | (\$ 5,468) | (\$ 5,144) |

The Company has elected to apply the recognition exemption to office equipment that qualifies as short-term leases and certain computer equipment leases that qualify as low value asset leases by not recognizing the related right-of-use assets and lease liabilities for these leases.

All lease commitments during the lease term commencing after the balance sheet date are as follows:

|                   | December 31, 2023 | December 31, 2022 |
|-------------------|-------------------|-------------------|
| Lease commitments | <u>\$ 3,523</u>   | <u>\$ 9,742</u>   |

XII. Investment properties

|  | Completed investment properties |
|--|---------------------------------|
| <u>Cost</u>                                    |                                 |
| Balance as of January 1, 2023                  | <u>\$ 22,271</u>                |
| Balance on December 31, 2023                   | <u>\$ 22,271</u>                |
| <u>Accumulated depreciation and impairment</u> |                                 |
| Balance as of January 1, 2023                  | \$ 7,114                        |
| Depreciation expenses                          | <u>619</u>                      |
| Balance on December 31, 2023                   | <u>\$ 7,733</u>                 |
| Net balance on December 31, 2023               | <u>\$ 14,538</u>                |
| <u>Cost</u>                                    |                                 |
| Balance as of January 1, 2022                  | <u>\$ 22,271</u>                |
| Balance on December 31, 2022                   | <u>\$ 22,271</u>                |

|  | Completed<br>investment<br>properties |
|--|---------------------------------------|
| <u>Accumulated depreciation and<br/>impairment</u> |                                       |
| Balance as of January 1, 2022                      | \$ 6,496                              |
| Depreciation expenses                              | <u>618</u>                            |
| Balance on December 31, 2022                       | <u>\$ 7,114</u>                       |
| Net balance on December 31,<br>2022                | <u><u>\$ 15,157</u></u>               |

The lease term for investment properties is 3 years, with an option to extend the lease term for 1 year. When exercising the right to renew the lease, the lessee shall agree to adjust the rent according to the market rent. The lessee does not have the preferential right to take over the investment properties at the end of the lease term.

The total amount of lease payments to be received in the future for leasing investment properties with an operating lease is as follows:

|        | December 31, 2023      | December 31, 2022    |
|--------|------------------------|----------------------|
| Year 1 | \$ 1,260               | \$ 945               |
| Year 2 | <u>945</u>             | <u>-</u>             |
|        | <u><u>\$ 2,205</u></u> | <u><u>\$ 945</u></u> |

Investment properties are depreciated on a straight-line based on the following useful life:

|                          |          |
|--------------------------|----------|
| Buildings and structures | 36 years |
|--------------------------|----------|

The fair value of the investment properties is measured by the independent appraisal companies (appraisers) CCIS Real Estate Joint Appraisers Firm at the input value of Level 3 on each balance sheet date. The evaluation uses the comparative method and the income method. The fair value obtained from the evaluation is as follows:

|            | December 31, 2023        | December 31, 2022        |
|------------|--------------------------|--------------------------|
| Fair value | <u><u>\$ 105,156</u></u> | <u><u>\$ 104,294</u></u> |

The measurement of the above fair value includes the consideration of the uncertainty of the impact of the subsequent development of the COVID-19 pandemic on market fluctuations.

Please refer to Note 27 for investment properties set as security for borrowing.

The lease commitment during the lease term commencing after the balance sheet date is as follows:

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Investment properties letting commitment | <u>\$ 2,205</u>          | <u>\$ 945</u>            |

**XIII. Other Intangible Assets**

| <u>Cost</u>                                    | <u>Computer software</u> | <u>Software royalty</u> | <u>Total</u>     |
|--|--------------------------|-------------------------|------------------|
| Balance as of January 1, 2023                  | \$ 7,224                 | \$ 8,964                | \$ 16,188        |
| Acquisition                                    | 1,429                    | 84                      | 1,513            |
| Disposition                                    | ( 4,426)                 | - -                     | ( 4,426)         |
| Balance on December 31, 2023                   | <u>4,227</u>             | <u>9,048</u>            | <u>13,275</u>    |
| <u>Accumulated amortization and impairment</u> |                          |                         |                  |
| Balance as of January 1, 2023                  | 2,340                    | 1,830                   | 4,170            |
| Amortization expenses                          | 4,244                    | 4,183                   | 8,427            |
| Disposition                                    | ( 4,426)                 | - -                     | ( 4,426)         |
| Balance on December 31, 2023                   | <u>2,158</u>             | <u>6,013</u>            | <u>8,171</u>     |
| Net balance on December 31, 2023               | <u>\$ 2,069</u>          | <u>\$ 3,035</u>         | <u>\$ 5,104</u>  |
| <u>Cost</u>                                    |                          |                         |                  |
| Balance as of January 1, 2022                  | \$ 3,753                 | \$ 2,797                | \$ 6,550         |
| Acquisition                                    | 4,798                    | 6,167                   | 10,965           |
| Disposition                                    | ( 1,327)                 | - -                     | ( 1,327)         |
| Balance on December 31, 2022                   | <u>7,224</u>             | <u>8,964</u>            | <u>16,188</u>    |
| <u>Accumulated amortization and impairment</u> |                          |                         |                  |
| Balance as of January 1, 2022                  | 414                      | 117                     | 531              |
| Amortization expenses                          | 3,253                    | 1,713                   | 4,966            |
| Disposition                                    | ( 1,327)                 | - -                     | ( 1,327)         |
| Balance on December 31, 2022                   | <u>2,340</u>             | <u>1,830</u>            | <u>4,170</u>     |
| Net balance on December 31, 2022               | <u>\$ 4,884</u>          | <u>\$ 7,134</u>         | <u>\$ 12,018</u> |

Amortization expenses were calculated on a straight-line basis using the estimated useful lives as follows:

|                   |              |
|-------------------|--------------|
| Computer software | 1 to 3 years |
| Software royalty  | 1 to 2 years |

Amortization expenses summarized by function:

|                                     | 2023            | 2022            |
|-------------------------------------|-----------------|-----------------|
| Operating costs                     | \$ 7,762        | \$ 3,891        |
| General and administrative expenses | 665             | 1,075           |
|                                     | <u>\$ 8,427</u> | <u>\$ 4,966</u> |

#### XIV. Other assets

|                                 | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|-------------------|
| <u>Current</u>                  |                   |                   |
| Prepayments (Note 1)            | \$ 3,779          | \$ 8,395          |
| Deferred costs                  | 342               | 644               |
| Other prepayments               | 7,926             | 2,066             |
| Others                          | 767               | 4                 |
|                                 | <u>\$ 12,814</u>  | <u>\$ 11,109</u>  |
| <u>Non-current</u>              |                   |                   |
| Refundable deposits             | \$ 671            | \$ 763            |
| Other financial assets (Note 2) | <u>2,200</u>      | <u>1,000</u>      |
|                                 | <u>\$ 2,871</u>   | <u>\$ 1,763</u>   |

Note 1. Due to poor sales of the online games that the Company distributes, the Company expects to reduce the future economic benefits of the prepayments for the original games. Therefore, the Company recognized impairment losses of NT\$4.981 million and NT\$6.377 million for 2023 and 2022, respectively. The Company adopts the value-in-use as the recoverable amount of this prepayment at a discount rate of 2.3570% and 2.2274%. The impairment loss is recognized in operating cost in the Parent Company Only statements of comprehensive income.

Note 2. Other financial assets are demand deposits provided to guarantee banks as collateral for business credit cards. Please refer to Note 27.

XV. Notes payable and accounts payable

The period for the Company to pay royalties and installments is set between 30 to 60 days. The Company has established financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

XVI. Other liabilities

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <b>Current</b>   |                          |                          |
| Other payables   |                          |                          |
| Salaries and bonus payable   | \$ 7,776                 | \$ 6,007                 |
| Advertising fee payable  | 6                        | 6,758                    |
| Service fee payable  | 875                      | 845                      |
| Insurance premium payable  | 618                      | 583                      |
| Others (pension and business tax)                                  | <u>1,438</u>             | <u>1,114</u>             |
|  | <u><u>\$ 10,713</u></u>  | <u><u>\$ 15,307</u></u>  |
| Other payables - related parties                                   | <u><u>\$ 262</u></u>     | <u><u>\$ 280</u></u>     |
| Other liabilities  |                          |                          |
| Advance Revenue  | \$ 1,528                 | \$ -                     |
| Other receipts (temporary receipts and cash collected for clients) | <u>498</u>               | <u>494</u>               |
|  | <u><u>\$ 2,026</u></u>   | <u><u>\$ 494</u></u>     |
| <b>Non-current</b>   |                          |                          |
| Guarantee deposits   | <u><u>\$ 200</u></u>     | <u><u>\$ 200</u></u>     |

XVII. Post-employment benefits plans

Defined contribution plans

Under the plan, 6% of employees' monthly salary is contributed as pension each month by the Company to employees' personal accounts set up by the government's Bureau of Labor Insurance.

XVIII. Equity

(I) Share capital

Ordinary shares

|   | <u>December 31, 2023</u>   | <u>December 31, 2022</u>   |
|---|----------------------------|----------------------------|
| Number of shares authorized<br>(thousand shares)            | <u><u>160,000</u></u>      | <u><u>160,000</u></u>      |
| Authorized share capital                                    | <u><u>\$ 1,600,000</u></u> | <u><u>\$ 1,600,000</u></u> |
| Number of shares issued and<br>fully paid (thousand shares) | <u><u>23,611</u></u>       | <u><u>22,274</u></u>       |
| Amount of shares issued                                     | <u><u>\$ 236,113</u></u>   | <u><u>\$ 222,748</u></u>   |

According to the resolution of the shareholders' meeting on June 23, 2022, the Company issued 2,905 thousand new shares with a par value of NT\$10 per share from the undistributed earnings of NT\$29,054 thousand, resulting in paid-in share capital of NT\$222,748 thousand after the capital increase. The above capital increase was approved by the Securities and Futures Bureau (SFB) of the Financial Supervisory Commission (FSC) and became effective on July 29, 2022. According to the resolution of the Board of Directors, September 5, 2022 was the base date for the capital increase. The registration of the change was completed on September 8, 2022.

According to the resolution of the shareholders' meeting on June 21, 2023, the Company issued 1,337 thousand new shares with a par value of NT\$10 per share from the undistributed earnings of NT\$13,365 thousand, resulting in paid-in capital of NT\$236,113 thousand after the capital increase. The above capital increase was approved by the Securities and Futures Bureau (SFB) of the Financial Supervisory Commission (FSC) and became effective on July 17, 2023. According to the resolution of the Board of Directors, September 3, 2023 was the base date for capital increase. The registration of the change was completed on September 8, 2023.

(II) Capital surplus

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> |                          |                          |
| Premium of shares issued   | <u>\$ 29,199</u>         | <u>\$ 29,199</u>         |

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends (up to a certain percentage of the Company's paid-in capital once a year).

(III) Retained earnings and dividend policy

Under the surplus distribution policy as set forth in the Company's Articles of Incorporation, provided that the Company has net profit for the current year, it shall be first used to pay income taxes and make up for any accumulated losses, and then set aside 10% as a statutory surplus reserve. Any excess balance may

be set aside or transferred to a special surplus reserve pursuant to the relevant laws. Any remaining surplus may be appropriated as dividends in accordance with a proposal for profit distribution as approved by the Board of Directors and submitted to the shareholders' meeting to resolve on the distribution of shareholders' dividends. The Company may authorize the Board of Directors to distribute all or part of the dividends and bonuses payable in cash with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present, and report to the latest shareholders' meeting. When there is no loss, the Company may authorize the Board of Directors to distribute all or part of the statutory surplus reserve (more than 25% of the paid-in capital) and the capital reserve in compliance with the Company Act in cash with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present, and report to the latest shareholders' meeting. For the distribution policy for employees' compensation and remuneration of directors to Note 20 (8): Remuneration for Employees, Directors and Supervisors.

The legal reserve should be appropriated until the remaining balance reaches the Company's total paid-in capital. The statutory surplus reserve may be used to cover losses. If the Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be transferred to share capital or distributed in cash.

The Company held regular shareholders' meetings on June 21, 2023 and June 23, 2022, and passed the resolutions to approve the profit distribution proposals for 2022 and 2021, respectively, as follows:

|                                 | 2022             | 2021             |
|---------------------------------|------------------|------------------|
| Legal reserve                   | <u>\$ 3,664</u>  | <u>\$ 9,294</u>  |
| Cash dividends                  | <u>\$ 13,365</u> | <u>\$ 38,739</u> |
| Stock dividends                 | <u>\$ 13,365</u> | <u>\$ 29,054</u> |
| Cash dividend per share (NT\$)  | \$ 0.6           | \$ 2.0           |
| Stock dividend per share (NT\$) | \$ 0.6           | \$ 1.5           |

The distribution of the above-mentioned cash dividends was approved by a resolution of the Board of Directors on March 27, 2023 and March 24, 2022, respectively, and the remaining surplus distribution items were also resolved at

the regular shareholders' meetings held on June 21, 2023 and June 23, 2022, respectively.

On March 15, 2024, the Board of Directors of the Company proposed the 2023 surplus distribution plan as follows:

|                                 | 2023             |
|---------------------------------|------------------|
| Legal reserve                   | <u>\$ 3,319</u>  |
| Cash dividends                  | <u>\$ 11,806</u> |
| Stock dividends                 | <u>\$ 23,611</u> |
| Cash dividend per share (NT\$)  | \$ 0.5           |
| Stock dividend per share (NT\$) | \$ 1.0           |

The above-mentioned cash dividends have been distributed as resolved by the Board of Directors, and the remaining amount is expected to be distributed in 2024.

Resolution of the Shareholders' Meeting held on June 19th.

#### XIX. Revenue

|                                       | 2023              | 2022              |
|---------------------------------------|-------------------|-------------------|
| Revenue from Contracts with Customers |                   |                   |
| Online Games and Digital Content      | \$ 141,266        | \$ 146,323        |
| Labor income                          | 162               | 515               |
| Other income                          | -                 | 428               |
|                                       | <u>\$ 141,428</u> | <u>\$ 147,266</u> |

#### (I) Contract balance

|                                  | December 31,<br>2023 | December 31, 2022 |
|----------------------------------|----------------------|-------------------|
| Accounts receivable (Note 8)     | <u>\$ 38,052</u>     | <u>\$ 18,109</u>  |
| Contract liabilities             |                      |                   |
| Online Games and Digital Content | <u>\$ 3,730</u>      | <u>\$ 6,594</u>   |

#### (II) Disaggregation of contract revenue

| <u>Product Category</u>                            | 2023              | 2022              |
|--|-------------------|-------------------|
| Artwork design services (Note 26)                  | \$ 118,126        | \$ 104,049        |
| Computer games                                     | 7,589             | 21,229            |
| Mobile Games                                       | 15,551            | 21,045            |
| Labor income - art design project income (Note 26) | 162               | 445               |
| Labor income - other (Note 26)                     | -                 | 70                |
| Others   | -                 | 428               |
|  | <u>\$ 141,428</u> | <u>\$ 147,266</u> |

(III) Partially completed contracts

For partially completed contracts, the transaction prices and the expected timing for the recognition of revenue are as follows.

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Rewarding points for purchasing virtual products |                   |                   |
| — redeemed before 2023                           | \$ -              | \$ 2,063          |
| — redeemed before 2024                           | 1,505             | -                 |

XX. Net profit for the year

(I) Interest Income

|                                    | 2023            | 2022            |
|------------------------------------|-----------------|-----------------|
| Cash in bank                       | \$ 837          | \$ 484          |
| Financial assets at amortized cost | 3,972           | 886             |
| Imputed interest on deposits       | 8               | 8               |
|                                    | <u>\$ 4,817</u> | <u>\$ 1,378</u> |

(II) Other income

|               | 2023            | 2022            |
|---------------|-----------------|-----------------|
| Rental income | \$ 1,236        | \$ 1,203        |
| Other income  | 360             | 394             |
|               | <u>\$ 1,596</u> | <u>\$ 1,597</u> |

(III) Other gains and losses

|   | 2023          | 2022             |
|---|---------------|------------------|
| Gains on financial assets and financial liabilities |               |                  |
| Financial assets mandatorily measured at FVTPL      | \$ -          | \$ 1,748         |
| Gain on disposal of property, plant and equipment   | -             | 12               |
| Foreign exchange gain (loss), net                   | ( 12 )        | 9,458            |
| Gain on disposal of investments                     | 328           | -                |
| Lease modification gain                             | 6             | -                |
| Miscellaneous expenditure                           | ( 2 )         | -                |
|   | <u>\$ 320</u> | <u>\$ 11,218</u> |

|       |  |                         |                         |
|-------|--|-------------------------|-------------------------|
| (IV)  | Finance costs                                |                         |                         |
|       |  | <u>2023</u>             | <u>2022</u>             |
|       | Interest on lease liabilities                | \$ 90                   | \$ 94                   |
|       | Imputed interest on deposits                 | <u>3</u>                | <u>2</u>                |
|       |  | <u><u>\$ 93</u></u>     | <u><u>\$ 96</u></u>     |
| (V)   | Impairment loss                              |                         |                         |
|       |  | <u>2023</u>             | <u>2022</u>             |
|       | Prepayments (included in operating costs)    | <u><u>\$ 4,981</u></u>  | <u><u>\$ 6,377</u></u>  |
| (VI)  | Depreciation and amortization                |                         |                         |
|       |  | <u>2023</u>             | <u>2022</u>             |
|       | Depreciation expenses summarized by function |                         |                         |
|       | Operating costs                              | \$ 163                  | \$ 231                  |
|       | Operating expenses                           | <u>7,828</u>            | <u>6,974</u>            |
|       |  | <u><u>\$ 7,991</u></u>  | <u><u>\$ 7,205</u></u>  |
|       | Amortization summarized by function          |                         |                         |
|       | Operating costs                              | \$ 7,762                | \$ 3,891                |
|       | Operating expenses                           | <u>665</u>              | <u>1,075</u>            |
|       |  | <u><u>\$ 8,427</u></u>  | <u><u>\$ 4,966</u></u>  |
| (VII) | Employee benefit expenses                    |                         |                         |
|       |  | <u>2023</u>             | <u>2022</u>             |
|       | Short-term employee benefits                 | \$ 43,580               | \$ 46,747               |
|       | Post-employment benefits                     |                         |                         |
|       | Defined contribution plans                   | <u>1,743</u>            | <u>2,050</u>            |
|       | Total employee benefit expenses              | <u><u>\$ 45,323</u></u> | <u><u>\$ 48,797</u></u> |
|       | Summarized by functions                      |                         |                         |
|       | Operating costs                              | \$ 6,545                | \$ 9,658                |
|       | Operating expenses                           | <u>38,778</u>           | <u>39,139</u>           |
|       |  | <u><u>\$ 45,323</u></u> | <u><u>\$ 48,797</u></u> |

(VIII) Employee compensation and remunerations of directors

According to the Articles of Incorporation, the Company allocates no less than 1% and no more than 3% of the pre-tax profits for the current year to employee remuneration and director remuneration, respectively. Employee compensation and remuneration of directors for 2023 and 2022 were resolved by the Company's Board of Directors on March 15, 2024 and March 27, 2023, respectively, as follows:

Accrual rate

|                              | 2023  | 2022   |
|------------------------------|-------|--------|
| Employee compensation        | 1.34% | 1.005% |
| Remuneration of<br>Directors | 1.02% | 1.005% |

Amount

|                              | 2023          | 2022          |
|------------------------------|---------------|---------------|
| Employee compensation        | <u>\$ 457</u> | <u>\$ 378</u> |
| Remuneration of<br>Directors | <u>\$ 350</u> | <u>\$ 378</u> |

If there is a change in the amounts after the annual Parent Company Only Financial Statements are authorized for issue, the differences should be recorded as a change in the accounting estimate in the following year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors for 2022 and 2021 paid and the amounts recognized in the financial statements for 2022 and 2021.

Please refer to the Market Observation Post System of the Taiwan Stock Exchange for information on employee compensation and remunerations of directors as resolved by the Board of Directors.

(IX) Foreign currency exchange gains or losses

|   | 2023             | 2022             |
|---|------------------|------------------|
| Total foreign currency<br>exchange gain | \$ 7,824         | \$ 15,302        |
| Total foreign currency<br>exchange loss | ( <u>7,836</u> ) | ( <u>5,844</u> ) |
| Net gain (loss)                         | <u>(\$ 12)</u>   | <u>\$ 9,458</u>  |

XXI. Income tax

(I) Main composition of income tax expenses recognized in profit or loss

The major components of income tax expense were as follows:

|   | 2023          | 2022          |
|---|---------------|---------------|
| Current tax                                     |               |               |
| Surtax on undistributed earnings                | \$ 165        | \$ 179        |
| Adjustments for prior years                     | 2             | -             |
| Income tax expense recognized in profit or loss | <u>\$ 167</u> | <u>\$ 179</u> |

Reconciliation between tax expense and income reported in the financial statements is as follows:

|   | 2023             | 2022             |
|---|------------------|------------------|
| Net profit before tax   | <u>\$ 33,360</u> | <u>\$ 36,821</u> |
| The income tax expense of the pre-tax net profit calculated at the statutory rate | \$ 6,672         | \$ 7,365         |
| Non-deductible expenses   | ( 1,102)         | 1,785            |
| Surtax on undistributed earnings  | 165              | 179              |
| Unrecognized loss carryforwards   | ( 5,580)         | ( 7,736)         |
| Unrecognized deductible temporary difference                                      | 10               | ( 1,414)         |
| Adjustment of income tax expense from previous fiscal year to current fiscal year | 2                | -                |
| Income tax expense recognized in profit or loss                                   | <u>\$ 167</u>    | <u>\$ 179</u>    |

(II) Current income tax assets and liabilities

|                                | December 31, 2023 | December 31, 2022 |
|--------------------------------|-------------------|-------------------|
| Current tax assets             |                   |                   |
| Tax refund receivable          | <u>\$ 246</u>     | <u>\$ 190</u>     |
| Current income tax liabilities |                   |                   |
| Income tax payable             | <u>\$ -</u>       | <u>\$ 118</u>     |

(III) Deductible temporary differences and unused loss deductions that are not recognized as deferred tax assets in the Parent Company Only Balance Sheets.

|                    | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------|--------------------------|--------------------------|
| Loss carryforwards |                          |                          |
| Expires in 2024    | \$ 154,085               | \$ 181,990               |
| Expires in 2025    | 193,377                  | 193,377                  |
| Expires in 2026    | 132,692                  | 132,692                  |
| Expires in 2027    | 96,534                   | 96,534                   |
| Expires in 2028    | 44,622                   | 44,622                   |
| Expires in 2029    | <u>25,918</u>            | <u>25,918</u>            |
|                    | <u><u>\$ 647,228</u></u> | <u><u>\$ 675,133</u></u> |

(IV) Verification of income tax

The tax returns filed by the Company prior to 2021 have been approved by the tax authorities.

## XXII. Earnings Per Share

|                           | Unit: NT\$ per share |                |
|---------------------------|----------------------|----------------|
|                           | <u>2023</u>          | <u>2022</u>    |
| Basic earning per share   | <u>\$ 1.41</u>       | <u>\$ 1.55</u> |
| Diluted earning per share | <u>\$ 1.41</u>       | <u>\$ 1.55</u> |

The earnings per share computation was adjusted retroactively for the issuance of bonus shares, for which the record date was set on September 3, 2023. Changes in the basic and diluted earnings per share adjusted retrospectively for 2022 were as follows:

|                           | Before<br>Retrospective<br>Adjustment | After Retrospective<br>Adjustment |
|---------------------------|---------------------------------------|-----------------------------------|
| Basic earning per share   | <u>\$ 1.65</u>                        | <u>\$ 1.55</u>                    |
| Diluted earning per share | <u>\$ 1.64</u>                        | <u>\$ 1.55</u>                    |

The weighted average of ordinary shares and net profits used for calculating earnings per share are as follows:

### Net profit for the year

|   | <u>2023</u>      | <u>2022</u>      |
|---|------------------|------------------|
| Net profit used for calculating<br>basic earnings per share   | <u>\$ 33,193</u> | <u>\$ 36,642</u> |
| Net profit used for calculating<br>diluted earnings per share | <u>\$ 33,193</u> | <u>\$ 36,642</u> |

Number of shares

Unit: thousand shares

|   | 2023          | 2022          |
|---|---------------|---------------|
| Weighted average of ordinary shares used for calculating basic earnings per share   | 23,611        | 23,611        |
| Effect of potentially dilutive ordinary shares:                                     |               |               |
| Employee compensation   | <u>3</u>      | <u>4</u>      |
| Weighted average of ordinary shares used for calculating diluted earnings per share | <u>23,614</u> | <u>23,615</u> |

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

**XXIII. Cash Flow Information****(I) Non-cash transactions**

Except as disclosed in other notes, the Company engaged in the following non-cash transactions for investment and financing activities in 2022:

The Company acquired the computer software with a fair value of NT\$10.965 million in 2022. Notes payable decreased by NT\$164 thousand, and other payables decreased by NT\$577 thousand. The total cash payment for the acquisition of intangible assets amounted to NT\$11.706 million (see Note 13).

**(II) Changes in liabilities from financing activities**2023

|                   | January 1,<br>2023 | Cash flow    | Non-cash changes     |                     |           | Interest<br>payments | December<br>31, 2023 |
|-------------------|--------------------|--------------|----------------------|---------------------|-----------|----------------------|----------------------|
|                   |                    |              | Disposal of<br>Lease | Interest<br>expense |           |                      |                      |
| Lease liabilities | \$ 9,604           | ( \$ 5,340 ) | ( \$ 783 )           | \$ 90               | ( \$ 90 ) | \$ 3,481             |                      |

2022

|                      | January 1,<br>2022 | Cash flow  | Non-cash changes |                     |                      | December<br>31, 2022 |
|----------------------|--------------------|------------|------------------|---------------------|----------------------|----------------------|
|                      |                    |            | New Leases       | Interest<br>expense | Interest<br>payments |                      |
| Lease<br>liabilities | \$ 11,873          | (\$ 5,011) | \$ 2,742         | \$ 94               | (\$ 94)              | \$ 9,604             |

XXIV. Capital Risk Management

The Company manages its capital to ensure that entities in the Company can continue to operate and maximize shareholder returns by optimizing debt and equity balances. The overall strategy of the Company has not changed since the previous period.

The Company's capital structure consists of net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., share capital, capital reserve, and retained earnings).

The management of the Company periodically reassesses its capital structure and its inspections include assessment of various costs of capital and related risks. Based on recommendations of key management, the Company will balance its overall capital structure through the issuing of new shares and new debt or the redemption of old debts.

XXV. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

There are no financial assets or financial liabilities on the Company's books with carrying amounts that are significantly different from their fair values.

(II) Classification of financial instruments

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| <u>Financial assets</u>                        |                   |                   |
| Financial assets at amortized<br>cost (Note 1) | \$ 234,675        | \$ 202,446        |
| <u>Financial liabilities</u>                   |                   |                   |
| Measured at amortized cost<br>(Note 2)         | 20,545            | 18,749            |

Note 1. The balances include cash and cash equivalents, accounts receivable, other receivables, refundable deposits, and other financial assets, which are measured at amortized cost.

Note 2. The balances include financial liabilities at amortized costs such as notes payable, accounts payable, other payables, and guarantee deposits.

(III) Objectives and policies of financial risk management

The Company's main financial instruments include investments in equity and debt instruments, accounts receivable, and accounts payable. The Company's financial management department provides services to the business units, coordinates domestic and international financial operations, prepares and analyzes internal risk reports to monitor and manage financial risks related to the operation of the Company. These risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates (see (1) below) and changes in interest rates (see (2) below).

The Company's exposure to financial instrument market risks and the way it manages and measures these exposures have not changed.

(1) Foreign currency risk

The Company's bank deposits are denominated in US dollars, which exposes the Company to exchange rate fluctuation risks.

The Company's carrying amounts of monetary assets and monetary liabilities denominated in non-functional currency denominated at the balance sheet date are disclosed in Note 29.

Sensitivity Analysis

The Company is mainly exposed to USD fluctuations.

The following table details the Company's sensitivity to a 1% increase or decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only the outstanding monetary items stated in foreign currencies, and the translation of carrying amounts at year end is calculated based on the assumption that exchange rates change by 1%. The positive numbers in the table below represent the amount that will increase the net profit before tax when the New Taiwan dollar appreciates by 1% relative to the relevant currencies;

when the New Taiwan dollar depreciates by 1% relative to the relevant foreign currencies, its impact on the net loss before tax will be the negative number of the same amount.

|               | Impact of USD |            |
|---------------|---------------|------------|
|               | 2023          | 2022       |
| Profit (Loss) | \$ 999 (i)    | \$ 904 (i) |

i. The above profit or loss of the Company is mainly from the cash and cash equivalents and financial assets measured at amortized cost, calculated by USD, which are outstanding and not being hedged to cash flows risk at balance sheet date.

The Company's sensitivity to the exchange rate increased in the current year, mainly due to the addition of cash and cash equivalents in US dollars for the year.

## (2) Interest rate risk

The interest rate risk of the Company mainly comes from the interest rate risk caused by floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates on the balance sheet date were as follows:

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Interest rate risk related to fair value |                   |                   |
| — Financial assets                       | \$ 86,588         | \$ 70,633         |

## Sensitivity Analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to interest rates on balance sheet date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the balance sheet date was outstanding throughout the year. The rate of change used by the Company internally when reporting interest rates to key management is a 1% increase or decrease in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases or decreases by 1%, holding all other variables constant, the Company's net profit after tax for 2023 and 2022 will have no impact.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As of the balance sheet date, the Company's largest credit risk exposure that may cause financial losses due to the counterparty's failure to perform its obligations and the Company's provision of financial guarantees mainly comes from the carrying amount of financial assets recognized in the Parent Company Only balance sheets.

The Company does not have significant credit exposure to any single counterparty or any group of counterparties with similar characteristics, except for W Company, the Company's largest customer. The Company's credit risk is mainly concentrated on its largest customer, Company W. As of December 31, 2023 and 2022, the ratios of total accounts receivable from the aforementioned customer were 96.27% and 87.59%, respectively.

3. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The Company's management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank loans are an important source of liquidity for the Company. The unused financing limit of the Company as of December 31, 2023 and 2022 are described in (2) Lines of Credit below.

(1) Liquidity of non-derivative financial liabilities and the interest risk table

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the earliest payment date expected of the Company and the undiscounted cash flows (including principal and accrued interest) of financial liabilities. Therefore, the Company may be required to immediately repay the bank loan is illustrated in the following table without considering the probability

that the bank may immediately exercise such right. The other non-derivative financial liabilities maturity analysis is prepared in accordance with the agreed repayment date.

The interest flows are floating rate, in which the undiscounted amount was derived from the expected borrowing interest rate at the balance sheet date.

December 31, 2023

|  | Repayment on<br>demand or less<br>than 1 month | 1-3<br>months        | 3 months-<br>1 year    | 1-5<br>years         | Over 5<br>years    |
|--|--|----------------------|------------------------|----------------------|--------------------|
| Zero-interest-<br>bearing<br>liabilities | \$ 14,348                                      | \$ -                 | \$ 5,997               | \$ -                 | \$ -               |
| Lease<br>liabilities                     | <u>445</u>                                     | <u>890</u>           | <u>1,196</u>           | <u>950</u>           | <u>-</u>           |
|  | <u><u>\$ 14,793</u></u>                        | <u><u>\$ 890</u></u> | <u><u>\$ 7,193</u></u> | <u><u>\$ 950</u></u> | <u><u>\$ -</u></u> |

Further information on the maturity analysis of lease liabilities is listed as follows:

|  | Within 1 year          | 1-5 years            |
|--|------------------------|----------------------|
|  | <u><u>\$ 2,531</u></u> | <u><u>\$ 950</u></u> |

December 31, 2022

|  | Repayment on<br>demand or less<br>than 1 month | 1-3<br>months          | 3 months-1<br>year     | 1-5<br>years           | Over 5<br>years    |
|--|--|------------------------|------------------------|------------------------|--------------------|
| Zero-interest-<br>bearing<br>liabilities | \$ 14,148                                      | \$ 384                 | \$ 4,017               | \$ -                   | \$ -               |
| Lease<br>liabilities                     | <u>482</u>                                     | <u>966</u>             | <u>4,370</u>           | <u>3,786</u>           | <u>-</u>           |
|  | <u><u>\$ 14,630</u></u>                        | <u><u>\$ 1,350</u></u> | <u><u>\$ 8,387</u></u> | <u><u>\$ 3,786</u></u> | <u><u>\$ -</u></u> |

Further information on the maturity analysis of lease liabilities is listed as follows:

|  | Within 1 year          | 1-5 years              |
|--|------------------------|------------------------|
|  | <u><u>\$ 5,818</u></u> | <u><u>\$ 3,786</u></u> |

(2) Line of credit

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Credit line of secured bank<br>loans (to be extended with<br>agreement between two<br>parties) |                          |                          |
| — Loan quota used  | \$ -                     | \$ -                     |
| — Loan quota not yet<br>used   | <u>145,000</u>           | <u>145,000</u>           |
|  | <u><u>\$ 145,000</u></u> | <u><u>\$ 145,000</u></u> |

## XXVI. Related-Party Transactions

Except as disclosed in other notes, the Company had the following transactions with related parties.

### (I) Related parties' name and relationships

| Name of related party         | Relations with the Company |
|-------------------------------|----------------------------|
| Wanin International Co., Ltd. | Substantive related party  |
| XAC Inc.                      | Substantive related party  |
| PlayWan Gaming Inc.,          | Associates                 |

### (II) Operating revenue

| Accounting items        | Type of related party/name    | 2023                     | 2022                     |
|-------------------------|-------------------------------|--------------------------|--------------------------|
| Artwork design services | Wanin International Co., Ltd. | \$ 118,126               | \$ 104,049               |
| Service income          | Wanin International Co., Ltd. | -                        | 70                       |
|                         | XAC Inc.                      | 162                      | 445                      |
| Others                  | Wanin International Co., Ltd. | <u>1,144</u>             | <u>28</u>                |
|                         |                               | <u><u>\$ 119,432</u></u> | <u><u>\$ 104,592</u></u> |

The Company is responsible for artwork, music, and sound effects. During the contract period, the Company shall provide promotional material for the game, including but not limited to graphics, music and video materials, to meet the needs of the game promotion. The artwork design revenue collected by the Company from the related parties is calculated based on the total rewarding points consumed during the month in the new games to receive shared revenues. The sharing rate is 30%.

### (III) Purchase

| Type of related party/name    | 2023                   | 2022               |
|-------------------------------|------------------------|--------------------|
| Wanin International Co., Ltd. | \$ 123                 | \$ 5               |
| PlayWan Gaming Inc.,          | <u>6,268</u>           | <u>-</u>           |
|                               | <u><u>\$ 6,391</u></u> | <u><u>\$ 5</u></u> |

### (IV) Contract liabilities

| Type of related party/name    | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Wanin International Co., Ltd. | <u>\$ 53</u>      | <u>\$ -</u>       |

(V) Accounts receivable from related parties (excluding loans to related parties)

| Accounting items                      | Type of related party/name    | December 31, 2023 | December 31, 2022 |
|---------------------------------------|-------------------------------|-------------------|-------------------|
| Accounts receivable - related parties | Wanin International Co., Ltd. | \$ 36,634         | \$ 15,862         |

The outstanding amount of receivables - related parties is not guaranteed. No provision has been made for losses in relation to accounts receivable from related parties for 2023 and 2022.

(VI) Accounts payable - related parties (excluding loans from related parties)

| Accounting items                   | Type of related party/name    | December 31, 2023 | December 31, 2022 |
|------------------------------------|-------------------------------|-------------------|-------------------|
| Accounts payable - related parties | Wanin International Co., Ltd. | \$ 6              | \$ 5              |
| Accounts payable - related parties | PlayWan Gaming Inc.,          | 6,268             | -                 |

The outstanding amount of payables - related parties is not collateralized.

(VII) Other payables

| Type of related party/name    | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Wanin International Co., Ltd. | \$ 262            | \$ 280            |

(VIII) Prepayments

| Type of related party/name    | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Wanin International Co., Ltd. | \$ 5,759          | \$ 465            |

(IX) Lease agreements as a lessee

| Accounting items  | Type of related party/name    | December 31, 2023 | December 31, 2022 |
|-------------------|-------------------------------|-------------------|-------------------|
| Lease liabilities | Wanin International Co., Ltd. | \$ 1,625          | \$ 6,863          |

| Type of related party/name    | 2023     | 2022     |
|-------------------------------|----------|----------|
| Interest expense              |          |          |
| Wanin International Co., Ltd. | \$ 38    | \$ 94    |
| Lease expenses                |          |          |
| Wanin International Co., Ltd. | \$ 4,494 | \$ 4,976 |

In May 2021, the Company leased an office from a related party for a period of 3 years. The rent is based on the rent level of neighboring offices, and fixed lease payments are paid monthly in accordance with the lease.

(X) Other Related Party Transactions

| Accounting items                         | Type of related party/name    | 2023   | 2022   |
|--|-------------------------------|--------|--------|
| Operating expenses - advertising fee     | Wanin International Co., Ltd. | \$ 203 | \$ 214 |
| Operating expenses - miscellaneous       | Wanin International Co., Ltd. | \$ 691 | \$ 706 |
| Operating expenses - contests and prizes | Wanin International Co., Ltd. | \$ -   | \$ 95  |
| Other Interest Income                    | Wanin International Co., Ltd. | \$ 8   | \$ 5   |

| Accounting items    | Type of related party/name    | December 31, 2023 | December 31, 2022 |
|---------------------|-------------------------------|-------------------|-------------------|
| Refundable deposits | Wanin International Co., Ltd. | \$ 502            | \$ 594            |
| Payment on behalf   | Wanin International Co., Ltd. | \$ 379            | \$ -              |

(XI) Disposal of other assets

| Type of related party/name    | Accounting items   | Disposal price |      | Disposal (Gain) Loss |      |
|-------------------------------|--|----------------|------|----------------------|------|
|                               |  | 2023           | 2022 | 2023                 | 2022 |
| Wanin International Co., Ltd. | Investments accounted for using the equity method<br>(Note 10) | \$ 7,472       | \$ - | \$ 328               | \$ - |

(XII) Compensation to key management personnel

|                              | 2023             | 2022            |
|------------------------------|------------------|-----------------|
| Short-term employee benefits | \$ 10,352        | \$ 9,519        |
| Post-employment benefits     | 217              | 180             |
|                              | <u>\$ 10,569</u> | <u>\$ 9,699</u> |

The compensation to directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

## XXVII. Pledged Assets

The assets pledged as collateral for financing loans were as follows:

|                          | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Land                     | \$ 49,051                | \$ 49,051                |
| Investment properties    | 14,538                   | 15,157                   |
| Other financial assets - |                          |                          |
| non-current              | <u>2,200</u>             | <u>1,000</u>             |
|                          | <u><u>\$ 65,789</u></u>  | <u><u>\$ 65,208</u></u>  |

## XXVIII. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company at the balance sheet date are disclosed in other notes.

## XXIX. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is summarized and expressed in terms of foreign currencies other than the Company's functional currency. The exchange rates disclosed refer to the exchange rates at which such foreign currencies are converted into the functional currency. The significant impact on financial assets and liabilities recognized in foreign currencies are described as follows:

### December 31, 2023

|                                | Foreign<br>currencies | Exchange Rate | Carrying<br>Amount |
|--------------------------------|-----------------------|---------------|--------------------|
| <u>Foreign currency assets</u> |                       |               |                    |
| <u>Monetary items</u>          |                       |               |                    |
| USD                            | \$ 3,252              | 30.705        | \$ 99,861          |

### December 31, 2022

|                                | Foreign<br>currencies | Exchange Rate | Carrying<br>Amount |
|--------------------------------|-----------------------|---------------|--------------------|
| <u>Foreign currency assets</u> |                       |               |                    |
| <u>Monetary items</u>          |                       |               |                    |
| USD                            | \$ 2,943              | 30.710        | \$ 90,390          |

The Company's foreign currency exchange gains and losses (realized and unrealized) in 2023 and 2022 were a loss of NT\$12 thousand and a profit of NT\$9,458 thousand, respectively.

## XXX. Supplementary Disclosure

### (I) Information on Significant Transactions :

1. Loaning Funds to Others. (None)
2. Endorsements/guarantees provided to others (None)

- 3. Marketable securities held at the end of year (excluding investments in subsidiaries, affiliates and joint ventures) (Table 1)
- 4. Accumulated purchase or disposal of the same securities of NT\$300 million or more than 20% of the paid-in capital. (None)
- 5. Acquisition of real estate at cost in excess of NT\$300 million or more than 20% of the paid-in capital. (None)
- 6. Disposal of real estate at cost in excess of NT\$300 million or more than 20% of the paid-in capital. (None)
- 7. Amount of purchase and sales with related parties of NT\$100 million or more than 20% of the paid-up capital. (Table 3)
- 8. Accounts receivable from related parties of NT\$100 million or more than 20% of the paid-in capital. (None)
- 9. Derivative financial instrument transactions

(II) Information on Investees. (Table 2)

(III) Information on Investments in Mainland China:

- 1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (None)
- 2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
  - (1) Purchase amount and percentage, and the ending balance and percentage of payables.
  - (2) Sales amount and percentage, and the ending balance and percentage of receivables.
  - (3) Property transaction amount and the resulting gain or loss.
  - (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
  - (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.

- (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.
- (IV) Information on major shareholders: Names of shareholders with a shareholding of 5% or more and the amount and proportion of shareholding. (Table 4)

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Marketable Securities Held at the End of the Period

December 31, 2023

Table 1

Unit: NT\$ 1,000

| Investor   | Type and name of securities (Note 1)      | Relationship with the issuer | General ledger account   | End of the period |                 |                  |            | Remarks |
|--|---|------------------------------|--|-------------------|-----------------|------------------|------------|---------|
|  |   |                              |  | Number of shares  | Carrying Amount | Shareholding (%) | Fair value |         |
| Wayi International Digital Entertainment Co., Ltd. | Shares<br>Taiwan eSports League Co., Ltd. | None                         | The financial asset in other comprehensive income profit and loss measured at fair value - non-current | 8551              | \$ _____ -      | 0.34             | \$ _____ - |         |

Note 1. Securities in the table refer to stocks, bonds, beneficiary certificates, and other related derivative securities within the scope of IFRS 9 Financial Instruments.

Note 2. For information on investments in subsidiaries, affiliates and joint ventures, please refer to Table 2.

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Names, locations and related information of investees over which the Company exercised significant influence

January 1 to December 31, 2023

Table 2

Unit: NT\$ 1,000; USD

| Investor Company                                   | Name of the invested company            | Location  | Principal business activities | Initial investment amount            |                                    | Held at the end of the reporting period |            |                 | Net income (loss) of the investee | Share of profit/loss of investee | Remarks |
|--|---|---|-------------------------------|--------------------------------------|------------------------------------|---|------------|-----------------|-----------------------------------|----------------------------------|---------|
|  |   |   |                               | Balance as of the end of this period | Balance as of the end of last year | Number of shares                        | Percentage | Carrying amount |                                   |                                  |         |
| Wayi International Digital Entertainment Co., Ltd. | WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.   | Caribbean Corporate Service Limited, 3Floor, Omar Hodge Building, Wickhams Cay I, P.O. Box 362. Road Town. Tortola, British Virgin Islands. | Investment                    | \$ 20,216 USD 599,555                | \$ 20,216 USD 599,555              | -                                       | 100        | \$ 32,674       | \$ 913                            | \$ 913                           | Note 1  |
|  | DIT Startup Co. Ltd.                    | 5/F, No. 39, Lane 141, Xingai Road, Neihu District, Taipei  | Venture Capital Investment    | -                                    | 30,000                             | -                                       | -          | -               | ( 2,790 )                         | ( 313 )                          | Note 2  |
| WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.              | WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD. | Harbour Trust Co., Ltd. P.O. Box 1787. Second Floor. One Capital Place, George Town. Grand Cayman, Cayman Islands. British West. Indies.    | Investment                    | 1,690 USD 50,000                     | 1,690 USD 50,000                   | -                                       | 100        | 2,053           | ( 167 )                           | ( 167 )                          | Note 1  |

Note 1. Calculation based on audited financial statements in 2023.

Note 2. Calculation based on unaudited financial statements in 2023. On September 11, 2023, the Company sold all of its 1,296,774 ordinary shares of DIT Startup Co. Ltd. to Wanin International Co., Ltd. for a total price of NT\$7,472 thousand.

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries

Purchases and sales to related parties of NT\$100 million or more than 20% of its paid-in capital

January 1 to December 31, 2023

Table 3

Unit: NT\$ 1,000 unless otherwise stated

| Purchase (sale) company                            | Name of the counterparty      | Relationship              | Transaction details |            |                                 |             | Unusual trade conditions status and reasons (Note 1)  |             | Notes/Accounts Receivable (Payable) |   | Remarks (Note 2) |
|--|-------------------------------|---------------------------|---------------------|------------|---------------------------------|-------------|---|-------------|-------------------------------------|---|------------------|
|  |                               |                           | Purchase (Sales)    | Amount     | Ratio of total purchase (sales) | Loan period | Unit price  | Loan period | Balance                             | Proportion of total notes and accounts receivable (payable) |                  |
| Wayi International Digital Entertainment Co., Ltd. | Wanin International Co., Ltd. | Substantive related party | Sales               | \$ 119,270 | 84                              | 45 days     | A 30% commission will be charged based on the total stored value consumption points of the month. | -           | \$ 36,634                           | 96  | -                |

Note 1. If the transaction conditions of the related party are different from the general transaction conditions, the differences and reasons should be stated in the unit price and credit period columns.

Note 2. If there is an advance receipt (payment), the reasons, contract terms, amount, and differences from general transaction types should be stated in the remarks column.

Wayi International Digital Entertainment Co., Ltd. and its Subsidiaries  
 Major Shareholder Information  
 December 31, 2023

Table 4

| Name of Major Shareholders  | Shares                |                    |
|---|-----------------------|--------------------|
|   | Number of shares held | Shareholding Ratio |
| Wanin International Co., Ltd.   | 7,255,488             | 30.72%             |
| Given Business Inc.   | 4,813,197             | 20.38%             |
| KGI Bank in Custody for the investment account<br>of Tilun International Development Co. Ltd. | 1,818,592             | 7.70%              |
| Qiao Yi Development Corporate Limited<br>Taiwan Branch (Belize)                               | 1,453,961             | 6.15%              |
| HUANG-HSIN Investment Limited   | 1,345,479             | 5.69%              |

Note: The major shareholder information in this table is based on Taiwan Depository & Clearing Corporation's data of shareholders who hold more than 5% of the Company's ordinary shares and preferred stock (including treasury shares), for which electronic registration and delivery were completed, on the last business day of the quarter. Share capital indicated in the Company's Parent Company Only Financial Statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

**WAYI INTERNATIONAL DIGITAL  
ENTERTAINMENT CO., LTD.**

**Chairman Shih, Shu-Kai**